City of Satellite Beach
Police Officers' and Firefighters' Retirement System

Actuarial Valuation
As of October 1, 2011

Determines the Contribution
For the 2012/13 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
Table III-G	Allowable Chapter 175/185 Contribution	III-7
Table III-H	Historical Chapter 175/185 Contributions	III-8
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 10, 2012

Introduction

This report presents the revised results of the October 1, 2011 actuarial valuation of the City of Satellite Beach Police Officers' and Firefighters' 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, 2011 and to determine the minimum required contribution under Chapter 112, Florida Statutes, for the 2012/13 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 2012/13 plan year. The minimum required contribution rate is 36.86% of covered payroll, which represents an increase of 0.83% 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 3.06% of payroll due to investment losses, decreased by 4.30% due to demographic gains, increased by 1.79% due to the plan amendment that is described below, and increased by another 0.28% due to the amortization method change described below. Although the market value of assets earned 0.92% during the 2010/11 plan year, the actuarial value of assets is based on a four-year average of the market value returns. On this basis, the actuarial value of assets lost

0.44% during the 2010/11 plan year, whereas a 7.75% annual investment return was required to maintain a stable contribution rate. The demographic gain occurred primarily because plan compensation decreased by an average of 2.72% from the previous valuation.

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 2012/13 minimum required contribution will be equal to 36.86% multiplied by the total pensionable earnings for the 2012/13 fiscal year for the active employees who are covered by the plan and reduced by the portion of the Chapter 175/185 contribution that is allowed to be recognized during the 2012/13 plan year. As of the date of this report, the allowable portion of the Chapter 175/185 contribution is $170,774 per year. However, this amount is subject to change depending on the amount of the Chapter 175/185 contribution for the 2012/13 plan year and whether additional qualifying benefit improvements have been adopted at that time.

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 $18,479,114. As illustrated in Table I-A, current assets are sufficient to cover $10,103,821 of this amount, the employer's 2011/12 expected contribution will cover $738,182 of this amount, the employer's 2012/13 expected contribution will cover $766,605 of this amount, and future employee contributions are expected to cover $1,303,363 of this amount, leaving $5,567,143 to be covered by future employer funding beyond the 2012/13 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, 2011, the advance employer contribution is $171,951, which reflects the balance as of October 1, 2010 plus the difference between the minimum required contribution for the 2010/11 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 2011/12 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, 2011 would reduce the minimum required contribution for the 2012/13 plan year to 36.21% of payroll.

Excess Chapter 175/185 Contributions

As of October 1, 2011, the plan has accumulated excess Chapter 175/185 contributions of $108,535 as shown in Table III-F. This amount is equal to the accumulated excess Chapter 175/185 contribution balance as of October 1, 2010 since all of the 2010/11 distribution was allowed to be used to offset the City's minimum required contribution. The total Chapter 175/185 distribution received during the 2010/11 plan year was $163,393, which consisted of a $63,479 regular Chapter 175 distribution, a $22,142 supplemental Chapter 175 distribution, and a $77,772 Chapter 185 distribution. The accumulated excess Chapter 175/185 contributions cannot be used to pay for the current plan of benefits. Instead, the excess contributions may only be used to pay for qualifying benefit improvements in excess of the Chapter 175/185 minimum benefits. Tables III-G and III-H provide a history of the Chapter 175/185 contributions and the portion that is allowed to be recognized.

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. We recommend a 10-year amortization period for amortization components that arise after October 1, 2008. However, it is our understanding that the Board of Trustees has adopted a 30-year amortization period for this purpose and this report reflects the Board's decision. Table I-I shows the various components of the unfunded liability and the respective funding period for each component.

In addition, we have reduced the assumed increase in total payroll from 1.75% per year to 1.50% per year for purposes of amortizing the unfunded liability. 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 only grown an average of 1.63% during the past six years (information was not available for the period prior to October 1, 2005), a 1.75% level percentage of payroll amortization is no longer allowed. This change increased the amortization payment towards the unfunded liability by $15,261 and increased the minimum required contribution by 0.28% of payroll.

Plan Amendment and Corresponding Assumption Change

Since the completion of the previous valuation, the plan has been amended to comply with a change in Florida State law that requires plans to limit the inclusion of accrued leave to the number of hours that were accumulated by each participant as of June 30, 2011. Prior to October 1, 2011, we assumed that each participant would receive additional plan compensation upon termination of employment equivalent to 600 hours of accrued leave. On and after October 1, 2011, we have assumed that each participant will receive additional plan compensation upon termination of employment equivalent to the number of hours of accrued leave that he had accumulated as of June 30, 2011. Because on average participants have accrued more than 600 hours of accrued leave as of June 30, 2011, this plan

amendment and corresponding assumption change increased the projected benefit liability by $385,205 and increased the minimum required contribution by 1.79% of payroll.

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, 2011 through September 30, 2012. 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, 2011, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

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,

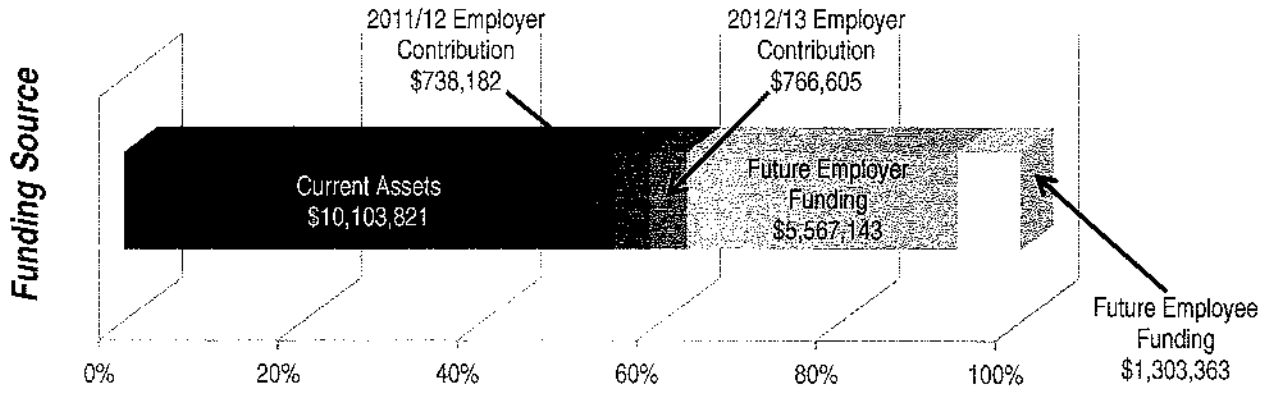
Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

Enrolled Actuary No. 11-04927

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 2012/13 Plan Year
Entry Age Normal Cost for the 2011/12 Plan Year	$533,249
Unfunded Liability Amortization Payment for the 2011/12 Plan Year	$334,916
Expense Allowance for the 2011/12 Plan Year	$25,610
Expected Employee Contribution for the 2011/12 Plan Year	($163,904)
	$729,871
Adjustment to Reflect End-of-Quarter Employer Contributions	$34,690
Expected Employer Contribution for the 2011/12 Plan Year	($738,182)
Remaining Contribution Due/(Credit) for the 2011/12 Plan Year	$26,379
	x 0.0775
One Year's Interest Charge/(Credit) on the Remaining Contribution	$2,044
Preliminary Employer Contribution for the 2012/13 Plan Year	$766,605
Expected Payroll for the 2012/13 Plan Year	*÷ $2,079,530*
Minimum Required Contribution Rate	**36.86%**

