

CITY OF ORMOND BEACH
FIREFIGHTERS' PENSION TRUST FUND

ACTUARIAL VALUATION AND REPORT
AS OF OCTOBER 1, 2011

CONTRIBUTIONS APPLICABLE TO THE PLAN/
FISCAL YEAR ENDED SEPTEMBER 30, 2013



December 5, 2011

Board of Trustees
City of Ormond Beach
Firefighters' Pension Trust Fund
22 South Beach Street
Ormond Beach, FL 32174

Re: City of Ormond Beach
Firefighters' Pension Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Ormond Beach Firefighters' Pension Trust Fund. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112, and 175, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of Ormond Beach, financial reports prepared by the custodian bank, Salem Trust Company, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

Board of Trustees
December 5, 2011
Page Two

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Ormond Beach, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Ormond Beach Firefighters' Pension Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: 
Patrick T. Donlan, ASA, EA, MAAA
Enrolled Actuary #11-6595

PTD/rv

Enclosures

TABLE OF CONTENTS

Section	Title	Page
I	Introduction	
	a. Summary of Report	1
	b. Changes Since Prior Valuation	3
	c. Requirements of Chapter 112, Part VII, Florida Statutes	4
II	Valuation Information	
	a. Reconciliation of Unfunded Actuarial Accrued Liability	9
	b. Actuarial Assumptions and Funding Methods	10
	c. Valuation Notes	11
	d. Partial History of Premium Tax Refunds	13
	e. Excess State Monies Reserve	14
III	Trust Fund	15
IV	Member Statistics	
	a. Eligibility for Retirement	20
	b. Statistical Data	21
	c. Age and Service Distribution	22
	d. Member Reconciliation	23
V	Summary of Plan Provisions	24
VI	Governmental Accounting Standards Board Statements No. 25 and No. 27 Disclosure Information	28
VII	Senate Bill 1128 Compliance	31

SECTION I
INTRODUCTION

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Ormond Beach Firefighters' Pension Trust Fund, performed as of October 1, 2011, has been completed, and the results are presented in this Report. The results of this valuation are applicable to the plan/fiscal year ended September 30, 2013.

The contribution requirements developed in this valuation, compared with amounts developed in the December 4, 2011 Actuarial Impact Statement, determined as of October 1, 2010, are as follows:

Valuation Date Applicable Plan/Fiscal Year End	10/1/2010 <u>9/30/2012</u>	10/1/2011 <u>9/30/2013</u>
Total Required Contribution % of Total Annual Payroll	61.0%	69.0%
Member Contributions (Est.) % of Total Annual Payroll	8.4%	8.4%
City and State Required Contribution % of Total Annual Payroll	52.6%	60.6%
State Contribution * % of Total Annual Payroll	301,433 11.6%	301,433 11.6%
Balance from City ** % of Total Annual Payroll	41.0%	49.0%

* Represents the amount of State Monies received in calendar 2011.

** As requested by the Division of Pension, the required contribution from the combination of City and State sources for the year ending September 30, 2013, is 60.6% of the actual payroll realized in that year. As a budgeting tool, the City may contribute 49.0% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received. In addition to the above requirement, the City must also make an additional contribution of \$10,831.33 as a result of a shortfall in fiscal 2011 (see Page 19).

The Plan experienced a net loss during the last 12 months, relative to the

actuarial assumptions. The principal component of unfavorable experience was a -1.6% investment return (Actuarial Asset Basis) that was significantly less than the 7.5% assumption. This loss was partially offset by average increases in pensionable compensation that were less than the assumed rate by 1.6%.

For informational purposes, the City's funding requirement, when expressed as a percentage of payroll, including an estimate of the annual pay for the DROP participants, is approximately 46% for the fiscal year ending September 30, 2013. Similarly, the City's funding requirement for the 2012 fiscal year is approximately 38.5% when an estimate for the DROP payroll is included. It is important to note that these funding rates are for illustration purposes only. The City should budget based on the information provided on page 1.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Patrick T. Donlan, ASA, MAAA

By: 
Christine Laufer, MSTAT

Plan Changes Since Prior Valuation

As outlined in the ordinance, a prospective modification in the benefit accrual rate is required since the State contribution fell below \$364,512 during the calendar year ending September 30, 2011. The decrease in the benefit accrual rate is proportional to the decrease in State money. As a result, effective January 1, 2012, the benefit accrual rate is changed from 3.31% to 3.21% for all years of Credited Service after January 1, 2012.

