

Deposit Overview

**City of Hallandale Beach Retirement Plan
4-45661**

Plan Year Beginning 10/01/2014

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 10/01/2015 is \$3,331,672. This is the amount needed to keep your plan currently funded.

Your annual required contribution for the fiscal year beginning 10/01/2014 is \$3,659,156. This is the amount needed to keep your plan currently funded.

**Deposits
Received
for 2014
Plan Year**

Total deposits received through 12/15/2014 for the 2014 plan year are \$46,081, all of which are employee contributions.

**Additional
Information**

For additional information, please see the 2014 actuarial valuation report.

**City of Hallandale Beach Retirement Plan
4-45661**

Actuarial Valuation Report

For the plan year October 1, 2014 through
September 30, 2015

Section I	Introduction
Section II	Summary of Actuarial Results
Section III	Deposit Information Normal Cost and Deposit Levels
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Section VII	Actuarial Assumptions and Methods Actuarial Valuation Assumptions Actuarial Methods Description of Aggregate Cost Method
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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.

In my opinion, each assumption used in combination represents my best estimate of anticipated experience under the plan. Each assumption used is reasonable (taking into account the experience of the plan and reasonable expectations), or would, in the aggregate, result in a total contribution equivalent to that which would be determined if each such assumption were reasonable.

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.



12/22/2014

Date

David A. Stocklas, EA, MAAA
Consulting Actuary
Retirement Actuarial Services
Principal Financial Group
Des Moines, IA 50306-9394
(412) 394-9380

Section II-Summary of Actuarial Valuation Results

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

- Annual required contribution for the plan year ending 09/30/2015
- 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	\$3,324,679
Employee normal cost (expected employee contributions)	218,225
Employer normal cost	3,106,454
Total normal cost as a percentage of projected member compensation	45.71%
Annual required contribution	3,331,672

Funding Policy

The funding policy the City adopted is to use the October 1, 2014 Valuation for the City's fiscal year period from October 1, 2015 through September 30, 2016. The October 1, 2014 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 \$3,331,672	➤ Increase your next year's annual required contribution.
Exactly \$3,331,672	➤ Meet your annual required contribution.
More than \$3,331,672	<ul style="list-style-type: none"> ➤ Exceed your annual required contribution. ➤ Decrease next year's annual required contribution.
Exactly \$4,169,571	➤ 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 \$4,411,981	➤ Fund the difference between the market value of assets and the present value of all accumulated benefits at the beginning of the plan year.

Section II-Summary of Actuarial Valuation Results

Deposits Received

We have received \$46,081 in deposits through 12/15/2014 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 2013 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 48.53% to 45.71%. This decrease resulted from favorable asset return and liability gains.

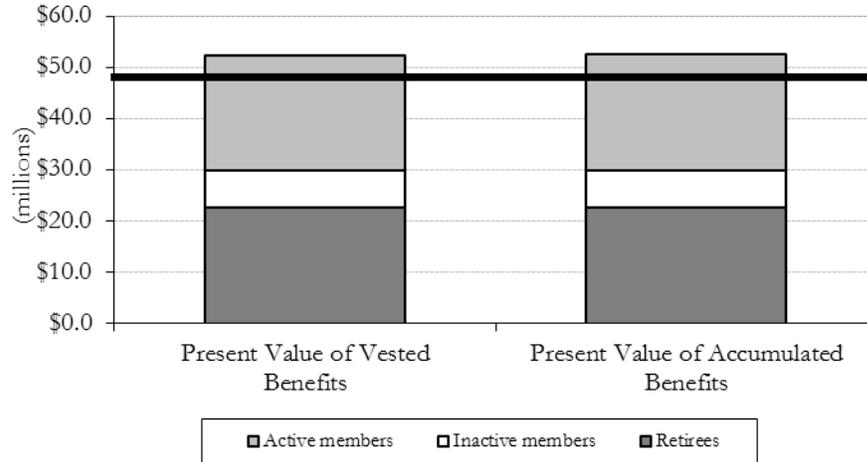
Section II-Summary of Actuarial Valuation Results

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 10/01/2014 (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.

Section II-Summary of Actuarial Valuation Results

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.

Section III-Deposit Information

Normal Cost

	<u>For Fiscal Year Beginning 10/01/2015¹</u>	<u>For Fiscal Year Beginning 10/01/2014¹</u>
Total normal cost	\$3,324,679	\$3,636,595
Employee normal cost (expected employee contributions)	218,225	224,795
Employer normal cost	3,106,454	3,411,800
Annual member compensation ²	7,274,151	7,493,174
Total normal cost as a percentage of member compensation	45.71%	48.53%

Deposit Levels

	<u>For Fiscal Year Beginning 10/01/2015¹</u>	<u>For Fiscal Year Beginning 10/01/2014¹</u>
Annual Required Contribution		
a) Employer normal cost	\$3,106,454	\$3,411,800
b) Valuation interest to the end of the plan year on (a)	225,218	247,356
c) Annual required contribution (a+b)	\$3,331,672	\$3,659,156

This minimum deposit is in addition to employee contributions.

