

CITY OF ORMOND BEACH
FIREFIGHTERS' RETIREMENT TRUST FUND

ACTUARIAL VALUATION AND REPORT
AS OF OCTOBER 1, 2010
(Revised April 21, 2011)

CONTRIBUTIONS APPLICABLE TO THE PLAN/
FISCAL YEAR ENDED SEPTEMBER 30, 2012

April 21, 2011

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

Re: City of Ormond Beach
Firefighters' Retirement 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' Retirement 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
April 21, 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' Retirement 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: _____

Jason L. Franken, FSA, EA, MAAA
Enrolled Actuary #08-6888

JLF/lsw

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

SECTION I
INTRODUCTION

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Ormond Beach Firefighters' Retirement Trust Fund, performed as of October 1, 2010, 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, 2012.

The contribution requirements developed in this valuation, compared with amounts developed in the December 14, 2010 Actuarial Impact Statement, as of October 1, 2009, are as follows:

Valuation Date	10/1/2009	10/1/2010
Applicable Plan/Fiscal Year End	<u>9/30/2011</u>	<u>9/30/2012</u>
Total Required Contribution % of Total Annual Payroll	44.8%	56.8%
Member Contributions (Est.) % of Total Annual Payroll	8.4%	8.4%
City and State Required Contribution % of Total Annual Payroll	36.4%	48.4%
State Contribution * % of Total Annual Payroll	339,654 12.3%	339,654 12.3%
Balance from City ** % of Total Annual Payroll	24.1%	36.1%

* State contribution amount is frozen per requirements of Chapter 175, Florida Statutes.

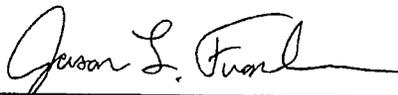
** As requested by the Division of Retirement, the required contribution from the combination of City and State sources for the year ending September 30, 2012, is 48.4% of the actual payroll realized in that year. As a budgeting tool, the City may contribute 36.1% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received. The City also has a prepaid contribution of \$10,831.33 available to offset the contribution for the current fiscal year.

The Plan experienced a net loss during the last 12 months, relative to the actuarial assumptions. The principal components of unfavorable experience were a 1.3% investment return (Actuarial Asset Basis) significantly less than the 8.0% assumption and a decrease in the payroll growth assumption from 2.6% to 0%. These losses were partially offset by average increases in pensionable compensation that were less than the assumed rate by 4.4%.

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: 
Jason L. Franken, FSA, MAAA

By: 
Drew D. Ballard

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 fiscal year ending September 30, 2010. The decrease in the benefit accrual rate is proportional to the decrease in State money. As a result, effective January 1, 2011, the benefit accrual rate is changed from 3.28% to 3.31% for all years of Credited Service after January 1, 2010.

Actuarial Assumption/Method Changes Since Prior Valuation

Since the prior valuation, the assumed mortality rates have been changed from the 1983 Group Annuity Mortality table to the RP2000 Combined Healthy Mortality Table.

Additionally, in conjunction with this valuation, four changes were made to the actuarial assumptions and methods. These changes are intended to produce contribution requirements that are more stable and predictable. The assumption and method changes are as follows:

- 1.) Re-implementation of 30-year amortizations.
- 2.) The investment return assumption has been reduced from 8.0% to 7.75% per year compounded annually, net of investment related expenses.
- 3.) The salary increase assumption was lowered from 6.5% per year to 4.5%.
- 4.) The current payroll growth assumption used in amortizing the Unfunded Actuarial Accrued Liabilities is limited to the lesser of the actual historical 10-year average payroll growth, or 5.0%. This assumption was changed so that the maximum payroll growth assumption used for this purpose is now 3.0%. As you can see on Page 7 of the Report, the current actual 10-year average growth rate is -0.4% so this change will have no immediate impact on the current funding requirements.

The impact of these changes is outlined in the Comparative Summary of Principal Valuation Results that follows.

