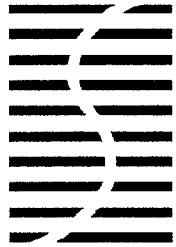
City of Satellite Beach
General Employees' Retirement System

Actuarial Valuation
As of October 1, 2010

Determines the Contribution
For the 2011/12 Fiscal Year



SOUTHERN
ACTUARIAL
SERVICES

		Page
Discussion		1
Funding Results		
Table I-A	Minimum Required Contribution	I-1
Table I-B	Sensitivity Analysis	I-2
Table I-C	Gain and Loss Analysis	I-3
Table I-D	Present Value of Future Benefits	I-4
Table I-E	Present Value of Accrued Benefits	I-5
Table I-F	Present Value of Vested Benefits	I-6
Table I-G	Entry Age Normal Accrued Liability	I-7
Table I-H	Entry Age Normal Cost	I-8
Table I-I	Unfunded Liability Bases	I-9
Accounting Results		
Table II-A	GASB 25/27 Results	II-1
Table II-B	GASB 25/27 Disclosures	II-2
Table II-C	SFAS 35 Disclosures	II-3
Assets		
Table III-A	Actuarial Value of Assets	III-1
Table III-B	Market Value of Assets	III-2
Table III-C	Investment Return	III-3
Table III-D	Asset Reconciliation	III-4
Table III-E	Historical Trust Fund Detail	III-5
Table III-F	Other Reconciliations	III-6
Data		
Table IV-A	Summary of Participant Data	IV-1
Table IV-B	Data Reconciliation	IV-2
Table IV-C	Active Participant Data	IV-3
Table IV-D	Active Age-Service Distribution	IV-4
Table IV-E	Active Age-Service-Salary Table	IV-5
Table IV-F	Inactive Participant Data	IV-6
Table IV-G	Projected Benefit Payments	IV-7
Methods & Assumptions		
Table V-A	Summary of Actuarial Methods and Assumptions	V-1
Table V-B	Changes in Actuarial Methods and Assumptions	V-3
Plan Provisions		
Table VI-A	Summary of Plan Provisions	VI-1
Table VI-B	Summary of Plan Amendments	VI-5

January 30, 2011

Introduction

This report presents the results of the October 1, 2010 actuarial valuation of the City of Satellite Beach General Employees' Retirement System. The report is based on the participant data and asset information provided by the pension plan administrator and, except for a cursory review for reasonableness including a comparison to the data provided for the previous valuation, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2010 and to determine the minimum required contribution under Chapter 112, Florida Statutes, for the 2011/12 plan year. In addition, this report provides a projection of the long-term funding requirements of the plan, accounting disclosures pursuant to Governmental Accounting Standards Board Statement Nos. 25 and 27 (GASB 25/27), statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table V-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the minimum required contribution rate.

Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the 2011/12 plan year. The minimum required contribution rate is 56.66% of covered payroll, which represents an increase of 12.18% of payroll from the prior valuation.

Table I-C provides a breakdown of the sources of change in the contribution rate. Significantly, the rate increased by 9.69% of payroll due to investment losses, increased by 2.23% of payroll due to demographic experience, increased by 5.76% of payroll due to a change in the method used to amortize the unfunded liability which is discussed in more

detail below, and decreased by 5.50% of payroll due to a plan amendment which is also discussed in more detail below. Although the market value of assets earned 8.99% during the 2009/10 plan year, the actuarial value is based on a four-year average of the market value returns. On this basis, the actuarial value of assets earned only 1.71% during the 2009/10 plan year, whereas a 7.75% annual investment return was required to maintain a stable contribution rate.

Chapter 112, Florida Statutes, sets forth the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the City must contribute an amount equal to the annual normal cost of the plan plus an amortization payment towards the unfunded liability, where the amortization period is no longer than 30 years and where both amounts are adjusted as necessary for administrative expenses and to reflect interest on any delayed payment of the contribution beyond the valuation date. Furthermore, it is our understanding that the State now requires the employer to determine its minimum required contribution as a percentage of payroll and to apply this percentage to the actual payroll for the year. Therefore, the City's 2011/12 minimum required contribution will be equal to 56.66% multiplied by the total pensionable earnings for the 2011/12 fiscal year for the active employees who are covered by the plan.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is $7,522,795. As illustrated in Table I-A, current assets are sufficient to cover $4,793,677 of this amount, the employer's 2010/11 expected contribution will cover $315,616 of this amount, the employer's 2011/12 expected contribution will cover $402,047 of this amount, and future employee contributions are expected to cover $348,655 of this amount, leaving $1,662,790 to be covered by future employer funding beyond the 2011/12 fiscal year. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

Advance Employer Contribution

The City has made contributions to the plan in excess of the minimum amount that was required to be contributed pursuant to Chapter 112. In this report, the excess contributions are referred to as an "advance employer contribution." As of October 1, 2010, the advance employer contribution is $38,222, which reflects the difference between the minimum required contribution for the 2009/10 plan year and the actual employer contribution for that year as shown in Table III-F.

The City may apply all or any portion of the advance employer contribution towards the minimum required contribution for the 2010/11 plan year or for any later plan year. The minimum required contribution for that plan year will be reduced dollar-for-dollar by the amount of the advance employer contribution that is applied in this manner.

Alternatively, at any time, the City may apply all or any portion of the advance employer contribution as an *extra* contribution in excess of the minimum required contribution. In this case, the immediate application of the entire balance of the advance employer contribution as of October 1, 2010 would reduce the minimum required contribution for the 2011/12 plan year to 55.26% of payroll.

Amortization of the Unfunded Liability

This plan uses the entry age normal cost method to develop an unfunded liability each year. The unfunded liability is then amortized or "paid off" over a period of time. The period over which the unfunded liability is amortized is often referred to as the "funding period" of the plan. Although under Chapter 112 the maximum allowable funding period is 30 years, the unfunded liability should be paid off within a period that does not exceed the expected future working life of the active employees who are covered by the plan. Table I-I shows the various components of the unfunded liability and the respective funding period for each component.

This plan has a relatively short future working life because the plan only covers a frozen group of employees and the majority of the covered employees are eligible to retire. Therefore, we have used a five-year funding period for new components of the unfunded liability since the expected future working life of the active employees is approximately five years.

Furthermore, we have calculated the payment towards the unfunded liability as a level dollar amount instead of amortizing the unfunded liability as a level percentage of payroll. This change was made to comply with the requirements of Chapter 112, Florida Statutes, which only allows amortization as a level percentage of payroll to the extent that the assumed growth in total payroll is less than or equal to the actual annual growth in total payroll over the past 10 years. Because total payroll has declined during the past five years (information was not available for the period prior to October 1, 2005), a level percentage of payroll amortization is no longer allowed. This change increased the amortization payment towards the unfunded liability by $26,629 and increased the minimum required contribution by 5.76% of payroll.

As the unfunded liability fluctuates due to investment gains and losses in the future, the City's minimum required contribution may increase or decrease dramatically as a percentage of payroll because these gains and losses will be amortized over a five-year period. Furthermore, the volatility of the contribution percentage will increase as the future payroll declines due to the anticipated retirement of the covered group of employees. The graph in Table I-B illustrates this concept by showing that the employer contribution percentage could grow to more than 100% of payroll if assets annually earn 2% less than expected or could drop to zero if assets annually earn 2% more than expected.

Contents of the Report

Tables I-D through I-H provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-C provide information needed by both the plan's and the employer's accountants in order to prepare the relevant financial statements that cover the period October 1, 2010 through September 30, 2011. Tables III-A through III-F provide information concerning the assets of the trust fund. Specifically, Table III-A shows the development of the actuarial value of assets, which is based on the four-year average return on the market value of assets in order to provide a more stable and predictable contribution rate for the employer. Tables IV-A through IV-G provide statistical information concerning the plan's participant population. In particular, Table IV-G gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of participants. Finally, Tables V-A through VI-B provide a summary of the actuarial assumptions and methods that are

used to value the plan's benefits and of the relevant plan provisions as of October 1, 2010, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Plan Amendments

As described in Table VI-B, the plan has been amended since the prior valuation was prepared. The benefit formula multiplier was decreased from 3% to 2% for service earned during the period October 1, 2010 through September 30, 2013. This amendment decreased the minimum required contribution rate by 5.50% of payroll as of October 1, 2010.