Actuarial Assumption/Method Changes Since Prior Valuation

There have been no changes to the assumptions or methods since the prior valuation.

Comparative Summary of Principal Valuation Results

A. Participant Data	<u>10/1/2011</u>	<u>10/1/2010</u>
Number Included		
Actives	44	46
Service Retirees	29	29
Beneficiaries	0	0
Terminated Vested	2	0
Disability Retirees	2	2
DROP Members	2	0
 Total	 <u>79</u>	 <u>77</u>
 Total Annual Payroll	 \$2,589,753	 \$2,754,532
Payroll Under Assumed Ret. Age	2,589,753	2,754,532
 Annual Rate of Payments to:		
Service Retirees	1,349,182	1,349,182
Beneficiaries	0	0
Terminated Vested	46,369	0
Disability Retirees	32,970	32,970
DROP Members	138,651	0
 B. Assets		
Actuarial Value	16,810,159	17,237,944
Market Value	15,551,366	15,794,302
 C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	13,297,488	14,058,897
Disability Benefits	109,317	120,818
Death Benefits	66,013	73,226
Vested Benefits	1,461,520	1,497,807
Refund of Contributions	52,970	47,676
Service Retirees	15,354,905	15,546,066
Beneficiaries	0	0
Terminated Vested	320,171	0
Disability Retirees	332,234	337,527
DROP Members *	1,626,355	0
Excess State Monies Reserve	316,280	316,280
 Total	 <u>32,937,253</u>	 <u>31,998,297</u>

* Liabilities shown represent present value of future payments. Assets in item B., above do not include accumulated DROP Account Balances.

	<u>10/1/2011</u>	<u>10/1/2010</u>
C. Liabilities - (Continued)		
Present Value of Future Salaries	16,490,972	16,402,144
Present Value of Future Member Cont.	1,385,242	1,377,780
Normal Cost (Entry Age Normal)		
Retirement Benefits	599,765	643,063
Disability Benefits	3,480	3,432
Death Benefits	2,002	1,987
Vested Benefits	44,340	39,841
Refund of Contributions	3,063	2,385
Total Normal Cost	<u>652,650</u>	<u>690,708</u>
Present Value of Future Normal Costs	3,939,117	4,090,222
Actuarial Accrued Liability (Entry Age Normal)		
Retirement Benefits	9,788,958	10,357,225
Disability Benefits	82,447	95,442
Death Benefits	50,997	58,766
Vested Benefits	1,104,068	1,173,148
Refund of Contributions	21,721	23,620
Inactives plus state reserve	17,949,945	16,199,873
Total Actuarial Accrued Liability	<u>28,998,136</u>	<u>27,908,075</u>
Unfunded Actuarial Accrued Liability (UAAL)	12,187,977	10,670,131
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	17,633,665	15,883,593
Actives	5,095,963	5,090,953
Member Contributions	2,017,259	2,120,950
	<u>24,746,887</u>	<u>23,095,496</u>
Total	24,746,887	23,095,496
Non-vested Accrued Benefits	<u>282,467</u>	<u>471,395</u>
Total Present Value Accrued Benefits	25,029,354	23,566,891
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	1,192,769	
Benefits Paid	(1,443,685)	
Interest	1,713,379	
Other	0	
	<u>0</u>	
ve,		
Total:	1,462,463	

Valuation Date Applicable to Fiscal Year Ending	10/1/2011 <u>9/30/2013</u>	10/1/2010 <u>9/30/2012</u>
--	-------------------------------	-------------------------------

E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll*	26.1	26.0
Administrative Expense (with interest) % of Total Annual Payroll*	1.6	1.2
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/11) % of Total Annual Payroll*	41.3	33.8
Total Required Contribution % of Total Annual Payroll*	69.0	61.0
Expected Member Contributions % of Total Annual Payroll*	8.4	8.4
Expected City & State Contrib. % of Total Annual Payroll*	60.6	52.6

