Deposit Overview

City of Hallandale Beach **Plan Year Beginning 10/01/2012**
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 10/01/2013 is $912,745.** This is the amount needed to keep your plan currently funded. **Your annual required contribution for the fiscal year beginning 10/01/2012 is $762,010.** This is the amount needed to keep your plan currently funded. .
Deposits Received for 2012 Plan Year	Total deposits received through 01/10/2013 for the 2012 plan year are $216,803.86, of which $186,505.50 were employer contributions and $30,298.36 were employee contributions.
Additional Information	For additional information, please see the 2012 actuarial valuation report.

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

Actuarial Valuation Report

For the plan year October 1, 2012 through
September 30, 2013

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.

01/15/2013

David A. Stocklas, EA, MAAA
Consulting Actuary

Retirement Actuarial Services
Principal Financial Group
Liberty Center
1001 Liberty Ave. Suite 300
Pittsburgh, PA 15222
412 394-9380
Stocklas.Dave@principal.com

This summary is for City of Hallandale Beach Professional/Management Retirement Plan. It includes:

- Annual required contribution for the plan year ending 09/30/2013
- 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	$480,722
Employee normal cost (expected employee contributions)	80,622
Employer normal cost	400,100
Total normal cost as a percentage of projected member compensation	46.02%
Annual required contribution	912,745

Funding Policy

The funding policy the City adopted is to use the October 1, 2012 Valuation for the City's fiscal year period from October 1, 2013 through September 30, 2014. The October 1, 2012 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 $912,745	➢ Increase your next year's annual required contribution.
Exactly $912,745	➢ Meet your annual required contribution.
More than $912,745	➢ Exceed your annual required contribution. ➢ Decrease next year's annual required contribution.
Exactly $ 1,094,831	➢ Fund the difference between the market value of assets and the present value of all vested benefits at the beginning of the plan year
Exactly $ 2,440,980	➢ 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

In addition to $714,913 in deposits received during the last plan year, we used $238,305 in deposits received after 09/30/2012 for your 2011 plan year. Since these deposits have been used for the prior plan year, additional deposits will be required to meet your 2012 annual required contribution. See Section IV - Plan Assets for a list of the 2011 plan year deposits.

Total deposits received through 1/10/2013 for the 2012 plan year are $216,803.86, of which $186,505.50 were employer contributions and $30,298.36 were employee contributions. Please take this into consideration when determining your additional current year contributions.

Plan Changes

This report reflects changes in maximum benefit limits under Internal Revenue Code (IRC) Section 415 and in maximum compensation limits under IRC Section 401. Plan liabilities were not redetermined for this/these change(s). The cost of any benefit increases resulting from this/these change(s) is spread over current and future normal costs.

Assumption Changes

We recently did a comprehensive review of the economic and demographic assumptions used in the valuation. As a result, we changed the following assumptions for your plan:

- The valuation interest rate was changed to reflect current expectations of your plan's long term investment performance. We have decreased the rate to 7.50%.
- The mortality table has been updated to the IRS Prescribed Mortality – Generational Annuitant and Non-annuitant, male and female.
- The salary scale was decreased to reflect past experience and the expected level of future salary increases.
- The inflation assumption was decreased to 2.50%.

The assumptions used are shown in Section VII. We redetermined plan liabilities as of the start of the plan year for the assumption changes. See Section IX for the effects of this change.

Analysis

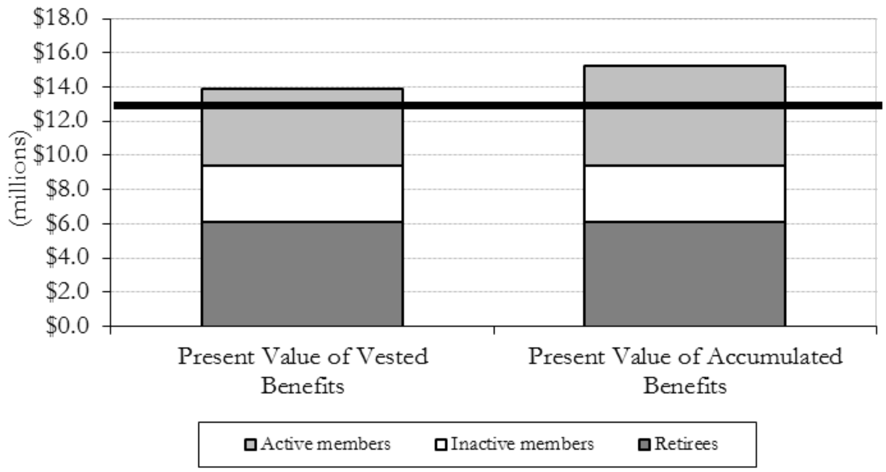
Total normal cost as a percentage of compensation increased from 34.13% to 46.02%. This increase resulted from the assumption changes noted above. Additionally, some retiree benefit payments have been corrected to reflect the COLA payments they are receiving each year, resulting in an increase in normal cost.