Certification

This actuarial valuation was prepared by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate and, in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Chapter 112, 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 change in plan costs or required contribution rates have been taken into account in the valuation.

For the firm,

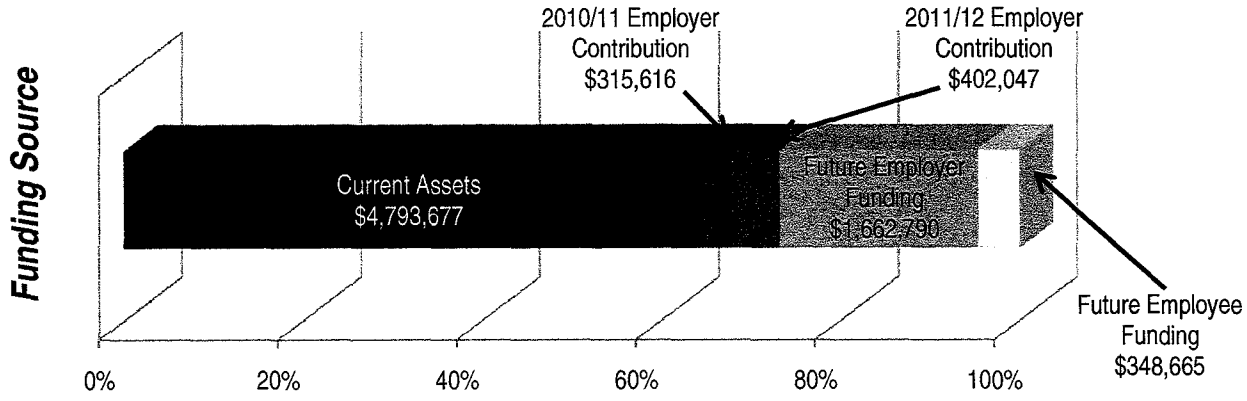
Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

Enrolled Actuary No. 08-04927

The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Minimum Required Contribution

Table I-A



	For the 2011/12 Plan Year
Entry Age Normal Cost for the 2010/11 Plan Year	$208,098
Unfunded Liability Amortization Payment for the 2010/11 Plan Year	$214,121
Expense Allowance for the 2010/11 Plan Year	$12,417
Expected Employee Contribution for the 2010/11 Plan Year	($56,766)
	$377,870
Adjustment to Reflect End-of-Quarter Employer Contributions	$17,960
Expected Employer Contribution for the 2010/11 Plan Year	($315,616)
Remaining Contribution Due/(Credit) for the 2010/11 Plan Year	$80,214
	x 0.0775
One Year's Interest Charge/(Credit) on the Remaining Contribution	$6,217
Preliminary Employer Contribution for the 2011/12 Plan Year	$402,047
Expected Payroll for the 2011/12 Plan Year	*÷ $709,569*
Minimum Required Contribution Rate	**56.66%**

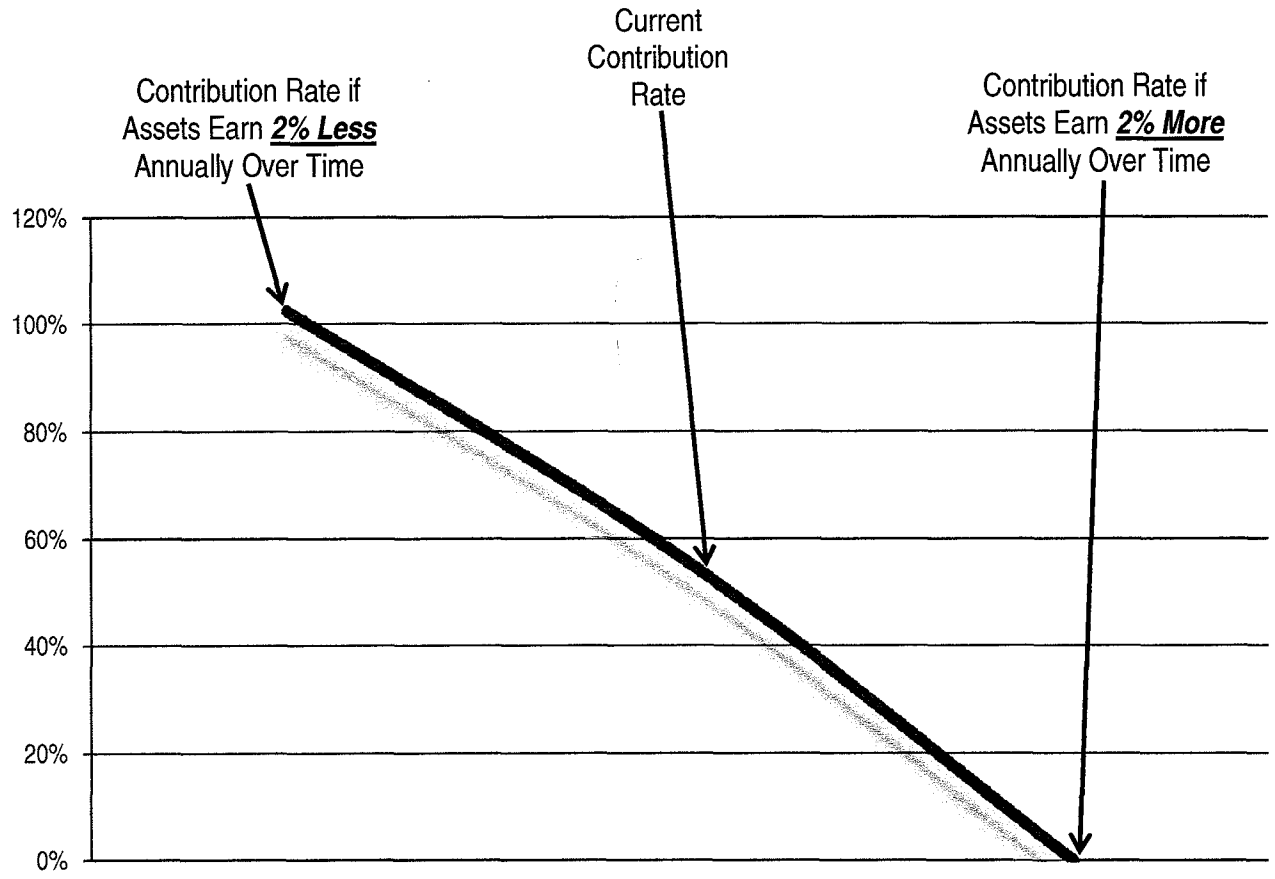
(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the year.)

Additional Disclosures

Present Value of Future Compensation	$4,358,323
Present Value of Future Employer Contributions	$2,380,453
Present Value of Future Employee Contributions	$348,665

Sensitivity Analysis

Table I-B



The line above illustrates the sensitivity of the contribution rate to changes in the long-term investment return.

Gain and Loss Analysis

Table I-C

Source of Change in the Contribution Rate

Previous minimum required contribution rate	44.48%
Increase (decrease) due to investment gains and losses	9.69%
Increase (decrease) due to demographic experience	2.23%
Increase (decrease) due to plan amendments	-5.50%
Increase (decrease) due to actuarial assumption changes	0.00%
Increase (decrease) due to actuarial method changes	5.76%
Current minimum required contribution rate	56.66%

Source of Change in the Unfunded Liability

Previous unfunded liability	$1,397,041
Increase due to interest	$97,377
Decrease due to amortization payments	($140,572)
Increase (decrease) due to plan experience	$314,783
Increase (decrease) due to plan amendments	($119,283)
Increase (decrease) due to actuarial assumption changes	$0
Increase (decrease) due to actuarial method changes	$0
Current unfunded liability	$1,549,346

Present Value of Future Benefits

Table I-D

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$4,391,546	$4,245,294	$4,245,294
Termination benefits	$16,844	$16,383	$16,383
Disability benefits	$321,539	$312,422	$312,422
Death benefits	$43,909	$42,637	$42,637
Refund of employee contributions	$0	$0	$0
Sub-total	**$4,773,838**	**$4,616,736**	**$4,616,736**
Deferred Vested Participants			
Retirement benefits	$66,932	$66,932	$66,932
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$66,932**	**$66,932**	**$66,932**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$1,463,703	$1,463,703	$1,463,703
Disability retirements	$99,143	$99,143	$99,143
Beneficiaries receiving	$428,599	$428,599	$428,599
DROP participants	$771,411	$771,411	$771,411
Sub-total	**$2,762,856**	**$2,762,856**	**$2,762,856**
Grand Total	**$7,603,626**	**$7,446,524**	**$7,446,524**

