Deposit Overview

City of Hallandale Beach **Plan Year Beginning 10/01/2011**
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 10/01/2012 is $746,022. This is the amount needed to keep your plan currently funded.

Your annual required contribution for the fiscal year beginning 10/01/2011 is $953,218 as shown on page II-1 of the 10/01/2010 Actuarial Valuation Report.

Deposits Received for 2011 Plan Year

Amount	Date Received
$238,305	01/06/2012
41,050	Total Employee Contributions
$279,355	Deposits received through 02/23/2012

Additional Information

For additional information, please see the 2011 actuarial valuation report.

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

Actuarial Valuation Report

For the plan year October 1, 2011 through
September 30, 2012

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.

3/6/2012

Date

David A. Stocklas, EA, MAAA
Consulting Actuary
Retirement Actuarial Services
Principal Financial Group
Des Moines, IA 50306-9394
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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 09/30/2012
- 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	$452,071
Employee normal cost (expected employee contributions)	100,221
Employer normal cost	351,850
Total normal cost as a percentage of projected member compensation*	34.13%
Annual required contribution	746,022

* Projected current year compensation is $1,324,574. This is the reported compensation annualized as appropriate, projected one year and excludes compensation for those assumed to retire in the current plan year.

Funding Policy

The funding policy the City adopted is to use the October 1, 2011 Valuation for the City's fiscal year period from October 1, 2012 through September 30, 2013. The October 1, 2011 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 $746,022	➢ Increase your next year's annual required contribution.
Exactly $746,022	➢ Meet your annual required contribution.
More than $746,022	➢ Exceed your annual required contribution. ➢ Decrease next year's annual required contribution.
Exactly $ 2,340,854	➢ Fund the difference between the market value of assets and the present value of all accumulated benefits at the beginning of the plan year.

Deposits Received

We have received the following current plan year deposits as of 02/23/2012:

Amount	Date Received
$238,305	01/06/2012
41,050	Total Employee Contributions
$279,355	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.

Assumption Changes

No changes occurred in the actuarial valuation assumptions from the prior year. The assumptions used are shown in Section VII.

Software Change

We have updated our valuation liability software this year. The effect on total present values and funding numbers was insignificant. However, the split between vested and non-vested present value of accumulated benefits has changed to reflect that those not currently eligible to retire at the assumed retirement age are not considered vested in the retirement benefit.

Total normal cost is now expressed as a percentage of projected compensation in the coming year (the year to which the normal cost is related) rather than as a percentage of reported prior year earnings.

Analysis

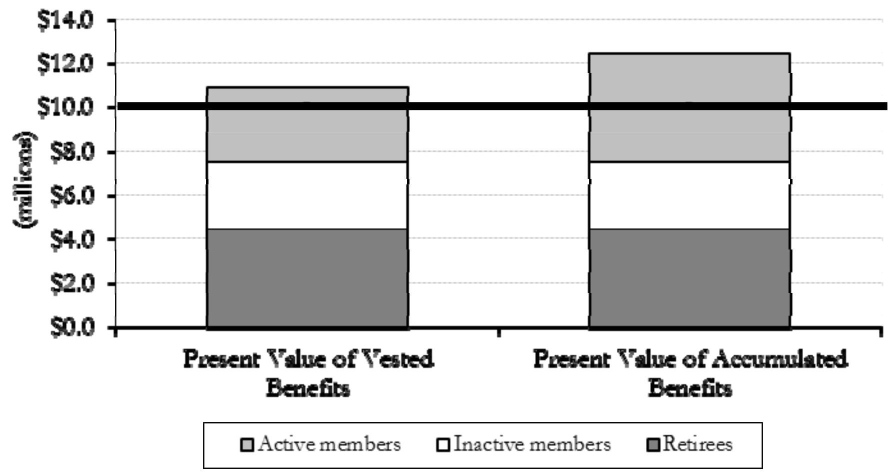
Total normal cost as a percentage of compensation decreased from 39.58% to 34.13%. This decrease resulted from a gain from actual plan experience.

Funded Status

This report shows you an annual required contribution. Another important measure is how well the Vested Benefits and Accumulated Benefits are funded.