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 10/01/2012 (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 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 515-394-9384
- Email – keller.diane@principal.com

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

Normal Cost

	For Fiscal Year Beginning 10/01/2013[1]	For Fiscal Year Beginning 10/01/2012[1]
Total normal cost	$480,722	$452,071
Employee normal cost (expected employee contributions)	80,622	100,221
Employer normal cost	400,100	351,850
Annual member compensation[2]	1,044,584	1,324,574
Total normal cost as a percentage of member compensation	46.02%	34.13%

Deposit Levels

			For Fiscal Year Beginning 10/01/2013[1]	For Fiscal Year Beginning 10/01/2012[1]
Annual Required Contribution	a)	Employer normal cost	$400,100	$351,850
	b)	Amortization amounts	456,961	363,690
	c)	Valuation interest to the end of the plan year on a and b	64,280	55,454
	d)	20 year amortization of credit balance	7,996	8,338
	e)	Valuation interest to the end of the plan year on d	600	646
	f)	Annual required contribution (a+b+c-d-e)	$912,745	$762,010

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	$12,009,954	$12,571,796
Value of deposit received 10/04/2012 and applied to the plan year ending 09/30/2012	238,305	238,305
Total Value	$12,248,259	$12,810,101

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 10/01/2011 Plan Year

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

Amount	Date Received
$238,304.50	01/06/2012
238,304.50	03/26/2012
238,304.50	06/07/2012
238,304.50	10/04/2012
$953,218.00	**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 10/01/2011	$10,102,657
b)	Contributions/transfers	823,015
c)	Benefit payments	(326,813)
d)	Expenses	(26,730)
e)	Expected interest using valuation interest rate assumption from date made to 10/01/2012 on (a, b, c, and d)	801,573
f)	Expected value of assets as of 10/01/2012 (a+b+c+d+e)	$11,373,702
g)	Market value of assets as of 10/01/2012	$12,571,796
h)	Current year excess appreciation/(shortfall) (g-f)	1,198,094
i)	Adjustment to market value (sum of deferred amounts)	561,842
j)	Actuarial value of assets (g-i)	$12,009,954

Allocation of Deferred Appreciation

	Plan Year			
Allocation Year	2009	2010	2011	2012
2009	$(210,757)			
2010	(210,757)	$59,097		
2011	(210,757)	59,097	$(197,913)	
2012	(210,756)	59,097	(197,912)	$299,524
2013		59,096	(197,912)	299,524
2014			(197,912)	299,523
2015				299,523
Total	$(843,027)	$236,387	$(791,649)	$1,198,094
Deferred	$0	$59,096	$(395,824)	$898,570

Adjustment to market value (sum of deferred amounts) $561,842

Development of Normal Cost

a)	Present value of projected benefits	
	Active members	$9,775,520
	Inactive members	3,263,910
	Retired members	6,105,208
	Total	$19,144,638
b)	Unfunded frozen initial liability	4,029,453
c)	Actuarial value of assets	12,248,259
d)	Present value of future normal costs (a-b-c)	2,866,926
e)	Present value of future compensation	7,149,977
f)	Projected annual compensation in coming year	985,364
g)	Normal cost (d÷e×f)	395,101
h)	Estimated expenses	26,730
i)	Total normal cost (g+h)	$421,831

Development of Normal Cost for fiscal year ending 09/30/2014

j) Total normal cost for 10/01/2013 plan year (line i above)	$421,831
k) Adjustment for salary increase (6.01% of j)	25,352
l) Adjustment for interest (7.50% of j+k)	33,539
m) Total Normal Cost for 9/30/2014 FYE (j+k+l)	480,722
n) Employee Normal Cost (f*(1+salary increase in line k)*7% + expected payroll deduction for service buyback [7,501])	80,622
o) Employer Normal Cost (m-n)	$400,100