Present Value of Accrued Benefits

Table I-E

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$2,590,148	$2,590,148	$2,590,148
Termination benefits	$14,217	$14,217	$14,217
Disability benefits	$233,072	$233,072	$233,072
Death benefits	$31,188	$31,188	$31,188
Refund of employee contributions	$0	$0	$0
Sub-total	**$2,868,625**	**$2,868,625**	**$2,868,625**
Deferred Vested Participants			
Retirement benefits	$66,932	$66,932	$66,932
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$66,932**	**$66,932**	**$66,932**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$1,463,703	$1,463,703	$1,463,703
Disability retirements	$99,143	$99,143	$99,143
Beneficiaries receiving	$428,599	$428,599	$428,599
DROP participants	$771,411	$771,411	$771,411
Sub-total	**$2,762,856**	**$2,762,856**	**$2,762,856**
Grand Total	**$5,698,413**	**$5,698,413**	**$5,698,413**

Present Value of Vested Benefits

Table I-F

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$2,590,148	$2,590,148	$2,590,148
Termination benefits	$14,217	$14,217	$14,217
Disability benefits	$233,072	$233,072	$233,072
Death benefits	$31,188	$31,188	$31,188
Refund of employee contributions	$0	$0	$0
Sub-total	**$2,868,625**	**$2,868,625**	**$2,868,625**
Deferred Vested Participants			
Retirement benefits	$66,932	$66,932	$66,932
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$66,932**	**$66,932**	**$66,932**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$1,463,703	$1,463,703	$1,463,703
Disability retirements	$99,143	$99,143	$99,143
Beneficiaries receiving	$428,599	$428,599	$428,599
DROP participants	$771,411	$771,411	$771,411
Sub-total	**$2,762,856**	**$2,762,856**	**$2,762,856**
Grand Total	**$5,698,413**	**$5,698,413**	**$5,698,413**

Entry Age Normal Accrued Liability

Table I-G

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$3,312,925	$3,202,276	$3,202,276
Termination benefits	$15,322	$14,925	$14,925
Disability benefits	$268,071	$260,839	$260,839
Death benefits	$36,200	$35,195	$35,195
Refund of employee contributions	$0	$0	$0
Sub-total	**$3,632,518**	**$3,513,235**	**$3,513,235**
Deferred Vested Participants			
Retirement benefits	$66,932	$66,932	$66,932
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$66,932**	**$66,932**	**$66,932**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$1,463,703	$1,463,703	$1,463,703
Disability retirements	$99,143	$99,143	$99,143
Beneficiaries receiving	$428,599	$428,599	$428,599
DROP participants	$771,411	$771,411	$771,411
Sub-total	**$2,762,856**	**$2,762,856**	**$2,762,856**
Grand Total	**$6,462,306**	**$6,343,023**	**$6,343,023**
less Actuarial Value of Assets	*($4,793,677)*	*($4,793,677)*	*($4,793,677)*
Unfunded Accrued Liability	**$1,668,629**	**$1,549,346**	**$1,549,346**

Entry Age Normal Cost

Table I-H

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$198,653	$192,142	$192,142
Termination benefits	$641	$618	$618
Disability benefits	$13,875	$13,443	$13,443
Death benefits	$1,954	$1,895	$1,895
Refund of employee contributions	$0	$0	$0
Sub-total	**$215,123**	**$208,098**	**$208,098**
Deferred Vested Participants			
Retirement benefits	$0	$0	$0
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$0	$0	$0
Disability retirements	$0	$0	$0
Beneficiaries receiving	$0	$0	$0
DROP participants	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Grand Total	**$215,123**	**$208,098**	**$208,098**

Unfunded Liability Bases

Table I-I

Description	Original Amount	Outstanding Balance	Amortization Payment	Years Rem.
	Total	***$1,549,346***	***$214,121***	
Initial Unfunded Liability	$1,064,556	$1,249,930	$107,889	24
7/31/2005 Amendment	$190,179	$130,429	$30,118	5
2004/05 Experience Loss	$220,250	$246,144	$20,945	25
10/1/2005 Assumption Change	($250,780)	($280,263)	($23,848)	25
2005/06 Experience Gain	($310,034)	($347,437)	($29,180)	26
2006/07 Experience Loss	$248,955	$277,949	$23,066	27
2007/08 Experience Gain	($85,904)	($94,144)	($7,727)	28
2008/09 Experience Gain	($35,635)	($30,009)	($8,362)	4
10/1/2009 Assumption Change	$238,969	$201,247	$56,077	4
2009/10 Experience Loss	$314,783	$314,783	$72,687	5
10/1/2010 Amendment	($119,283)	($119,283)	($27,544)	5

GASB 25/27 Results

Table II-A

Development of the Net Pension Obligation (Asset)

Net Pension Obligation (Asset) as of October 1, 2009	$0
Annual Pension Cost for the 2009/10 Plan Year	$272,755
Employer Contributions for the 2009/10 Plan Year	($247,064)
Net Increase (Decrease) in NPO	$25,691
Net Pension Obligation (Asset) as of October 1, 2010	**$25,691**

	For the 2010/11 Plan Year
Development of the Annual Required Contribution (ARC)	
Normal Cost	$163,749
Amortization of the UAAL	$212,012
Amortization of the Net Pension Obligation (Asset)	$2,109
Interest Adjustment	$17,960
Annual Required Contribution (ARC)	**$395,830**

Development of the Annual Pension Cost (APC)	
Annual Required Contribution (ARC)	$395,830
Interest on the Net Pension Obligation (Asset)	$1,991
Adjustment to the ARC	($2,109)
Annual Pension Cost (APC)	**$395,712**

GASB 25/27 Disclosures

Table II-B

Schedule of Employer Contributions

Year Ended September 30	Annual Required Contribution	% Contrib.	Annual Pension Cost	% Contrib.
2005	$181,519	100%	$181,519	100%
2006	$207,985	100%	$207,985	100%
2007	$242,393	100%	$242,393	100%
2008	$323,399	100%	$323,399	100%
2009	$289,431	100%	$289,431	100%
2010	$272,755	91%	$272,755	91%

Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
October 1, 2005	$3,225,943	$4,535,312	$1,309,369	71.13%	$748,340	174.97%
October 1, 2006	$3,756,549	$4,834,074	$1,077,525	77.71%	$798,644	134.92%
October 1, 2007	$4,171,919	$5,454,487	$1,282,568	76.49%	$821,201	156.18%
October 1, 2008	$4,487,893	$5,682,787	$1,194,894	78.97%	$858,236	139.23%
October 1, 2009	$4,701,112	$6,098,153	$1,397,041	77.09%	$865,615	161.39%
October 1, 2010	$4,793,677	$6,343,023	$1,549,346	75.57%	$709,569	218.35%

Additional Information

Valuation Date ***October 1, 2010***

Actuarial Cost Method ***Entry age normal***

Amortization Method ***Level dollar, closed***

Remaining Amortization Period ***28 years***

Asset Valuation Method ***Four-year smoothed market***

Discount Rate ***7.75%***

Salary Increase Rate ***4.75%***

SFAS 35 Disclosures

Table II-C

Actuarial Present Value of Accrued Benefits

	As of October 1, 2009	As of October 1, 2010
Vested Benefits		
Participants currently receiving benefits	$1,934,599	$2,762,856
Other participants	$3,400,698	$2,935,557
Sub-total	$5,335,297	$5,698,413
Non-Vested Benefits	$0	$0
Total Benefits	**$5,335,297**	**$5,698,413**
Funded Percentage (based on the market value of assets)	73.75%	77.22%

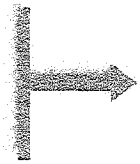
Statement of Change in Actuarial Present Value of Accrued Benefits

Actuarial Present Value as of October 1, 2009	**$5,335,297**
Increase (Decrease) Due To:	
Interest	$413,486
Benefits accumulated	$174,499
Benefits paid	($224,869)
Plan amendments	$0
Changes in actuarial methods and assumptions	$0
Net increase (decrease)	**$363,116**
Actuarial Present Value as of October 1, 2010	**$5,698,413**