The chart below compares the market value of assets in your plan as of 10/01/2011 (represented by the solid line in the chart below) to the Present Value of :

- Vested Benefits: benefits that cannot be taken away, even if the participant terminates employment
- Accumulated Benefits: benefits already earned based on service and pay to the valuation date.



Please note that this display does not represent the cost to terminate your plan. Upon request, we can prepare a separate study to value that cost using different assumptions.

Considerations

As you make decisions about your contributions to the plan, take into account your plan's funded status. Since your plan does not have enough assets to cover the benefits already earned, you might want to consider:

- Ways to increase cash flow into the plan
  - Increase your organization's contributions
  - Look at your cost sharing policy - how much should participants contribute to their retirement?
- Reducing benefits earned in the future
- Making the recommended minimum deposit annual required contribution, and continuing to monitor funded status in future years
- A review of your asset allocation strategy and how it can impact both funded status and contribution volatility. An analysis of investment allocations may help you decide whether your plan's assets are allocated in a way that matches your risk comfort level.
  - Riskier investments may reduce cash flow into the plan temporarily, but may cause contribution levels and funded status to fluctuate.
  - More conservative investments may require increased contributions, but provide a more solid base for planning and budgeting
- Forecasts of alternate contribution policies and resulting funded status can help with decision making.
- A cost/benefit study of various plan designs can help you evaluate your options.

As changes to your organization occur, be sure to keep us informed so that we can advise you on the impact these situations have on your retirement program. Early communication can help us help you plan for changes.

Wherever your evaluation leads, we have the experience and expertise to assist you every step of the way. In addition, The Principal can also help you with your total retirement program including defined contribution plans, nonqualified plans, and more.

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, Diane Keller, by:

- Phone – 1-800-543-4015 extension 49384, or 412-394-9384
- Email – keller.diane@principal.com

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

Normal Cost

	For Fiscal Year Beginning 10/01/2012[1]	For Fiscal Year Beginning 10/01/2011[1]
Total normal cost	$452,071	$673,627
Employee normal cost (expected employee contributions)	100,221	129,320
Employer normal cost	351,850	544,307
Annual member compensation[2]	1,324,574	1,702,013
Total normal cost as a percentage of member compensation	34.13%	39.58%

* Total normal cost is now expressed as a percentage of projected compensation in the coming year (the year to which the normal cost is related) rather than as a percentage of reported prior year earnings. Last year's total normal cost as a percentage of compensation on this basis would be 35.93%.

Deposit Levels

			For Fiscal Year Beginning 10/01/2012[1]	For Fiscal Year Beginning 10/01/2011[1]
Annual Required Contribution	a)	Employer normal cost	$351,850	$544,307
	b)	Amortization amounts	348,852	348,902
	c)	Valuation interest to the end of the plan year on a and b	54,304	69,224
	d)	20 year amortization of credit balance	8,338	8,552
	e)	Valuation interest to the end of the plan year on d	646	663
	f)	Annual required contribution (a+b+c-d-e)	$746,022	$953,218

This minimum deposit 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	$10,788,956	$10,102,657

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 10/01/2010 Plan Year

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

Amount	Date Received
$262,862.50	12/30/2010
$262,862.50	04/05/2011
$262,862.50	07/05/2011
$262,862.50	09/19/2011
$1,051,450.00	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 10/01/2010	$9,169,790
b)	Contributions/transfers	1,383,915
c)	Benefit payments	(372,966)
d)	Expenses	(35,077)
e)	Expected interest using valuation interest rate assumption from date made to 10/01/2011 on (a, b, c, and d)	748,644
f)	Expected value of assets as of 10/01/2011 (a+b+c+d+e)	$10,894,306
g)	Market value of assets as of 10/01/2011	$10,102,657
h)	Current year excess appreciation/(shortfall) (g-f)	(791,649)
i)	Adjustment to market value (sum of deferred amounts)	(686,299)
j)	Actuarial value of assets (g-i)	$10,788,956

