Deposit Overview

City of Hallandale Beach **Plan Year Beginning 10/01/2010**
Professional/Management Retirement Plan
4-47771

This overview is a summary of deposit information shown in your actuarial valuation report. It will help you determine your current year contribution to your retirement plan. You may deposit any amount in excess of your annual required contribution. Refer to your actuarial valuation report, Section III–Deposit Information, for this calculation.

Annual Required Contribution

Your annual required contribution for the fiscal year beginning 10/01/2011 is $953,218. This is the amount needed to keep your plan currently funded.

Your annual required contribution for the fiscal year beginning 10/01/2010 is $1,051,450 as shown on page II-1 of the 10/01/2009 Actuarial Valuation Report.

Deposits Received for 2010 Plan Year

Amount	Date Received
$262,863	12/30/2010
48,978	Total Employee Contributions
$311,841	Deposits received through 02/02/2011

Additional Information

For additional information, please see the 2010 actuarial valuation report.

City of Hallandale Beach
Professional/Management Retirement Plan
4-47771

Actuarial Valuation Report

For the plan year October 1, 2010 through
September 30, 2011

Table of Contents

This actuarial valuation report is for your defined benefit retirement plan. It gives you the amounts needed to fund the benefits described in your plan document. This report is based on employee data and other information you provide us.

Funding Method

Defined benefit plans, as the name suggests, define the benefits given to employees. Your goal is to have enough funds to pay for these benefits. To do this, we use a funding method. It sets the yearly deposit needed to pay for your plan's benefits.

Assumptions

We use assumptions to estimate how much funding you'll need for benefits. For instance:

- How much interest will your funds earn?
- How many employees will leave the plan?
- What will be employees' future salaries?
- How many employees will become disabled?

Deposit levels change when actual events differ from what was assumed. To see the assumptions used for your plan, refer to Section VII of this report.

Using This Report

The law defines the minimum deposit you must make. Your deposit may have to be more than this to fund upcoming benefits. We'll advise you if you need to fund at a higher level. For a summary of these results, refer to Section II. More detailed information is found in the remaining sections of this report.

Actuarial Certification

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, these results are complete and accurate. In my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, and 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.

I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

02/18/2011

Date

David A. Stocklas, EA, MAAA
Consulting Actuary
Retirement Actuarial Services
Principal Financial Group
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This summary is for City of Hallandale Beach Professional/Management Retirement Plan. It includes:

- Annual required contribution for the plan year ending 09/30/2011
- Deposit options
- Changes recognized in this report
- Analysis of results

Deposit Information

A summary of the results of the actuarial valuation is as follows:

Total normal cost	$673,627
Employee normal cost (expected employee contributions)	129,320
Employer normal cost	544,307
Total normal cost as a percentage of member compensation	39.58%
Annual required contribution	953,218

Funding Policy

The funding policy the City adopted is to use the October 1, 2010 Valuation for the City's fiscal year period from October 1, 2011 through September 30, 2012. The October 1, 2010 funding requirements were adjusted to accrue for interest and salary increases at assumed salary scale and interest factors.

Deposit Options

The table below explains the effects of depositing at different levels. The impact on next year's costs is based on all actuarial assumptions being met. Costs will vary based on actual plan experience and timing of deposits.

If you deposit	You will
Less than $953,218	➢ Increase your next year's annual required contribution.
Exactly $953,218	➢ Meet your annual required contribution.
More than $953,218	➢ Exceed your annual required contribution. ➢ Decrease next year's annual required contribution.

Deposits Received

In addition to $602,134 in deposits received during the last plan year, we used $200,711 in deposits received after 09/30/2010 for your 2009 plan year. Since these deposits have been used for the prior plan year, additional deposits will be required to meet your 2010 annual required contribution. See Section IV - Plan Assets for a list of the 2009 plan year deposits.

We have received the following current plan year deposits as of 02/02/2011:

Amount	Date Received
$262,863	12/30/2010
48,978	Total Employee Contributions
$311,841	Total

Please take this into consideration when determining your additional current year contributions. The schedule of your remaining requirement installments is shown on the Required Installments page of Section III.

Changes

No changes occurred in the actuarial valuation assumptions, plan benefits, actuarial cost method, or procedures affecting the comparability of costs since the 2009 plan year.

Analysis

Total normal cost as a percentage of compensation decreased from 44.24% to 39.58%. This decrease resulted from greater than expected investment return, greater than assumed employee withdrawal, and less than assumed salary increases.

For Additional Information

If you have any questions about any of the services we can provide, contact a member of your team at The Principal. For questions about the material in this report, contact your Pension Actuarial Analyst, Glen Brown, by:

- Phone – 1-800-543-4015 extension 38910, or 515-283-8910
- Email – brown.glen@principal.com

You may also contact your local Principal Financial Group Retirement Services sales office.

Normal Cost

	For Fiscal Year Beginning 10/01/2011[1]	For Fiscal Year Beginning 10/01/2010[1]
Total normal cost	$673,627	$772,490
Employee normal cost (expected employee contributions)	129,320	136,795
Employer normal cost	544,307	635,695
Annual member compensation[2]	1,702,013	1,746,325
Total normal cost as a percentage of member compensation	39.58%	44.24%

Deposit Levels

		For Fiscal Year Beginning 10/01/2011[1]	For Fiscal Year Beginning 10/01/2010[1]
Annual Required Contribution	➢ Employer normal cost	544,307	$635,695
	➢ Amortization amounts	348,902	348,902
	➢ Valuation interest to the end of the plan year on a and b	69,224	76,306
	➢ 20 year amortization of credit balance	8,552	8,773
	➢ Valuation interest to the end of the plan year on d	663	680
	➢ Annual required contribution (a+b+c-d-e)	$953,218	$1,051,450

This annual required contribution is in addition to employee contributions.