Actuarial Value of Assets

Table III-A

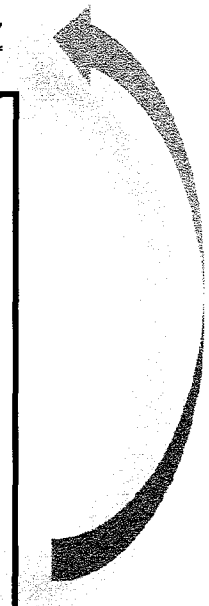
Market Value Rate of Return		
For the 2006/07 plan year	*11.93%*	*Average return for the preceding four years*
For the 2007/08 plan year	*-12.46%*	*2.26%*
For the 2008/09 plan year	*2.39%*	
For the 2009/10 plan year	*8.99%*	



Actuarial Value of Assets as of October 1, 2009	$4,675,640 *
Plus contributions for the 2009/10 plan year	$348,012
Minus benefit payments and administrative expenses for the 2009/10 plan year	($241,653)
Minus DROP account credits	($55,836)
Minus advance employer contribution	($38,222)
Minus excess Chapter 175/185 contribution	$0
Adjustment for interest at the average rate shown above, but restricted to an amount that keeps the actuarial value of assets within an 80%-120% corridor of the market value	$105,736
Actuarial Value of Assets as of October 1, 2010	**$4,793,677**

Historical Actuarial Value of Assets

October 1, 2001	N/A
October 1, 2002	$2,692,651
October 1, 2003	$2,958,377
October 1, 2004	$2,888,391
October 1, 2005	$3,225,943
October 1, 2006	$3,756,549
October 1, 2007	$4,171,919
October 1, 2008	$4,487,893
October 1, 2009	$4,701,112
October 1, 2010	$4,793,677

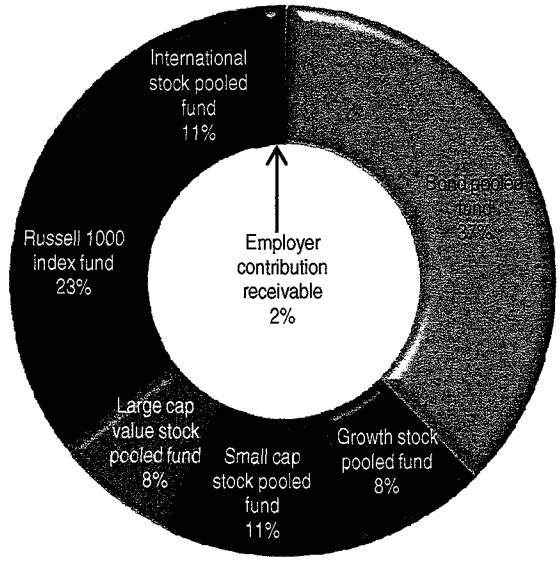


* The beginning of year actuarial value of assets has been adjusted to remove the contribution receivable from Brenda Raver.

Market Value of Assets

Table III-B

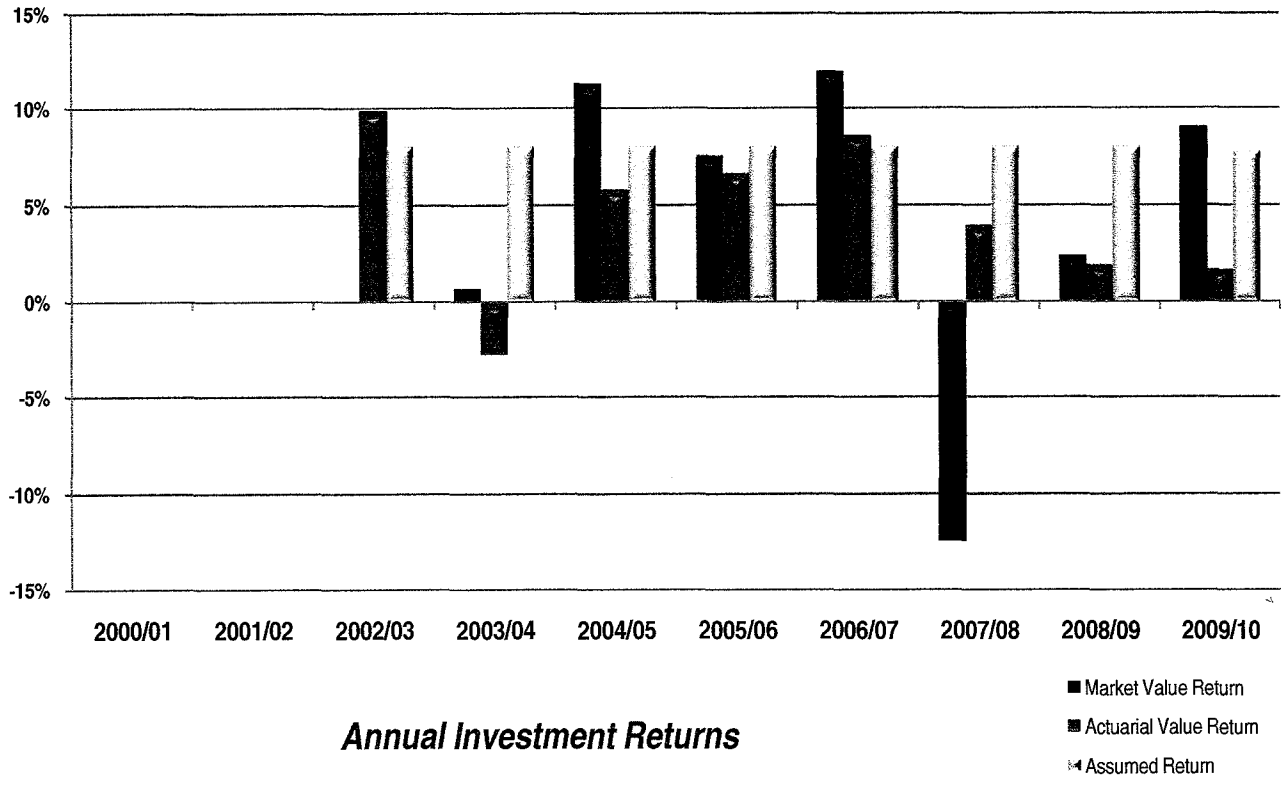
	As of October 1, 2010
Market Value of Assets	**$4,400,072**
Cash	$17,317
Bond pooled fund	$1,636,461
Growth stock pooled fund	$355,000
Small cap stock pooled fund	$493,536
Large cap value stock pooled fund	$346,341
Russell 1000 index fund	$1,017,377
International stock pooled fund	$463,231
Employer contribution receivable	$70,809



Historical Market Value of Assets	
October 1, 2001	N/A
October 1, 2002	N/A
October 1, 2003	$2,531,119
October 1, 2004	$2,561,590
October 1, 2005	$3,025,221
October 1, 2006	$3,569,304
October 1, 2007	$4,090,468
October 1, 2008	$3,718,867
October 1, 2009	$3,935,038
October 1, 2010	$4,400,072

Investment Return

Table III-C



Annual Investment Returns

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2000/01	N/A	N/A	N/A
2001/02	N/A	N/A	N/A
2002/03	N/A	9.87%	8.00%
2003/04	0.70%	-2.79%	8.00%
2004/05	11.29%	5.81%	8.00%
2005/06	7.52%	6.67%	8.00%
2006/07	11.93%	8.56%	8.00%
2007/08	-12.46%	3.97%	8.00%
2008/09	2.39%	1.92%	8.00%
2009/10	8.99%	1.71%	7.75%

Asset Reconciliation

Table III-D

	Market Value	Actuarial Value
As of October 1, 2009	**$3,935,038**	**$4,701,112**
Increases Due To:		
Employer Contributions	$285,286	$285,286
Employee Contributions	$62,726	$62,726
Service Purchase Contributions	$0	($25,472)
Total Contributions	$348,012	$322,540
Interest and Dividends	$0	
Realized Gains (Losses)	$0	
Unrealized Gains (Losses)	$358,675	
Total Investment Income	$358,675	$105,736
Other Income	$0	
Total Income	**$706,687**	**$428,276**
Decreases Due To:		
Monthly Benefit Payments	($224,869)	($224,869)
Refund of Employee Contributions	$0	$0
DROP Credits		($55,836)
Total Benefit Payments	($224,869)	($280,705)
Investment Expenses	$0	
Administrative Expenses	($16,784)	($16,784)
Advance Employer Contribution		($38,222)
Total Expenses	**($241,653)**	**($335,711)**
As of October 1, 2010	**$4,400,072**	**$4,793,677**