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

²Projected compensation.

Section IV-Plan Assets

	<u>Actuarial Value</u>	<u>Market Value</u>
Principal Life Insurance Company Accounts		
Flexible Pension Investment (FPI) grouped accounts	\$45,624,666	\$47,050,637
Value of deposit received on 10/02/2014 and applied to the plan year ending 09/30/2014	985,149	985,149
Total Value	\$46,609,815	\$48,035,786

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.

This valuation includes the retired lives under the benefit index option of your contract. The market value of assets for this retired life liability is \$7,752,277

Deposits Received for the 10/01/2013 Plan Year

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

<u>Amount</u>	<u>Date Received</u>
\$985,148.75	12/30/2013
985,148.75	03/07/2014
985,148.75	06/09/2014
985,148.75	10/02/2014
\$3,940,595.00	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 10/01/2013	\$42,758,149
b)	Contributions/transfers	3,218,131
c)	Benefit payments	(2,395,369)
d)	Expenses	(60,474)
e)	Expected interest on (a, b, c, and d)	3,128,886
f)	Expected value of assets as of 10/01/2014 (a+b+c+d+e)	\$46,649,323
g)	Market value of assets as of 10/01/2014	\$47,050,637
h)	Current year excess appreciation/(shortfall) (g-f)	401,314
i)	Adjustment to market value (sum of deferred amounts)	1,425,971
j)	Actuarial value of assets (g-i)	\$45,624,666

Allocation of Deferred Appreciation

Allocation	Plan Year			
<u>Year</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
2011	\$(503,819)			
2012	(503,819)	\$801,983		
2013	(503,819)	801,983	\$161,502	
2014	(503,818)	801,982	161,502	\$100,329
2015		801,982	161,502	100,329
2016			161,502	100,328
2017				100,328
Total	\$(2,015,275)	\$3,207,930	\$646,008	\$401,314
Deferred	\$0	\$801,982	\$323,004	\$300,985
Adjustment to market value (sum of deferred amounts)				\$1,425,971

Section V-Development of Deposit Information

Development of Normal Cost

a) Present value of projected benefits	
Active members	\$37,480,991
Inactive members	7,361,534
Retired members	22,554,315
Total	\$67,396,840
b) Actuarial value of assets	46,609,815
c) Present value of future normal costs (a-b but not less than zero)	20,787,025
d) Present value of future compensation	49,791,631
e) Projected annual compensation in coming year	6,968,913
f) Normal cost (c+d×e)	2,909,384
g) Estimated expenses	60,470
h) Total normal cost (f+g)	\$2,969,854

Development of Normal Cost for fiscal year ending 09/30/2016

i) Total normal cost for 10/01/2014 plan year (line h above)	\$2,969,854
j) Adjustment for salary increase (4.38% of i)	130,080
k) Adjustment for interest (7.25% of i+j)	224,745
l) Total Normal Cost for 9/30/2016 FYE (i+j+k)	3,324,679
m) Employee Normal Cost (e*(1+salary increase in line j)*3%)	218,225
n) Employer Normal Cost (l-m)	\$3,106,454

Section VI-Participant Information

Census Data

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

Age Group	Active Participants		Inactive Participants	
	Number	Projected Monthly Pension ¹	Number	Monthly Pension
Under 25	0	0	0	0
25-29	2	26,315	0	0
30 - 34	5	60,551	3	883
35 - 39	10	100,774	5	2,227
40 - 44	28	211,150	7	1,720
45 - 49	25	147,080	4	1,789
50 - 54	22	106,697	13	14,962
55 - 59	30	114,934	18	10,378
60 - 64	10	28,300	15	34,313
65 & over	4	14,968	5	3,941
Totals	136	810,769	70	70,213

¹ Projected monthly pension was calculated on the assumption that employees would experience annual compensation increases. This also includes the projected medical stipend a participant would have at retirement.

Included in the inactive participants are 12 individuals participating in the DROP provision (3 who have already started receiving an annuity) and 10 participants who have employee contributions only.

Retired Participants		
Age Group	Number	Monthly Benefit ²
Under 40	1	3,486
40 - 44	0	0
45 - 49	0	0
50 - 54	0	0
55 - 59	3	2,278
60 - 64	19	36,335
65 - 69	22	39,580
70 -74	34	58,448
75 - 79	22	26,925
80 - 84	12	15,089
85 & Over	24	16,727
Totals	137	198,868

² This also includes the medical stipend a participant has received.