[1] Costs based on prior plan year valuation adjusted for assumed salary scale increase and interest to reflect that it applies for the upcoming fiscal year contributions.

[2] Projected compensation.

	Actuarial Value	Market Value
Principal Life Insurance Company Accounts		
Flexible Pension Investment (FPI) grouped accounts	$9,985,829	$9,169,790
Value of deposits received from 10/01/2010 through 10/11/2010 and applied to the plan year ending 09/30/2010	200,711	200,711
Total Value	$10,186,540	$9,370,501

The actuarial value of assets for the Flexible Pension Investment (FPI) grouped accounts is determined on a combined basis. See the following page for the development of this value.

Deposits Received for the 10/01/2009 Plan Year

The following employer deposits were made for the prior plan year and are reflected in the total assets above.

Amount	Date Received
$200,711.25	12/21/2009
200,711.25	04/05/2010
200,711.25	07/26/2010
200,711.25	10/11/2010
$802,845.00	**Total**

Development of Actuarial Value of Principal FPI Grouped Accounts

To determine the actuarial value of the Principal FPI grouped accounts we have adjusted the market value by:

- Subtracting any remaining deferred appreciation in excess of expected investment earnings.
- Adding any remaining deferred appreciation short of expected investment earnings (shortfall).

Of the total excess appreciation or shortfall for any one plan year, 25% is allocated to the current plan year and each of the next three plan years.

a)	Market value of assets as of 10/01/2009	$7,921,579
b)	Contributions/transfers	746,807
c)	Benefit payments	(342,281)
d)	Expenses	(20,899)
e)	Expected interest on (a, b, c, and d)	628,197
f)	Expected value of assets as of 10/01/2010 (a+b+c+d+e)	$8,933,403
g)	Market value of assets as of 10/01/2010	$9,169,790
h)	Current year excess appreciation/(shortfall) (g-f)	236,387
i)	Adjustment to market value (sum of deferred amounts)	(816,039)
j)	Actuarial value of assets (g-i)	$9,985,829

Allocation of Deferred Appreciation

Allocation Year	Plan Year 2007	2008	2009	2010
2007	$97,271			
2008	97,271	$(571,817)		
2009	97,271	(571,817)	$(210,757)	
2010	97,271	(571,816)	(210,757)	$59,097
2011		(571,816)	(210,757)	59,097
2012			(210,756)	59,097
2013				59,096
Total	$389,084	$(2,287,266)	$(843,027)	$236,387
Deferred	$0	$(571,816)	$(421,513)	$177,290

Adjustment to market value (sum of deferred amounts) $(816,039)

Development of Normal Cost

a)	Present value of projected benefits	
	Active members	$11,891,290
	Inactive members	2,395,812
	Retired members	3,565,992
	Total	$17,853,094
b)	Unfunded frozen initial liability	3,515,336
c)	Actuarial value of assets	10,186,540
d)	Present value of future normal costs (a-b-c)	4,151,218
e)	Present value of future compensation	11,720,118
f)	Current annual compensation	1,592,899
g)	Normal cost (d÷e×f)	564,198
h)	Estimated expenses	20,899
i)	Total normal cost (g+h)	$585,097

Development of Normal Cost for fiscal year ending 09/30/2012

j)	Total normal cost for 10/01/2010 plan year (line i above)	$585,097
k)	Adjustment for salary increase (6.85% of j)	40,079
l)	Adjustment for interest (7.75% of j+k)	48,451
m)	Total Normal Cost for 9/30/2012 FYE (j+k+l)	673,627
n)	Employee Normal Cost (f*(1+salary increase in line k)*7% + expected payroll deduction for service buyback [10,179])	129,320
o)	Employer Normal Cost (m-n)	$544,307

Schedule of Amortization Bases

Your cost method allocates a portion of plan funding to be amortized in equal annual installments, rather than to be paid through future normal costs. The minimum period over which the bases are amortized are described by law or regulations.

Date Created	Reason	Remaining Period (Years)	Outstanding Balance	Minimum Annual Amortization
10/01/2001	Benefit change	21.00	$1,536,586	$139,646
10/01/2004	Benefit change	24.00	687,438	52,509
10/01/2004	Assumption change	4.00	95,560	21,351
10/01/2006	Benefit change	25.00	996,567	84,800
10/01/2007	Assumption change	6.00	148,578	29,602[1]
10/01/2009	Assumption change	9.00	142,791	20,994
	Total		$3,607,520	$348,902

[1]Prior to the 2009 Actuarial Valuation Report the amortization was incorrectly displayed as 24,243.

Unfunded Frozen Initial Liability

a)	Unfunded frozen initial liability (as of 10/01/2009)	$3,602,389
b)	Changes made during the plan year	(26,353)[1]
c)	Employer normal cost (as of 10/01/2009)	431,556
d)	Interest on the above items	310,589
e)	Total (a+b+c+d)	$4,318,181
f)	Employer contributions	$802,845
g)	Interest on employer contributions	0
h)	Total (f+g)	$802,845
i)	Adjustment due to ERISA full funding credit	N/A
j)	Unfunded frozen initial liability (as of 10/01/2010) (e-h-i)	$3,515,336

Employer contributions include $200,711 received from 10/01/2010 through 10/11/2010 and applied to the plan year ending 09/30/2010.

One item is not applicable due to being a Non-ERISA plan.

[*]This is an adjustment due to the one year difference from when an amortization base is established or corrected and the fiscal year in which it is first recognized in the annual required contribution. This results in a gain to the Unfunded Frozen Initial Liability.

10/01/2009 Assumption Change	20,994
Correction to 10/01/2006 Assumption change amortization[2]	5,359
Total	26,353

[2]See page V-2 for more information.