Allocation of Deferred Appreciation

	Plan Year			
Allocation Year	2008	2009	2010	2011
2008	$(571,817)			
2009	(571,817)	$(210,757)		
2010	(571,816)	(210,757)	$59,097	
2011	(571,816)	(210,757)	59,097	$(197,913)
2012		(210,756)	59,097	(197,912)
2013			59,096	(197,912)
2014				(197,912)
Total	$(2,287,266)	$(843,027)	$236,387	$(791,649)
Deferred	$0	$(210,756)	$118,193	$(593,736)

Adjustment to market value (sum of deferred amounts) $(686,299)

Development of Normal Cost

a)	Present value of projected benefits	
	Active members	$9,115,032
	Inactive members	3,020,232
	Retired members	4,473,712
	Total	$16,608,976
b)	Unfunded frozen initial liability	3,421,285
c)	Actuarial value of assets	10,788,956
d)	Present value of future normal costs (a-b-c)	2,398,735
e)	Present value of future compensation	8,315,891
f)	Projected annual compensation in coming year	1,239,657
g)	Normal cost (d÷e×f)	357,581
h)	Estimated expenses	35,077
i)	Total normal cost (g+h)	$392,658

Development of Normal Cost for fiscal year ending 09/30/2013

j) Total normal cost for 10/01/2012 plan year (line i above)	$392,658
k) Adjustment for salary increase (6.85% of j)	26,897
l) Adjustment for interest (7.75% of j+k)	32,516
m) Total Normal Cost for 9/30/2013 FYE (j+k+l)	452,071
n) Employee Normal Cost (f*(1+salary increase in line k)*7% + expected payroll deduction for service buyback [7,501])	100,221
o) Employer Normal Cost (m-n)	$351,850

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	20.00	$1,505,202	$139,646
10/01/2004	Benefit change	23.00	684,136	52,509
10/01/2004	Assumption change	3.00	79,960	21,351
10/01/2006	Benefit change	24.00	982,429	84,800
10/01/2007	Assumption change	5.00	128,197	29,602
10/01/2009	Assumption change	8.00	131,236	20,944
	Total		$3,511,160	$348,852

Unfunded Frozen Initial Liability

a)	Unfunded frozen initial liability (as of 10/01/2010)	$3,515,336
b)	Changes made during the plan year	0
c)	Employer normal cost (as of 10/01/2010)	635,695
d)	Interest on the above items	321,704
e)	Total (a+b+c+d)	$4,472,735
f)	Employer contributions	$1,051,450
g)	Interest on employer contributions	0
h)	Total (f+g)	$1,051,450
i)	Adjustment due to ERISA full funding credit	N/A
j)	Unfunded frozen initial liability (as of 10/01/2011) (e-h-i)	$3,421,285

Funding Standard Account for the Plan Year
Beginning 10/01/2010 and Ending 09/30/2011

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	635,695
c) Amortization charges	348,902
d) Interest on the above items	76,306
e) Additional funding requirement	0
f) Required installment interest charge	0
Total Charges	$1,060,903

Credits to the Funding Standard Account

a) Accumulated credit balance - last valuation date	$92,184
b) Employer contributions - last valuation date	1,051,450
c) Amortization credits	0
d) Interest on the above items	7,144
e) Full funding credit with interest	0
Total Credits	$1,150,778

Accumulated Credit Balance	$89,875

The outstanding balance of amortization bases as of the beginning of the current plan year, $3,511,160, less the credit balance, $89,875, is the unfunded frozen initial liability as of the beginning of the plan year, $3,421,285.

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				
20 - 25				
30 - 34	2	28,683		
35 - 39	2	17,903	1	547
40 - 44	2	12,517	2	601
45 - 49	2	13,651		
50 - 54	4	18,510	5	10,082
55 - 59	3	8,000	3	10,573
60 - 64	1	1,141	1	
65 & over	2	3,486	1	
Totals	18	103,891	13	21,803

[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		
50 - 54	3	7,783
55 - 59	1	924
60 - 64	4	5,660
65 - 69	3	10,085
70 -74	1	616
75 - 79		
80 - 84		
85 & Over		
Totals	12	25,068

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 $10,102,657.