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	19.00	$1,471,386	$137,436
10/01/2004	Benefit change	22.00	672,526	58,924
10/01/2004	Assumption change	2.00	55,269	28,633
10/01/2006	Benefit change	23.00	967,195	83,255
10/01/2007	Assumption change	4.00	106,236	29,506
10/01/2009	Assumption change	7.00	118,786	20,862
10/01/2012	Assumption change	10.00	725,680	98,345
	Total		$4,117,078	$456,961

Unfunded Frozen Initial Liability

a)	Unfunded frozen initial liability (as of 10/01/2011)	$3,421,285
b)	Changes made during the plan year	(14,788)[1]
c)	Employer normal cost (as of 10/01/2011)	544,307
d)	Interest on the above items	306,187
e)	Total (a+b+c+d)	$4,256,991
f)	Employer contributions	$953,218
g)	Interest on employer contributions	0
h)	Total (f+g)	$953,218
i)	Adjustment due to ERISA full funding credit	N/A
j)	Unfunded frozen initial liability (as of 10/01/2012) (e-h-i)	$3,303,773
k)	Increase due to an assumption change	725,680
l)	Redetermined unfunded frozen initial liability (as of 10/01/2012) (j+k)	$4,029,453

Employer contributions include $238,305 received 10/04/2012 and applied to the plan year ending 09/30/2012.

*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.

Correction to 10/01/2004 Benefit change amortization	7,473
Correction to 10/01/2004 Assumption change amortization	7,315
Total	14,788

Funding Standard Account for the Plan Year Beginning 10/01/2011 and Ending 09/30/2012

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	544,307
c) Amortization charges	348,902
d) Interest on the above items	69,224
e) Additional funding requirement	0
f) Required installment interest charge	0
Total Charges	$962,433

Credits to the Funding Standard Account

a) Accumulated credit balance - last valuation date	$89,875
b) Employer contributions - last valuation date	953,218
c) Amortization credits	0
d) Interest on the above items	6,965
e) Full funding credit with interest	0
Total Credits	$1,050,058
Accumulated Credit Balance	$87,625

The outstanding balance of amortization bases as of the beginning of the current plan year, $4,117,078, less the credit balance, $87,625, is the unfunded frozen initial liability as of the beginning of the plan year, $4,029,453.

Employer contributions include $238,305 received 10/04/2012 and applied to the plan year ending 09/30/2012.

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	1	12,508		
35 - 39	2	27,626	1	547
40 - 44	2	12,214	2	601
45 - 49	3	19,353		
50 - 54	4	18,339	5	10,761
55 - 59	2	6,383	3	6,277
60 - 64	1	1,346	2	2,248
65 & over	2	3,843	1	
Totals	17	101,612	14	20,434

[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 two participants who have employee contributions only.

Retired Participants

Age Group	Number	Monthly Benefit
Under 40		
40 - 44		
45 - 49		
50 - 54	2	3,187
55 - 59	2	9,322
60 - 64	5	7,183
65 - 69	3	10,421
70 -74	1	628
75 - 79		
80 - 84		
85 & Over		
Totals	13	30,741

Included in the retired participants are 4 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 $12,810,101.

Plan Year Beginning	Expected Charge to Assets	Cumulative Charges
10/01/2012	754,540	754,540
10/01/2013	940,843	1,695,383
10/01/2014	958,280	2,653,663
10/01/2015	1,033,889	3,687,552
10/01/2016	1,052,834	4,740,386
10/01/2017	1,088,630	5,829,016
10/01/2018	1,142,866	6,971,882
10/01/2019	1,254,699	8,226,581
10/01/2020	1,275,915	9,502,496
10/01/2021	1,298,033	10,800,529

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

This display includes the 2% annual cost of living increases on the qualified portion of the benefits. 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
10/01/2012	526,165	526,165
10/01/2013	546,858	1,073,023
10/01/2014	555,534	1,628,557
10/01/2015	564,216	2,192,773
10/01/2016	572,878	2,765,651
10/01/2017	581,494	3,347,145
10/01/2018	590,048	3,937,193
10/01/2019	598,510	4,535,703
10/01/2020	606,846	5,142,549
10/01/2021	615,022	5,757,571

This display includes 14 retirees or beneficiaries who are already receiving benefits.

This display includes the 2% annual cost of living increases on the excess portion of the benefits. Existing retirees David Pritchard and Bernadette Pritchard will not receive a cost of living benefit.