F. Past Contributions

Plan Years Ending:	<u>9/30/2011</u>
Total Required Contribution	1,334,631
City and State Requirement	1,084,388

Actual Contributions Made:

Members	251,006
City	782,954
State	301,433
Total	<u>1,335,393</u>

G. Net Actuarial Gain (Loss) (1,305,301)

* Contributions developed as of 10/1/11 are expressed as a percentage of total annual payroll at 10/1/11 of \$2,589,753.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2011	\$12,187,977
2012	11,992,643
2013	11,782,659
2018	10,490,157
2023	8,664,434
2033	2,709,618
2041	0

I. (i) 3 Year Comparison of Actual and Assumed Increases in Pensionable Compensation.

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2011	3.9%	5.5%
Year Ended	9/30/2010	2.1%	6.5%
Year Ended	9/30/2009	0.2%	6.5%

(ii) 3 Year Comparison of Investment Return on Actuarial Value

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2011	-1.6%	7.5%
Year Ended	9/30/2010	1.3%	8.0%
Year Ended	9/30/2009	1.4%	8.0%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2011	\$2,589,753
	10/1/2001	2,953,579
(b) Total Increase		-12.3%
(c) Number of Years		10.00
(d) Average Annual Rate		-1.3%

Statement by Enrolled Actuary

This actuarial valuation was prepared and completed 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 Part VII, 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 increase in plan costs or required contribution rates have been taken into account in the valuation.

 12/5/11

Patrick T. Donlan, ASA, EA, MAAA
Enrolled Actuary #11-6595

A copy of this Report is to be furnished to the Division of Retirement within 60 days of receipt from the actuary at the following address:

Patricia Shoemaker
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

Mr. Keith Brinkman
Bureau of Local Retirement Systems
Division of Retirement
Post Office Box 9000
Tallahassee, FL 32315-9000

SECTION II
VALUATION INFORMATION

Reconciliation of Unfunded Actuarial Accrued Liabilities

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2010	\$10,670,131
(2)	City and State Normal Cost Applicable for the year *	491,952
(3)	Interest on (1) and (2)	835,933
(4)	Sponsor Contributions to the System during the year ending September 30, 2011	1,084,387
(5)	Interest on (4)	30,953
(6)	Change to UAAL due to Actuarial (Gain) or Loss	1,305,301
(7)	Unfunded Accrued Liability as of October 1, 2011 (1)+(2)+(3)-(4)-(5)+(6)	12,187,977

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2011 Amount</u>	<u>Amortization Amount</u>
	10/1/1986	5	36,350	8,358
	10/1/1992	11	(27,244)	(3,464)
	10/1/1995	14	18,999	2,082
	10/1/1996	15	55,680	5,868
	10/1/1999	18	50,905	4,879
	10/1/2000	19	244,409	22,829
	10/1/2001	20	147,906	13,496
	10/1/2002	21	2,719,337	242,917
Method Change	10/1/2004	23	1,866,410	160,659
Actuarial Loss	10/1/2004	23	1,822,719	156,898
Actuarial Loss	10/1/2005	24	54,489	4,615
Actuarial Gain	10/1/2006	25	(298,027)	(24,871)
Actuarial Gain	10/1/2007	26	(837,913)	(68,981)
Benefit Change	10/1/2007	26	1,093,285	90,005
Actuarial Loss	10/1/2008	27	128,051	10,411
Method Change	10/1/2008	27	333,314	27,100
Actuarial Loss	10/1/2009	28	197,103	15,843
Benefit Change	10/1/2009	28	(86,815)	(6,978)
Benefit Change	10/1/2009	28	30,680	2,466
Actuarial Loss	10/1/2010	29	1,702,005	135,366
Assumption	10/1/2010	29	1,710,929	136,076
Benefit Change	10/1/2010	29	(79,896)	(6,354)
Actuarial Loss	10/1/2011	30	1,305,301	102,811
			<u>12,187,977</u>	<u>1,032,031</u>

* Includes \$32,625 for administrative expenses.