Historical Trust Fund Detail

Table III-E

Income

Plan Year	Employer Contribs.	Employee Contribs.	Service Purchase Contribs.	Interest / Dividends	Realized Gains / Losses	Unrealized Gains / Losses	Other Income
2000/01	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001/02	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002/03	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003/04	$148,723	$53,795	$0	$80,328	$125,424	-$171,358	$14
2004/05	$136,139	$56,663	$190,942	$0	$0	$298,646	$0
2005/06	$254,068	$63,837	$207,139	$0	$0	$238,955	$0
2006/07	$243,190	$67,758	$3,223	$0	$0	$431,154	$0
2007/08	$324,935	$67,310	$0	$0	$0	-$518,820	$0
2008/09	$289,431	$67,953	$0	$0	$0	$90,144	$254
2009/10	$285,286	$62,726	$0	$0	$0	$358,675	$0

Expenses

Plan Year	Monthly Benefit Payments	Contrib. Refunds	Admin. Expenses	Invest. Expenses
2000/01	N/A	N/A	N/A	N/A
2001/02	N/A	N/A	N/A	N/A
2002/03	N/A	N/A	N/A	N/A
2003/04	$179,846	$0	$9,917	$16,692
2004/05	$204,150	$0	$14,609	$0
2005/06	$203,485	$0	$16,431	$0
2006/07	$209,082	$0	$15,079	$0
2007/08	$226,724	$0	$18,302	$0
2008/09	$218,387	-$49	$13,273	$0
2009/10	$224,869	$0	$16,784	$0

Other Actuarial Adjustments

Plan Year	DROP Credits	Advance Employer Contribs.
2000/01	$0	N/A
2001/02	$0	N/A
2002/03	$0	N/A
2003/04	$0	$0
2004/05	$0	$0
2005/06	$0	$0
2006/07	$0	$0
2007/08	$0	$0
2008/09	$0	$0
2009/10	$55,836	$38,222

Note: Information was not available to separate the investment expenses from the investment income nor was information available to separate the investment income by source.

Other Reconciliations

Table III-F

DROP Account Reconciliation

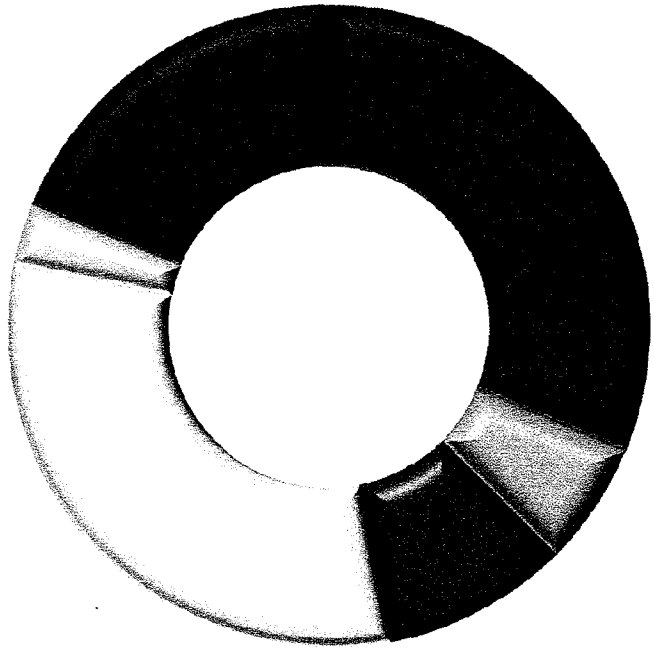
DROP Balance as of October 1, 2009	$0
DROP Benefit Credits	$53,448
DROP Investment Credits	$2,388
DROP Benefits Paid Out	$0
Net DROP Credit	$55,836
DROP Balance as of October 1, 2010	$55,836

Advance Employer Contribution

Advance Employer Contribution as of October 1, 2009	$0
Additional Employer Contribution	$285,286
Minimum Required Contribution	($247,064)
Net Increase in Advance Employer Contribution	$38,222
Advance Employer Contribution as of October 1, 2010	$38,222

Summary of Participant Data

Table IV-A



Participant Distribution by Status

As of October 1, 2010

Actively Employed Participants	
Active Participants	10
DROP Participants	2
Inactive Participants	
Deferred Vested Participants	3
Due a Refund of Contributions	0
Deferred Beneficiaries	0
Participants Receiving a Benefit	
Service Retirements	10
Disability Retirements	1
Beneficiaries Receiving	6
Total Participants	**32**

Number of Participants Included in Prior Valuations

	Active	*DROP*	*Inactive*	*Retired*	*Total*
October 1, 2001	N/A	N/A	N/A	N/A	N/A
October 1, 2002	N/A	N/A	N/A	N/A	N/A
October 1, 2003	15	0	5	15	35
October 1, 2004	15	0	4	15	34
October 1, 2005	15	0	4	16	35
October 1, 2006	14	0	4	17	35
October 1, 2007	13	0	4	18	35
October 1, 2008	13	0	3	16	32
October 1, 2009	13	0	3	16	32
October 1, 2010	10	2	3	17	32

Data Reconciliation

Table IV-B

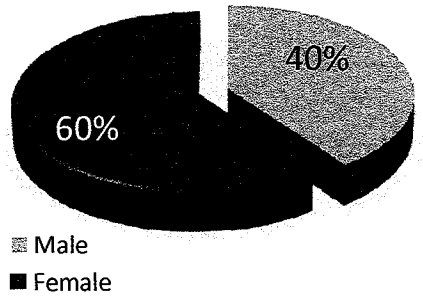
	Active	DROP	Deferred Vested	Due a Refund	Def. Benef.	Service Retiree	Disabled Retiree	Benef. Rec'v.	Total
October 1, 2009	13	0	3	0	0	12	1	3	32
Change in Status									
Re-employed									
Terminated									
Retired	(2)	2							
Participation Ended									
Transferred Out									
Cashed Out									
Died	(1)					(2)			(3)
Participation Began									
Newly Hired									
Transferred In									
New Beneficiary								3	3
Other Adjustment									
October 1, 2010	10	2	3	0	0	10	1	6	32

Active Participant Data

Table IV-C

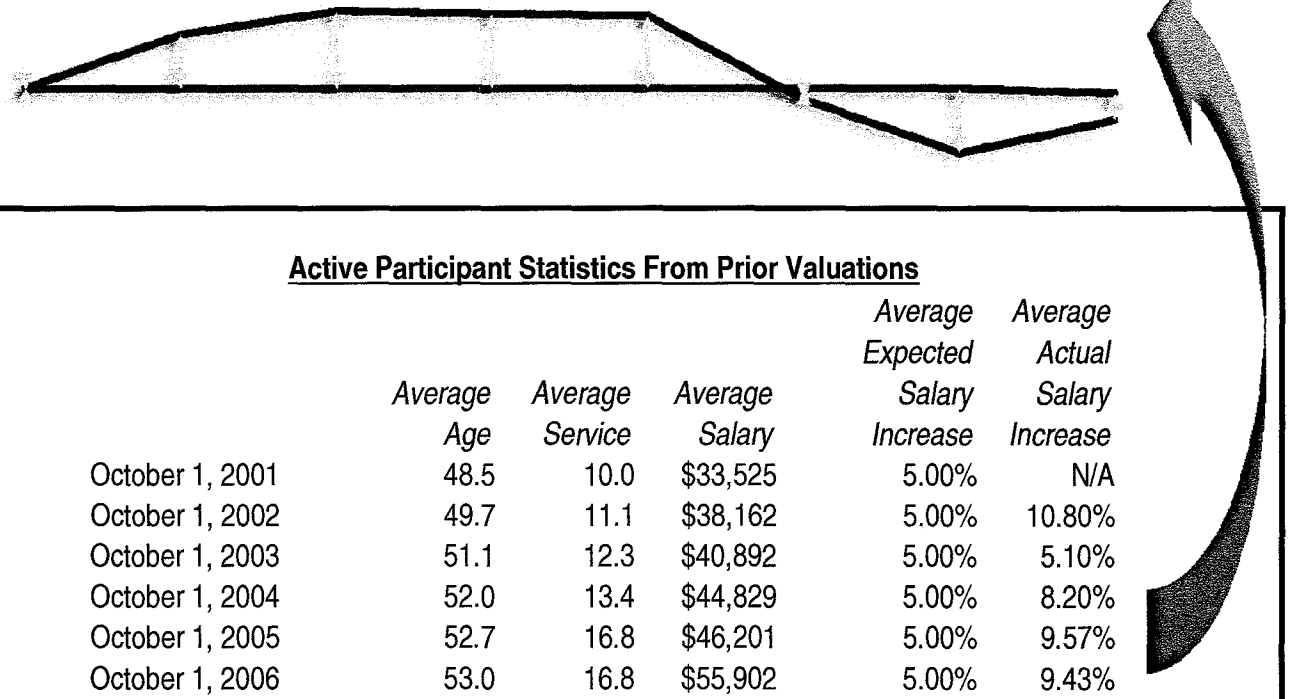
As of October 1, 2010

Gender Mix



Average Age	53.6 years
Average Service	20.9 years
Total Annualized Compensation for the Prior Year	$697,190
Total Expected Compensation for the Current Year	$709,569
Average Increase in Compensation for the Prior Year	3.15%
Expected Increase in Compensation for the Current Year	4.75%
Accumulated Contributions for Active Employees	$869,170

