Deposit Overview

City of Hallandale Beach **Plan Year Beginning 10/01/2013**
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 10/01/2014 is $748,978.** This is the amount needed to keep your plan currently funded. **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.
Deposits Received for 2013 Plan Year	Total deposits received through 12/19/2013 for the 2013 plan year are $15,461, all of which are employee contributions.
Additional Information	For additional information, please see the 2013 actuarial valuation report.

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

Actuarial Valuation Report

For the plan year October 1, 2013 through
September 30, 2014

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.

01/14/2014

David A. Stocklas, EA, MAAA
Consulting Actuary

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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 09/30/2014
- 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	$305,201
Employee normal cost (expected employee contributions)	59,103
Employer normal cost	246,098
Total normal cost as a percentage of projected member compensation	41.40%
Annual required contribution	748,978

Funding Policy

The funding policy the City adopted is to use the October 1, 2013 Valuation for the City's fiscal year period from October 1, 2014 through September 30, 2015. The October 1, 2013 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 $748,978	➢ Increase your next year's annual required contribution.
Exactly $748,978	➢ Meet your annual required contribution.
More than $748,978	➢ Exceed your annual required contribution. ➢ Decrease next year's annual required contribution.
Exactly $ 1,277,304	➢ 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 $ 2,052,800	➢ 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 $15,461 in deposits through 12/19/2013 for the current plan year, all of which are employee contributions. Please take this into consideration when determining your additional current year contributions. The schedule of your remaining requirement installments is shown on the Required Installments page of Section III.

Changes

No changes occurred in the actuarial valuation assumptions, plan benefits, actuarial cost method, or procedures affecting the comparability of costs since the 2012 plan year.

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.

Analysis

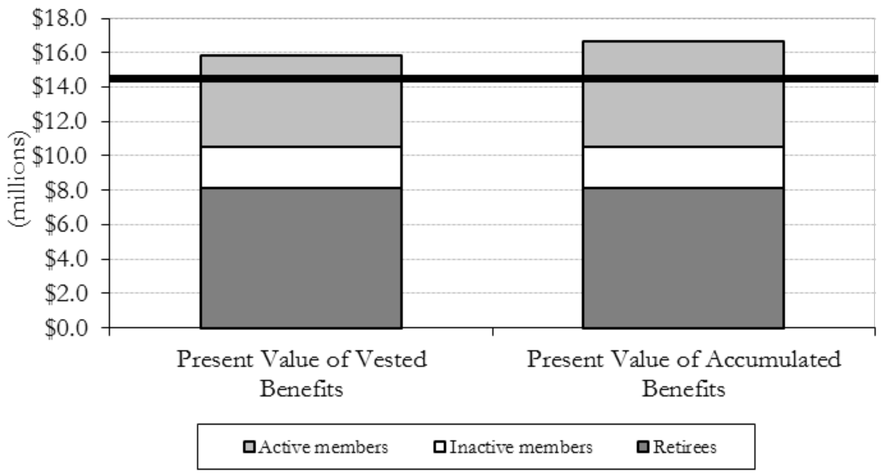
Total normal cost as a percentage of compensation decreased from 46.02% to 41.40%. This decrease resulted from favorable asset return and liability gains.

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 10/01/2013 (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 10/01/2014[1]	For Fiscal Year Beginning 10/01/2013[1]
Total normal cost	$305,201	$480,722
Employee normal cost (expected employee contributions)	59,103	80,622
Employer normal cost	246,098	400,100
Annual member compensation[2]	737,174	1,044,584
Total normal cost as a percentage of member compensation	41.40%	46.02%

Deposit Levels

			For Fiscal Year Beginning 10/01/2014[1]	For Fiscal Year Beginning 10/01/2013[1]
Annual Required Contribution	a)	Employer normal cost	$246,098	$400,100
	b)	Amortization amounts	456,962	456,961
	c)	Valuation interest to the end of the plan year on a and b	52,730	64,280
	d)	20 year amortization of credit balance	6,337	7,996
	e)	Valuation interest to the end of the plan year on d	475	600
	f)	Annual required contribution (a+b+c-d-e)	$748,978	$912,745

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.