Funding Standard Account for the Plan Year Beginning 10/01/2009 and Ending 09/30/2010

The funding standard account is defined in Section 412 of the Internal Revenue Code. It is used to measure the funding adequacy of your pension plan. An accumulated credit balance shows that funding has been adequate to meet legal requirements. An accumulated funding deficiency should not be allowed to develop as it is subject to the penalty of an excise tax. To prevent a deficiency, your contribution should be at least equal to the minimum deposit shown in this report.

Charges to the Funding Standard Account

a) Accumulated funding deficiency - last valuation date	$0
b) Employer normal cost - last valuation date	431,556
c) Amortization charges	322,549
d) Interest on the above items	58,443
e) Additional funding requirement	N/A
f) Required installment interest charge	N/A
Total Charges	$812,548

Credits to the Funding Standard Account

a) Accumulated credit balance - last valuation date	$94,559
b) Employer contributions - last valuation date	802,845
c) Amortization credits	0
d) Interest on the above items	7,328
e) Full funding credit with interest	N/A
Total Credits	$904,732

Accumulated Credit Balance	$92,184

The outstanding balance of amortization bases as of the beginning of the current plan year, $3,607,520, less the credit balance, $92,184, is the unfunded frozen initial liability as of the beginning of the plan year, $3,515,336.

Employer contributions include $200,711 received from 10/01/2010 through 10/11/2010 and applied to the plan year ending 09/30/2010.

Certain items are not applicable due to being a Non-ERISA plan.

Census Data

The census data is based on data supplied by the plan sponsor.

	Active Participants		Inactive Participants	
Age Group	Number	Projected Monthly Pension [1]	Number	Monthly Pension
Under 25				
25 - 29				
30 - 34	2	$20,333		
35 - 39	3	30,998	2	$1,148
40 - 44	4	28,075	1	
45 - 49	1	1,319		
50 - 54	6	48,764	5	15,167
55 - 59	4	9,060	1	
60 - 64	2	2,437	1	
65 & over	1	1,630		
Totals	23	$142,616	10	$16,315

[1] Projected monthly pension was calculated on the assumption that employees would experience annual compensation increases. This also includes the projected medical stipend for those participants still eligible for this benefit.

Included in the inactive participants are 2 participants who have DROP deferred payments and 2 participants who have employee contributions only.

Retired Participants

Age Group	Number	Monthly Benefit
Under 40		
40 - 44		
45 - 49	1	$1,513
50 - 54	1	1,550
55 - 59	1	600
60 - 64	6	15,438
65 - 69	1	604
70 - 74		
75 - 79		
80 - 84		
85 & over		
Totals	10	$19,705

Included in the retired participants are 3 participants who are still due DROP account balances.

Emerging Retirement Liability
(Reflects IRC Section 415 benefit limitations)

This page is provided to help you evaluate your asset liquidity needs. For this purpose, the charges shown can be compared to the market value of assets. As of the current anniversary date, this amount is $9,370,501.

Plan Year Beginning	Number Retiring	Projected Monthly Benefit	Expected Charge to Assets	Cumulative Charges
10/01/2010	10	$26,277	$675,772	$675,772
10/01/2011	2	5,299	752,195	1,427,967
10/01/2012	2	5,696	838,187	2,266,154
10/01/2013	2	14,784	1,031,678	3,297,832
10/01/2014	1	4,256	1,102,704	4,400,535
10/01/2015	1	0	1,124,077	5,524,613
10/01/2016	1	1,319	1,161,707	6,686,319
10/01/2017	1	3,319	1,224,089	7,910,408
10/01/2018	1	3,921	1,294,942	9,205,350
10/01/2019	2	8,639	1,423,829	10,629,179

Number retiring recognizes only those who have benefits that will commence in that year.

Projected monthly benefit was calculated using the salary scale shown on the assumption page of this report.

Expected charge to assets is an estimate of the total monthly benefits payable from your plan. This display assumes new retirements at the beginning of the plan year and includes charges for those already retired or in the DROP. The current value of DROP account balances are excluded from this display. We have assumed that retired participants will live and receive benefits until the end of this display. We have also assumed that all current and future retried participants will receive a 2% cost of living adjustment each year except where noted below.

This display includes 10 retirees who are already receiving benefits and 2 participants with DROP deferred payments. It is assumed that three of them (David Pritchard, Randolph Intindola, and Frank Durkin) will not receive a cost of living benefit from this plan. Randolph Intindola and Frank Durkin's total COLA is paid under the excess plan.

This only reflects benefits payable from this plan, which may be limited by benefit limitations imposed by IRC Section 415. Benefits in excess of the 415 limitations will be paid from the unfunded excess benefit plan you have established and estimated payments are shown in Section VI-3.

Emerging Retirement Liability
(Reflects Excess Benefits.)

This page is provided to help you evaluate your asset liquidity needs.

Plan Year Beginning	Number Retiring	Projected Monthly Benefit	Expected Charge to Assets	Cumulative Charges
10/01/2009	0	0	507,524	507,524
10/01/2010	0	0	517,675	1,025,199
10/01/2011	0	0	528,028	1,553,227
10/01/2012	2	3,774	583,877	2,137,103
10/01/2013	0	0	595,554	2,732,657
10/01/2014	0	0	607,465	3,340,122
10/01/2015	0	0	619,614	3,959,737
10/01/2016	0	0	632,007	4,591,744
10/01/2017	0	0	644,647	5,236,391
10/01/2018	0	0	657,540	5,893,930

Number retiring recognizes only those who have benefits that will commence in that year.

Projected monthly benefit was calculated using the salary scale shown on the assumption page of this report.

Expected charge to assets is an estimate of the total monthly benefits payable from your plan. This display assumes new retirements at the beginning of the plan year and includes charges for those already retired or in the DROP. The current value of DROP account balances are excluded from this display. We have assumed that retired participants will live and receive benefits until the end of this display. We have also assumed that all current and future retried participants will receive a 2% cost of living adjustment each year except where noted below.