Actual vs. Expected Salary Increases

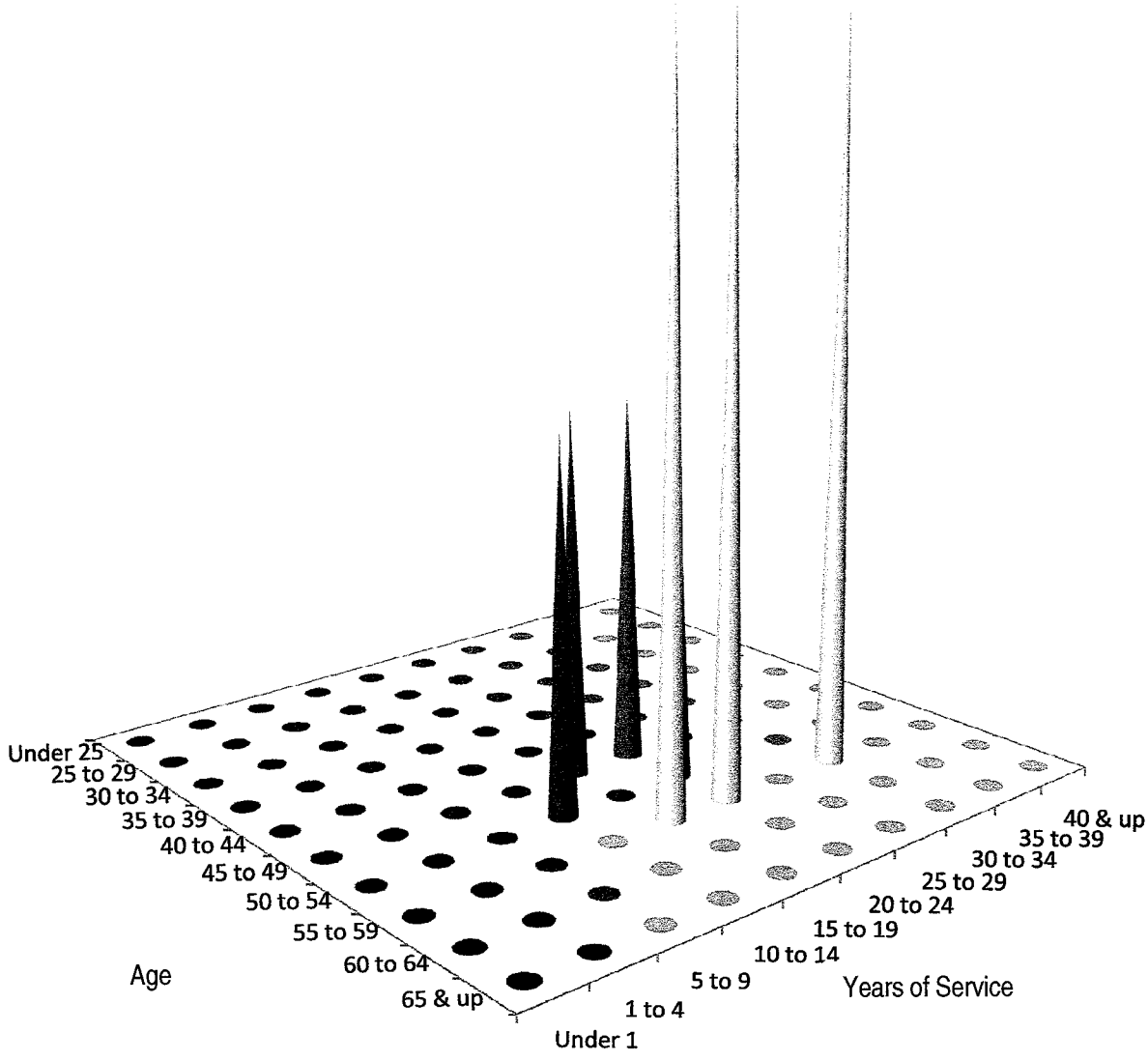


Active Participant Statistics From Prior Valuations

	Average Age	*Average Service*	*Average Salary*	*Average Expected Salary Increase*	*Average Actual Salary Increase*
October 1, 2001	48.5	10.0	$33,525	5.00%	N/A
October 1, 2002	49.7	11.1	$38,162	5.00%	10.80%
October 1, 2003	51.1	12.3	$40,892	5.00%	5.10%
October 1, 2004	52.0	13.4	$44,829	5.00%	8.20%
October 1, 2005	52.7	16.8	$46,201	5.00%	9.57%
October 1, 2006	53.0	16.8	$55,902	5.00%	9.43%
October 1, 2007	53.0	17.6	$62,004	5.00%	9.28%
October 1, 2008	54.0	18.6	$64,722	5.00%	4.38%
October 1, 2009	54.8	19.5	$65,340	5.00%	1.24%
October 1, 2010	53.6	20.9	$69,719	4.75%	3.15%