Section VI-Participant Information

The table below outlines the value of the Benefit Index as compared to the total market value of the retirement funds. For retirements prior to August 2002, you utilized the Benefit Index approach; for retirements after, you have elected to use the Direct Fund approach so as to minimize a potential emerging liability situation. No further retirements have occurred under the Benefit Index option since September of 2002, and the ratio of Benefit Index to market value of assets has now declined.

Plan Year Beginning	October 1, 2014	October 1, 2013	October 1, 2012	October 1, 2011
Market Value of Assets	\$48,035,786	\$42,758,149	\$37,804,428	\$31,026,638
Benefit Index	\$10,423,169	\$10,682,406	\$11,936,038	\$12,375,869
Ratio of Benefit Index to Assets	22%	25%	32%	40%

Emerging Retirement Liability

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 \$48,035,786.

<u>Plan Year Beginning</u>	<u>Expected Charge to Assets</u>	<u>Cumulative Charges</u>
10/01/2014	3,348,667	3,348,667
10/01/2015	3,591,005	6,939,672
10/01/2016	3,911,918	10,851,590
10/01/2017	3,989,992	14,841,582
10/01/2018	4,251,579	19,093,161
10/01/2019	4,409,272	23,502,433
10/01/2020	4,695,449	28,197,882
10/01/2021	4,776,322	32,974,204
10/01/2022	4,802,244	37,776,448
10/01/2023	5,008,498	42,784,946

This display includes 137 retirees or beneficiaries who are already receiving benefits.

Section VII-Actuarial Assumptions and Methods

Actuarial Valuation Assumptions

	<u>10/01/2014</u>	<u>10/01/2013</u>																																								
Valuation Interest (net of investment expenses)																																										
Preretirement	7.25%	7.25%																																								
Postretirement	7.25%	7.25%																																								
Interest Rate For Employee Accumulations	3.00%	3.00%																																								
Mortality																																										
Preretirement	IRS Prescribed Mortality – Generational Annuitant, male and female.	IRS Prescribed Mortality – Generational Annuitant, male and female.																																								
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 2.80%. Selected rates of increase are shown below:	Table S-5 from the Actuary's Pension Handbook plus 2.80%. Selected rates of increase are shown below:																																								
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Retirement Age	Normal retirement age as defined in Summary of Plan Provisions.	Normal retirement age as defined in Summary of Plan Provisions.																																								
Disability	1987 Commissioner's Group Disability Table, six month elimination period, male and female.	1987 Commissioner's Group Disability Table, six month elimination period, male and female.																																								
Marriage	75% married; male is 3 years older than the female.	75% married; male is 3 years older than the female.																																								

Section VII-Actuarial Assumptions and Methods

Withdrawal	2003 Society of Actuaries Small Plan Age Table, multiplied by 0.75	2003 Society of Actuaries Small Plan Age Table, multiplied by 0.75																																								
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Accumulated Leave	None	None																																								
Medical Stipend	Assume all eligible continue to receive medical stipend.	Assume all eligible continue to receive medical stipend.																																								
Inflation	2.50%	2.50%																																								

Section VII-Actuarial Assumptions and Methods

Actuarial Methods

	<u>10/01/2014</u>	<u>10/01/2013</u>
Actuarial cost method	Aggregate	Aggregate
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 assets used in calculating deposit level 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 assets used in calculating deposit level 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 who receive monthly (guaranteed and non-guaranteed) benefits from plan assets are included in your valuation.	Assets and liabilities for retirees who receive monthly (guaranteed and non-guaranteed) benefits from plan assets are included in your valuation.

Section VII-Actuarial Assumptions and Methods

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 retired participants. The future streams of benefit payments are valued as a liability to the plan. The DROP account balances are tracked and will be added to the actuarial value of liabilities for valuation purposes as well. The actuarial value and market value of assets will reflect the total assets of the plan including the DROP account balances.

Participants who are participating in the Deferred Retirement Option Plan but who have not terminated employment are included in the valuation as retired participants. The future streams of benefit payments are valued as a liability to the plan. The DROP account balances are tracked and will be added to the actuarial value of liabilities for valuation purposes as well. The actuarial value and market value of assets will reflect the total assets of the plan including the DROP account balances.

Section VII-Actuarial Assumptions and Methods

Description of Actuarial Cost Method Aggregate

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.

Aggregate

The aggregate 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.

Normal cost is determined by reducing the total cost of projected benefits by plan assets. This amount (the present value of future normal costs) is then spread as a level percentage of compensation if benefits are salary related or as a level dollar amount if not salary related.