This display includes 7 retirees who are already receiving benefits and 2 participants with DROP deferred payments. It is assumed that one of them (David Pritchard) will not receive a cost of living benefit.

For this year, participants receiving deferred payments in the DROP are excluded from the number of expected new retirements and our estimate of future excess benefit has been refined.

Actuarial Valuation Assumptions

	10/01/2010	10/01/2009
Valuation Interest (net of investment expenses)		
Preretirement	7.75%	7.75%
Postretirement	7.75%	7.75%
Interest Rate For Employee Accumulations (includes COLA adjustment)	3.53%	3.53%
Mortality		
Preretirement	None.	None.
Postretirement	RP-2000 Combined Mortality Table, male and female, projected to 2005 with scale AA.	RP-2000 Combined Mortality Table, male and female, projected to 2005 with scale AA.
Expenses	A dollar estimate of administrative expenses is included in normal cost.	A dollar estimate of administrative expenses is included in normal cost.
Salary Scale	Table S-5 from the Actuary's Pension Handbook plus 5.30%. Selected rates of increase are shown below:	Table S-5 from the Actuary's Pension Handbook plus 5.30%. Selected rates of increase are shown below:

Age	Increase	Age	Increase	Age	Increase	Age	Increase
20	10.40%	40	8.02%	20	10.40%	40	8.02%
25	9.48%	45	7.69%	25	9.48%	45	7.69%
30	8.87%	50	7.42%	30	8.87%	50	7.42%
35	8.41%	55	7.18%	35	8.41%	55	7.18%

	10/01/2010	10/01/2009
Retirement Age	Normal retirement age as defined in Summary of Plan Provisions. For those participants who have elected to purchase additional accrual service, we are assuming that they will not retire until they can receive those years' credited service.	Normal retirement age as defined in Summary of Plan Provisions. For those participants who have elected to purchase additional accrual service, we are assuming that they will not retire until they can receive those years' credited service.
Disability	None.	None.

Marriage	75% married; male is 3 years older than the female.	75% married; male is 3 years older than the female.
Withdrawal	None.	None.
Cost of Living	2% per year	2% per year

The actuarial valuation assumptions used in this report are the same as those used in the prior year.

Actuarial Methods

	10/01/2010	10/01/2009
Actuarial cost method	Entry age normal-frozen initial liability	Entry age normal-frozen initial liability
Actuarial value of assets		
Principal Life Insurance Company accounts		
FPI grouped accounts	Market value is adjusted by spreading the expected value minus the actual value over four years (must be within 20% of market value).	Market value is adjusted by spreading the expected value minus the actual value over four years (must be within 20% of market value).
Deposits after the plan year end	Deposits received in the current plan year, but applied to the prior plan year, are included in assets at their face value.	Deposits received in the current plan year, but applied to the prior plan year, are included in assets at their face value.
Retirees	Assets and liabilities for retirees whose benefits are not guaranteed by your contract are included in your valuation.	Assets and liabilities for retirees whose benefits are not guaranteed by your contract are included in your valuation.
Deferred Retirement Option Plan (DROP) liability and assets	Participants who are participating in the Deferred Retirement Option Plan but who have not terminated employment are included in the valuation as inactive participants. The future stream of benefit payments are valued as a liability to the plan. The DROP account balances are tracked and will be added to the actuarial value of liabilities for valuation purposes as well. The actuarial value and market value of assets will reflect the total assets of the plan including the DROP account balances.	Participants who are participating in the Deferred Retirement Option Plan but who have not terminated employment are included in the valuation as inactive participants. The future stream of benefit payments are valued as a liability to the plan. The DROP account balances are tracked and will be added to the actuarial value of liabilities for valuation purposes as well. The actuarial value and market value of assets will reflect the total assets of the plan including the DROP account balances.

Description of Actuarial Cost Method
Entry Age Normal - Frozen Initial Liability

Ultimate Cost

The ultimate cost of your pension plan is:
- Benefit payments
- Plus expenses
- Less investment income

This cost can't be determined until the last benefit has been paid. Regardless of which actuarial cost method is used, the ultimate cost remains the same.

Cost Methods

A cost method is a budgeting tool. It helps to ensure that your pension plan is adequately and systematically funded. Cost methods differ based on how they assign an annual cost to the current year and how they treat gains and losses.

Normal Cost

The portion of cost assigned to each year is called the normal cost. The normal cost may be shared by the employer and the employees based on plan provisions.

Entry Age Normal - Frozen Initial Liability

The entry age normal-frozen initial liability cost method is used for this valuation. This method estimates the total cost of all projected plan benefits based on the assumptions shown in this report and the participant data you have supplied.

Costs are spread evenly from a member's date of hire to assumed retirement age. There are some accumulated costs for past years that have not been paid on your plan's effective date. The value of these past costs is called the frozen initial liability (FIL). In the following years, the FIL is reduced by employer deposits in excess of the employer normal cost and interest. This reduced amount is the unfunded frozen initial liability (UFIL). Both the FIL and UFIL are adjusted when there are plan or assumption changes (a liability base is created).

Normal Cost is determined by reducing the total cost of projected benefits by plan assets and the UFIL. This net amount is the present value of future normal costs. It is spread as a level percentage of compensation if benefits are salary related or as a level dollar amount, if not salary related. The UFIL is funded by amortizing each liability base over a separate period in accordance with the Internal Revenue Code.

Actuarial Gains/Losses

An actuarial gain or loss occurs when actual plan experience differs from what was assumed. The actuarial gain or loss is not calculated separately, but is reflected in the calculation of normal cost. A gain decreases normal cost and a loss increases normal cost. Normal cost will vary based on how plan experience compares to what was assumed.