Active Age-Service Distribution

Table IV-D



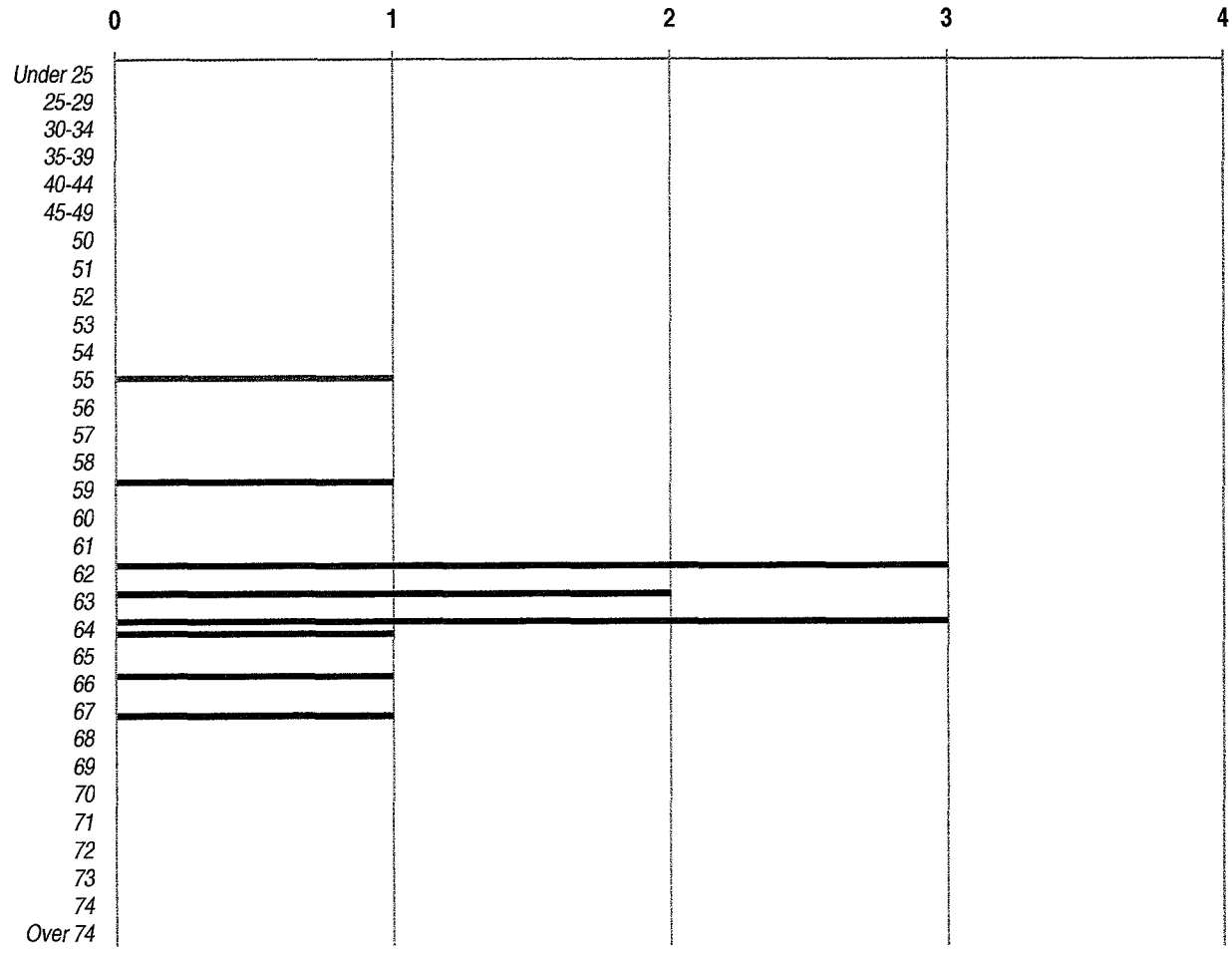
Active Age-Service-Salary Table

Table IV-E

Attained Age	Completed Years of Service										
	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 & up	Total
Under 25	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
25 to 29	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
30 to 34	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
35 to 39	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
40 to 44	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
45 to 49	**0**	**0**	**0**	**0**	**1**	**1**	**0**	**0**	**0**	**0**	**2**
Avg.Pay	0	0	0	0	51,025	47,312	0	0	0	0	49,169
50 to 54	**0**	**0**	**0**	**1**	**0**	**1**	**0**	**0**	**0**	**0**	**2**
Avg.Pay	0	0	0	91,239	0	75,243	0	0	0	0	83,241
55 to 59	**0**	**0**	**0**	**0**	**2**	**2**	**0**	**2**	**0**	**0**	**6**
Avg.Pay	0	0	0	0	47,581	68,142	0	100,463	0	0	72,062
60 to 64	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
65 & up	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**1**	**3**	**4**	**0**	**2**	**0**	**0**	**10**
Avg.Pay	0	0	0	91,239	48,729	64,710	0	100,463	0	0	69,719

Inactive Participant Data

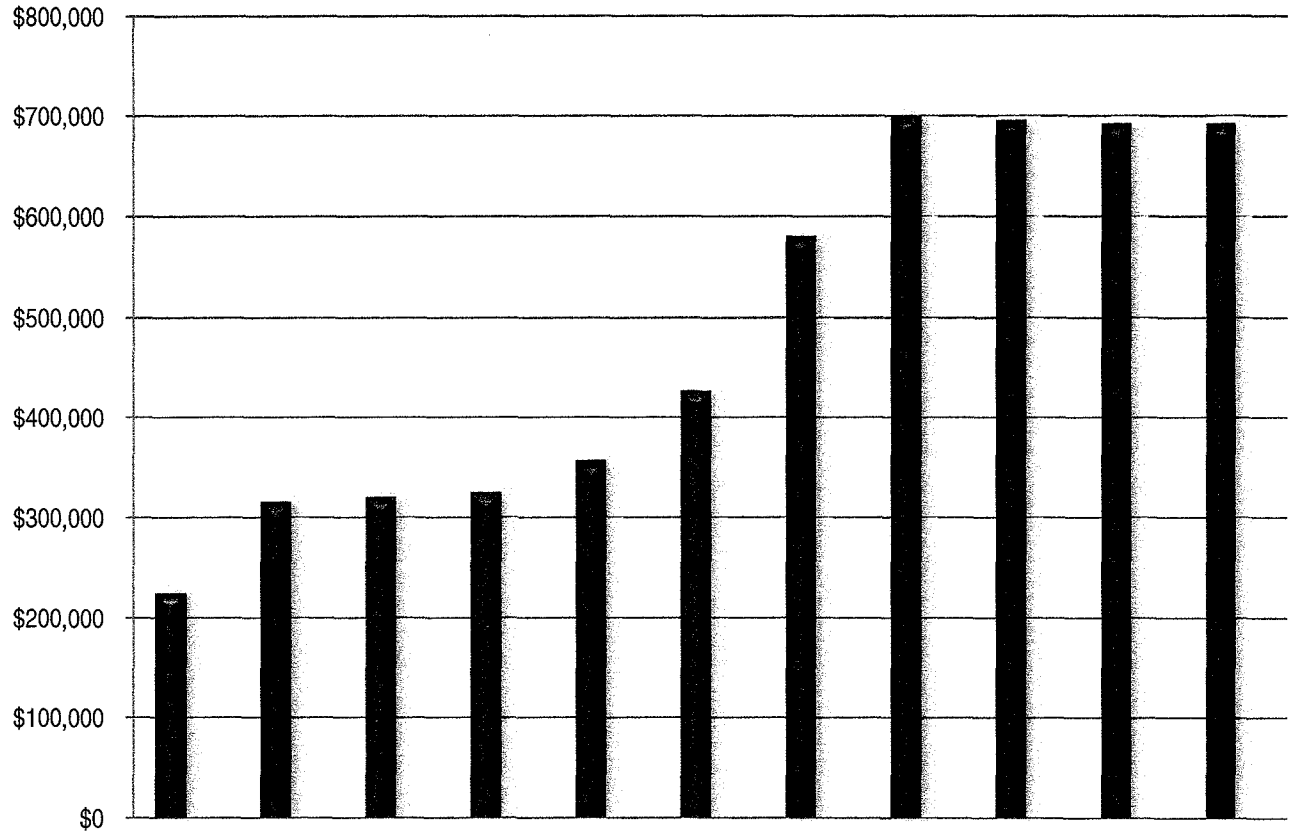
Table IV-F



	Average Monthly Benefit
Service Retirements	*$1,384.10*
Disability Retirements	*$979.64*
Beneficiaries Receiving	*$743.08*
DROP Participants	*$3,333.50*
Deferred Vested Participants	*$369.67*
Deferred Beneficiaries	*Not applicable*

Projected Benefit Payments

Table IV-G



Actual	
For the period October 1, 2009 through September 30, 2010	$224,869
Projected	
For the period October 1, 2010 through September 30, 2011	$315,344
For the period October 1, 2011 through September 30, 2012	$319,804
For the period October 1, 2012 through September 30, 2013	$324,853
For the period October 1, 2013 through September 30, 2014	$356,073
For the period October 1, 2014 through September 30, 2015	$426,802
For the period October 1, 2015 through September 30, 2016	$580,156
For the period October 1, 2016 through September 30, 2017	$699,210
For the period October 1, 2017 through September 30, 2018	$694,430
For the period October 1, 2018 through September 30, 2019	$691,103
For the period October 1, 2019 through September 30, 2020	$691,313

Summary of Actuarial Methods and Assumptions — Table V-A

1. Actuarial Cost Method

Individual entry age normal cost method. Under this actuarial cost method, a level funding cost is developed with respect to each benefit for each participant. The level funding cost for each benefit applies to the period beginning when the participant's service commences and ending when the participant is assumed to cease active participation due to each respective decrement. The actuarial accrued liability is equal to the accumulated level funding cost to the valuation date for all participants. The normal cost is equal to the level funding cost for the year immediately following the valuation date for all active participants.

2. Amortization Method

The unfunded actuarial accrued liability is amortized as a level dollar amount over a period of up to 30 years.

3. Asset Method

The actuarial value of assets is equal to the prior year's actuarial value of assets adjusted for contributions, benefit payments, and expenses and further adjusted by the average return on the market value of assets for the preceding four years; the actuarial value of assets is restricted to 80% to 120% of the market value.

4. Interest (or Discount) Rate

7.75% per annum

5. Salary Increases

Plan compensation is assumed to increase at the rate of 4.75% per annum, unless actual plan compensation is known for a prior plan year.