Principal Life Insurance Company Accounts	Actuarial Value	Market Value
Flexible Pension Investment (FPI) grouped accounts	$13,815,273	$14,565,895

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 10/01/2012 Plan Year

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

Amount	Date Received
$186,505.50	01/04/2013
186,505.50	03/04/2013
186,505.50	06/06/2013
186,505.50	09/23/2013
$746,022.00	**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 10/01/2012	$12,571,796
b)	Contributions/transfers	1,092,332
c)	Benefit payments	(499,162)
d)	Expenses	(32,593)
e)	Expected interest on (a, b, c, and d)	967,538
f)	Expected value of assets as of 10/01/2013 (a+b+c+d+e)	$14,099,911
g)	Market value of assets as of 10/01/2013	$14,565,895
h)	Current year excess appreciation/(shortfall) (g-f)	465,984
i)	Adjustment to market value (sum of deferred amounts)	750,622
j)	Actuarial value of assets (g-i)	$13,815,273

Allocation of Deferred Appreciation

Allocation Year	Plan Year 2010	2011	2012	2013
2010	$59,097			
2011	59,097	$(197,913)		
2012	59,097	(197,912)	$299,524	
2013	59,096	(197,912)	299,524	$116,496
2014		(197,912)	299,523	116,496
2015			299,523	116,496
2016				116,496
Total	$236,387	$(791,649)	$1,198,094	$465,984
Deferred	$0	$(197,912)	$599,046	$349,488

Adjustment to market value (sum of deferred amounts) $750,622

Development of Normal Cost

a)	Present value of projected benefits	
	Active members	$9,332,791
	Inactive members	2,332,937
	Retired members	8,151,329
	Total	$19,817,057
b)	Unfunded frozen initial liability	3,865,182
c)	Actuarial value of assets	13,815,273
d)	Present value of future normal costs (a-b-c)	2,136,602
e)	Present value of future compensation	6,316,670
f)	Projected annual compensation in coming year	695,382
g)	Normal cost (d÷e×f)	235,212
h)	Estimated expenses	32,600
i)	Total normal cost (g+h)	$267,812

Development of Normal Cost for fiscal year ending 09/30/2015

j)	Total normal cost for 10/01/2014 plan year (line i above)	$267,812
k)	Adjustment for salary increase (6.01% of j)	16,096
l)	Adjustment for interest (7.50% of j+k)	21,293
m)	Total Normal Cost for 9/30/2015 FYE (j+k+l)	305,201
n)	Employee Normal Cost (f*(1+salary increase in line k)*7% + expected payroll deduction for service buyback [7,501])	59,103
o)	Employer Normal Cost (m-n)	$246,098

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	18.00	$1,433,996	$137,436
10/01/2004	Benefit change	21.00	659,622	58,924
10/01/2004	Assumption change	1.00	28,634	28,634
10/01/2006	Benefit change	22.00	950,236	83,255
10/01/2007	Assumption change	3.00	82,485	29,506
10/01/2009	Assumption change	6.00	105,268	20,862
10/01/2012	Assumption change	9.00	674,385	98,345
	Total		$3,934,626	$456,962

Unfunded Frozen Initial Liability

a)	Unfunded frozen initial liability (as of 10/01/2012)	$4,029,453
b)	Net Changes made during the plan year[1]	(98,697)[1]
c)	Employer normal cost (as of 10/01/2012)	351,850
d)	Interest on the above items (a+c)	328,598
e)	Total (a+b+c+d)	$4,611,204
f)	Employer contributions	$746,022
g)	Interest on employer contributions	0
h)	Total (f+g)	$746,022
i)	Adjustment due to ERISA full funding credit	$0
j)	Unfunded frozen initial liability (as of 10/01/2013) (e-h-i)	$3,865,182
k)	Increase due to assumption change	0
l)	Redetermined unfunded frozen initial liability (as of 10/01/2013) (j+k)	$3,865,182

*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.

10/1/12 Assumption change amortization at 10/1/12	725,680
10/1/12 Assumption change amortization at 7.75% for 9 years at 10/1/13	674,989

Funding Standard Account for the Plan Year
Beginning 10/01/2012 and Ending 09/30/2013

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	351,850
c) Amortization charges	363,690
d) Interest on the above items	55,454
e) Additional funding requirement	0
f) Required installment interest charge	0
Total Charges	$770,994

Credits to the Funding Standard Account

a) Accumulated credit balance - last valuation date	$87,625
b) Employer contributions - last valuation date	746,022
c) Amortization credits	0
d) Interest on the above items	6,791
e) Full funding credit with interest	0
Total Credits	$840,438

Accumulated Credit Balance	$69,444

The outstanding balance of amortization bases as of the beginning of the current plan year, $3,934,626, less the credit balance, $69,444, is the unfunded frozen initial liability as of the beginning of the plan year, $3,865,182.

