

**OCTOBER 1, 2006
ACTUARIAL VALUATION REPORT
FOR THE
CITY OF NAPLES
FIREFIGHTERS' RETIREMENT SYSTEM**

**ANNUAL EMPLOYER CONTRIBUTION
IS DETERMINED BY THIS VALUATION
FOR THE PLAN YEAR ENDING**

SEPTEMBER 30, 2007

TO BE PAID IN EMPLOYER FISCAL YEAR ENDING

SEPTEMBER 30, 2008





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November 6, 2006

Board of Trustees
City of Naples Firefighters'
Retirement System
Naples, Florida

Dear Trustees:

We are pleased to present our October 1, 2006 Actuarial Valuation Report for the Plan. The purpose of the Report is to set forth required contribution levels, to disclose plan assets and actuarial liabilities, to comment on funding progress and to provide supporting information regarding the operation of the Plan. This Report is also designed to comply with requirements of the State.

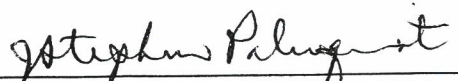
The valuation was performed on the basis of employee, retiree and financial information supplied by the City. Although we did not audit this information, it was reviewed for reasonableness and comparability to prior years.

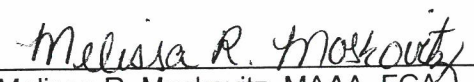
The benefits valued are outlined at the end of the Report. Actuarial assumptions and the actuarial cost method are also described herein. Any changes in benefits, assumptions or methods are described in the first section.

We will be pleased to answer any questions pertaining to the valuation and to meet with you to review this Report.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By 
J. Stephen Palmquist, ASA, MAAA, FCA
Enrolled Actuary No. 05-1560

By 
Melissa R. Moskowitz, MAAA, FCA
Enrolled Actuary No. 05-6467

Statement by Enrolled Actuary

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate. In my opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. 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.

Joseph Palugrist
Signature

11-4-06
Date

05-1560
Enrollment Number



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SECTION A
DISCUSSION OF VALUATION RESULTS



DISCUSSION OF VALUATION RESULTS

Comparison of Required Employer Contributions

A comparison of the required employer contribution developed in this valuation and the previous valuation is as follows:

	For FYE 9/30/08 Based on 10/1/2006 Valuation	For FYE 9/30/07 Based on 10/1/2005 Valuation	Increase (Decrease)
Total Required Contribution	\$ 1,833,773	\$ 1,410,729	\$ 423,044
As % of Covered Payroll	53.24 %	44.63 %	8.61 %
Estimated Employee Contribution	241,105	158,047	83,058
As % of Covered Payroll	7.00	5.00	2.00
Required Employer/State Contribution	1,592,668	1,252,682	339,986
As % of Covered Payroll	46.24	39.63	6.61
Estimated State Contribution	775,809	708,644	67,165
As % of Covered Payroll	22.52	22.42	0.10
City Incentive Contribution	57,135	57,135	0
As % of Covered Payroll	1.66	1.81	(0.15)
Required Employer Contribution	759,724	486,903	272,821
As % of Covered Payroll	22.06	15.40	6.66

The contribution developed in this valuation has been calculated as though payment would be made evenly throughout the year. Further, the required Employer contribution has been computed under the assumption that the amount to be received from the State in 2007 will be equal to the adjusted base year revenue of \$772,709. If the actual payment from the State falls below this amount, then the employer must increase its contribution by the difference.

The actual Employer and State contributions for the year ending September 30, 2006 were \$288,351 and \$977,383, respectively. Adding the Employer contribution and baseline Chapter 175 revenue of \$708,644, the total is \$996,995. The total minimum required payment was \$976,355.

Revisions in Benefits

Under Ordinance 06-11152, the member contribution rate was increased from 5% to 6% in fiscal year ending September 30, 2007 and 7% in fiscal year ending September 30, 2008. In addition, the cost of living adjustment payable to service retirees and beneficiaries retiring after June 30, 2005 was increased from 2.75% starting at age 52 to 3.00% starting at age 50.