Comparative Summary of Principal Valuation Results

	New Method New Assums <u>10/1/2010</u>	New Method Old Assums <u>10/1/2010</u>	Old Method Old Assums <u>10/1/2010</u>	Old Method Old Assums <u>10/1/2009</u>
A. Participant Data				
Number Included				
Actives	46	46	46	52
Service Retirees	29	29	29	23
Beneficiaries	0	0	0	0
Terminated Vested	0	0	0	1
Disability Retirees	2	2	2	2
Total	<u>77</u>	<u>77</u>	<u>77</u>	<u>78</u>
Total Annual Payroll	\$2,754,532	\$2,754,532	\$2,754,532	\$3,109,600
Payroll Under Assumed Ret. Age	2,754,532	2,754,532	2,754,532	3,109,600
Annual Rate of Payments to:				
Service Retirees	1,349,182	1,349,182	1,349,182	1,045,749
Beneficiaries	0	0	0	0
Terminated Vested	0	0	0	0
Disability Retirees	32,970	32,970	32,970	32,970
B. Assets				
Actuarial Value	17,237,944	17,237,944	17,237,944	17,312,349
Market Value	15,794,302	15,794,302	15,794,302	15,005,794
C. Liabilities				
Present Value of Benefits				
Active Members				
Retirement Benefits	13,191,394	13,365,843	13,365,843	15,480,376
Disability Benefits	114,222	116,246	116,246	124,413
Death Benefits	69,600	112,072	112,072	120,306
Vested Benefits	1,396,880	1,419,183	1,419,183	1,493,354
Refund of Contributions	47,181	47,887	47,887	40,766
Service Retirees	15,198,779	14,646,979	14,646,979	11,165,268
Beneficiaries	0	0	0	0
Terminated Vested	0	0	0	28,087
Disability Retirees	330,319	320,930	320,930	325,405
Excess State Monies Reserve	316,280	316,280	316,280	316,280
Total	<u>30,664,655</u>	<u>30,345,420</u>	<u>30,345,420</u>	<u>29,094,254</u>

	New Method New Assums <u>10/1/2010</u>	New Method Old Assums <u>10/1/2010</u>	Old Method Old Assums <u>10/1/2010</u>	Old Method Old Assums <u>10/1/2009</u>
C. Liabilities - (Continued)				
Present Value of Future Salaries	15,667,542	16,688,992	16,688,992	18,450,941
Present Value of Future Member Cont.	1,316,074	1,401,875	1,401,875	1,549,879
Normal Cost (Entry Age Normal)				
Retirement Benefits	573,032	622,596	622,596	687,945
Disability Benefits	3,501	3,021	3,021	2,538
Death Benefits	2,036	2,755	2,755	2,245
Vested Benefits	40,006	34,596	34,596	28,047
Refund of Contributions	2,566	2,249	2,249	1,955
Total Normal Cost	<u>621,142</u>	<u>665,217</u>	<u>665,217</u>	<u>722,730</u>
Present Value of Future Normal Costs	3,514,630	4,027,307	4,027,307	4,320,552
Actuarial Accrued Liability (Entry Age Normal)				
Retirement Benefits	10,045,763	9,696,208	9,696,208	11,477,742
Disability Benefits	89,854	93,172	93,172	102,910
Death Benefits	55,661	91,649	91,649	101,847
Vested Benefits	1,090,327	1,128,337	1,128,337	1,236,536
Refund of Contributions	23,042	24,558	24,558	19,628
Inactives plus state reserve	15,845,378	15,284,189	15,284,189	11,835,040
Total Actuarial Accrued Liability	<u>27,150,024</u>	<u>26,318,112</u>	<u>26,318,112</u>	<u>24,773,702</u>
Unfunded Actuarial Accrued Liability (UAAL)	9,912,081	9,080,169	9,080,169	7,461,353
D. Actuarial Present Value of Accrued Benefits				
Vested Accrued Benefits				
Inactives	15,529,098	14,967,909	14,967,909	11,518,761
Actives	4,986,792	4,412,268	4,412,268	6,876,061
Member Contributions	<u>2,120,950</u>	<u>2,120,950</u>	<u>2,120,950</u>	<u>542,532</u>
Total	22,636,840	21,501,127	21,501,127	18,937,354
Non-vested Accrued Benefits	<u>451,333</u>	<u>373,721</u>	<u>373,721</u>	<u>1,106,455</u>
Total Present Value Accrued Benefits	23,088,173	21,874,848	21,874,848	20,043,809
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:				
Plan Amendments	0	0	0	
Assumption Changes	1,213,325	0	0	
New Accrued Benefits	0	0	1,992,615	
Benefits Paid	0	0	(1,697,193)	
Interest	0	0	1,535,617	
Other	0	0	0	
Total:	1,213,325	0	1,831,039	