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.

Section VIII-Summary of Plan Provisions

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

Age:	Not attained age 60.
Service:	One year of service.
Class:	<p>Any employee of the employer considered to be a general employee by the employer, not a policeman, fireman, or manager, that works more than 37.5 hours per week and is considered to be on a full-time basis. Lawrence Faragher, Jorge Fernandini, and Mary Washington will be included in this group regardless of their management status.</p> <p>Must agree to make required contributions.</p> <p>Effective 10/01/2007 non-bargaining employees will not become or again become active participants. Bargaining employees hired after 01/05/2011 will not become or again become active participants.</p>

Normal Retirement Benefit

Age:	Attained age 60.
Form:	Monthly annuity with benefits received guaranteed to be at least equal to the employees' accumulation on normal retirement date (optional forms may be elected prior to retirement).
Amount (accrued benefit):	<p>73% of average compensation multiplied by the short service percentage and the accrued benefit adjustment (minimum benefit of \$20) for bargaining employees.</p> <p>75% of average compensation multiplied by the short service percentage and the accrued benefit adjustment (minimum benefit of \$20) for non-bargaining employees.</p> <p>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 .25%.</p> <p>The accrued benefit will be reduced if an active participant has not made all of his/her required contributions.</p>

Section VIII-Summary of Plan Provisions

Early Retirement Benefit

Age:	Attained age 55
Service:	Twenty years of service.
Form:	Same as normal retirement benefit.
Amount:	Accrued benefit on early retirement date reduced by 6 2/3% for each year up to five that the early retirement date precedes normal retirement date.

Late Retirement Benefit

Age:	No maximum age.
Form:	Same as normal retirement benefit.
Amount:	The greater of (a) or (b): (a) Accrued benefit as of normal retirement date increased to reflect that payment begins at a later date. (b) Accrued benefit on late retirement date.

Termination Benefit

Vesting percentage:	20% after three years of vesting service plus 20% per year thereafter, up to 100%.
Form:	Same as normal retirement benefit with income deferred until normal retirement.
Amount:	Equal to the sum of: (a) The amount of retirement annuity which could be purchased on his normal retirement date by the participant's accumulation. (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 participant's accumulation in cash in lieu of any and all retirement benefits.

Section VIII-Summary of Plan Provisions

Medical Premium Benefit:

Eligibility	Active participant
Amount:	An annual benefit of \$120 times years of service (maximum 20 years). Any non-bargaining employee hired after 01/01/1996 will not be eligible for this benefit.

Deferred Retirement Option Plan:

Eligibility	An active participant first becomes eligible to elect the DROP upon becoming eligible for early or normal retirement. A post-dated written letter of resignation fully binding upon the member is also required.
Election:	An election to participate in the DROP shall be forfeited if not exercised within 90 days immediately prior to member's eligibility to enter the DROP. Those members eligible to participate in the DROP prior to its effective date (October 1, 2000) shall have a period of 90 days from the effective date to elect participation in the DROP. The period of participation in the DROP cannot exceed a period of five years and/or age 67.
Form:	While the employee is in the DROP the pension benefit payments will be made to the DROP account as if the member had terminated employment and elected to receive monthly benefits payable in an amount as determined by the retirement option selected by the member . Payments to the DROP will earn or lose interest at the same rate and frequency as the pension fund, minus .5% for administrative cost. Payment options are lump sum, installments or an annuity.
Amount:	After the commencement of participation in the DROP, no additional service under the retirement plan will be credited and all calculations for average compensation will be based on the years preceding the commencement of participation in the DROP. Otherwise the DROP benefit will be based on the normal retirement benefit formula. Upon termination of employment, the member will receive the balance of the DROP account either immediately or he/she may defer payment until the latest day permitted under the minimal distribution requirements of section 401(a)(9) of the Internal Revenue Code.

Contributions

Participant:	3% of monthly compensation.
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Section VIII-Summary of Plan Provisions

Early Retirement Window

Participants who were age 55 with 20 years of service on November 1, 2003 were given the option to retire early with their expected benefit at normal retirement date unreduced for early retirement with no accrued benefit adjustment applied. The last date to exercise this option was 12/22/2003.

Death Benefits:

If not waived, the greater of A. or B.:

A. Lump sum death benefit

Form: Lump sum.

Amount: Participant's accumulation.

B. Death benefit

Age: Attained age 55.

Service: Twenty years of service.

Form: Monthly annuity payable to spouse.

Amount: The amount that would have been received had the participant elected a joint and 50% survivorship benefit option and early retired the day before death.

Definitions

Average compensation: The monthly average of compensation received for the last three years of employment (all years if less than three).