Special Situations

The following table outlines how costs are determined under some special situations.

If	**Then**
Total normal cost or UFIL is less than $0	We attempt to reestablish the UFIL under the entry age normal cost method. The UFIL is equal to liabilities less assets, but not less than $0.
An attempt to reestablish the UFIL results in a UFIL less than $0	We temporarily change to the aggregate cost method.
Temporarily on the aggregate cost method when a plan or assumption change occurs	We reestablish the UFIL if the result is greater than $0.
Assets exceed the present value of all projected benefits	Your total normal cost is $0.

The following is a summary of plan provisions and does not alter the intent or meanings of the provisions contained in the contract or plan document.

Plan Eligibility

Class:	Professional/Management class, as determined by the personnel resource system and approved by the City Manager and elected officials subject to provisions of Chapter 112.048, Florida Statutes. Must agree to make required contributions as a condition of employment.

Normal Retirement Benefit

Age:	Attained age 52 with 10 years of professional/management service with employer. Attained age 60 with 4 years of professional/management service with employer. 25 years of professional/management service with employer.
Form:	Ten years certain and life.
Amount (accrued benefit):	The product of (a) and (b): (a) An amount equal to 3.2% of average compensation. (b) Accrual service on such date, plus additional accrual service, if any. This amount will be reduced for each full or partial year that his/her spouse is eligible for the qualified preretirement survivor annuity before the earlier of the date he/she becomes inactive or reaches normal retirement date. For each year of coverage the reduction is 0.25%.

Maximum Benefit	Accrued benefit shall not be more than 80% of average compensation.

Early Retirement Benefit

Age:	Attained age 45.
Service:	Ten years of professional/management service with employer.
Form:	Same as normal retirement benefit.
Amount:	Accrued benefit on early retirement date reduced by 6% for each year up to five that early retirement date precedes normal retirement date.

Late Retirement Benefit

Age:	No maximum age.
Form:	Same as normal retirement benefit.
Amount:	Accrued benefit on late retirement date. The accrued monthly benefit on normal form should not be less than his/her monthly benefit on the normal form which is the actuarial equivalent of his salary reduction contribution account on such date.

Deferred Retirement Option Plan

Eligibility	An active participant first becomes eligible to elect the DROP upon becoming eligible for normal retirement or the date the participant reaches 80% vested.
Election:	An election to participate in the DROP shall constitute an irrevocable election to resign from the service of the employer not later than 60 months after commencement of DROP participation. All participants in the DROP shall be given 45 days in which to consider the terms of the DROP agreement and, after election to participate shall have seven calendar days following execution to revoke said agreement to receive the full five years of participation.
Form:	While the employee is in the DROP the pension benefit payments will be made to the DROP account as if the member had terminated employment and elected to receive monthly benefits payable in an amount as determined by the retirement option selected by the member. Payments to the DROP will earn or lose interest at the same rate and frequency as the pension fund, minus administrative cost, or if elected by participant on DROP entry the rate of return assumption made annually by the plan's actuary to perform an actuarial valuation. Payment options are lump sum, periodic payment, an annuity, a combination or a rollover to another qualified retirement plan, including an individual retirement account.

Amount: At the time of a participant's entry into the DROP, the participant's accrual service, accrued benefit and average compensation shall be calculated as if the participant had actually retired from service. There shall be no further required contributions by participants after entry into the DROP. No additional accrual service shall be earned after entry into the DROP. Any changes in plan benefits shall not apply to participants in the DROP, unless otherwise applicable to retired participants of the plan.

Disability Benefit

Service: 10 years of professional/management service.

Form: Monthly income payable until death, or recovery.

Amount: Accrued Benefit on date of disability offset by any Social Security Disability benefit.

Termination Benefit

Vesting percentage: 100% after four years of vesting service.

Form: Same as normal retirement benefit with income deferred until normal retirement date.

Amount: Equal to the sum of:

(a) The amount of retirement annuity which is the actuarial equivalent of his/her salary reduction contribution account.

(b) Vesting percentage times the excess of the pension benefit as of the date of termination over (a) above.

At any time on or after termination, the participant may elect to receive his/her accumulation in cash in lieu of any and all retirement benefits.

Medical Stipend:

Eligibility: Participant who actively retires from the plan and was hired on or before 01/01/1996.

Amount: An annual benefit of $120 times years of service (maximum 20 years).

Cost of Living Adjustment

Amount: Adjustment to the retirement benefit of up to 2% per year if the Consumer Price Index is 0.5% or greater the immediate preceding year.

Death Benefits	The greater of A. or B.:
A. Single Sum Death Benefit	
Form:	Lump sum.
Amount:	Participant's salary reduction contribution account.
B. Survivor Annuity Death Benefit	
Eligibility:	Participant has attained age 45 and completed 10 years of professional/management service with the employer. Participant is survived by spouse to whom he/she was continuously married throughout the one-year period ending on the date he dies. Vesting percentage or salary reduction contribution account on the date of death is greater than zero. Active participant that has not waived the Preretirement Survivor Annuity.
Form:	Monthly annuity payable to spouse.
Amount:	If death occurs, the amount paid to the surviving spouse is equal to the amount that would have been paid had the participant terminated employment on the date of death and survived to his/her earliest retirement age, retired with a qualified joint and 50% survivor annuity in effect, then died the next day.
Salary Reduction Contributions	
Vesting percentage:	100% immediately.
Amount:	7% of monthly compensation.
Definitions	
Compensation:	Total amount paid to an employee, excluding accumulated leave pay, but including assignment and longevity pay.
Average compensation:	The average of an employee's monthly compensation for their last two compensation years, (all if less than two).
Required contribution account:	Total of participant's required contributions with interest, less any previously paid out contributions. Interest shall be credited in each year at a rate of 3% per annum compounded annually.
Additional accrual service:	The total of an employee's additional service to be credited beginning in the 16th year of professional/management service with the employer as described below:

(a) An active participant shall have the option of purchasing up to 5years of additional accrual service, which shall be calculated in the form of an enhanced multiplier. In order to qualify for this option, the participant must have been employed as a professional/management employee for at least one year.