ACTUARIAL ASSUMPTIONS AND FUNDING METHODS

Assumptions

<u>Mortality Rates</u>	RP2000 Combined Healthy - Sex Distinct. Disability mortality is set forward five years.
<u>Termination Rates</u>	See Tables below (1302).
<u>Disability Rates</u>	See Tables below (1201).
<u>Pension Age</u>	Earlier of age 60, age 55 and 10 years of service or 20 years of service regardless of age.
<u>Early Pension</u>	Commencing at the member's eligibility for Early Pension (age 50), members are assumed to retire with an immediate, subsidized benefit at the rate of 5% per year.
<u>Interest Rate</u>	7.50% per year, compounded annually, net of investment related expenses.
<u>Salary Increases</u>	5.5% per year up to the assumed Pension age; see Table below. Projected salary at Pension is increased 20% to account for non-regular payments.
<u>Payroll Growth</u>	Up to 3% per year (limited to the 10-year historical average of actual payroll growth of 0% in 2011).
<u>Administrative Expenses</u>	\$40,754 annually.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>	<u>Current Salary as % of Salary at age 55</u>
20	6.0%	0.03%	15.4%
30	5.0	0.04	26.2
40	2.6	0.07	44.8
50	0.8	0.18	76.5

Funding Method

Entry Age Normal Actuarial Cost Method

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay for the year preceding the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded.

Unfunded Accrued Liability is a liability which arises when a pension plan is initially established or improved and such establishment or improvement is applicable to all years of past service.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

(a) The normal cost accrual rate equals:

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1990	57,077.10	_____ %
1991	63,455.16	11.2%
1992	74,058.84	16.7%
1993	81,321.25	9.8%
1994	82,171.86	1.0%
1995	89,018.40	8.3%
1996	93,346.62	4.9%
1997	95,808.88	2.6%
1998	146,584.66	53.0%
1999	143,340.16	-2.2%
2000	185,577.09	29.5%
2001	218,066.25	17.5%
2002	192,917.32	-11.5%
2003	220,878.19	14.5%
2004	251,578.42	13.9%
2005	197,096.70	-21.7%
2006	311,579.41	58.1%
2007	370,088.25	18.8%
2008	429,930.62	16.2%
2009	329,393.61	-23.4%
2010	339,653.88	3.1%
2011	301,433.46	-11.3%

EXCESS STATE MONIES RESERVE

	Regular Distribution			Special Distribution		
	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>	<u>Actual State Contribution</u>	<u>"Frozen" Amount</u>	<u>Excess State Monies Reserve</u>
1998	\$89,529.42	\$89,529.42	\$0.00	N/A	N/A	N/A
1999	108,124.02	89,529.42	18,594.60	35,216.14	35,216.14	0.00
2000	152,549.52	108,310.42	44,239.10	33,027.57	35,216.14	0.00
2001	180,905.88	155,624.42	25,281.46	37,160.37	35,216.14	1,944.23
2002	190,609.92	155,624.42	34,985.50	2,307.40	35,216.14	0.00
2003	209,495.34	178,434.42	31,060.92	11,382.85	35,216.14	0.00
2004	237,391.57	178,434.42	58,957.15	14,186.85	35,216.14	0.00
2005	197,096.70	178,434.42	18,662.28	0.00	35,216.14	0.00
2006	191,767.80	178,434.42	13,333.38	119,811.61	70,432.28	49,379.33 *
2007	203,475.26	178,434.42	25,040.84	166,612.99	35,216.14	131,396.85
2008	292,592.51	178,434.42	114,158.09	137,338.11	35,216.14	102,121.97
2009	286,100.15	286,100.15	0.00	43,293.46	43,293.46	0.00
2010	280,205.74	280,205.74	0.00	59,448.13	59,448.13	0.00
2011	203,871.31	203,871.31	0.00	97,562.15	97,562.15	0.00
			384,313.32			284,842.38
	Accumulated Regular Excess		384,313.32			
	Accumulated Special Excess		284,842.38			
	Less Excess Used in Funding Ordinance 2008-56 (3.12% B.R.)		(196,438)			
	Less Excess Used in Funding Ordinance 2008-58 (3.37% B.R.)		(156,438)			
	Total State Monies Reserve		\$316,279.75			

* Special Distribution accrued beginning fiscal year ending September 30, 2006.