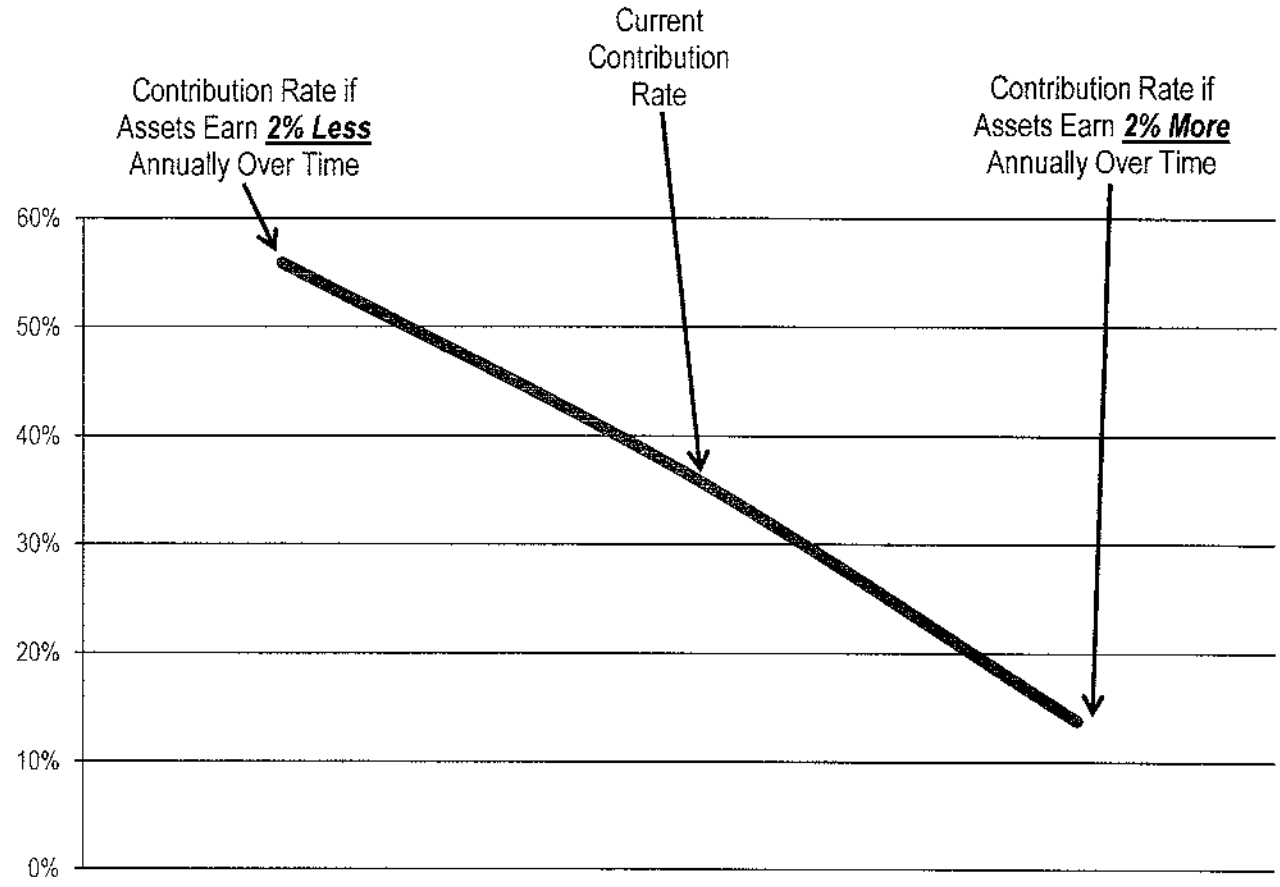
(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the year.)

Additional Disclosures

Present Value of Future Compensation	$15,816,578
Present Value of Future Employer Contributions	$7,071,930
Present Value of Future Employee Contributions	$1,303,363

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	36.03%
Increase (decrease) due to investment gains and losses	3.06%
Increase (decrease) due to demographic experience	-4.30%
Increase (decrease) due to plan amendments	1.79%
Increase (decrease) due to actuarial assumption changes	0.00%
Increase (decrease) due to actuarial method changes	0.28%
Current minimum required contribution rate	36.86%

Source of Change in the Unfunded Liability

Previous unfunded liability	$4,049,571
Increase due to interest	$291,169
Decrease due to amortization payments	($292,557)
Increase (decrease) due to plan experience	$54,064
Increase (decrease) due to plan amendments	$385,205
Increase (decrease) due to actuarial assumption changes	$0
Increase (decrease) due to actuarial method changes	$0
Current unfunded liability	$4,487,452

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	$9,224,868	$9,593,518	$9,593,518
Termination benefits	$444,251	$451,999	$451,999
Disability benefits	$1,064,556	$1,089,364	$1,089,364
Death benefits	$42,064	$43,668	$43,668
Refund of employee contributions	$13,270	$13,270	$13,270
Sub-total	**$10,789,009**	**$11,191,819**	**$11,191,819**
Deferred Vested Participants			
Retirement benefits	$406,211	$406,211	$406,211
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$406,211**	**$406,211**	**$406,211**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$3,386,189	$3,386,189	$3,386,189
Disability retirements	$1,932,071	$1,932,071	$1,932,071
Beneficiaries receiving	$122,403	$122,403	$122,403
DROP participants	$1,242,714	$1,242,714	$1,242,714
Sub-total	**$6,683,377**	**$6,683,377**	**$6,683,377**
Grand Total	**$17,878,597**	**$18,281,407**	**$18,281,407**
Present Value of Future Payroll	$15,816,578	$15,816,578	$15,816,578
Present Value of Future Employee Contribs.	$1,303,363	$1,303,363	$1,303,363
Present Value of Future Employer Contribs.	$6,669,120	$7,071,930	$7,071,930

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	$3,918,790	$4,149,213	$4,149,213
Termination benefits	$242,337	$252,035	$252,035
Disability benefits	$724,780	$739,043	$739,043
Death benefits	$22,326	$23,682	$23,682
Refund of employee contributions	$8,498	$8,498	$8,498
Sub-total	**$4,916,731**	**$5,172,471**	**$5,172,471**
Deferred Vested Participants			
Retirement benefits	$406,211	$406,211	$406,211
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$406,211**	**$406,211**	**$406,211**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$3,386,189	$3,386,189	$3,386,189
Disability retirements	$1,932,071	$1,932,071	$1,932,071
Beneficiaries receiving	$122,403	$122,403	$122,403
DROP participants	$1,242,714	$1,242,714	$1,242,714
Sub-total	**$6,683,377**	**$6,683,377**	**$6,683,377**
Grand Total	**$12,006,319**	**$12,262,059**	**$12,262,059**