Funding for this new benefit comes from use of the Chapter 175 reserve of unused contributions in the amount of \$709,532 plus the addition of \$67,165 to the annual base amount of Chapter 175 revenue. The base amount will rise from \$708,644 to \$775,809.

Revisions in Actuarial Assumptions or Methods

The investment earnings assumption was changed from 8.0% per year to 7.5% per year. All other actuarial assumptions and methods are the same as those used in the last valuation. This change has raised the required contribution by \$179,795, or 5.22% of payroll.

Actuarial Experience

During the past year, there was a net actuarial loss of \$844,948 which means that actual experience was less favorable than expected. The loss is due in part to larger than expected salary increases. The net loss has increased the required employer contribution by 1.33% of covered payroll.

Funded Ratio

The funded ratio this year is 61.4% compared to 66.4% last year. This year's ratio was 65.7% before the changes in plan provisions and the assumed rate of investment return. The funded ratio is equal to the actuarial value of assets divided by the actuarial accrued (past service) liability.

Analysis of Change in Employer Contribution

The components of change in the net required employer contribution are as follows:

Contribution Rate Last Year	15.40 %
Actuarial Experience	1.33
Change in Actuarial Assumptions	5.22
Revision in Benefits	(0.96)
Amortization Payment on UAAL	(0.17)
Change in Normal Cost Rate	(0.94)
Change in Administrative Expense	0.19
Change in Incentive Contribution	0.15
Change in State Revenue	<u>1.84</u>
Contribution Rate This Year	22.06

The remainder of this Report includes detailed actuarial valuation results, financial information, miscellaneous information and statistics, and a summary of plan provisions.

CHAPTER REVENUE

Increments in Chapter revenue over that received in 1998 must first be used to fund the cost of compliance with minimum benefits. Once minimums are met, any subsequent additional Chapter revenue must be used to provide extra benefits.

As of the valuation date, all minimum benefit requirements have been met. Thus, any additional revenue must be used to provide extra benefits.

Actuarial Confirmation of the Use of State Chapter Money	
1. Base Amount Previous Plan Year	\$ 708,644
2. Amount Received for Previous Plan Year	977,383
3. Benefit Improvements Made in Previous Plan Year	0
4. Excess Funds for Previous Plan Year: (2) - (1) - (3)	268,739
5. Accumulated Excess at Beginning of Previous Year	440,793
6. Prior Excess Used in Previous Plan Year	0
7. Accumulated Excess as of Valuation Date (Available for Benefit Improvements): (4) + (5) - (6)	709,532
8. Base Amount This Plan Year: (1) + (3)	708,644

The Accumulated Excess shown in line 7 was used to fund the improvement in the cost of living adjustment under Ordinance 06-11152. This reserve of \$709,532 is included in Plan assets as of September 30, 2006 (see Section C of this Report). The Base Amount in line 8 is the amount the employer may take as a credit against its required contribution. As of October 1, 2006, the base amount of \$708,644 was increased by \$67,165 to \$775,809 to reflect the improvement in the cost of living adjustment under Ordinance 06-11152.

SECTION B
VALUATION RESULTS



PARTICIPANT DATA		
	October 1, 2006	October 1, 2005
ACTIVE MEMBERS		
Number	53	54
Covered Annual Payroll	\$ 3,249,388	\$ 2,982,022
Average Annual Payroll	\$ 61,309	\$ 55,223
Average Age	39.0	39.1
Average Past Service	12.0	12.1
Average Age at Hire	27.0	26.9
RETIREES & BENEFICIARIES		
Number	17	15
Annual Benefits	\$ 563,164	\$ 442,445
Average Annual Benefit	\$ 33,127	\$ 29,496
Average Age	60.1	60.5
DISABILITY RETIREES		
Number	1	1
Annual Benefits	\$ 38,341	\$ 38,341
Average Annual Benefit	\$ 38,341	\$ 38,341
Average Age	46.7	45.7
TERMINATED VESTED MEMBERS		
Number	6	4
Annual Benefits	\$ 87,951	\$ 30,956
Average Annual Benefit	\$ 14,659	\$ 7,739
Average Age	41.3	46.3