Actuarial Valuation Assumptions

	10/01/2012	10/01/2011
Valuation Interest (net of investment expenses)		
Preretirement	7.50%	7.75%
Postretirement	7.50%	7.75%
Interest Rate For Employee Accumulations (includes COLA adjustment)	3.53%	3.53%
Mortality		
Preretirement	None.	None.
Postretirement	IRS Prescribed Mortality – Generational Non-annuitant, male and female.	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 4.50%. 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:

10/01/2012:

Age	Increase	Age	Increase
20	9.60%	40	7.22%
25	8.68%	45	6.89%
30	8.07%	50	6.62%
35	7.61%	55	6.38%

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%

	10/01/2012	10/01/2011
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	2.50%	3.00%

We recently did a comprehensive review of the economic and demographic assumptions used in the valuation. As a result, we changed the following assumptions for your plan:

- The valuation interest rate was changed to reflect current expectations of your plan's long term investment performance. We have decreased the rate to 7.50%.
- The mortality table has been updated to the IRS Prescribed Mortality – Generational Annuitant and Non-annuitant, male and female.
- The salary scale was decreased to reflect past experience and the expected level of future salary increases.
- The inflation assumption was decreased to 2.50%.

Actuarial Methods

	10/01/2012	10/01/2011
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 years 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 Plan Accounting (ASC 960). These amounts should not be used for other purposes such as estimating plan termination sufficiency.

	10/01/2012	10/01/2011
Present Value of Vested Benefits		
Retired members	$6,105,208	$4,473,712
Inactive members	3,263,910	3,020,232
Active members	4,535,814	3,437,529
Total	$13,904,932	$10,931,473
Present Value of Nonvested Benefits		
Inactive members	$0	$0
Active members	1,346,149	1,512,038
Total	$1,346,149	$1,512,038
Total Present Value of Accumulated Plan Benefits	$15,251,081	$12,443,511

The following changes have had these effects, on an annual basis, as of the valuation date:

	Normal Cost	Unfunded Frozen Initial Liability	Present Value of Vested Benefits	Present Value of Nonvested Benefits
Assumptions	$7,672	$725,680	$711,428	$10,960

Change in Present Value of Accumulated Plan Benefits

Present Value of Accumulated Plan Benefits as of 10/01/2011	$12,443,511
Increase (decrease) during the year due to:	
Increase for interest due to decrease in the discount period	964,372
Benefits paid	(326,813)
Benefits accumulated and plan experience	1,447,623
Change in assumptions	722,388
Plan amendment	0
Present Value of Accumulated Plan Benefits as of 10/01/2012	$15,251,081

Carryforward of Net Pension Obligation:

a)	Annual required contribution for 2011 plan year	$953,218
b)	Interest on net pension obligation	(4,446)
c)	Adjustment to annual required contribution	(12,315)
d)	Annual pension cost for 2011 plan year (a+b-c)	961,087
e)	Actual contributions made	953,218
f)	Increase/(decrease) in net pension obligation	7,869
g)	2011 beginning of year net pension obligation	(57,367)
h)	2011 end of year net pension obligation	$(49,498)

Annual Pension Cost for 2012 Plan Year:

a)	Normal cost with interest	$379,118
b)	Amortization with interest	382,892
c)	Annual required contribution (a+b) but not less than zero	762,010
d)	Interest on net pension obligation	(3,712)
e)	Adjustment to annual required contribution	(14,779)
f)	Annual pension cost (c+d-e)	$773,077

Calculation of Net Pension Obligation

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
				Interest	ARC	Amort.			Loss/	Change	NPO
	Val'n	Amort.		On NPO	Adjust.	Factor	APC	Actual	(Gain)	In NPO	Balance
Year	Rate	Period	ARC	(l py x b)	(l py / g)	(c yrs @ b%)	(d+e-f)	Deposit	(d-i)	(h-i)	(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	953,218	0	7,869	(49,498)
2012	7.50%	4	762,010	(3,712)	(14,779)	3.3493	773,077				

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	
	10/01/2012	10/01/2011
Participant data		
Active members	17	18
Total annual payroll[1]	$1,044,584	$1,324,574
Retired members and beneficiaries	12	12
Total annualized benefit	$368,892	$300,816
Disabled members receiving benefit	0	0
Total annualized benefit	$0	$0
Terminated vested members	14[2]	13[2]
Total annualized benefit	$245,208	$261,636

Reconciliation of lives

	Active	Inactive	Retired
Total last valuation	18	13	12
New lives	0	0	0
Voluntary discontinuances	0	0	0
Vested terminations	-1	+1	0
Non-vested terminations	0	0	0
Retirements	0	0[3]	+1
Deaths	0	0	0
Other:	0	0	0
Total this Valuation	17	14	13

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 2011 and 2012 who are only entitled to receive their employee contributions. Also included are 3 DROP participants in 2011 and 4 participants in 2012 who have elected the DROP and are receiving payments to their account balance.