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	$3,883,317	$4,116,011	$4,116,011
Termination benefits	$225,429	$236,044	$236,044
Disability benefits	$724,780	$739,043	$739,043
Death benefits	$21,534	$22,922	$22,922
Refund of employee contributions	$20,174	$20,174	$20,174
Sub-total	**$4,875,234**	**$5,134,194**	**$5,134,194**
Deferred Vested Participants			
Retirement benefits	$406,211	$406,211	$406,211
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$406,211**	**$406,211**	**$406,211**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$3,386,189	$3,386,189	$3,386,189
Disability retirements	$1,932,071	$1,932,071	$1,932,071
Beneficiaries receiving	$122,403	$122,403	$122,403
DROP participants	$1,242,714	$1,242,714	$1,242,714
Sub-total	**$6,683,377**	**$6,683,377**	**$6,683,377**
Grand Total	**$11,964,822**	**$12,223,782**	**$12,223,782**

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	$6,041,243	$6,385,088	$6,385,088
Termination benefits	$302,367	$312,997	$312,997
Disability benefits	$734,326	$763,424	$763,424
Death benefits	$29,387	$31,019	$31,019
Refund of employee contributions	$9,157	$9,157	$9,157
Sub-total	**$7,116,480**	**$7,501,685**	**$7,501,685**
Deferred Vested Participants			
Retirement benefits	$406,211	$406,211	$406,211
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$406,211**	**$406,211**	**$406,211**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$3,386,189	$3,386,189	$3,386,189
Disability retirements	$1,932,071	$1,932,071	$1,932,071
Beneficiaries receiving	$122,403	$122,403	$122,403
DROP participants	$1,242,714	$1,242,714	$1,242,714
Sub-total	**$6,683,377**	**$6,683,377**	**$6,683,377**
Grand Total	**$14,206,068**	**$14,591,273**	**$14,591,273**
less Actuarial Value of Assets	*($10,103,821)*	*($10,103,821)*	*($10,103,821)*
Unfunded Accrued Liability	**$4,102,247**	**$4,487,452**	**$4,487,452**

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	$432,358	$439,363	$439,363
Termination benefits	$25,901	$25,704	$25,704
Disability benefits	$64,406	$63,768	$63,768
Death benefits	$1,965	$1,992	$1,992
Refund of employee contributions	$2,422	$2,422	$2,422
Sub-total	**$527,052**	**$533,249**	**$533,249**
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	**$527,052**	**$533,249**	**$533,249**

Unfunded Liability Bases

Table I-I

Description	Original Amount	Outstanding Balance	Amortization Payment	Years Rem.
	Total	***$4,487,452***	***$334,916***	
Initial Unfunded Liability	$2,458,670	$2,514,185	$195,227	23
11/2004 Amendment	$402,499	$448,580	$34,161	24
2004/05 Experience Loss	$224,223	$249,896	$19,031	24
10/1/2005 Assumption Change	($497,315)	($554,252)	($42,209)	24
2005/06 Experience Gain	($200,230)	($220,132)	($16,465)	25
2006/07 Experience Gain	($208,490)	($236,102)	($17,368)	26
2007/08 Experience Loss	$393,490	$436,706	$31,633	27
2008/09 Experience Loss	$335,935	$322,525	$23,030	28
10/1/2009 Assumption Change	$806,677	$774,475	$55,301	28
2009/10 Experience Loss	$310,935	$312,302	$22,005	29
2010/11 Experience Loss	$54,064	$54,064	$3,762	30
7/1/2011 Amendment	$385,205	$385,205	$26,808	30

GASB 25/27 Results

Table II-A

Development of the Net Pension Obligation (Asset)

Net Pension Obligation (Asset) as of October 1, 2010	($69,654)
Annual Pension Cost for the 2010/11 Plan Year	$742,302
Employer Contributions for the 2010/11 Plan Year	($652,228)
Net Increase (Decrease) in NPO	$90,074
Net Pension Obligation (Asset) as of October 1, 2011	**$20,420**

	For the 2011/12 Plan Year
Development of the Annual Required Contribution (ARC)	
Normal Cost	$394,955
Amortization of the UAAL	$333,495
Amortization of the Net Pension Obligation (Asset)	$1,421
Interest Adjustment	$34,690
Annual Required Contribution (ARC)	**$764,561**
Development of the Annual Pension Cost (APC)	
Annual Required Contribution (ARC)	$764,561
Interest on the Net Pension Obligation (Asset)	$1,583
Adjustment to the ARC	($1,421)
Annual Pension Cost (APC)	**$764,723**

GASB 25/27 Disclosures

Table II-B

Schedule of Employer Contributions

Year Ended September 30	Annual Required Contribution	% Contrib.	Annual Pension Cost	% Contrib.
2006	$411,213	100%	$411,213	100%
2007	$428,082	100%	$428,082	100%
2008	$470,284	100%	$470,284	100%
2009	$470,040	96%	$470,040	96%
2010	$536,483	109%	$535,868	109%
2011	$742,974	88%	$742,302	88%

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, 2006	$7,275,600	$9,672,616	$2,397,016	75.22%	$1,913,857	125.25%
October 1, 2007	$8,060,797	$10,284,753	$2,223,956	78.38%	$1,941,552	114.55%
October 1, 2008	$8,687,759	$11,212,042	$2,524,283	77.49%	$2,181,995	115.69%
October 1, 2009	$9,018,455	$12,754,341	$3,735,886	70.71%	$2,078,591	179.73%
October 1, 2010	$9,659,594	$13,709,165	$4,049,571	70.46%	$2,043,402	198.18%
October 1, 2011	$10,103,821	$14,591,273	$4,487,452	69.25%	$2,048,798	219.03%

Additional Information

Valuation Date ***October 1, 2011***

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

Amortization Method ***Level percentage, closed***

Remaining Amortization Period ***30 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, 2010	As of October 1, 2011
Vested Benefits		
Participants currently receiving benefits	$6,983,001	$6,683,377
Other participants	$4,594,790	$5,540,405
Sub-total	$11,577,791	$12,223,782
Non-Vested Benefits	$36,979	$38,277
Total Benefits	**$11,614,770**	**$12,262,059**
Funded Percentage (based on the market value of assets)	72.61%	71.82%

Statement of Change in Actuarial Present Value of Accrued Benefits

Actuarial Present Value as of October 1, 2010	**$11,614,770**
Increase (Decrease) Due To:	
Interest	$900,145
Benefits accumulated	($14,398)
Benefits paid	($494,198)
Plan amendments	$255,740
Changes in actuarial methods and assumptions	$0
Net increase (decrease)	**$647,289**
Actuarial Present Value as of October 1, 2011	**$12,262,059**

Actuarial Value of Assets

Table III-A

Market Value Rate of Return		
For the 2007/08 plan year	*-12.64%*	*Average return for the preceding four years*
For the 2008/09 plan year	*2.32%*	*-0.42%*
For the 2009/10 plan year	*8.99%*	
For the 2010/11 plan year	*0.92%*	