(b) Employees must exercise this option within 90 days after completion of one year of professional/management service.

(c) An active participant who has elected this option shall contribute for each year of enhanced multiplier purchased. The amount shall be based upon actuarial factors determined by the city. Such contribution may be made in a single-sum or over a period not to exceed 10 years, and may be made as a direct transfer from an IRC Section 403(b) or 457 plan.

All such contributions must be made by the earliest of (i) the date the participant has completed 11 years of service with the employer, (ii) the date of entry into the Deferred Retirement Option Plan, or (iii) his/her retirement date.

However, additional accrual service is modified as follows:

If a participant who purchased an enhanced multiplier year(s) does not reach his 16th, 17th, 18th, 19th and/or 20st year of professional/management service with the employer, the contributions made by such participant for the applicable year(s) shall be returned to him with interest compounded annually at 4%, and the enhanced multiplier for such year(s) shall be cancelled in accordance with the following schedule:

Years of Professional/Management Service Completed	Contributions Returned	Enhanced Multiplier Years Cancelled
15 or less	those made for years 16-20	5
More than 15, up to 16	those made for years 17-20	4
More than 16, up to 17	those made for years 18-20	3
More than 17, up to 18	those made for year 19-20	2
More than 18, up to 19	those made for year 20	1
More than 19	none	0

Present Value of Accumulated Plan Benefits

Present value of vested and nonvested accrued benefits are based on the **valuation assumptions** shown in Section VII of this report (salary scale, if any, is not included in the calculation of accrued benefits). If the valuation includes retirees under the floor or benefit index option of the plan's funding arrangement, then those liabilities are also included below. This information may be used for Statement of Financial Accounting Standards No. 35 (SFAS35). These amounts should not be used for other purposes such as estimating plan termination sufficiency.

	10/01/2010	10/01/2009
Present Value of Vested Benefits		
Retired members	$3,565,992	$2,562,683
Inactive members	2,395,812	2,071,805
Active members	5,234,864	5,284,424
Total	$11,196,668	$9,918,912
Present Value of Nonvested Benefits		
Inactive members	$0	$0
Active members	323,144	350,734
Total	$323,144	$350,734
Total Present Value of Accumulated Plan Benefits	$11,519,812	$10,269,646

There have been no changes in the plan benefits, actuarial cost method, or actuarial assumptions or procedures affecting comparability of costs between periods.

Change in Present Value of Accumulated Plan Benefits

Present Value of Accumulated Plan Benefits as of 10/01/2009	$10,269,646
Increase (decrease) during the year due to:	
Increase for interest due to decrease in the discount period	795,898
Benefits paid	(342,281)
Benefits accumulated and plan experience	796,549
Change in assumptions	0
Plan amendment	0
Method changes	0
Present Value of Accumulated Plan Benefits as of 10/01/2010	$11,519,812

Carryforward of Net Pension Obligation:

a)	Annual required contribution for 2009 plan year	$802,845
b)	Interest on net pension obligation	(5,537)
c)	Adjustment to annual required contribution	(12,315)
d)	Annual pension cost for 2009 plan year (a+b-c)	809,623
e)	Actual contributions made	802,845
f)	Increase/(decrease) in net pension obligation	6,778
g)	2009 beginning of year net pension obligation	(71,448)
h)	2009 end of year net pension obligation	$(64,670)

Annual Pension Cost for 2010 Plan Year:

a)	Normal cost with interest	$684,961
b)	Amortization with interest	366,489
c)	Annual required contribution (a+b) but not less than zero	1,051,450
d)	Interest on net pension obligation	(5,012)
e)	Adjustment to annual required contribution	(12,315)
f)	Annual pension cost (c+d-e)	$1,058,753

Calculation of Net Pension Obligation

(a) Year	(b) Val'n Rate	(c) Amort. Period	(d) ARC	(e) Interest On NPO (l py x b)	(f) ARC Adjust. (l py / g)	(g) Amort. Factor (c yrs @ b%)	(h) APC (d+e-f)	(i) Actual Deposit	(j) Loss/ (Gain) (d-i)	(k) Change In NPO (h-i)	(l) NPO Balance (l py+k)
2001	7.75%	9	379,038	-	-	-	379,038	496,051	(117,013)	(117,013)	(117,013)
2002	7.75%	12	334,178	(9,069)	(15,326)	7.6347	340,435	338,435	(4,257)	2,000	(115,013)
2003	7.75%	11	369,537	(8,914)	(15,916)	7.2264	376,539	369,537	0	7,002	(108,011)
2004	7.75%	10	760,163	(8,371)	(15,916)	6.7864	767,708	760,163	0	7,545	(100,466)
2005	7.75%	10	816,391	(7,786)	(14,804)	6.7864	823,409	816,391	0	7,018	(93,448)
2006	7.75%	9	854,080	(7,242)	(14,804)	6.3124	861,642	854,080	0	7,562	(85,886)
2007	7.75%	8	714,677	(6,656)	(14,804)	5.8016	722,825	714,677	0	8,148	(77,738)
2008	7.75%	9	719,418	(6,025)	(12,315)	6.3124	725,708	719,418	0	6,290	(71,448)
2009	7.75%	8	802,845	(5,537)	(12,315)	5.8016	809,623	802,845	0	6,778	(64,670)
2010	7.75%	7	1,051,450	(5,012)	(12,315)	5.2512	1,058,753				

This section provides information as required by Part VII of Chapter 112, and by Chapter 60T-1 of the Florida Statutes. To the best of our knowledge, we have reflected in our calculations and assumptions, any event or trend which would materially increase plan costs.