SECTION III
TRUST FUND

City of Ormond Beach
Firefighters' Pension Trust Fund

BALANCE SHEET
September 30, 2011

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	597,040.59	597,040.59
Total Cash and Equivalents	597,040.59	597,040.59
Receivable:		
Additional City Contributions	10,831.33	10,831.33
State Contributions	97,562.15	97,562.15
Accrued Income	79,758.85	79,758.85
Total Receivable	188,152.33	188,152.33
Investments:		
Corporate & Govt Bonds/CMOs/REMICs	5,480,383.16	5,524,833.63
Corporate Stocks/REITs	9,390,083.37	9,241,339.16
Total Investments	14,870,466.53	14,766,172.79
TOTAL ASSETS	15,655,659.45	15,551,365.71
 <u>LIABILITIES AND NET ASSETS</u>		
Total Liabilities	0.00	0.00
Net Assets:		
Active and Retired Members' Equity	15,655,659.45	15,551,365.71
DROP Plan Benefits	0.00	0.00
Total Net Assets	15,655,659.45	15,551,365.71
TOTAL LIABILITIES AND NET ASSETS	15,655,659.45	15,551,365.71

City of Ormond Beach
Firefighters' Pension Trust Fund

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2011
Market Value Basis

REVENUES

Contributions:		
Member	250,243.35	
Buy-Back	762.75	
City	782,954.39	
State	301,433.46	
Total Contributions		1,335,393.95
Earnings from Investments		
Interest & Dividends	491,928.26	
Net Realized Gain (Loss)	963,523.78	
Unrealized Gain (Loss)	(1,453,127.98)	
Total Earnings and Investment Gains		2,324.06
	EXPENDITURES	
Expenses:		
Investment Related*	96,215.47	
Administrative	40,754.17	
Total Expenses		136,969.64
Distributions to Members:		
Benefit Payments	1,382,151.84	
Lump Sum DROP Balances	0.00	
Termination Payments	61,532.80	
Total Distributions		1,443,684.64
DROP Account Net Change		0.00
Change in Net Assets for the Year		(242,936.27)
Net Assets Beginning of the Year		15,794,301.98
Net Assets End of the Year		15,551,365.71

*Investment Related expenses include investment advisory, custodial and performance monitoring fees.

City of Ormond Beach
Firefighters' Pension Trust Fund

ACTUARIAL ASSET VALUATION
September 30, 2011

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years, but are limited to 120% of Market Value, if less.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return*	
9/30/08	-15.04%	
9/30/09	3.38%	
9/30/10	7.28%	
9/30/11	-0.60%	
Annualized Rate of Return for prior four (4) years:	-1.62%	
(A) 10/01/10 Actuarial Assets:		\$17,237,944.18
(I) Net Investment Income:		
1. Interest and Dividends		491,928.26
2. Realized Gains (Losses)		963,523.78
3. Change in Actuarial Value		(1,637,977.00)
4. Investment Related Expenses		(96,215.47)
Total		(278,740.43)
(B) 10/01/11 Actuarial Assets:		\$16,810,158.89
Actuarial Asset Rate of Return = 2I/(A+B-I):		-1.62%
10/01/11 Limited Actuarial Assets: (Lesser of Actuarial Assets or 120% of Market Value)		\$16,810,158.89

*Market Value Basis, net of investment related expenses

City of Ormond Beach
Firefighters' Pension Trust Fund

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2011
Actuarial Asset Basis

REVENUES

Contributions:		
Member	250,243.35	
Buy-Back	762.75	
City	782,954.39	
State	301,433.46	
Total Contributions		1,335,393.95
Earnings from Investments		
Interest & Dividends	491,928.26	
Net Realized Gain (Loss)	963,523.78	
Change in Actuarial Value	(1,637,977.00)	
Total Earnings and Investment Gains		(182,524.96)
	EXPENDITURES	
Expenses:		
Investment Related*	96,215.47	
Administrative	40,754.17	
Total Expenses		136,969.64
Distributions to Members:		
Benefit Payments	1,382,151.84	
Lump Sum DROP Balances	0.00	
Termination Payments	61,532.80	
Total Distributions		1,443,684.64
DROP Account Net Change		0.00
Change in Net Assets for the Year		(427,785.29)
Net Assets Beginning of the Year		17,237,944.18
Net Assets End of the Year**		16,810,158.89

*Investment Related expenses include investment advisory, custodial and performance monitoring fees.