Actuarial Value of Assets as of October 1, 2010	$9,659,594
Plus contributions for the 2010/11 plan year	$981,290 *
Minus benefit payments and administrative expenses for the 2010/11 plan year	($524,144)
Minus DROP account credits	$194,612
Minus advance employer contribution	($165,647)
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	($41,884)
Actuarial Value of Assets as of October 1, 2011	**$10,103,821**

Historical Actuarial Value of Assets

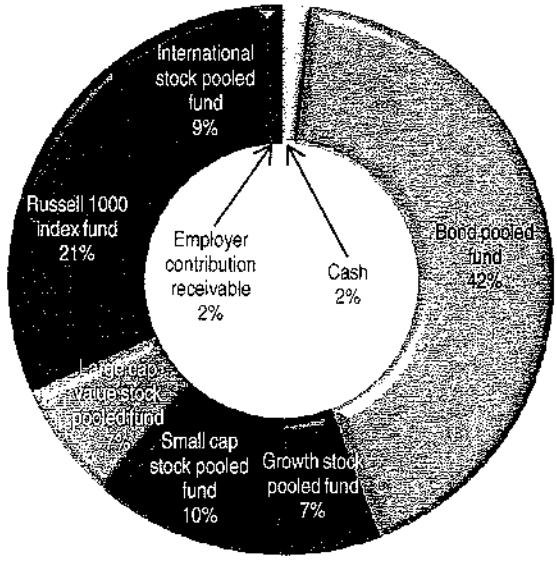
October 1, 2002	N/A
October 1, 2003	N/A
October 1, 2004	N/A
October 1, 2005	$6,307,516
October 1, 2006	$7,275,600
October 1, 2007	$8,060,797
October 1, 2008	$8,687,759
October 1, 2009	$9,018,455
October 1, 2010	$9,659,594
October 1, 2011	$10,103,821

* Adjusted to reflect an employee contribution receivable from two employees for the purchase of prior service credit; the receivable balance was $39,712 as of October 1, 2010 and was $38,035 as of October 1, 2011.

Market Value of Assets

Table III-B

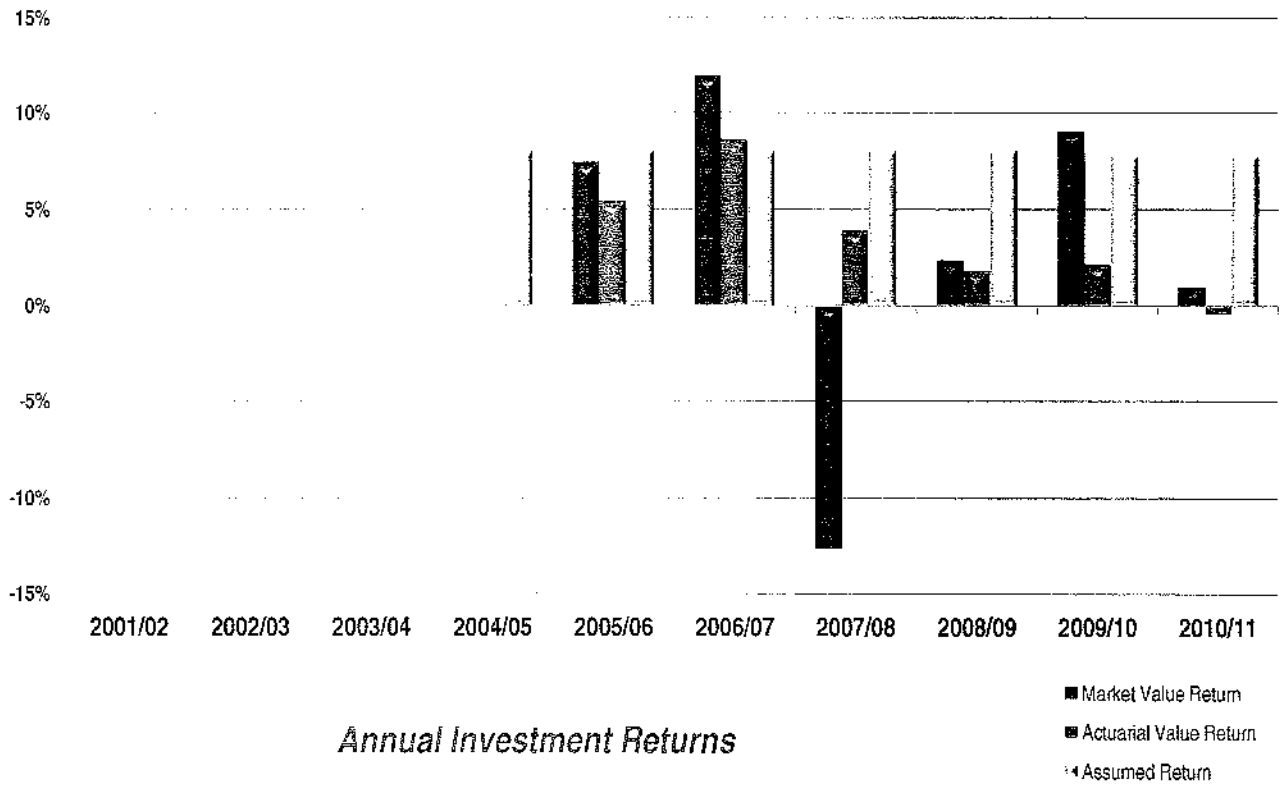
	As of October 1, 2011
Market Value of Assets	**$9,107,800**
Cash	$161,160
Bond pooled fund	$3,858,898
Growth stock pooled fund	$626,735
Small cap stock pooled fund	$922,196
Large cap value stock pooled fund	$653,595
Russell 1000 index fund	$1,933,926
International stock pooled fund	$796,849
Employer contribution receivable	$154,441



Historical Market Value of Assets	
October 1, 2002	N/A
October 1, 2003	N/A
October 1, 2004	N/A
October 1, 2005	$6,166,798
October 1, 2006	$7,159,831
October 1, 2007	$8,369,047
October 1, 2008	$7,733,161
October 1, 2009	$8,291,005
October 1, 2010	$8,928,751
October 1, 2011	$9,107,800

Investment Return

Table III-C



Annual Investment Returns

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2001/02	N/A	N/A	N/A
2002/03	N/A	N/A	N/A
2003/04	N/A	N/A	N/A
2004/05	N/A	N/A	8.00%
2005/06	7.41%	5.41%	8.00%
2006/07	11.91%	8.53%	8.00%
2007/08	-12.64%	3.90%	8.00%
2008/09	2.32%	1.80%	8.00%
2009/10	8.99%	2.17%	7.75%
2010/11	0.92%	-0.44%	7.75%