Plan Year Beginning	Expected Charge to Assets	Cumulative Charges
10/01/2011	591,518	591,518
10/01/2012	723,038	1,314,556
10/01/2013	907,705	2,222,261
10/01/2014	919,950	3,142,211
10/01/2015	989,322	4,131,533
10/01/2016	1,002,865	5,134,398
10/01/2017	1,035,098	6,169,496
10/01/2018	1,087,127	7,256,623
10/01/2019	1,199,438	8,456,061
10/01/2020	1,214,915	9,670,976

This display includes 12 retirees or beneficiaries who are already receiving benefits.

This display includes the 2% annual cost of living increases that fall under the benefit limitations. Those cost of living increases in excess of the benefit limitations are included in the excess benefits below. Existing retiree David Pritchard will not receive a cost of living benefit.

Emerging Retirement Liability
(Reflects Excess benefits)

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

Plan Year Beginning	Expected Charge to Assets	Cumulative Charges
10/01/2011	524,555	524,555
10/01/2012	538,129	1,062,684
10/01/2013	566,575	1,629,259
10/01/2014	580,573	2,209,832
10/01/2015	594,601	2,804,433
10/01/2016	608,622	3,413,055
10/01/2017	622,605	4,035,660
10/01/2018	636,523	4,672,183
10/01/2019	650,337	5,322,520
10/01/2020	663,984	5,986,504

This display includes 13 retirees or beneficiaries who are already receiving benefits.

This display includes the 2% annual cost of living increases as well as those cost of living increases in excess of the benefit limitations under the qualified plan that were not included in the qualified benefits above. Existing retirees David Pritchard and Bernadette Pritchard will not receive a cost of living benefit.

Actuarial Valuation Assumptions

	10/01/2011	10/01/2010
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:

10/01/2011

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

10/01/2010

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

	10/01/2011	10/01/2010
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 retire once they become eligible for early retirement and are eligible to receive all purchased years of accrual 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 retire once they become eligible for early retirement and are eligible to receive all purchased years of accrual 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	2.00% per year.	2.00% per year.
Inflation	3.00%	3.00%

No changes occurred in the actuarial valuation assumptions from the prior year.

Actuarial Methods

	10/01/2011	10/01/2010
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. Total actuarial value of asset used in calculating deposit levels falls within a corridor of 80% to 120% of market value.	Market value is adjusted by spreading the expected value minus the actual value over four years. Total actuarial value of asset used in calculating deposit levels falls within a corridor of 80% to 120% 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 is 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 is 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. No new entrants on or after January 1, 2007.

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. Prior to October 1, 2008, 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. For employees who enter DROP after 2008, will earn the rate of return assumption made annually by the plan's actuary while in DROP and will earn or lose interest at the same rate and frequency as the pension fund, minus administrative cost earn after DROP. 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 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.

	10/01/2011	10/01/2010
Present Value of Vested Benefits		
Retired members	$4,473,712	$3,565,992
Inactive members	3,020,232	2,395,812
Active members	3,437,529	5,234,864
Total	$10,931,473	$11,196,668
Present Value of Nonvested Benefits		
Inactive members	$0	$0
Active members	1,512,038	323,144
Total	$1,512,038	$323,144
Total Present Value of Accumulated Plan Benefits	$12,443,511	$11,519,812

Change in Present Value of Accumulated Plan Benefits

Present Value of Accumulated Plan Benefits as of 10/01/2010	$11,519,812
Increase (decrease) during the year due to:	
Increase for interest due to decrease in the discount period	892,785
Benefits paid	(372,966)
Benefits accumulated and plan experience	403,880
Change in assumptions	0
Plan amendment	0
Present Value of Accumulated Plan Benefits as of 10/01/2011	$12,443,511

Carryforward of Net Pension Obligation:

a)	Annual required contribution for 2010 plan year	$1,051,450
b)	Interest on net pension obligation	(5,012)
c)	Adjustment to annual required contribution	(12,315)
d)	Annual pension cost for 2010 plan year (a+b-c)	1,058,753
e)	Actual contributions made	1,051,450
f)	Increase/(decrease) in net pension obligation	7,303
g)	2010 beginning of year net pension obligation	(64,670)
h)	2010 end of year net pension obligation	$(57,367)