**Net Assets may be limited for actuarial consideration

City of Ormond Beach Firefighters' Pension Trust Fund
--

Reconciliation of City's Shortfall Contribution for the
Fiscal Year Ended (FYE) September 30, 2011

(1) City Required Contribution Rate (from the October 1, 2009 Actuarial Valuation Report)	36.4%
(2) Pensionable Payroll Derived from Member Contributions	\$2,979,087.50
(3) Required City Contribution (Item 1 times Item 2)	1,084,387.85
(4) Less Allowable State Contribution	(301,433.46)
(5) Less City's Prepaid Balance as of September 30, 2010	<u>(10,831.33)</u>
(6) Equals Required City Contribution	772,123.06
(7) Less Actual City Contributions	<u>(761,291.73)</u>
(8) Equals City's Shortfall Contribution as of September 30, 2011	\$10,831.33

SECTION IV
MEMBER STATISTICS

ELIGIBILITY FOR RETIREMENT

Members are eligible for Normal Retirement based upon the following criteria:

- 1) Attained Age 55 with 10 Years of Credited Service
- 2) 20 Years of Credited Service regardless of Age
- 3) Attained Age 60

Members are eligible for Early Retirement based upon the following criteria:

- 1) Attained Age 50 with 10 Years of Credited Service

As of the date of this valuation, the following list of Members are eligible for:

Normal Retirement

ENNIST, RHONDA
JARRELL, JACK
KING, DAVID
KING, JOE

Early Retirement

FLUD, FRANKLIN

STATISTICAL DATA

(Averages are salary weighted)

	<u>10/1/2008</u>	<u>10/1/2009</u>	<u>10/1/2010</u>	<u>10/1/2011</u>
<u>Active Members</u>				
Number	55	52	46	44
Average Current Age	41.8	42.0	42.4	41.5
Average Age at Employment	31.0	30.2	30.8	30.0
Average Past Service	10.8	11.8	11.5	11.5
Average Annual Salary	\$60,261	\$59,800	\$59,881	\$58,858

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	1	0	0	1	0	0	0	0	0	0	0	2
25 - 29	1	0	0	0	0	3	0	0	0	0	0	4
30 - 34	0	0	0	0	0	0	3	0	0	0	0	3
35 - 39	0	0	0	0	1	3	5	0	0	0	0	9
40 - 44	1	0	0	0	0	4	6	1	1	0	0	13
45 - 49	0	0	0	0	0	1	4	3	0	0	0	8
50 - 54	0	0	0	0	0	0	1	1	0	0	0	2
55 - 59	0	0	0	0	0	0	3	0	0	0	0	3
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	3	0	0	1	1	11	22	5	1	0	0	44

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/10	46
b. Terminations	
i. Vested (partial or full) with deferred benefits	2
ii. Non-vested or full lump sum distribution received	1
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. Entered DROP	2
g. Continuing participants	41
h. New entrants	3
i. Total active life participants in valuation	44

2. Non-Active lives (including beneficiaries receiving benefits)

	<u>Service Retirees, Vested Receiving Benefits</u>	<u>Receiving Death Benefits</u>	<u>Receiving Disability Benefits</u>	<u>Vested Deferred</u>	<u>DROP</u>	<u>Total</u>
a. Number prior valuation	29	0	2	0	0	31
b. In	0	0	0	2	2	4
c. Out	0	0	0	0	0	0
d. Number current valuation	29	0	2	2	2	35

SECTION V
SUMMARY OF PLAN PROVISIONS

SUMMARY OF PLAN PROVISIONS
(Through Ordinance No. 2011-40)