[3] 1 inactive participant began receiving an annuity but still has a DROP balance to be valued. This resulted in no change to the inactive life count.

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	
	10/01/2012	10/01/2011
Market Value of Assets		
Participants Fund[1]		
Long-term Equity Investments	$7,081,688	$5,553,729
Short-term Investments		
Real Estate	622,942	906,504
Bonds/Fixed Income	4,867,166	3,642,424
Other: Contributions received after plan year end	238,305	
Total	$12,810,101	$10,102,657
Actuarial Value of Assets[2]		
Participants Fund[1]		
Long-term Equity Investments		
Short-term Investments		
Real Estate		
Bonds/Fixed Income		
Other:	$12,248,259	$10,788,956
Total	$12,248,259[3]	$10,788,956

[1] The participant's fund under the FPI contract is included in total assets. These assets 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 $238,305 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
10/01/2011	6.81%	19.34%	7.75%
10/01/2010	-1.65%	-0.44%	7.75%
10/01/2009	0.98%	10.53%	7.75%

Liabilities

	Actuarial Valuation Prepared as of		
	10/01/2012 After Assumption Change	10/01/2012 Before Assumption Change	10/01/2011
Present value of all future expected benefit payments:			
Active Members			
Retirement benefits	$9,679,503	$9,382,357	$9,030,556
Vesting benefits	0	0	0
Disability benefits	0	0	0
Death benefits	0	0	0
Return of contribution	0	0	0
Accumulated Leave	0	0	0
Medical Stipend	96,017	91,023	84,476
Total	$9,775,520	$9,473,380	$9,115,032
Terminated vested members	$3,263,910	$3,110,854	$3,020,232
Retired members and beneficiaries			
Retired (other than disabled) and beneficiaries	$6,105,208	$5,855,646	$4,473,712
Disabled members	0	0	0
Total[1]	$6,105,208	$5,855,646	$4,473,712
Total present value of all future benefit payments	$19,144,638	$18,439,880	$16,608,976
Liabilities due and unpaid:			
Frozen Initial Liability (FIL)	$4,568,138	$3,842,458	$3,842,458
Unfunded Frozen Initial Liability (UFIL)	$4,029,453	$3,303,773	$3,421,285

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

1Includes qualified DROP balances of $732,504 for 2011 and $987,911 for 2012.

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 Contract holder funds the Annual Required Contribution amount shown in this section of the Valuation Report.

Year	Projected UFIL
2012	4,029,453
2013	3,849,025
2014	3,637,873
2015	3,410,884
2016	3,197,652
2017	2,968,428
2018	2,753,731
2019	2,522,931
2020	2,274,822
2021	2,030,531
2022	1,767,918
2023	1,591,330
2024	1,401,498
2025	1,197,428
2026	978,053
2027	742,226
2028	488,711
2029	216,182
2030	0

Reconciliation of DROP Accounts

	Total	Qualified	Non-Qualified
Total DROP Account Balance on October 1, 2011	$1,267,659	$732,504	$535,155
Additions			
Contributions	258,965	189,800	69,165
Interest and Earnings	110,717	65,607	45,110
Withdrawals			
Lump sum payments	0	0	0
Total DROP Account Balance on October 1, 2012	$1,637,341	$987,911	$649,430

Actuarial Present Value of Accrued Benefits

	Actuarial Valuation Prepared as of			
	10/01/2012 Using 7.75% FRS Rate	10/01/2012 After Assumption Change	10/01/2012 Before Assumption Change	10/01/2011
Statement of actuarial value of all accrued benefits				
Vested Accrued Benefits				
Inactive members and beneficiaries[1]	$9,152,960	$9,369,118	$8,966,500	$7,493,944
Active members (includes non- forfeitable accumulated member contributions in the amount of $904,446)	$4,389,995	$4,535,814	$4,227,004	$3,437,529
Total value of all vested accrued benefits	$13,542,955	$13,904,932	$13,193,504	$10,931,473
Non-vested accrued benefits	$1,312,743	$1,346,149	$1,335,189	$1,512,038
Total actuarial present value of all accrued benefits	$14,855,698	$15,251,081	$14,528,693	$12,443,511