Short service percentage: The percentage obtained by dividing the number of complete months of service between a participant's date of employment and normal retirement date by 180 (maximum 100%).

Accrued benefit adjustment: The quotient of the number of complete months of service as of a given date divided by the number of complete months of service as of normal retirement date.

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.

Section IX-Accounting Disclosure Information for SFAS35

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.

	<u>10/01/2014</u>	<u>10/01/2013</u>
Present Value of Vested Benefits		
Retired members	\$22,554,315	\$21,811,403
Inactive members	7,361,534	6,062,296
Active members	22,289,508	20,663,499
Total	\$52,205,357	\$48,537,198
Present Value of Nonvested Benefits		
Inactive members	\$0	\$0
Active members	242,410	332,594
Total	\$242,410	\$332,594
Total Present Value of Accumulated Plan Benefits	\$52,447,767	\$48,869,792

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 10/01/2013	\$48,869,792
Increase (decrease) during the year due to:	
Increase for interest due to decrease in the discount period	3,543,060
Benefits paid	(2,395,369)
Benefits accumulated and plan experience	2,430,284
Change in assumptions	0
Plan amendment	0
Method changes	0
Present Value of Accumulated Plan Benefits as of 10/01/2014	\$52,447,767

Section X-Accounting Disclosure Information for SGAS27

Carryforward of Net Pension Obligation:

a)	Annual required contribution for 2013 plan year	\$3,940,595
b)	Interest on net pension obligation	(5,587)
c)	Adjustment to annual required contribution	(9,424)
d)	Annual pension cost for 2013 plan year (a+b-c)	3,944,132
e)	Actual contributions made	3,940,595
f)	Increase/(decrease) in net pension obligation	3,537
g)	2013 beginning of year net pension obligation	(81,196)
h)	2013 end of year net pension obligation	\$(77,659)

Annual Pension Cost for 2014 Plan Year:

a)	Normal cost with interest	\$3,659,156
b)	Amortization with interest	0
c)	Annual required contribution (a+b) but not less than zero	3,659,156
d)	Interest on net pension obligation	(5,630)
e)	Adjustment to annual required contribution	(10,486)
f)	Annual pension cost (c+d-e)	\$3,664,012

Section X-Accounting Disclosure Information for SGAS27

Calculation of Net Pension Obligation

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
<u>Year</u>	<u>Val'n</u> <u>Rate</u>	<u>Amort.</u> <u>Period</u>	<u>ARC</u>	<u>Interest</u> <u>On NPO</u> <u>(l py x b)</u>	<u>ARC</u> <u>Adjust.</u> <u>(l py / g)</u>	<u>Amort.</u> <u>Factor</u> <u>(c yrs @ b%)</u>	<u>APC</u> <u>(d+e-f)</u>	<u>Actual</u> <u>Deposit</u>	<u>Loss/</u> <u>(Gain)</u> <u>(d-i)</u>	<u>Change</u> <u>In NPO</u> <u>(h-i)</u>	<u>NPO</u> <u>Balance</u> <u>(l py+k)</u>
1986	8.00%	17	261,990	-	-	-	261,990	261,990	0	0	0
1987	8.00%	20	228,686	0	0	9.8181	228,686	228,686	0	0	0
1988	8.00%	15	269,200	0	0	8.5595	269,200	269,200	0	0	0
1989	8.00%	15	221,301	0	0	8.5595	221,301	221,301	0	0	0
1990	8.00%	14	221,300	0	0	8.2442	221,300	221,300	0	0	0
1991	8.00%	15	413,173	0	0	8.5595	413,173	413,173	0	0	0
1992	8.00%	14	452,652	0	0	8.2442	452,652	452,652	0	0	0
1993	8.00%	14	558,301	0	0	8.2442	558,301	558,301	0	0	0
1994	8.00%	15	568,800	0	0	8.5595	568,800	568,800	0	0	0
1995	8.00%	15	747,358	0	0	8.5595	747,358	747,358	0	0	0
1996	8.00%	14	411,853	0	0	8.2442	411,853	411,853	0	0	0
Transition											
1997	8.00%	14	378,480	0	0	8.2442	378,480	378,481	(1)	(1)	(1)
1998	8.00%	14	130,612	0	0	8.2442	130,612	130,614	(2)	(2)	(3)
1999	8.25%	14	0	0	0	8.1259	0	32,653	(32,653)	(32,653)	(32,656)
2000	8.25%	13	0	(1,343)	(2,089)	7.7962	746	0	0	746	(31,910)
2000	8.25%	13	0	(2,633)	(4,093)	7.7962	1,460	0	0	1,460	(30,450)
2001	8.25%	14	161,943	(2,512)	(3,747)	8.1259	163,178	261,943	(100,000)	(98,765)	(129,215)