Asset Reconciliation

Table III-D

	Market Value	Actuarial Value
As of October 1, 2010	**$8,928,751**	**$9,659,594**
Increases Due To:		
Employer Contributions	$654,482	$654,482
Chapter 175/185 Contributions	$163,393	$163,393
Employee Contributions	$160,499	$158,944
Service Purchase Contributions	$4,593	$4,593
Total Contributions	$982,967	$981,412
Interest and Dividends	$0	
Realized Gains (Losses)	$0	
Unrealized Gains (Losses)	$82,578	
Total Investment Income	$82,578	($42,006)
Other Income	$353	
Total Income	**$1,065,898**	**$939,406**
Decreases Due To:		
Monthly Benefit Payments	($492,323)	($492,323)
Refund of Employee Contributions	($1,875)	($1,875)
DROP Benefit Payments / Credits	($362,705)	$194,612
Total Benefit Payments	($856,903)	($299,586)
Investment Expenses	$0	
Administrative Expenses	($29,946)	($29,946)
Advance Employer Contribution		($165,647)
Excess Chapter 175/185 Contribution		$0
Total Expenses	**($886,849)**	**($495,179)**
As of October 1, 2011	**$9,107,800**	**$10,103,821**

Historical Trust Fund Detail

Table III-E

Income

Plan Year	Employer Contribs.	Chapter Contribs.	Employee Contribs.	Service Purchase Contribs.	Interest / Dividends	Realized Gains / Losses	Unrealized Gains / Losses	Other Income
2001/02	N/A	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	N/A
2003/04	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004/05	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2005/06	$310,379	$171,261	$155,008	$152,104	$0	$0	$475,820	$0
2006/07	$257,374	$184,831	$162,931	$7,640	$0	$0	$872,847	$0
2007/08	$302,622	$226,228	$169,488	$68,455	$0	$0	-$1,086,611	$0
2008/09	$282,091	$209,311	$175,934	$4,593	$0	$0	$183,618	$103
2009/10	$424,435	$166,029	$167,321	$4,593	$0	$0	$740,771	$0
2010/11	$654,482	$163,393	$160,499	$4,593	$0	$0	$82,578	$353

Expenses

Plan Year	Monthly Benefit Payments	Contrib. Refunds	Admin. Expenses	Invest. Expenses
2001/02	N/A	N/A	N/A	N/A
2002/03	N/A	N/A	N/A	N/A
2003/04	N/A	N/A	N/A	N/A
2004/05	N/A	N/A	N/A	N/A
2005/06	$249,159	$0	$22,380	$0
2006/07	$249,159	$3,422	$23,826	$0
2007/08	$249,159	$36,172	$30,737	$0
2008/09	$259,030	$13,514	$25,262	$0
2009/10	$429,220	$29,993	$31,483	$0
2010/11	$492,323	$1,875	$29,946	$0

Other Actuarial Adjustments

Plan Year	DROP Credits	Advance Employer Contribs.	Excess Chapter Contribs.
2001/02	N/A	N/A	N/A
2002/03	N/A	N/A	N/A
2003/04	N/A	N/A	N/A
2004/05	N/A	N/A	N/A
2005/06	$90,317	$0	-$183,592
2006/07	$164,667	$0	$14,057
2007/08	$88,501	$0	$55,454
2008/09	$162,753	$0	$38,537
2009/10	-$175,597	$6,304	$0
2010/11	-$194,612	$165,647	$0

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, 2010	$386,760
DROP Benefit Credits	$171,412
DROP Investment Credits	($3,319)
DROP Benefits Paid Out	($362,705)
Net DROP Credit	($194,612)
DROP Balance as of October 1, 2011	$192,148

Advance Employer Contribution

Advance Employer Contribution as of October 1, 2010	$6,304
Additional Employer Contribution	$817,875
Minimum Required Contribution	($652,228)
Net Increase in Advance Employer Contribution	$165,647
Advance Employer Contribution as of October 1, 2011	$171,951

Excess Chapter 175/185 Contribution

Excess Chapter 175/185 Contribution as of October 1, 2010	$108,535
Additional Chapter 175/185 Contribution	$163,393
Allowable Chapter 175/185 Contribution	($163,393)
Net Increase in Excess Chapter 175/185 Contribution	$0
Excess Chapter 175/185 Contribution as of October 1, 2011	$108,535

Allowable Chapter 175/185 Contribution

Table III-G

1997 Base Amounts

Chapter 175 Regular Distribution	$25,734
Chapter 175 Supplemental Distribution	$11,387
Chapter 185 Distribution	$60,892

Qualifying Benefit Improvements

Prior Ordinance	$4,318
Ordinance 890	$68,443

Historical Chapter 175/185 Contributions

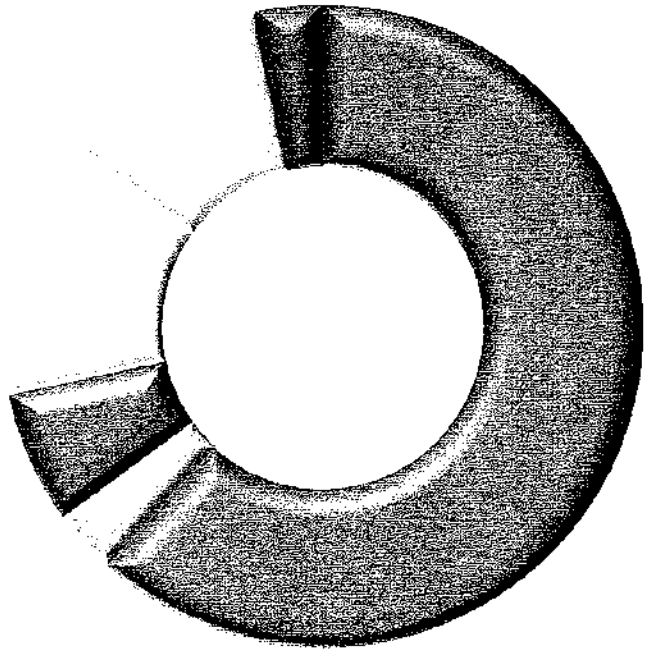
Table III-H

Total Accumulated Excess Chapter 175/185 Contribution **$108,535**

	Chapter 175 Regular Distribution	Chapter 175 Supplemental Distribution	Chapter 185 Distribution	Allowable Amount
1998 Distribution	$28,094	$0	$60,060	($97,181)
1999 Distribution	$33,941	$15,339	$56,457	($93,578)
2000 Distribution	$31,740	$19,366	$58,257	($95,378)
2001 Distribution	$37,929	$16,678	$67,811	($98,013)
2002 Distribution	$41,006	$21,026	$71,249	($98,013)
2003 Distribution	$43,820	$22,849	$82,900	($98,013)
2004 Distribution	$49,580	$26,317	$84,223	($104,387)
2005 Distribution	$57,269	$28,635	$85,357	($354,853)
2006 Distribution	$67,822	$31,885	$85,124	($170,774)
2007 Distribution	$83,675	$57,762	$84,791	($170,774)
2008 Distribution	$68,416	$65,678	$75,217	($170,774)
2009 Distribution	$68,791	$21,629	$75,609	($166,029)
2010 Distribution	$63,479	$22,142	$77,772	($163,393)

Summary of Participant Data

Table IV-A



Participant Distribution by Status

As of October 1, 2011

Actively Employed Participants	
Active Participants	37
DROP Participants	2
Inactive Participants	
Deferred Vested Participants	4
Due a Refund of Contributions	0
Deferred Beneficiaries	0
Participants Receiving a Benefit	
Service Retirements	8
Disability Retirements	7
Beneficiaries Receiving	2
Total Participants	**60**