Valuation Date Applicable to Fiscal Year Ending	New Method New Assums 10/1/2010 <u>9/30/2012</u>	New Method Old Assums 10/1/2010 <u>9/30/2012</u>	Old Method Old Assums 10/1/2010 <u>9/30/2012</u>	Old Method Old Assums 10/1/2009 <u>9/30/2011</u>
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E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll*	23.4	25.1	25.1	24.2
Administrative Expense (with interest) % of Total Annual Payroll*	1.2	1.2	1.2	1.4
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/10) % of Total Annual Payroll*	32.2	30.3	35.5	19.2
Total Required Contribution % of Total Annual Payroll*	56.8	56.6	61.8	44.8
Expected Member Contributions % of Total Annual Payroll*	8.4	8.4	8.4	8.4
Expected City & State Contrib. % of Total Annual Payroll*	48.4	48.2	53.4	36.4

F. Past Contributions

Plan Years Ending:	<u>9/30/2010</u>
Total Required Contribution	1,393,991
City and State Requirement	1,146,433
Actual Contributions Made:	
Members	284,991
City	806,779
State	339,654
Total	<u>1,431,424</u>

G. Net Actuarial Gain (Loss) (1,659,148)

* Contributions developed as of 10/1/10 are expressed as a percentage of total annual payroll at 10/1/10 of \$2,754,532.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2010	\$9,912,081
2011	9,760,555
2012	9,597,287
2017	8,579,105
2022	7,142,569
2032	2,119,378
2040	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2010	2.1%	6.5%
Year Ended	9/30/2009	0.2%	6.5%
Year Ended	9/30/2008	1.1%	6.5%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2010	1.3%	8.0%
Year Ended	9/30/2009	1.4%	8.0%
Year Ended	9/30/2008	2.9%	8.0%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2010	\$2,754,532
	10/1/2000	2,881,602
(b) Total Increase		-4.4%
(c) Number of Years		10.00
(d) Average Annual Rate		-0.4%

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.



Jason L. Franken, FSA, EA, MAAA
Enrolled Actuary #08-6888

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, 2009	\$7,461,353
(2)	City and State Normal Cost Applicable for the year *	504,699
(3)	Interest on (1) and (2)	635,557
(4)	Sponsor Contributions to the System during the year ending September 30, 2010	1,146,433
(5)	Interest on (4)	34,155
(6)	Change to UAAL due to Actuarial (Gain) or Loss	1,659,148
(7)	Change to UAAL due to change in assumptions	831,912
(8)	Unfunded Accrued Liability as of October 1, 2010 (1)+(2)+(3)-(4)-(5)+(6)+(7)	9,912,081