Section X-Accounting Disclosure Information for SGAS27

Calculation of Net Pension Obligation

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
<u>Year</u>	<u>Val'n Rate</u>	<u>Amort. Period</u>	<u>ARC</u>	<u>Interest On NPO (l py x b)</u>	<u>ARC Adjust. (l py / g)</u>	<u>Amort. Factor (c yrs @ b%)</u>	<u>APC (d+e-f)</u>	<u>Actual Deposit</u>	<u>Loss/ (Gain) (d-i)</u>	<u>Change In NPO (h-i)</u>	<u>NPO Balance (l py+k)</u>
2002	7.75%	14	503,506	(10,014)	(15,447)	8.3653	508,939	504,000	(494)	4,939	(124,276)
2003	7.75%	14	584,492	(9,631)	(14,856)	8.3653	589,717	584,492	0	5,225	(119,051)
2004	7.75%	14	1,706,418	(9,226)	(14,232)	8.3653	1,711,424	1,706,418	0	5,006	(114,045)
2005	7.75%	14	1,959,212	(8,838)	(13,633)	8.3653	1,964,007	1,959,212	0	4,795	(109,250)
2006	7.75%	13	2,031,632	(8,467)	(13,633)	8.0136	2,036,798	2,031,632	0	5,166	(104,084)
2007	7.75%	14	2,054,006	(8,067)	(12,442)	8.3653	2,058,381	2,054,006	0	4,375	(99,709)
2008	7.50%	15	2,008,862	(7,478)	(11,296)	8.8271	2,012,680	2,008,862	0	3,818	(95,891)
2009	7.50%	15	2,851,326	(7,192)	(10,863)	8.8271	2,854,997	2,851,326	0	3,671	(92,220)
2010	7.50%	14	3,290,953	(6,917)	(10,863)	8.4892	3,294,899	3,290,953	0	3,946	(88,274)
2011	7.50%	15	3,391,459	(6,621)	(10,000)	8.8271	3,394,838	3,391,459	0	3,379	(84,895)
2012	7.25%	14	3,512,685	(6,155)	(9,853)	8.6158	3,516,383	3,512,684	1	3,699	(81,196)
2013	7.25%	14	3,940,595	(5,887)	(9,424)	8.6158	3,944,132	3,940,595	0	3,537	(77,659)
2014	7.25%	11	3,659,156	(5,630)	(10,486)	7.4062	3,664,012				

The first year 2000 row has been adjusted to reflect the short plan year from April 1, 2000 through September 30,2000, the second row reflects a full plan year from October 1, 2000 through September 30, 2001.

Section XI-Florida Disclosures

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.

Section XI-Florida Disclosures

Comparative Summary of Principal Valuation Results

Actuarial Valuation Prepared as of

	<u>10/01/2014</u>	<u>10/01/2013</u>
Participant data		
Active members	136	142
Total annual payroll	\$6,968,913	\$7,175,995
Retired members and beneficiaries	137	134
Total annualized benefit	\$2,386,416	\$2,309,928
Disabled members receiving benefit	N/A	N/A
Total annualized benefit	N/A	N/A
Terminated vested members	70 ¹	70 ¹
Total annualized benefit	\$842,556	\$717,408

Reconciliation of lives

	<u>Active</u>	<u>Inactive</u>	<u>Retired</u>
Total last valuation			
New lives	142	70	134
Voluntary discontinuances	0	0	0
Vested terminations	-5	5	0
Non-vested terminations	0	0	0
Retirements	-1	-3	4
Deaths	0	-1	-3
Termination Benefits Paid	0	-1	0
New Beneficiaries	0	0	2
Total this Valuation	136	70	137

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 Included in the inactive participants are 12 individuals participating in the DROP provision (3 who have already started receiving an annuity), and 10 participants who have employee contributions only. Included in the prior year inactive participants are 10 individuals participating in the DROP provision (2 who has already started receiving an annuity), and 10 participants who have employee contributions only.

Section XI-Florida Disclosures

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

	<u>10/01/2014</u>	<u>10/01/2013</u>
Market Value of Assets		
Participants Fund ¹	0	0
Long-term Equity Investments	\$22,005,191	\$20,787,122
Short-term Investments	0	0
Real Estate	2,538,032	2,247,289
Bonds/Fixed Income	22,507,414	19,723,738
Other: Contributions received after plan year end	985,149	0
Total	\$48,035,786	\$42,758,149
Actuarial Value of Assets²		
Participants Fund ¹		
Long-term Equity Investments		
Short-term Investments		
Real Estate		
Bonds/Fixed Income		
Other: Grouped Flexible Pension Investment Accounts, including participant fund	\$46,609,815	\$41,173,497
Total	\$46,609,815 ³	\$41,173,497

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 \$985,149 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.