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	0	0	0	0
20 - 25	0	0	0	0
30 - 34	1	13,667	0	0
35 - 39	2	30,134	1	547
40 - 44	1	5,852	1	601
45 - 49	3	20,057	2	2,512
50 - 54	3	17,245	4	8,923
55 - 59	1	3,546	2	3,561
60 - 64	2	4,365	0	0
65 & over	1	2,246	0	0
Totals	14	97,112	10	16,144

[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 is 1 participant who has DROP deferred payments and two participants who have employee contributions only.

Retired Participants

Age Group	Number	Monthly Benefit
Under 40	0	0
40 - 44	0	0
45 - 49	0	0
50 - 54	3	5,974
55 - 59	3	15,911
60 - 64	4	3,448
65 - 69	4	14,496
70 -74	1	641
75 - 79	0	0
80 - 84	0	0
85 & Over	1	2,994
Totals	16	43,464

Included in the retired participants are 5 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 $14,565,895.

Plan Year Beginning	Expected Charge to Assets	Cumulative Charges
10/01/2013	975,539	975,539
10/01/2014	990,314	1,965,853
10/01/2015	1,063,661	3,029,514
10/01/2016	1,079,678	4,109,192
10/01/2017	1,102,712	5,211,904
10/01/2018	1,152,076	6,363,980
10/01/2019	1,223,271	7,587,251
10/01/2020	1,240,842	8,828,093
10/01/2021	1,259,408	10,087,501
10/01/2022	1,278,132	11,365,633

This display includes 16 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
10/01/2013	547,480	547,480
10/01/2014	556,167	1,103,647
10/01/2015	564,860	1,668,507
10/01/2016	573,534	2,242,041
10/01/2017	582,163	2,824,204
10/01/2018	590,727	3,414,931
10/01/2019	599,202	4,014,133
10/01/2020	607,549	4,621,682
10/01/2021	615,736	5,237,418
10/01/2022	623,699	5,861,117

This display includes 17 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

	10/01/2013	10/01/2012
Valuation Interest (net of investment expenses)		
Preretirement	7.50%	7.50%
Postretirement	7.50%	7.50%
Interest Rate For Employee Accumulations	3.53%	3.53%
Mortality		
Preretirement	None.	None.
Postretirement	IRS Prescribed Mortality – Generational Non-annuitant, male and female.	IRS Prescribed Mortality – Generational Non-annuitant, male and female.
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 4.50%. Selected rates of increase are shown below:

10/01/2013:

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%

10/01/2012:

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%

	10/01/2013	10/01/2012
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%	2.50%

Actuarial Methods

	10/01/2013	10/01/2012
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.

	10/01/2013	10/01/2012
Present Value of Vested Benefits		
Retired members	$8,151,329	$6,105,208
Inactive members	2,332,937	3,263,910
Active members	5,358,933	4,535,814
Total	$15,843,199	$13,904,932
Present Value of Nonvested Benefits		
Inactive members	$0	$0
Active members	775,496	1,346,149
Total	$775,496	$1,346,149
Total Present Value of Accumulated Plan Benefits	$16,618,695	$15,251,081

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

Change in Present Value of Accumulated Plan Benefits

Present Value of Accumulated Plan Benefits as of 10/01/2012	$15,251,081
Increase (decrease) during the year due to:	
Increase for interest due to decrease in the discount period	1,143,831
Benefits paid	(499,162)
Benefits accumulated and plan experience	722,945
Change in assumptions	0
Plan amendment	0
Method changes	0
Present Value of Accumulated Plan Benefits as of 10/01/2013	$16,618,695

Carryforward of Net Pension Obligation:

a)	Annual required contribution for 2012 plan year	$762,010
b)	Interest on net pension obligation	(3,712)
c)	Adjustment to annual required contribution	(14,779)
d)	Annual pension cost for 2012 plan year (a+b-c)	773,077
e)	Actual contributions made	746,022
f)	Increase/(decrease) in net pension obligation	27,055
g)	2012 beginning of year net pension obligation	(49,498)
h)	2012 end of year net pension obligation	$(22,443)

Annual Pension Cost for 2013 Plan Year:

a)	Normal cost with interest	$430,108
b)	Amortization with interest	482,637
c)	Annual required contribution (a+b) but not less than zero	912,745
d)	Interest on net pension obligation	(1,683)
e)	Adjustment to annual required contribution	(6,701)
f)	Annual pension cost (c+d-e)	$917,763

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	953,218	0	7,869	(49,498)
2012	7.50%	4	762,010	(3,712)	(14,779)	3.3493	773,077	746,022	15,988	27,055	(22,443)
2013	7.50%	4	912,745	(1,683)	(6,701)	3.3493	917,763				