<u>Eligibility</u>	Employees who are classified as full-time Firefighters shall participate in the System as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of service with the City as a Firefighter.
<u>Salary</u>	Total compensation reportable on the member's W-2 form plus all tax deferred, tax sheltered, and tax exempt items of income.
<u>Average Final Compensation</u>	Average Salary for the best 5 years of Credited Service.
<u>Member Contributions</u>	8.4% of Salary.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII of Chapter 112, <u>Florida Statutes</u> .
<u>Normal Pension</u>	
Date	Earlier of Age 60, Age 55 and 10 years of Credited Service, or 20 years of Credited Service.
Benefit	<p>3.37% of Average Final Compensation <u>times</u> Credited Service prior to 12/31/2009 <u>plus</u> 3.31% of Average Final Compensation <u>times</u> Credited Service 1/1/2010 – 12/31/2011 <u>plus</u> 3.21% of Average Final Compensation <u>times</u> Credited Service on and after 1/1/2012</p>

Form of Benefit

Ten Year Certain and Life Annuity (options available). These options include a partial (up to 25%) lump sum of the full value of their retirement benefits in exchange for a monthly benefit that is reduced by that same percentage.

Early Retirement

Eligibility

Age 50 and 10 Years of Credited Service.

Benefit

Accrued benefit, reduced 3% per year.

Vesting

Schedule

100% after 10 years of Credited Service.

Benefit Amount

Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability

Eligibility

Service Incurred

Covered from Date of Employment.

Non-Service Incurred

10 years of Credited Service.

Exclusions

Disability resulting from use of drugs, illegal participation in riots, service in military, etc.

Benefit

Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred).

Duration

Payable for life with ten years certain or until recovery (as determined by the Board). Options available.

Death Benefits

Pre-Retirement

Vested

Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested

Refund of accumulated contributions without interest.

Post-Retirement

Benefits payable to beneficiary in accordance with option selected at retirement.

Board of Trustees

- a. Two Commission appointees,
- b. Two Members of the Department elected by the membership, and
- c. Fifth Member elected by other 4 appointed by Commission.

Deferred Retirement Option Plan

Eligibility

Satisfaction of Normal Retirement requirements (Earlier of Age 60, Age 55 and 10 years of Credited Service, or 20 years of Credited Service).

Participation

Not to exceed 60 months, or the date on which the Member completes 35 years of Service, if earlier.

Rate of Return

Participant's election:

- a.) 6.5% annually, or
- b.) actual net rate of investment return (total return net of brokerage commissions, transaction costs and management fees) credited each fiscal quarter.

Form of Distribution

Cash lump sum (options available) at termination of employment.

BAC-DROP

Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Upon election to retroactively enter DROP, the BAC-DROP period will not exceed 60 months, or the date on which the Member completes 35 years of Service, if earlier.
Rate of Return	6.5% annually
Form of Distribution	Cash lump sum (options available) at termination of employment.

SECTION VI

GOVERNMENTAL ACCOUNTING STANDARDS BOARD
STATEMENT NOS. 25 AND 27 INFORMATION

DISCLOSURE INFORMATION PER STATEMENT NO. 25 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

The schedule provided below has been prepared in accordance with the requirements of paragraph 37 of Statement No. 25 of the Governmental Accounting Standards Board.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/01/11	16,810,159	28,998,136	12,187,977	57.97%	2,589,753	470.62%
10/01/10	17,237,944	27,985,960	10,748,016	61.59%	2,754,532	390.19%
10/01/09	17,312,349	24,745,284	7,432,935	69.96%	3,109,600	239.03%
10/01/08	16,927,005	23,800,079	6,873,074	71.12%	3,314,380	207.37%
10/01/07	16,485,219	22,733,177	6,247,958	72.52%	3,167,598	197.25%
10/01/06	14,940,444	20,831,296	5,890,852	71.72%	3,232,525	182.24%

The schedule provided below has been prepared in accordance with the requirements of paragraph 38 of Statement No. 25 of the Governmental Accounting Standards Board.