<u>Plan Year Beginning</u>	<u>Actual Return on Actuarial Basis</u>	<u>Market Value Return</u>	<u>Assumed Return</u>
10/01/2013	8.87%	8.18%	7.25%
10/01/2012	9.41%	8.94%	7.25%
10/01/2011	6.67%	17.78%	7.50%

Section XI-Florida Disclosures

Liabilities

Actuarial Valuation Prepared as of

	<u>10/01/2014</u>	<u>10/01/2013</u>
Present value of all future expected benefit payments:		
Active Members		
Retirement benefits	\$29,417,857	\$27,801,612
Vesting benefits	5,063,444	4,958,332
Disability benefits	1,352,168	1,330,947
Death benefits	37,056	37,235
Return of contribution	0	0
Accumulated Leave	0	0
Medical Stipend	1,610,466	1,583,167
Total	\$37,480,991	\$35,711,293
Terminated vested members	\$7,361,534	\$6,062,296
Retired members and beneficiaries		
Retired (other than disabled) and beneficiaries	\$22,554,315	\$21,811,403
Disabled members	N/A	N/A
Total	\$22,554,315	\$21,811,403
Total present value of all future benefit payments	\$67,396,840	\$63,584,992
Liabilities due and unpaid:		
Frozen Initial Liability (FIL)	N/A	N/A
Unfunded Frozen Initial Liability (UFIL)	N/A	N/A

Reconciliation of DROP Accounts

Total DROP Account Balance on October 1, 2013	\$668,762
Additions	
Contributions	\$283,517
Interest and Earnings	\$74,021
Adjustment	\$109,406 ¹
Withdrawals	
Lump sum payments	0
Total DROP Account Balance on October 1, 2014	\$1,135,706

¹Adjustment due to retroactive addition of DROP member from 2010.

Section XI-Florida Disclosures

Actuarial Present Value of Accrued Benefits

Actuarial Valuation Prepared as of

	<u>10/01/2014</u>	<u>10/01/2013</u>
Statement of actuarial value of all accrued benefits		
Vested Accrued Benefits		
Inactive members and beneficiaries ¹	\$29,915,849	\$27,873,699
Active members (includes non-forfeitable accumulated member contributions in the amount of \$3,252,574)	22,289,508	20,663,499
Total value of all vested accrued benefits	\$52,205,357	\$48,537,198
Non-vested accrued benefits	\$242,410	\$332,594
Total actuarial present value of all accrued benefits	\$52,447,767	\$48,869,792

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.

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

10/01/2014 **Volatility Assumption¹**

Statement of actuarial value of all accrued benefits	
Vested Accrued Benefits	
Inactive members and beneficiaries	\$35,131,140
Active members	29,448,360
Total value of all vested accrued benefits	\$64,579,500
Non-vested accrued benefits	353,324
Total actuarial present value of all accrued benefits	\$64,932,824

¹ The volatility interest rate used is 5.25% 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.

Section XI-Florida Disclosures

Pension Cost

Actuarial Valuation Prepared as of

	<u>10/01/2014²</u>	<u>10/01/2013³</u>
Normal Cost:		
Base Normal Cost	\$2,909,384	\$3,194,977
Administrative expenses	60,470	52,260
Total Normal Cost	\$2,969,854	\$3,247,237
Adjusted Normal Cost ¹	\$3,324,679	\$3,636,595
Payment to amortize unfunded liability(ies)	N/A	N/A
Expected plan sponsor contribution (including normal cost, amortization payment and interest, as applicable)	\$3,331,672	\$3,659,156
As % of payroll ⁴	45.71%	48.53%
Amount to be contributed by members ⁵	\$218,225	\$224,795
As % of payroll	3.00%	3.00%

Interest is based on 7.25% for the current and prior years.

10/01/2014 Volatility Assumption⁶

Normal Cost:	
Base Normal Cost	\$5,200,835
Administrative expenses	60,470
Total Normal Cost	\$5,261,305
Adjusted Normal Cost ¹	\$5,780,067
Expected plan sponsor contribution (including normal cost, amortization payment and interest, as applicable)	\$5,853,839
As % of payroll (full payroll shown on page XI-2)	79.46%
Amount to be contributed by members ⁵	\$218,225
As % of payroll ⁴	3.00%

¹Total normal cost and expected plan sponsor contributions reflect adjustments for salary and interest.

²10/01/2014 amounts will be used for the 10/01/2015 - 9/30/2016 funding.

³10/01/2013 amounts will be used for the 10/01/2014 - 9/30/2014 funding.

⁴Normal cost as a percentage of payroll reflects adjustment for salary increases.