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	
	10/01/2013	10/01/2012
Participant data		
Active members	14	17
Total annual payroll[1]	$737,174	$1,044,584
Retired members and beneficiaries	16	13
Total annualized benefit	$521,568	$368,892
Disabled members receiving benefit	0	0
Total annualized benefit	$0	$0
Terminated vested members	10[2]	14[2]
Total annualized benefit	$193,728	$245,208

Reconciliation of lives

	Active	Inactive	Retired
Total last valuation	17	14	13
Reactivations	1	-1	0
Voluntary discontinuances	0	0	0
Vested terminations	-3	3	0
Non-vested terminations	0	0	0
Retirements	-1	-2	3
Deaths	0	0	0
DROP participants receiving annuities[3]	0	-4	0
Total this Valuation	14	10	16

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] Included in the inactive participants is 1 individual participating in the DROP provision and 2 participants who have employee contributions only. Included in the prior year inactive participants are 6 individuals participating in the DROP provision (4 who have already begun receiving an annuity), and 2 participants who have employee contributions only.

[3] 4 DROP participants have begun receiving an annuity but still have a DROP balance to be valued. Their DROP balances are valued with the retiree record and inactive records are excluded.

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	
	10/01/2013	10/01/2012
Market Value of Assets		
Participants Fund[1]		
Long-term Equity Investments	$8,314,084	$7,081,688
Short-term Investments		
Real Estate	716,253	622,942
Bonds/Fixed Income	5,535,558	4,867,166
Other: Contributions received after plan year end		238,305
Total	$14,565,895	$12,810,101
Actuarial Value of Assets[2]		
Participants Fund[1]		
Long-term Equity Investments		
Short-term Investments		
Real Estate		
Bonds/Fixed Income		
Other:	$13,815,273	$12,248,259
Total	$13,815,273	$12,248,259[3]

[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
10/01/2012	10.09%	11.11%	7.50%
10/01/2011	6.81%	19.34%	7.75%
10/01/2010	-1.65%	-0.44%	7.75%

Liabilities

	Actuarial Valuation Prepared as of	
	10/01/2013	10/01/2012
Present value of all future expected benefit payments:		
Active Members		
Retirement benefits	$9,230,422	$9,679,503
Vesting benefits	0	0
Disability benefits	0	0
Death benefits	0	0
Return of contribution	0	0
Accumulated Leave	0	0
Medical Stipend	102,369	96,017
Total	$9,332,791	$9,775,520
Terminated vested members	$2,332,937	$3,263,910
Retired members and beneficiaries		
Retired (other than disabled) and beneficiaries	$8,151,329	$6,105,208
Disabled members	0	0
Total[1]	$8,151,329	$6,105,208
Total present value of all future benefit payments	$19,817,057	$19,144,638
Liabilities due and unpaid:		
Frozen Initial Liability (FIL)	$4,568,138	$4,568,138
Unfunded Frozen Initial Liability (UFIL)	$3,865,182	$4,029,453

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

[1]Includes qualified DROP balances of $987,911 for 2012 and $1,151,399 for 2013.

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
2013	3,865,182
2014	3,670,649
2015	3,478,683
2016	3,272,319
2017	3,082,197
2018	2,877,816
2019	2,658,106
2020	2,444,345
2021	2,214,551
2022	1,967,523
2023	1,807,689
2024	1,635,867
2025	1,451,159
2026	1,252,598
2027	1,039,144
2028	809,681
2029	563,009
2030	297,836
2031	12,776

Reconciliation of DROP Accounts

	Total	Qualified	Non-Qualified
Total DROP Account Balance on October 1, 2012	$1,637,341	$987,911	$649,430
Additions			
Contributions	115,841	101,269	14,572
Interest and Earnings	124,228	76,219	48,009
Withdrawals			
Lump sum payments	14,000	14,000	0
Total DROP Account Balance on October 1, 2013	$1,863,410	$1,151,399	$712,011

Actuarial Present Value of Accrued Benefits

	Actuarial Valuation Prepared as of	
	10/01/2013	10/01/2012
Statement of actuarial value of all accrued benefits		
Vested Accrued Benefits		
Inactive members and beneficiaries[1]	$10,484,266	$9,369,118
Active members (includes non-forfeitable accumulated member contributions in the amount of $995,430)	$5,358,933	$4,535,814
Total value of all vested accrued benefits	$15,843,199	$13,904,932
Non-vested accrued benefits	$775,496	$1,346,149
Total actuarial present value of all accrued benefits	$16,618,695	$15,251,081

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

	10/01/2013 Volatility Assumption[1]
Statement of actuarial value of all accrued benefits	
Vested Accrued Benefits	
Inactive members and beneficiaries	$12,862,174
Active members	6,988,782
Total value of all vested accrued benefits	$19,850,956
Non-vested accrued benefits	995,548
Total actuarial present value of all accrued benefits	$20,846,504

[1] The volatility interest rate used is 5.50% which is 2.00% lower than the valuation interest rate as directed in the new Florida Statutes. All other assumptions are as shown in Section VII-Actuarial Assumptions and Methods.