Number of Participants Included in Prior Valuations

	Active	*DROP*	*Inactive*	*Retired*	*Total*
October 1, 2002	N/A	N/A	N/A	N/A	N/A
October 1, 2003	28	1	1	11	41
October 1, 2004	29	1	1	11	42
October 1, 2005	35	1	1	12	49
October 1, 2006	38	2	3	12	55
October 1, 2007	35	2	7	12	56
October 1, 2008	37	2	4	12	55
October 1, 2009	36	3	5	17	61
October 1, 2010	36	3	5	17	61
October 1, 2011	37	2	4	17	60

Data Reconciliation

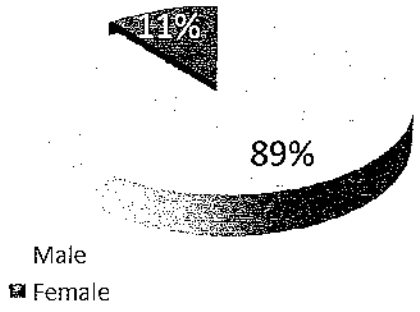
Table IV-B

	Active	DROP	Deferred Vested	Due a Refund	Def. Benef.	Service Retiree	Disabled Retiree	Benef. Rec'v.	Total
October 1, 2010	36	3	5	0	0	9	7	1	**61**
Change in Status									
Re-employed									
Terminated	(1)			1					
Retired									
Participation Ended									
Transferred Out		(1)				1			
Cashed Out				(1)					**(1)**
Died						(2)			**(2)**
Participation Began									
Newly Hired	1								**1**
Transferred In									
New Beneficiary								1	**1**
Other Adjustment									
October 1, 2011	37	2	4	0	0	8	7	2	**60**

Active Participant Data

Table IV-C

Gender Mix



As of October 1, 2011

Average Age	39.2 years
Average Service	8.7 years
Total Annualized Compensation for the Prior Year	$2,014,956
Total Expected Compensation for the Current Year	$2,048,798
Average Increase in Compensation for the Prior Year	-2.72%
Expected Increase in Compensation for the Current Year	4.75%
Accumulated Contributions for Active Employees	$1,811,233

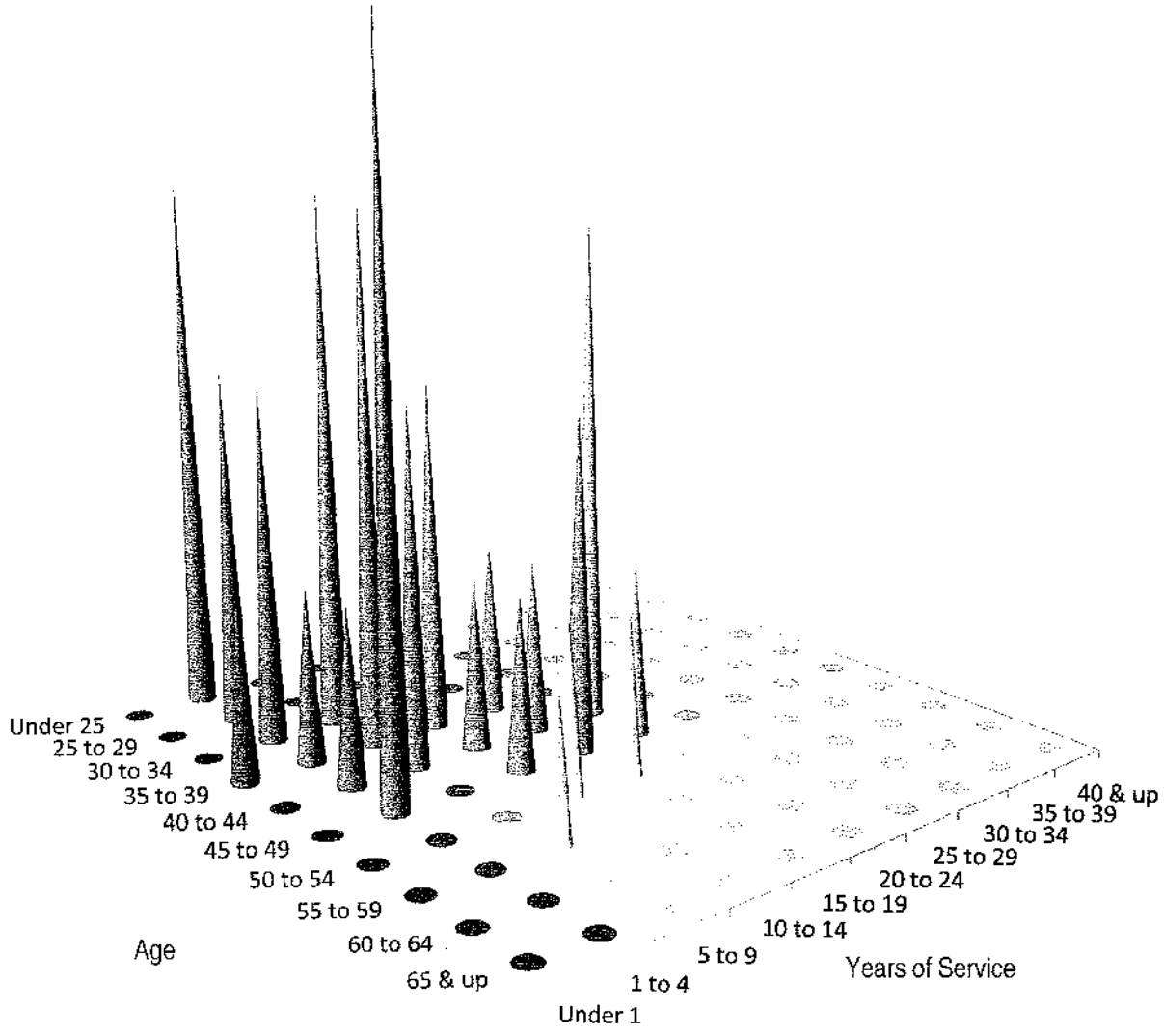
Actual vs. Expected Salary Increases

Active Participant Statistics From Prior Valuations

	Average Age	*Average Service*	*Average Salary*	*Average Expected Salary Increase*	*Average Actual Salary Increase*
October 1, 2002	38.6	10.1	$44,631	7.00%	8.20%
October 1, 2003	39.6	11.0	$47,640	7.00%	7.00%
October 1, 2004	40.2	11.6	$52,963	7.00%	10.60%
October 1, 2005	37.4	8.9	$50,337	7.00%	2.99%
October 1, 2006	37.5	8.0	$49,191	5.00%	5.83%
October 1, 2007	38.3	8.9	$54,686	5.00%	4.77%
October 1, 2008	39.9	9.5	$57,159	5.00%	7.42%
October 1, 2009	40.6	9.3	$55,114	5.00%	2.72%
October 1, 2010	37.9	7.8	$55,906	4.75%	5.32%
October 1, 2011	39.2	8.7	$54,458	4.75%	-2.72%