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2010 Amount</u>	<u>Amortization Amount</u>
	10/1/1986	6	40,713	8,112
	10/1/1992	12	(27,810)	(3,381)
	10/1/1995	15	19,072	2,036
	10/1/1996	16	55,668	5,744
	10/1/1999	19	50,425	4,786
	10/1/2000	20	241,528	22,408
	10/1/2001	21	145,854	13,255
	10/1/2002	22	2,676,582	238,723
Method Change	10/1/2004	24	1,831,208	158,063
Actuarial Loss	10/1/2004	24	1,788,342	154,363
Actuarial Loss	10/1/2005	25	53,388	4,543
Actuarial Gain	10/1/2006	26	(291,650)	(24,495)
Actuarial Gain	10/1/2007	27	(819,073)	(67,971)
Benefit Change	10/1/2007	27	1,068,703	88,687
Actuarial Loss	10/1/2008	28	125,046	10,263
Method Change	10/1/2008	28	325,491	26,715
Actuarial Loss	10/1/2009	29	192,300	15,625
Benefit Change	10/1/2009	29	(84,699)	(6,882)
Benefit Change	10/1/2009	29	29,933	2,432
Actuarial Loss	10/1/2010	30	1,659,148	133,564
Assumption	10/1/2010	30	831,912	66,970
			9,912,081	853,560

* Includes \$43,176 for administrative expenses.

ACTUARIAL ASSUMPTIONS AND FUNDING METHODS

Assumptions

<u>Mortality Rates</u>	Current: RP2000 Combined Healthy - Sex Distinct. Disability mortality is set forward five years. Prior: 1983 GAM Table - 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>Retirement Age</u>	Earlier of age 60, age 55 and 10 years of service or 20 years of service regardless of age.
<u>Early Retirement</u>	Commencing at the member's eligibility for Early Retirement (age 50), members are assumed to retire with an immediate, subsidized benefit at the rate of 5% per year.
<u>Interest Rate</u>	7.75% (prior 8%) per year, compounded annually, net of investment related expenses.
<u>Salary Increases</u>	4.5% (prior 6.5%) per year up to the assumed retirement age; see Table below. Projected salary at retirement 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 2010). Prior assumption was up to 5.0%
<u>Administrative Expenses</u>	\$32,625 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	3.0%	0.14%	21.4%
30	2.5	0.18	33.3
40	1.3	0.30	51.7
50	0.5	1.00	80.2

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>
1989	47,563.86	_____ %
1990	57,077.10	20.0%
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%

EXCESS STATE MONIES RESERVE

	Regular Distribution			Special Distribution		
	Actual State Contribution	Applicable "Frozen" Amount	Excess State Monies Reserve	Actual State Contribution	Applicable "Frozen" Amount	Excess State Monies Reserve
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
			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, 2010

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	432,307.72	432,307.72
Cash	196.88	196.88
Total Cash and Equivalents	432,504.60	432,504.60
Receivable:		
City Contributions in Transit	40,117.36	40,117.36
State Contributions	339,653.88	339,653.88
Accrued Income	64,222.53	64,222.53
Total Receivable	443,993.77	443,993.77
Investments:		
U S Govt/Govt Sponsored/Agency	2,107,315.16	2,151,132.58
Corporate Bonds/CMOs/REMICs	2,471,165.86	2,675,126.43
Corporate Stocks/REITs	7,195,142.61	8,150,391.40
Foreign/ADR Securities	1,668,786.41	1,731,345.93
Foreign Bonds	188,751.95	220,638.60
Total Investments	13,631,161.99	14,928,634.94
TOTAL ASSETS	14,507,660.36	15,805,133.31
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Prepaid City Contribution	10,831.33	10,831.33
Total Liabilities	10,831.33	10,831.33
Net Assets:		
Active and Retired Members' Equity	14,496,829.03	15,794,301.98
DROP Plan Benefits	0.00	0.00
Total Net Assets	14,496,829.03	15,794,301.98
TOTAL LIABILITIES AND NET ASSETS	14,507,660.36	15,805,133.31