Annual Pension Cost for 2011 Plan Year:

a)	Normal cost with interest	$586,491
b)	Amortization with interest	366,727
c)	Annual required contribution (a+b) but not less than zero	953,218
d)	Interest on net pension obligation	(4,446)
e)	Adjustment to annual required contribution	(12,315)
f)	Annual pension cost (c+d-e)	$961,087

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	1,051,450	0	7,303	(57,367)
2011	7.75%	6	953,218	(4,446)	(12,315)	4.6582	961,087				

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	
	10/01/2011	10/01/2010
Participant data		
Active members	18	23
Total annual payroll[1]	$1,324,574	$1,702,013
Retired members and beneficiaries	12	10
Total annualized benefit	$300,816	$195,780
Disabled members receiving benefit	0	0
Total annualized benefit	$0	$0
Terminated vested members	13[2]	10[2]
Total annualized benefit	$261,636	$236,460

Reconciliation of lives

	Active	Inactive	Retired
Total last valuation			
New lives	23	10	10
Voluntary discontinuances	0	0	0
Vested terminations	-2	2	0
Non-vested terminations	0	0	0
Retirements	-3	0	2
Deaths	0	0	0
Other:	0	1	0
Total this Valuation	18	13	12

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 2 participants in 2010 and 2011 who are only entitled to receive their employee contributions. Also included are 2 DROP participants in 2010 and 3 participants in 2011 who have elected the DROP and are receiving payments to 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	
	10/01/2011	10/01/2010
Market Value of Assets		
Participants Fund[1]		
Long-term Equity Investments	$5,553,729	$5,788,779
Short-term Investments		
Real Estate	906,504	333,611
Bonds/Fixed Income	3,642,424	3,047,400
Other:		
Total	$10,102,657	$9,169,790
Actuarial Value of Assets[2]		
Participants Fund[1]		
Long-term Equity Investments		
Short-term Investments		
Real Estate		
Bonds/Fixed Income		
Other:	$10,788,956	$10,186,540[3]
Total		

[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]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
10/01/2010	-1.65%	-0.44%	7.75%
10/01/2009	0.98%	10.53%	7.75%
10/01/2008	-1.65%	-3.09%	7.75%

Liabilities

Actuarial Valuation Prepared as of

	10/01/2011	10/01/2010
Present value of all future expected benefit payments:		
Active Members		
Retirement benefits	$9,115,032	$11,891,290
Vesting benefits	0	0
Disability benefits	0	0
Death benefits	0	0
Return of contribution	0	0
Accumulated Leave	0	0
Total	$9,115,032	$11,891,290
Terminated vested members	$3,020,232	$2,395,812
Retired members and beneficiaries		
Retired (other than disabled) and beneficiaries	$4,473,712	$3,565,992
Disabled members	0	0
Total[1]	$4,473,712	$3,565,992
Total present value of all future benefit payments	$16,608,976	$17,853,094
Liabilities due and unpaid:		
Frozen Initial Liability (FIL)	$3,842,458	$3,842,458
Unfunded Frozen Initial Liability (UFIL)	$3,421,285	$3,515,336

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 $732,504 for 2011.

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
2011	3,319,531
2012	3,191,922
2013	3,054,424
2014	2,929,275
2015	2,794,428
2016	2,681,025
2017	2,558,834
2018	2,427,174
2019	2,307,876
2020	2,179,334
2021	2,040,829
2022	1,891,590
2023	1,730,785
2024	1,557,517
2025	1,370,822
2026	1,169,657
2027	952,903
2028	719,349
2029	467,696
2030	196,539
2031	63,820
2032	0

Reconciliation of DROP Accounts

	Total	Qualified	Non-Qualified
Total DROP Account Balance on October 1, 2010	$954,406	$538,287	$416,119
Additions			
Contributions	236,330	150,469	85,861
Interest and Earnings	76,923	43,748	33,175
Withdrawals			
Lump sum payments	0	0	0
Total DROP Account Balance on October 1, 2011	$1,267,659	$732,504	$535,155