Active Age-Service Distribution

Table IV-D



△ *Eligible to retire*
△ *May be eligible to retire*
△ *Not eligible to retire*

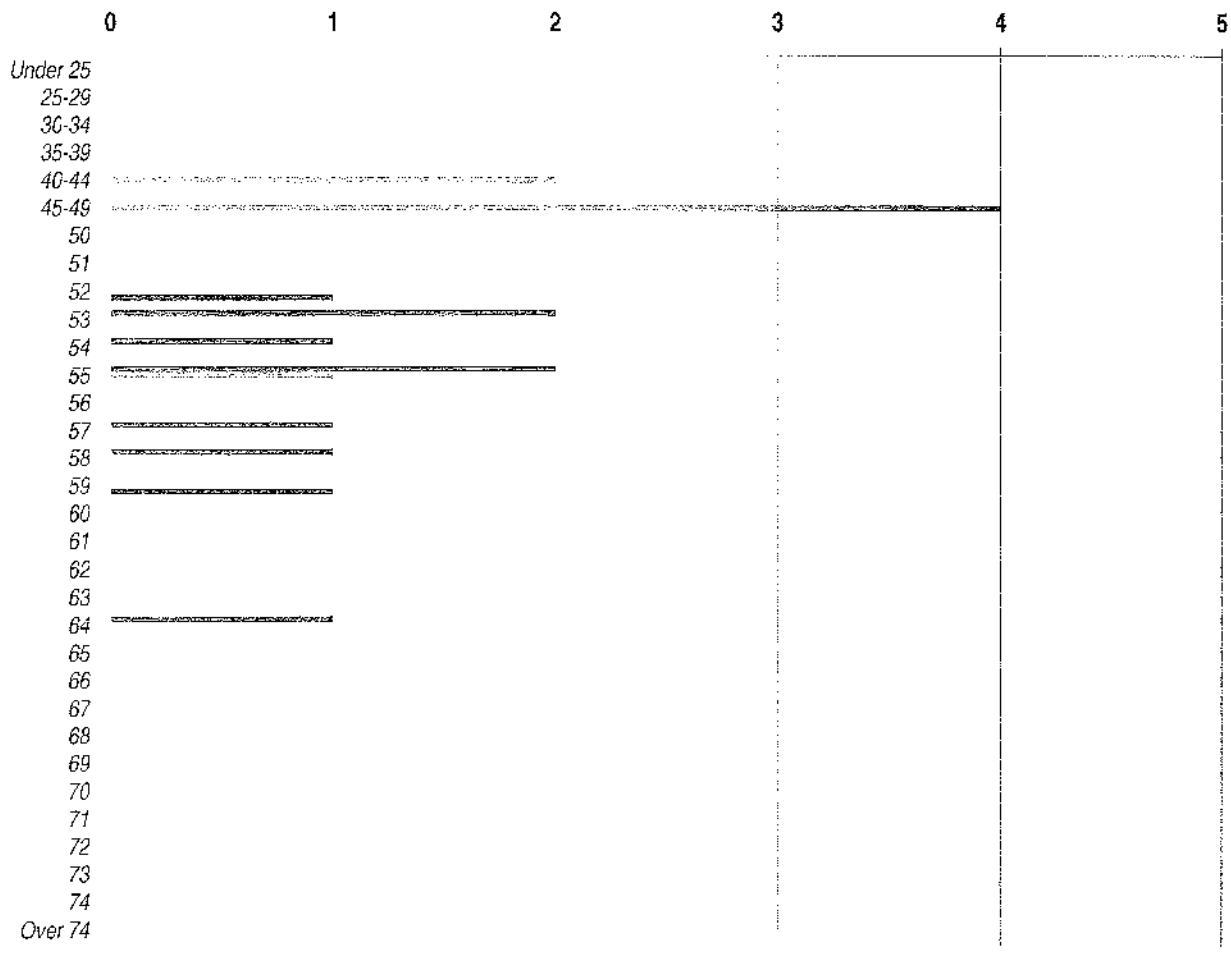
Active Age-Service-Salary Table

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	3	0	0	0	0	0	0	0	0	3
Avg.Pay	0	39,017	0	0	0	0	0	0	0	0	39,017
25 to 29	0	2	0	0	0	0	0	0	0	0	2
Avg.Pay	0	42,620	0	0	0	0	0	0	0	0	42,620
30 to 34	0	2	3	0	0	0	0	0	0	0	5
Avg.Pay	0	48,217	50,178	0	0	0	0	0	0	0	49,393
35 to 39	1	1	3	2	1	0	0	0	0	0	8
Avg.Pay	39,731	37,976	45,943	70,092	60,987	0	0	0	0	0	52,088
40 to 44	0	1	2	1	1	3	0	0	0	0	8
Avg.Pay	0	38,434	49,375	64,313	65,614	80,109	0	0	0	0	63,430
45 to 49	0	4	0	1	2	1	0	0	0	0	8
Avg.Pay	0	42,493	0	62,017	76,918	75,313	0	0	0	0	57,642
50 to 54	0	0	0	1	1	0	0	0	0	0	2
Avg.Pay	0	0	0	64,884	66,091	0	0	0	0	0	65,488
55 to 59	0	0	1	0	0	0	0	0	0	0	1
Avg.Pay	0	0	49,442	0	0	0	0	0	0	0	49,442
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	1	13	9	5	5	4	0	0	0	0	37
Avg.Pay	39,731	41,931	48,506	66,279	69,306	78,910	0	0	0	0	54,458