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		
	10/01/2012 After Assumption Change[2]	10/01/2012 Before Assumption Change[2]	10/01/2011[3]
Normal Cost: [1]			
Base Normal Cost	$453,992	$449,916	$416,994
Administrative expenses	26,730	26,730	35,077
Total Normal Cost	$480,722	$476,646	$452,071
Payment to amortize unfunded liability(ies)	$448,965	$350,487	$355,352
Expected plan sponsor contribution (including normal cost, amortization payment and interest, as applicable)	$912,745	$803,177	$762,010
Employer Normal Cost as % of payroll[1]	46.02%	44.95%	34.13%
Amount to be contributed by members[4]	80,622	81,725	100,221
As % of payroll	7.72%	7.71%	7.57%

1 Total normal cost and expected plan sponsor contributions reflect adjustments for salary and interest.
2 10/01/2012 amounts will be used for the 10/01/2013-09/30/2014 funding.
3 10/01/2011 amounts will be used for the 10/01/2012-09/30/2013 funding.
4 Amount to be contributed by members reflects adjustment for salary increases.

For the current plan year:
Interest is based on 7.50%. A Credit Balance in the Minimum Funding Standard Account of $7,996 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 $8,129 has been recognized in the amortization.

	Plan Year Beginning	
	10/01/2011	10/01/2010
Past Contributions		
Required plan sponsor contribution	$953,218	$1,051,450
Required member contributions[1]	100,221	129,320
Actual contributions made by		
Plan sponsor[2]	$953,218	$1,051,450
Members	108,101	131,753
Other:		
Net Actuarial gain(loss) (if applicable)	N/A	N/A

[1]Includes the amount contributed for the additional accrual service.
[2]Includes $238,305 in deposits received after the end of the plan year

Other Disclosures

	Actuarial Valuation Prepared as of		
	10/01/2012 After Assumption Change	10/01/2012 Before Assumption Change	10/01/2011
Present values of active members:			
Future salaries			
at attained age	$7,149,977	$7,399,725	$8,315,891
at entry age	10,581,044	10,235,386	10,815,121
Future contributions			
at attained age	482,771	499,056	560,845
at entry age	714,439	690,300	729,399
Present value of future contributions from other sources	0	0	0
Present value of future expected benefit payments for active members at entry age	$4,345,686	$4,127,279	$4,315,493

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
10/01/2011	4.39%	7.40%
10/01/2010	3.19%	7.43%
10/01/2009	2.98%	7.52%

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, 2011	$10,788,956
Additions	
Contributions – Employer	953,218 [2]
Contributions - Employee	108,101
Interest and Earnings[1]	1,313,369
Withdrawals	
Expenses	26,730
Direct fund retirement payments	326,813
Lump sum payments	0
Plus Market Value Spread Adjustment	(561,842)
Actuarial value of assets balance on October 1, 2012	12,248,259 [2]

[1]The split between interest, dividends, realized gains and losses, unrealized gains and losses, and investment expense is not available under this contract
[2]Includes $238,305 in deposits received after the end of the plan year

447771 CITY OF HALLENDALE Valuation Date 10/1/2012

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	-	1	89,248	0	-	0	-	0	-	0	-	0	-	0	-	0	-
35 to 39	0	-	0	-	3	76,880	0	-	0	-	0	-	0	-	0	-	0	-	0	-
40 to 44	0	-	0	-	0	-	1	74,156	1	103,582	0	-	0	-	0	-	0	-	0	-
45 to 49	0	-	0	-	2	76,570	0	-	0	-	0	-	0	-	0	-	0	-	0	-
50 to 54	0	-	0	-	2	97,224	0	-	2	107,362	0	-	0	-	0	-	0	-	0	-
55 to 59	0	-	0	-	0	-	2	114,255	0	-	0	-	0	-	0	-	0	-	0	-
60 to 64	0	-	0	-	1	70,110	0	-	0	-	0	-	0	-	0	-	0	-	0	-
65 to 69	0	-	0	-	0	-	1	78,177	0	-	0	-	0	-	0	-	0	-	0	-
70 & up	0	-	0	-	0	-	0	-	1	41,966	0	-	0	-	0	-	0	-	0	-