Actuarial Present Value of Accrued Benefits

	Actuarial Valuation Prepared as of		
	10/01/2011 Using 7.75% FRS Rate	10/01/2011	10/01/2010
Statement of actuarial value of all accrued benefits			
Vested Accrued Benefits			
Inactive members and beneficiaries[1]	$7,493,944	$7,493,944	$5,961,804
Active members (includes non- forfeitable accumulated member contributions in the amount of $795,419)	$3,437,529	$3,437,529	$5,234,864
Total value of all vested accrued benefits	$10,931,473	$10,931,473	$11,196,668
Non-vested accrued benefits	$1,512,038	$1,512,038	$323,144
Total actuarial present value of all accrued benefits	$12,443,511	$12,443,511	$11,519,812

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	
	10/01/2011[2]	10/01/2010[3]
Normal Cost: [1]		
Base Normal Cost	$416,994	$652,728
Administrative expenses	35,077	20,899
Total Normal Cost	$452,071	$673,627
Payment to amortize unfunded liability(ies)	$340,514	$340,350
Expected plan sponsor contribution (including normal cost, amortization payment and interest, as applicable)	$746,022	$953,218
Employer Normal Cost as % of payroll[1]	34.13%	39.58%
Amount to be contributed by members[4]	100,221	129,320
As % of payroll	7.57%	7.85%

1 Total normal cost and expected plan sponsor contributions reflect adjustments for salary and interest.
2 10/01/2011 amounts will be used for the 10/01/2012-09/30/2013 funding.
3 10/01/2010 amounts will be used for the 10/01/2011-09/30/2012 funding.
4 Amount to be contributed by members reflects adjustment for salary increases.

For the current plan year:
Interest is based on 7.75%. A Credit Balance in the Minimum Funding Standard Account of $8,338 has been recognized in the amortization.

For the prior plan year:
Interest is based on 7.75%. A Credit Balance in the Minimum Funding Standard Account of $8,552 has been recognized in the amortization.

	Plan Year Beginning	
	10/01/2010	10/01/2009
Past Contributions		
Required plan sponsor contribution	$1,051,450	$802,845
Required member contributions[1]	129,320	136,795
Actual contributions made by		
Plan sponsor	$1,051,450	$802,845
Members	131,753	144,673
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	
	10/01/2011	10/01/2010
Present values of active members:		
Future salaries		
at attained age	$8,315,891	$11,720,118
at entry age	10,815,121	14,771,694
Future contributions		
at attained age	560,845	790,494
at entry age	729,399	996,240
Present value of future contributions from other sources	0	0
Present value of future expected benefit payments for active members at entry age	$4,315,493	$5,962,417

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
10/01/2010	3.19%	7.43%
10/01/2009	2.98%	7.52%
10/01/2008	6.84%	5.59%

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, 2010	$10,186,540[1]
Additions	
Contributions – Employer	1,051,450
Contributions - Employee	131,753
Interest and Earnings[2]	(43,005)
Withdrawals	
Expenses	35,076
Direct fund retirement payments	254,873
Lump sum payments	118,093
Plus Market Value Spread Adjustment	(129,740)
Actuarial value of assets balance on October 1, 2011	10,788,956

[1] Includes $200,711 in deposits received after the end of the plan year
[2]The split between interest, dividends, realized gains and losses, unrealized gains and losses, and investment expense is not available under this contract.

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	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	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-
25 to 29	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-
30 to 34	0	-	0	-	2	82,658	0	-	0	-	0	-	0	-	0	-	0	-	0	-
35 to 39	0	-	1	58,576	1	81,350	0	-	0	-	0	-	0	-	0	-	0	-	0	-
40 to 44	0	-	0	-	0	-	1	71,468	1	100,551	0	-	0	-	0	-	0	-	0	-
45 to 49	0	-	0	-	3	61,816	0	-	0	-	0	-	0	-	0	-	0	-	0	-
50 to 54	0	-	0	-	1	140,127	0	-	2	105,020	0	-	0	-	0	-	0	-	0	-
55 to 59	0	-	0	-	1	104,525	2	110,222	0	-	0	-	0	-	0	-	0	-	0	-
60 to 64	0	-	0	-	2	71,123	0	-	0	-	0	-	0	-	0	-	0	-	0	-
65 to 69	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-
70 & up	0	-	0	-	0	-	0	-	1	41,824	0	-	0	-	0	-	0	-	0	-