City of Ormond Beach
Firefighters' Pension Trust Fund

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2010
Market Value Basis

INCOME

Contributions:		
Member	247,671.71	
Buy-Back	37,319.17	
City	806,778.72	
State	339,653.88	
Total Contributions		1,431,423.48
Balance of Transfer from General Plan for Chief Baker		4,605.72
Earnings from Investments		
Interest & Dividends	442,698.18	
Net Realized Gain (Loss)	519,378.90	
Unrealized Gain (Loss)	208,067.44	
Total Earnings and Investment Gains		1,170,144.52
	EXPENSES	
Administrative Expenses:		
Investment Related*	87,847.44	
Other	32,625.41	
Total Expenses		120,472.85
Distributions to Members:		
Benefit Payments	1,302,311.18	
Lump Sum DROP Balances	0.00	
Lump Sum PLOP Distributions	366,794.37	
Termination Payments	28,086.98	
Total Distributions		1,697,192.53
DROP Account Net Change		0.00
Change in Net Assets for the Year		788,508.34
Net Assets Beginning of the Year		15,005,793.64
Net Assets End of the Year		15,794,301.98

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

City of Ormond Beach
Firefighters' Pension Trust Fund

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2010
Actuarial Asset Basis

INCOME		
Contributions:		
Member	247,671.71	
Buy-Back	37,319.17	
City	806,778.72	
State	339,653.88	
Total Contributions		1,431,423.48
Balance of Transfer from General Plan for Chief Baker		4,605.72
Earnings from Investments		
Interest & Dividends	442,698.18	
Net Realized Gain (Loss)	519,378.90	
Change in Actuarial Value	(654,845.54)	
Total Earnings and Investment Gains		307,231.54
EXPENSES		
Administrative Expenses:		
Investment Related*	87,847.44	
Other	32,625.41	
Total Administrative Expenses		120,472.85
Distributions to Members:		
Benefit Payments	1,302,311.18	
Lump Sum DROP Balances	0.00	
Lump Sum PLOP Distributions	366,794.37	
Termination Payments	28,086.98	
Total Distributions		1,697,192.53
DROP Account Net Change		0.00
Change in Net Assets for the Year		(74,404.64)
Net Assets Beginning of the Year		17,312,348.82
Net Assets End of the Year**		17,237,944.18

*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
ACTUARIAL ASSET VALUATION
September 30, 2010

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*	
9/30/07	11.66%	
9/30/08	-15.04%	
9/30/09	3.38%	
9/30/10	7.28%	
Annualized Rate of Return for prior four (4) years:		1.28%
(A) 10/01/09 Actuarial Assets:		\$17,312,348.82
(I) Net Investment Income:		
1. Interest and Dividends		442,698.18
2. Realized Gains (Losses)		519,378.90
3. Change in Actuarial Value		(654,845.54)
4. Investment Related Expenses		(87,847.44)
Total		219,384.10
(B) 10/01/10 Actuarial Assets:		\$17,237,944.18
Actuarial Asset Rate of Return = 2I/(A+B-I):		1.28%
10/01/10 Limited Actuarial Assets: (Lesser of Actuarial Assets or 120% of Market Value)		\$17,237,944.18

*Market Value Basis, net of investment related expenses

PREPAID CITY CONTRIBUTION RECONCILIATION

Prepaid Balance, 10/1/2009	0
Required Contributions	
Total Required Contribution, Fiscal Year Ended 9/30/2010	1,146,432.60
Total Contributions	1,146,432.60
Contributions Made	
State Contribution, Limited to "Frozen" Amount	339,653.88
City Contributions During Fiscal Year Ended 9/30/2010	817,610.05
Total Contributions Made	<u>1,157,263.93</u>
Prepaid Balance, 10/1/2010	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:

<u>Normal Retirement</u>	<u>Early Retirement</u>
JARRELL, JACK KING, DAVID KING, JOE MARSTALLER, MIKE MEDEIROS, JOHN	None

STATISTICAL DATA

(Averages are salary weighted)

<u>Active Members</u>	<u>10/1/2007</u>	<u>10/1/2008</u>	<u>10/1/2009</u>	<u>10/1/2010</u>
Number	53	55	52	46
Average Current Age	40.4	41.8	42.0	42.4
Average Age at Employment	30.5	31.0	30.2	30.8
Average Past Service	10.0	10.8	11.8	11.5
Average Annual Salary	\$59,766	\$60,261	\$59,800	\$59,881