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended September 30	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
2011	1,084,388	782,954	301,433	100.00%
2010	1,146,433	806,779	339,654	100.00%
2009	963,732	634,338	329,394	100.00%
2008	872,467	658,816	213,651 *	100.00%
2007	837,968	624,317	213,651 *	100.00%
2006	803,119	554,252	248,867 *	100.00%

* Frozen per Chapter 175, Florida Statutes, as amended. Special Distribution accrued beginning with the fiscal year ending September 30, 2006.

DISCLOSURE INFORMATION PER STATEMENT NO. 27 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/2011

City	24.1%
Plan Members	8.4%
Annual Pension Cost	796,653
Contributions made	782,954
Actuarial valuation date	10/1/2009
Actuarial cost method	Entry Age Normal
Amortization method	Level % of Payroll, Closed
Remaining amortization period	30 years (as of 10/1/2011)
Asset valuation method	4 Year Smoothed Market Value

Actuarial assumptions:

Investment rate of return	7.5% (as of 10/1/2011)
Projected salary increase*	5.5% (as of 10/1/2011)
* Includes inflation at	3.0%
Post Retirement COLA	0.0%

THREE YEAR TREND INFORMATION

<u>Year</u> <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
9/30/2011	796,653	98%	(132,752)
9/30/2010	819,688	98%	(146,451)
9/30/2009	647,577	98%	(159,360)

DISCLOSURE INFORMATION PER STATEMENT NO. 27 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

DEVELOPMENT OF NET PENSION OBLIGATION (NPO)

This municipal Defined Benefit Plan has been subject to the minimum funding standards since the adoption of the "Florida Protection of Public Employee Retirement Benefits Act" (Part VII of Chapter 112, Florida Statutes) in 1980. Accordingly, the sponsor has funded the actuarially determined required contributions for all years from October 1, 1987, through the transition date, October 1, 1997. Thus, the NPO on October 1, 1997, is 0.

The recent development of the Net Pension Obligation to date is as follows:

	<u>9/30/05</u>	<u>9/30/06</u>	<u>9/30/07</u>	<u>9/30/08</u>	<u>9/30/09</u>	<u>9/30/10</u>	<u>9/30/11</u>
Actuarially Determined							
Contribution (A)	646,214	554,252	624,317	658,816	634,338	806,779	782,955
Interest on NPO	(14,431)	(14,273)	(14,116)	(13,961)	(13,808)	(12,749)	(10,984)
Adjustment to (A)	16,412	16,232	16,054	15,877	27,047	25,658	24,682
Annual Pension Cost	648,195	556,211	626,255	660,732	647,577	819,688	796,653
Contributions Made	646,214	554,252	624,317	658,816	634,338	806,779	782,954
Increase in NPO	1,981	1,959	1,938	1,916	13,239	12,909	13,699
NPO Beginning of Year	(180,393)	(178,412)	(176,453)	(174,515)	(172,599)	(159,360)	(146,451)
NPO End of Year	(178,412)	(176,453)	(174,515)	(172,599)	(159,360)	(146,451)	(132,752)

SECTION VII
SENATE BILL 1128 COMPLIANCE

Senate Bill 1128 Compliance

Senate Bill 1128 amended Section 112.63 of the Florida Statutes to require that each plan report the plan's accrued vested, nonvested, and total benefits, as adopted by the Financial Accounting Standards Board, using the Florida Retirement System's assumed rate of return, which is currently 7.75%. The bill states that this is to promote comparability of actuarial data between local law plans.

While these calculations are required for compliance purposes, it is the view of Foster & Foster that utilizing this information to compare local law plans is extremely dangerous. There are many other assumptions inherent in the actuarial valuation, and they may differ widely from one plan to another. Additionally, benefit levels, funding policies, asset allocation, and the age of the plan itself all must be considered when comparing defined benefit plans.

Present Value of Accrued Benefits at 7.75% Interest

Vested Accrued Benefits	
Inactives	\$17,240,656
Actives	4,875,227
Member Contributions	<u>2,017,259</u>
Total	24,133,142
Non-Vested Accrued Benefits	252,175
Total Present Value of Accrued Benefits	24,385,317