⁵ Amount to be contributed by members reflects adjustment for salary increases.

⁶The volatility interest rate used is 5.25% 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.

Section XI-Florida Disclosures

	Plan Year Beginning	
	<u>10/01/2013</u>	<u>10/01/2012</u>
Past Contributions		
Required plan sponsor contribution	\$3,940,595	\$3,512,685
Required member contributions	221,137	245,071
Actual contributions made by		
Plan sponsor	\$3,940,595	\$3,512,684
Members	262,685	269,168
Other:	N/A	N/A
Net Actuarial gain(loss) (if applicable)	N/A	N/A

Section XI-Florida Disclosures

Other Disclosures

Actuarial Valuation Prepared as of

	<u>10/01/2014</u>	<u>10/01/2013</u>
Present values of active members:		
Future salaries		
at attained age	\$49,791,631	\$50,336,760
at entry age	32,899,996	33,263,865
Future contributions		
at attained age	\$1,442,516	\$1,458,309
at entry age	953,147	963,689
Present value of future contributions from other sources	N/A	N/A
Present value of future expected benefit payments for active members at entry age	\$5,607,581	\$5,655,916

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.

<u>Plan Year Beginning</u>	<u>Actual Increases</u>	<u>Assumed Increases</u>
October 1, 2013	6.72%	5.00%
October 1, 2012	4.61%	5.02%
October 1, 2011	7.45%	5.53%

Section XI-Florida Disclosures

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.

Cost of \$1.00/month Benefit on Normal Form

Retirement <u>Age</u>	Valuation Assumptions		Contract Purchase Rates ¹	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
55	141.90	143.99	227.10	261.60
60	132.19	135.11	197.28	232.94
62	127.63	131.09	185.20	221.22
65	120.14	124.52	167.36	203.31

¹ Non-guaranteed rates in effect 10/01/2014. These rates may change daily.

Cost of Annuities Purchased During the Past Year

<u>Certificate Number</u>	<u>Valuation Assumptions</u>	<u>Actual Purchase Price²</u>
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² Annuities are purchased under this contract for retirees at the time when the “benefit index” equals or exceeds the funds held under the contract or when the contract is terminated.

Asset Reconciliation

Actuarial value of assets balance on October 1, 2013	\$41,173,497³
Additions	
Contributions – Employer	3,940,595 ²
Contributions - Employee	262,685
Interest and Earnings ¹	5,114,852
Withdrawals	
Expenses	(60,474)
Direct fund retirement payments	(2,355,768)
Lump sum payments	(39,601)
Plus Market Value Spread Adjustment	(1,425,971)
Actuarial value of assets balance on October 1, 2014	46,609,815⁴

¹The split between interest, dividends, realized gains and losses, unrealized gains and losses, and investment expense is not available under this contract

²Includes \$985,149 in deposits received after the end of the plan year

³Included in this total is \$3,291,292 of employee contributions

⁴Included in this total is \$3,252,574 of employee contributions and \$985,149 in deposits received after the end of the plan year

Section XI-Florida Disclosures

445661

CITY OF HALLENDALE

Valuation Date 10/01/2014

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	Avg.		Avg.		Avg.		Avg.		Avg.		Avg.		Avg.		Avg.		Avg.		Avg.	
	No.	Comp.	No.	Comp.	No.	Comp.	No.	Comp.	No.	Comp.	No.	Comp.	No.	Comp.	No.	Comp.	No.	Comp.	No.	Comp.
Under 25	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-
25 to 29	0	-	1	43,579	2	44,720	0	-	0	-	0	-	0	-	0	-	0	-	0	-
30 to 34	0	-	0	-	5	50,700	1	59,008	0	-	0	-	0	-	0	-	0	-	0	-
35 to 39	0	-	0	-	5	61,041	3	55,203	2	59,553	0	-	0	-	0	-	0	-	0	-
40 to 44	0	-	2	52,566	11	47,554	10	55,277	2	75,810	2	85,671	0	-	0	-	0	-	0	-
45 to 49	0	-	0	-	10	45,219	9	60,674	4	54,893	2	72,486	0	-	0	-	0	-	0	-
50 to 54	0	-	2	50,410	7	54,862	5	57,894	5	51,878	2	71,150	4	67,860	0	-	1	76,233	0	-
55 to 59	0	-	0	-	3	58,828	5	49,553	5	72,148	6	56,050	7	71,868	3	60,366	1	65,078	1	72,266
60 to 64	0	-	0	-	3	47,920	1	60,991	0	-	1	58,716	1	61,421	0	-	0	-	0	-
65 to 69	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-
70 & up	0	-	0	-	0	-	1	54,873	0	-	0	-	0	-	1	66,415	0	-	0	-