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	0	0	1	0	0	0	0	0	0	0	0	1
25 - 29	0	0	0	0	2	1	0	0	0	0	0	3
30 - 34	0	0	0	1	0	1	6	0	0	0	0	8
35 - 39	0	0	0	0	2	1	4	0	0	0	0	7
40 - 44	0	0	0	0	0	4	4	1	1	0	0	10
45 - 49	0	0	0	0	0	1	6	3	1	0	0	11
50 - 54	0	0	0	0	0	0	0	1	1	0	0	2
55 - 59	0	0	0	0	0	2	2	0	0	0	0	4
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	0	0	1	1	4	10	22	5	3	0	0	46

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/09	52
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	6
f. Voluntary withdrawal	0
g. Continuing participants	46
h. New entrants	0
i. Total active life participants in valuation	46

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>Total</u>
a. Number prior valuation	23	0	2	1	26
b. In	6	0	0	0	6
c. Out	0	0	0	1	1
d. Number current valuation	29	0	2	0	31

SECTION V
SUMMARY OF PLAN PROVISIONS

SUMMARY OF PLAN PROVISIONS
(Through Ordinance No. 2008-58)

<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 Retirement</u>	
Date	Earlier of Age 60, Age 55 and 10 years of Credited Service, or 20 years of Credited Service.
Benefit	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 on and after 1/1/2010
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.
<u>Board of Trustees</u>	<ul style="list-style-type: none"> 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.
<u>Deferred Retirement Option Plan</u>	
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	<p>Participant's election:</p> <ul style="list-style-type: none"> 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.
<u>BAC-DROP</u>	
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 (JAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	JAAL as a % of Covered Payroll ((b-a)/c)
10/01/10	17,237,944	27,150,025	9,912,081	63.49%	2,754,532	359.85%
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%
10/01/05	13,560,623	19,556,648	5,996,025	69.34%	2,930,437	204.61%

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
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%
2005	824,648	646,214	178,434 *	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 9/30/2010

City	28.3%
Plan Members	8.4%

City's Required Contribution	806,779
Contributions made	806,779
Actuarial valuation date	10/1/2008
Actuarial cost method	Entry Age Normal
Amortization method	Level % of Payroll, Closed
Remaining amortization period	29 years (as of 10/1/2008)
Asset valuation method	4 Year Smoothed Market Value

Actuarial assumptions:

Investment rate of return	8.0%
Projected salary increase*	6.5%
* Includes inflation at	3.0%
Post Retirement COLA	0.0%

THREE YEAR TREND INFORMATION

<u>Year</u> <u>Ending</u>	<u>City's</u> <u>Required</u> <u>Contribution (A)</u>	<u>Percentage</u> <u>of (A)</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
9/30/2010	806,779	100%	(146,451)
9/30/2009	634,338	100%	(159,360)
9/30/2008	658,816	100%	(172,599)

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>9/30/04</u>	<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>
Actuarially Determined Contribution (A)	504,726	646,214	554,252	624,317	658,816	634,338	806,779
Interest on NPO	(14,365)	(14,431)	(14,273)	(14,116)	(13,961)	(13,808)	(12,749)
Adjustment to (A)	16,336	16,412	16,232	16,054	15,877	27,047	25,658
Annual Pension Cost	506,697	648,195	556,211	626,255	660,732	647,577	819,688
Contributions Made	507,530	646,214	554,252	624,317	658,816	634,338	806,779
Increase in NPO	(833)	1,981	1,959	1,938	1,916	13,239	12,909
NPO Beginning of Year	(179,560)	(180,393)	(178,412)	(176,453)	(174,515)	(172,599)	(159,360)
NPO End of Year	(180,393)	(178,412)	(176,453)	(174,515)	(172,599)	(159,360)	(146,451)