Pension Cost

	Actuarial Valuation Prepared as of	
	10/01/2013[2]	10/01/2012[3]
Normal Cost:[1]		
Base Normal Cost	$272,601	$453,992
Administrative expenses	32,600	26,730
Total Normal Cost	$305,201	$480,722
Payment to amortize unfunded liability(ies)	$450,625	$448,965
Expected plan sponsor contribution (including normal cost, amortization payment and interest, as applicable)	$748,978	$912,745
Employer Normal Cost as % of payroll[4]	41.40%	46.02%
Amount to be contributed by members[5]	59,103	80,622
As % of payroll	8.02%	7.72%

Interest is based on 7350% for the current and prior years. A Credit Balance in the Minimum Funding Standard Account of $7,996 has been recognized in the amortization of the prior year and $6,337 in the current year.

	10/01/2013 Volatility Assumption[6]
Normal Cost: [1]	
Base Normal Cost	$425,202
Administrative expenses	32,600
Total Normal Cost	$457,802
Payment to amortize unfunded liability(ies)	$450,625
Expected plan sponsor contribution (including normal cost, amortization payment and interest, as applicable)	$896,036
As % of payroll (full payroll shown on page XI-2)	62.10%
Amount to be contributed by members[5]	$59,103
As % of payroll[4]	8.02%

[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 - 9/30/2014 funding.
[3]10/01/2011 amounts will be used for the 10/01/2012 - 9/30/2013 funding.
[4]Normal cost as a percentage of payroll reflects adjustment for salary increases.
[5] Amount to be contributed by members reflects adjustment for salary increases.
[6]The volatility interest rate used is 5.50% which is 2.00% lower than the valuation interest rate as directed in the new Florida Statutes. All other assumptions are as shown in Section VII-Actuarial Assumptions and Methods.

	Plan Year Beginning	
	10/01/2012	10/01/2011
Past Contributions		
Required plan sponsor contribution	$762,010	$953,218
Required member contributions[1]	80,622	100,221
Actual contributions made by		
Plan sponsor	$746,022	$953,218[2]
Members	$108,005	108,101
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	
	10/01/2013	10/01/2012
Present values of active members:		
Future salaries		
at attained age	$7,012,906	$7,149,977
at entry age	9,955,220	10,581,044
Future contributions		
at attained age	473,516	482,771
at entry age	672,183	714,439
Present value of future contributions from other sources		0
Present value of future expected benefit payments for active members at entry age	$3,962,887	$4,345,686

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
10/01/2012	7.24%	6.62%
10/01/2011	4.39%	7.40%
10/01/2010	3.19%	7.43%

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, 2012	$12,248,259 [2]
Additions	
Contributions – Employer	746,022
Contributions - Employee	108,005
Interest and Earnings[1]	1,995,364
Withdrawals	
Expenses	32,593
Direct fund retirement payments	499,162
Lump sum payments	0
Plus Market Value Spread Adjustment	(750,622)
Actuarial value of assets balance on October 1, 2013	13,815,273

[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

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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	-	1	105,029	0	-	0	-	0	-	0	-	0	-	0	-	0	-
35 to 39	0	-	0	-	2	96,858	0	-	0	-	0	-	0	-	0	-	0	-	0	-
40 to 44	0	-	0	-	1	68,903	0	-	0	-	0	-	0	-	0	-	0	-	0	-
45 to 49	0	-	0	-	2	80,115	0	-	1	108,622	0	-	0	-	0	-	0	-	0	-
50 to 54	0	-	0	-	1	167,503	0	-	2	112,570	0	-	0	-	0	-	0	-	0	-
55 to 59	0	-	0	-	0	-	1	120,607	0	-	0	-	0	-	0	-	0	-	0	-
60 to 64	0	-	0	-	2	94,201	0	-	0	-	0	-	0	-	0	-	0	-	0	-
65 to 69	0	-	0	-	0	-	1	80,722	0	-	0	-	0	-	0	-	0	-	0	-
70 & up	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-