This section also provides the information used to determine the annual required contribution. Please see Section II-Summary of Actuarial Results of this valuation report for additional information.

Comparative Summary of Principal Valuation Results

	Actuarial Valuation Prepared as of	
	10/01/2010	10/01/2009
Participant data		
Active members	23	25
Total annual payroll[1]	$1,702,013	$1,746,325
Retired members and beneficiaries	10	9
Total annualized benefit	$195,780	$192,726
Disabled members receiving benefit	0	0
Total annualized benefit	$0	$0
Terminated vested members	10[2]	12[2]
Total annualized benefit	$236,460	$170,725

Reconciliation of lives

	Active	Inactive	Retired
Total last valuation			
New lives	25	12	9
Voluntary discontinuances	0	0	0
Vested terminations	0	0	0
Non-vested terminations	0	0	0
Retirements	-1[2]	0[2]	1[2]
Deaths	0	0	0
Other:	-1	-2[3]	0
Total this Valuation	23	10	10

Please refer to the demographic display of lives, which illustrates the number of participants by age group and includes years of vesting service, current year compensation, and projected normal retirement benefits. Please refer to Section VI-Emerging Retirement Liability of this valuation report for a projection of emerging liabilities/cash flow needs for the next 10 years.

[1]Projected compensation.

[2]Includes 3 participants in 2009and 2 participants in 2010 who are only entitled to receive their employee contributions. Also included are 3 DROP participants in 2009 and 2 participants in 2010 who have elected the DROP and receiving payments to their account balance.

[3] 1 active participant entered the DROP and 1 participant in the DROP started receiving benefits. This resulted in no change in the Inactive lifecount.

[4] 1 active participant and 1 inactive participant were paid a lump sum of benefit; 1 DROP participant included last year was paid their account balance.

Assets

Since these funds are commingled with other funds in the general and separate accounts of the Principal Financial Group, it is not possible to identify specific investments as being made for a particular customer. Refer to the reconciliation of assets in this section.

	Actuarial Valuation Prepared as of	
	10/01/2010	10/01/2009
Market Value of Assets		
Participants Fund[1]		
Long-term Equity Investments	$5,788,779	$4,659,486
Short-term Investments		
Real Estate	333,611	483,972
Bonds/Fixed Income	3,047,400	2,778,121
Other:		
Total	$9,169,790	$7,921,579
Actuarial Value of Assets[2]		
Participants Fund[1]		
Long-term Equity Investments		
Short-term Investments		
Real Estate		
Bonds/Fixed Income		
Other:		
Total	$10,186,540[4]	$9,600,210
Adjusted Actuarial Value of Assets[3]	N/A	$9,505,895

[1] The participant's fund under the FPI contract is included in total assets. These asset amounts do not include deposits received after the plan year-end.

[2] The actuarial value of assets used in determining annual funding requirements are determined as stated in Section VII–Actuarial Assumptions and Methods of this valuation report.

[3]The assets used in the 2009 valuation have been adjusted to $9,505,895 to fall within the corridor limits defined by the cost method of 80% to 120% of market value.

[4]Includes $200,711 in deposits received after the end of the plan year.

Three-year comparison of investment return.

The actual percentage was calculated using the Form 5500 Schedule B investment return method.

Plan Year Beginning	Actual Return on Actuarial Basis	Market Value Return	Assumed Return
10/01/2009	0.98%	10.53%	7.75%
10/01/2008	-1.65%	-3.09%	7.75%
10/01/2007	3.45%	-17.53%	7.75%

Liabilities

	Actuarial Valuation Prepared as of	
	10/01/2010	10/01/2009
Present value of all future expected benefit payments:		
Active Members		
Retirement benefits	$11,891,290	$13,994,393
Vesting benefits	0	0
Disability benefits	0	0
Death benefits	0	0
Return of contribution	0	0
Accumulated Leave	0	0
Total	$11,891,290	$13,994,393
Terminated vested members	$2,395,812	$2,071,805
Retired members and beneficiaries		
Retired (other than disabled) and Beneficiaries[1]	$3,565,992	$2,562,683
Disabled members	0	0
Total	$3,565,992	$2,562,683
Total present value of all future benefit payments	$17,853,094	$18,628,881
Liabilities due and unpaid:		
Frozen Initial Liability (FIL)	$3,842,458	$3,842,458
Unfunded Frozen Initial Liability (UFIL)	$3,515,336	$3,602,389

A list of liability bases is shown in Section V–Development of Deposit Information of this valuation report.

[1]Includes qualified DROP balances of $538,287 for 2010 and $450,798 for 2009.

Liabilities (Continued)

A schedule illustrating the amortization of the Unfunded Frozen Initial Liability (UFIL) is shown below. This assumes:

1) No future changes in the UFIL due to plan amendments or assumption changes.

2) The Contractholder funds the Annual Required Contribution amount shown in this section of the Valuation Report.