6. Decrements

• Pre-retirement mortality:	Sex-distinct rates set forth in the RP-2000 Mortality Table for non-annuitants
• Post-retirement mortality:	Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants
• Disability:	Sex-distinct rates set forth in the Wyatt 1985 Disability Study (Class 1); No disabilities are assumed to be service-related.
• Termination:	Sex-distinct rates set forth in the Scale 155 Table

Summary of Actuarial Methods and Assumptions — Table V-A

(continued)

- Retirement: Retirement is assumed to occur upon the attainment of age 62 with at least five years of service, except that those participants who have attained their normal retirement age as of the valuation date are assumed to retire one year after the valuation date. Alternatively, participants who have earned at least 35 years of service are assumed to retire at the rate of 5.00% per annum and participants who have attained age 55 with between 10 years of service and 35 years of service are assumed to retire at the rate of 2.50% per annum.

7. Form of Payment

Future retirees have been assumed to select the 10-year certain and life annuity.

8. Beneficiary Age and Gender

Where beneficiary information is unavailable, beneficiaries have been assumed to be of the opposite gender of the participant, with males assumed to be three years older than females.

9. Expenses

Administrative expenses are assumed to be 1.75% of future payroll. In addition, the interest rate set forth in item 4. above is assumed to be net of investment expenses and commissions.

Changes in Actuarial Methods and Assumptions — Table V-B

The following assumption has been changed from those used to complete the previous valuation:

The amortization payment towards the unfunded liability was changed from a level percentage of payroll to a level dollar amount. This change was made to comply with the requirements of Chapter 112, Florida Statutes, which only allows amortization as a level percentage of payroll to the extent that the assumed growth in total payroll is less than or equal to the actual annual growth in total payroll over the past 10 years. Because total payroll has declined during the past five years (information was not available for the period prior to October 1, 2005), a level percentage of payroll amortization is no longer allowed.

Summary of Plan Provisions

Table VI-A

1. Benefit Formula

3% of Average Monthly Earnings multiplied by Credited Service earned prior to October 1, 2010 or after September 30, 2013 plus 2% of Average Monthly Earnings multiplied by Credited Service earned during the period October 1, 2010 through September 30, 2013 (§46-33(b)(1))

2. Service Retirement

Normal retirement:	Age 62 with at least five years of participation (§46-33(a)(1))
Early retirement:	Any age with at least 35 years of credited service; or Age 55 with at least 10 years of credited service (§46-33(a)(2))

(Note: In the case of early retirement, the participant's benefit is reduced by $^1/_{15}$ for each of the first five years plus $^1/_{30}$ for each of the next five years by which the participant's early retirement age precedes his normal retirement age.) (§46-33(b)(2))

3. Disability Retirement

Service-based disability:	Participant must be disabled during the course of his employment with the City. (§46-33(c)(1))
Non-service disability:	Participant must have earned at least 10 years of credited service. (§46-33(c)(1))

The disability benefit is a monthly life annuity equal to the larger of the monthly accrued benefit or either 42% of average monthly earnings (for service-based disability) or 25% of average monthly earnings (for non-service disability), but offset as necessary to preclude the total of the participant's worker's compensation, disability benefit, and other City-financed disability or salary continuation benefit (excluding social security benefits) from exceeding his average monthly earnings. A partial month's payment is made to cover the period between the date of the Board's approval and the end of the month.
(§46-33(c)(4),(5),&(6))

(A participant is disabled if he is found to be mentally or physically incapacitated so as to be wholly unable to properly perform his duties as an employee of the City and is likely to remain so disabled continuously and permanently. However, a participant will not be eligible for a disability benefit if his disability is caused by excessive and habitual use of drugs, intoxicants, or narcotics; by injury or disease sustained while serving in the armed forces; by injury or disease sustained while willfully and illegally participating in fights, riots, or civil insurrections, or while committing a crime; by injury or disease sustained after termination of employment; or by a self-inflicted injury.) (§§46-33(c)(1)&(2))

Summary of Plan Provisions

Table VI-A

(continued)

4. Deferred Vested Retirement

A vested participant who terminates employment before becoming eligible for retirement receives a deferred vested retirement benefit payable at the participant's early or normal retirement age. If the benefit is payable prior to normal retirement age, then the benefit is actuarially reduced to account for the earlier commencement of the benefit. (§46-33(e)(1))

A non-vested participant who terminates employment receives his accumulated contributions. (§46-33(e)(2))

5. Vesting

A participant becomes 100% vested upon the attainment of five years of credited service. For this purpose, service includes service earned under the City of Satellite Beach Police Officers' and Firefighters' Retirement System. (§46-33(e)(1))

6. Pre-Retirement Death Benefit

If a vested participant dies prior to retirement, the participant's beneficiary receives a 10-year certain annuity equal to the participant's monthly accrued benefit payable beginning at the participant's early or normal retirement age. At the beneficiary's election and upon approval by the Board of Trustees, an actuarially equivalent benefit is payable at any time following the participant's death. In any event, the pre-retirement death benefit guarantees at least the return of the participant's accumulated contributions. (§46-33(d))

If a non-vested participant dies prior to retirement, the participant's beneficiary receives the participant's accumulated contributions. (§46-33(d)(1))

7. Form of Payment

Actuarially increased single life annuity *(optional)*;

10-year certain and life annuity *(normal form of payment)*;

Actuarially reduced 50% joint and contingent annuity with a relative as the joint annuitant *(optional)*;

Actuarially reduced 66⅔% joint and contingent annuity with a relative as the joint annuitant *(optional)*;

Actuarially reduced 75% joint and contingent annuity with a relative as the joint annuitant *(optional)*;

Summary of Plan Provisions

Table VI-A

(continued)

Actuarially reduced 100% joint and contingent annuity with a relative as the joint annuitant *(optional)*; or

Any other actuarially equivalent form of payment approved by the Board of Trustees *(optional)*

(Note: All forms of payment guarantee at least the return of the participant's accumulated contributions.)

(§46-33(b)(1), §46-34, & §46-35(a)(2))

8. Average Monthly Earnings

Average monthly earnings during the highest consecutive three years out of the 10 years immediately preceding the determination. Earnings include base pay, commissions, bonuses, maintenance pay, and overtime pay, but exclude accrued sick leave and vacation pay. Earnings cannot exceed the maximum amount allowed under IRC section 401(a)(17). (§46-31)

9. Credited Service

The service, expressed in years and completed months, from the participant's date of hire until his date of termination, retirement, or death, excluding periods during which the participant does not make the required employee contribution. Participants may also purchase up to five years of credited service for previous employment with any federal, state, county, or city government, including military service, by paying into the plan the full actuarial cost thereof, provided that no other retirement benefit is paid for such service. Payment for purchased service must be made within a period of time equal to the length of service being purchased. Where part-time service is purchased, the additional credited service granted is pro-rated accordingly.
(§46-31 & §46-42(b))

10. Employee Contribution

Employees must contribute 8.00% of earnings and such contributions are accumulated with interest at the rate of 5.50% per annum. (§46-31)

11. City Contribution

The City is required to make quarterly contributions as determined in the most recent actuarial valuation of the retirement system. (§46-35(b))

Summary of Plan Provisions

Table VI-A

(continued)

12. Deferred Retirement Option Plan (DROP)

A DROP is available to those participants who are at least age 57 and who have attained their early or normal retirement age, whereby the participant's monthly retirement benefit is accumulated on his behalf in a DROP account while he continues in active employment with the City. Individuals may participate in the DROP for a period of 12 to 60 months and neither earn additional benefits nor make the required employee contribution during the period of their DROP participation. DROP participants are considered to be retired for all other purposes under the plan and are not eligible for disability or pre-retirement death benefits. DROP accounts earn interest equal to the investment return realized by the market value of assets minus a 0.1875% quarterly administrative charge. (§46-41)

13. Participant Requirement

Only those individuals who were participants in the plan as of September 30, 1996 are eligible to continue their participation after that date. However, the City Manager was allowed to enter the plan on July 31, 2005 by contributing 50.1% of the cost of his past service credit. (§46-32(a) & §46-42(a))

14. Actuarial Equivalence

Based on 8.00% interest per annum and the 1984 Uninsured Pensioner Mortality Table (§46-31)

15. Retiree Increases

Retirement benefits in payment status on October 1, 1997 were increased by 1.00%. (§46-33(b)(3))

16. Plan Effective Date

The plan was originally effective on May 22, 1973.

Summary of Plan Amendments

Table VI-B

Since the completion of the previous valuation, the following plan change has been adopted:

The benefit formula multiplier was decreased from 3% to 2% for service earned during the period October 1, 2010 through September 30, 2013. (Ordinance No. 1034)