Inactive Participant Data

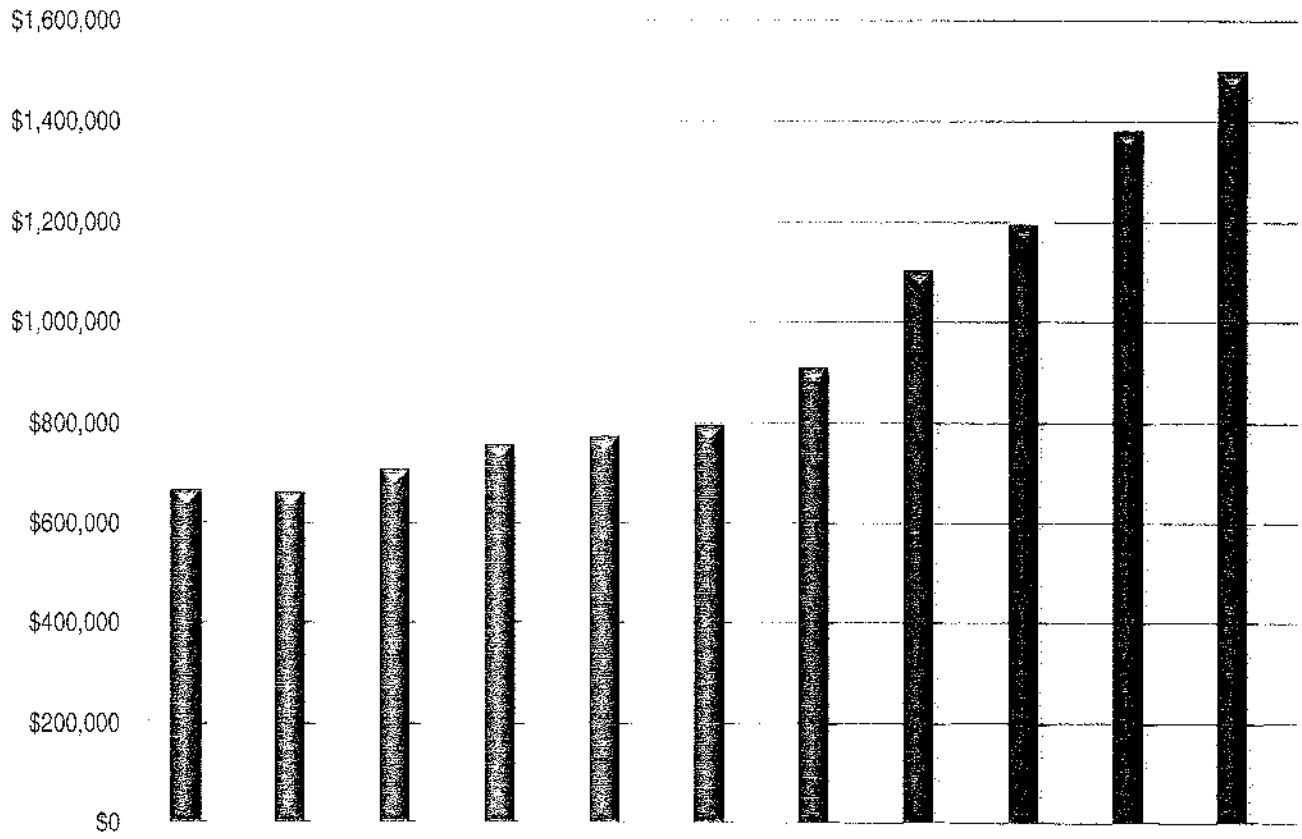
Table IV-F



	Average Monthly Benefit
Service Retirements	*$3,272.75*
Disability Retirements	*$2,171.19*
Beneficiaries Receiving	*$735.29*
DROP Participants	*$4,746.92*
Deferred Vested Participants	*$1,189.43*
Deferred Beneficiaries	*Not applicable*

Projected Benefit Payments

Table IV-G



Actual	
For the period October 1, 2010 through September 30, 2011	$665,610
Projected	
For the period October 1, 2011 through September 30, 2012	$663,274
For the period October 1, 2012 through September 30, 2013	$708,919
For the period October 1, 2013 through September 30, 2014	$758,678
For the period October 1, 2014 through September 30, 2015	$773,291
For the period October 1, 2015 through September 30, 2016	$796,290
For the period October 1, 2016 through September 30, 2017	$910,824
For the period October 1, 2017 through September 30, 2018	$1,102,848
For the period October 1, 2018 through September 30, 2019	$1,194,793
For the period October 1, 2019 through September 30, 2020	$1,380,834
For the period October 1, 2020 through September 30, 2021	$1,496,535

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 ends 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 percentage of payroll over a period of up to 30 years. For this purpose, payroll is assumed to increase at the rate of 1.50% per annum. *(Total payroll has increased at the rate of 1.63% per annum during the past six years. Information concerning total payroll increases prior to October 1, 2005 is not available.)*

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. In addition, average monthly earnings have been adjusted for each active participant to reflect the anticipated payment of the number of hours of accrued sick leave and annual leave that were accumulated as of June 30, 2011.

6. Decrements

- Pre-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for non-annuitants, projected to 2007 by Scale AA, as published by the IRS for purposes of IRC section 430

Summary of Actuarial Methods and Assumptions — Table V-A

(continued)

- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2007 by Scale AA, as published by the IRS for purposes of IRC section 430
- Disability: Sex-distinct rates set forth in the Wyatt 1985 Disability Study (Class 4); All disabilities are assumed to be service-related.
- Termination: Sex-distinct rates set forth in the Scale 155 Table
- Retirement: Retirement is assumed to occur upon the attainment of age 52 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 attained age 50 with at least 10 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 1.25% 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 assumptions and methods have been changed from those used to complete the previous valuation:

The assumed payroll growth for purposes of amortizing the unfunded liability was decreased from 1.75% per year to 1.50% per year. 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 only increased at the rate of 1.63% per year during the past six years (information was not available for the period prior to October 1, 2005), a 1.75% 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 (§46-58(b)(1))

2. **Service Retirement**

Normal retirement: Age 52 with at least five years of participation (§46-58(a)(1))

Early retirement: Age 50 with at least 10 years of credited service (§46-58(a)(2))

(Note: In the case of early retirement, the participant's benefit is reduced by 3% for each year by which the participant's early retirement age precedes his normal retirement age.) (§46-58(b)(2))

3. **Disability Retirement**

Service-based disability: Participant must be disabled during the course of his employment with the City. (§46-58(c)(1))

Non-service disability: Participant must have earned at least 10 years of credited service. (§46-58(c)(1))

The disability benefit is a monthly 10-year certain and 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.
(§46-58(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 a police officer or firefighter 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.) (§§46-58(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. (§46-58(e)(1))

A non-vested participant who terminates employment receives his accumulated contributions. (§46-58(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 General Employees' Retirement System. (§46-58(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. (§46-58(d))

If a non-vested participant dies prior to retirement, the participant's beneficiary receives the participant's accumulated contributions. (§46-58(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.)

(§46-58(b)(1), §46-59, & §46-60(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, overtime pay, payments for accrued sick leave, and vacation pay, although payment for accrued sick and annual leave are limited to the number of hours accumulated as of June 30, 2011 multiplied by the pay rate that is in effect at the time of employment termination. Earnings cannot exceed the maximum amount allowed under IRC section 401(a)(17). (§46-56)

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 benefit accrual purposes only for previous full-time employment as a police officer or full-time or volunteer employment as a firefighter 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. (§46-56 & §46-67)

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. (§46-56 & §46-60(a)(1))

11. City Contribution

The City is required to make quarterly contributions as determined in the most recent actuarial valuation of the retirement system. (§46-60(b))

Summary of Plan Provisions

Table VI-A

(continued)

12. Deferred Retirement Option Plan (DROP)

A DROP is available to those participants who have attained their 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 or the investment return realized by a stable return investment vehicle (as elected by the participant from time to time) minus a 0.1875% quarterly administrative charge. (§46-66)

13. Participant Requirement

All full-time firefighters and sworn police officers of the City of Satellite Beach, Florida, excluding civilian members of the fire and police departments and temporary and contract employees, are eligible to participate in the plan. (§46-57(a))

14. Actuarial Equivalence

Based on 8.00% interest per annum and the 1984 Uninsured Pensioner Mortality Table (§46-56)

15. Retiree Increases

Retirement benefits in payment status on October 1, 1997 were increased by 1.00%. (§46-58(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 definition of plan compensation has been amended to limit payments for accrued sick and annual leave to the number of hours accumulated as of June 30, 2011 multiplied by the pay rate in effect at the time of employment termination.