Year	Projected UFIL
2010	3,515,336
2011	3,421,101
2012	3,319,563
2013	3,210,156
2014	3,092,270
2015	2,988,254
2016	2,876,176
2017	2,787,631
2018	2,692,224
2019	2,589,424
2020	2,501,223
2029	1,326,769
2030	1,140,713
2031	930,699
2033	773,180
2034	685,151
2045	0

Reconciliation of DROP Accounts

	Total	Qualified	Non-Qualified
Total DROP Account Balance on October 1, 2009	$1,462,270	$450,798	$1,011,472
Additions			
Contributions	217,986	127,854	90,132
Interest and Earnings	92,955	36,905	56,050
Withdrawals			
Lump sum payments	818,805	77,270	741,535
Total DROP Account Balance on October 1, 2010	$954,406	$538,287	$416,119

Actuarial Present Value of Accrued Benefits

	Actuarial Valuation Prepared as of	
	10/01/2010	10/01/2009
Statement of actuarial value of all accrued benefits		
Vested Accrued Benefits		
Inactive members and beneficiaries[1]	$5,961,804	$4,634,488
Active members (includes non-forfeitable accumulated member contributions in the amount of $849,272)	5,234,864	5,284,424
Total value of all vested accrued benefits	11,196,668	9,918,912
Non-vested accrued benefits	323,144	350,734
Total actuarial present value of all accrued benefits	$11,519,812	$10,269,646

These values are based on the actuarial assumptions shown in Section VII–Actuarial Assumptions and Methods of this valuation report, except that the calculation of accrued benefits does not include a salary scale, (if any).

A Statement of changes in total actuarial present value of all accrued benefits is shown in Section IX – Accounting Disclosure Information for SFAS 35 of this valuation report.

[1]Includes the liability of the DROP account balances for those participants currently in the DROP.

Pension Cost

	Actuarial Valuation Prepared as of	
	10/01/2010[2]	10/01/2009[3]
Normal Cost: [1]		
Base Normal Cost	$652,728	$752,091
Administrative expenses	20,899	20,399
Total Normal Cost	$673,627	$772,490
Payment to amortize unfunded liability(ies)	$340,350	$340,129
Expected plan sponsor contribution (including normal cost, amortization payment and interest, as applicable)	$953,218	$1,051,450[5]
Employer Normal Cost as % of payroll[1]	39.58%	44.24%
Amount to be contributed by members[4]	129320	136,795
As % of payroll	7.85%	7.83%

[x] Total normal cost and expected plan sponsor contributions reflect adjustments for salary and interest.
[2] 10/01/2010 amounts will be used for the 10/01/2011-09/30/2012 funding.
[3] 10/01/2009 amounts will be used for the 10/01/2010-09/30/2011 funding.
[4] Amount to be contributed by members reflects adjustment for salary increases.
[5]Typographical correction.

Interest is based on 7.75% for both the current and prior year. The credit balance was amortized over 20 years in the calculation of the expected plan sponsor contribution. The amount was $8,773 for the prior year and $8,552 for the current year.

	Plan Year Beginning	
	10/01/2009	10/01/2008
Past Contributions		
Required plan sponsor contribution	$802,845	$719,418
Required member contributions	136,795	175,806
Actual contributions made by		
Plan sponsor	$820,845	$719,418
Members	144,673	160,004[1]
Other:		
Net Actuarial gain(loss) (if applicable)	N/A	N/A

[1] Includes the amount contributed for the additional accrual service.

Other Disclosures

	Actuarial Valuation Prepared as of	
	10/01/2010	10/01/2009
Present values of active members:		
Future salaries		
at attained age	$11,720,118	$13,869,234
at entry age	14,771,694	16,632,111
Future contributions		
at attained age	790,494	935,376
at entry age	996,240	1,121,712
Present value of future contributions from other sources	0	0
Present value of future expected benefit payments for active members at entry age	$5,962,417	$7,245,979

The numerical development of total normal cost for the current plan year is shown in Section V–Development of Deposit Information of this valuation report.

Three year comparison of actual and assumed salary increases.

Plan Year Beginning	Actual Increases	Assumed Increases
10/01/2009	2.98%	7.52%
10/01/2008	6.84%	5.59%
10/01/2007	8.48%	5.58%

Other Disclosures (Continued)

Changes in costs during the year due to a change in assumptions, cost method, benefits, or other, as specified. See page IX-1 of this report.

This contract utilizes the direct fund payment method. Under the direct fund method, payments are made monthly from plan assets, therefore purchase rates are not applicable.

Asset Reconciliation

Actuarial value of assets balance on October 1, 2009	$9,505,895[1]
Additions	
Contributions – Employer[1]	802,845[2]
Contributions - Employee	144,673
Interest and Earnings	864,584
Withdrawals	
Expenses	20,899
Direct fund retirement payments	214,588
Lump sum payments	127,693
Plus Market Value Spread Adjustment	(768,277)
Actuarial value of assets balance on October 1, 2010	10,186,540[2]

[1] The assets used in the prior valuation were adjusted from $9,600,210 to $9,505,895 to fall within the corridor limits defined by the cost method of 80% to 120% of market value.

[2]Includes $200,711 in deposits received after the end of the plan year.

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Form 5500 - Schedule of Active Participant Data

YEARS OF CREDITED SERVICE

Attained	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and up	
Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	0	0	4	31806	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	3	34575	3	35658	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	0	0	9	43004	3	42764	1	49945	0	0	0	0	0	0	0	0	0	0	0	0
35 to 39	0	0	8	31576	8	43293	5	47329	1	64582	1	68108	0	0	0	0	0	0	0	0
40 to 44	0	0	8	35418	12	46896	3	48569	4	51113	0	0	0	0	0	0	0	0	0	0
45 to 49	0	0	6	32265	5	45779	6	44114	2	55690	3	55608	1	58134	1	203729	0	0	0	0
50 to 54	0	0	3	42004	4	37862	4	58636	5	47303	10	57295	3	57773	1	61211	1	62981	0	0
55 to 59	0	0	4	39374	4	41836	2	39780	3	48683	7	55658	3	53246	3	67217	0	0	0	0
60 to 64	0	0	0	0	0	0	2	57368	1	54014	1	51168	2	56639	0	0	1	66784	0	0
65 to 69	0	0	0	0	1	70944	0	0	1	64673	0	0	0	0	1	58641	0	0	0	0
70 & up	0	0	0	0	1	44911	0	0	0	0	0	0	0	0	0	0	0	0	0	0