ANNUAL REQUIRED CONTRIBUTION (ARC)

A. Valuation Date	October 1, 2006 <i>After Assumption and Plan Changes</i>	October 1, 2006 <i>After Assumption Change</i>	October 1, 2006 <i>Before Changes</i>	October 1, 2005
B. ARC to Be Paid During Fiscal Year Ending	9/30/2008	9/30/2008	9/30/2008	9/30/2007
C. Assumed Date of Employer Contrib.	Evenly	Evenly	Evenly	Evenly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 570,428	\$ 548,789	\$ 487,876	\$ 414,799
E. Employer Normal Cost	877,927	868,540	762,727	721,517
F. ARC if Paid on the Valuation Date: D + E	1,448,355	1,417,329	1,250,603	1,136,316
G. ARC Adjusted for Frequency of Payments	1,502,668	1,470,479	1,300,627	1,181,769
H. ARC as % of Covered Payroll	46.24 %	45.25 %	40.03 %	39.63 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	6.00 %	6.00 %	6.00 %	6.00 %
J. Covered Payroll for Contribution Year	3,444,351	3,444,351	3,444,351	3,160,944
K. ARC for Contribution Year: H x J	1,592,668	1,558,569	1,378,774	1,252,682
L. Estimate of State Revenue in Contribution Year	775,809	708,644	708,644	708,644
M. Incentive Contribution in Contribution Year	57,135	57,135	57,135	57,135
N. Required Employer Contribution (REC) in Contribution Year	759,724	792,790	612,995	486,903
O. REC as % of Covered Payroll in Contribution Year: M ÷ J	22.06 %	23.02 %	17.80 %	15.40 %

ACTUARIAL VALUE OF BENEFITS AND ASSETS

A. Valuation Date	October 1, 2006 <i>After Assumption and Plan Changes</i>	October 1, 2006 <i>After Assumption Change</i>	October 1, 2006 <i>Before Changes</i>	October 1, 2005
B. Actuarial Present Value of All Projected Benefits for				
1. Active Members				
a. Service Retirement Benefits	\$ 25,807,058	\$ 24,531,469	\$ 22,513,799	\$ 20,726,674
b. Vesting Benefits	2,090,150	2,089,533	1,885,272	2,312,183
c. Disability Benefits	725,267	725,267	677,959	628,346
d. Preretirement Death Benefits	343,605	323,730	297,396	261,730
e. Return of Member Contributions	7,995	6,927	6,877	4,872
f. Total	<u>28,974,075</u>	<u>27,676,926</u>	<u>25,381,303</u>	<u>23,933,805</u>
2. Inactive Members				
a. Service Retirees & Beneficiaries	7,698,362	7,515,771	7,120,387	5,398,031
b. Disability Retirees	436,086	436,086	417,739	422,941
c. Terminated Vested Members	<u>326,503</u>	<u>326,503</u>	<u>294,960</u>	<u>122,444</u>
d. Total	<u>8,460,951</u>	<u>8,278,360</u>	<u>7,833,086</u>	<u>5,943,416</u>
3. Total for All Members	37,435,026	35,955,286	33,214,389	29,877,221
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	30,409,122	29,228,447	27,350,170	24,141,412
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	23,156,381	22,336,650	20,883,834	18,610,467
E. Plan Assets				
1. Market Value	18,850,504	18,140,972	18,140,972	16,318,614
2. Actuarial Value	18,677,072	17,967,540	17,967,540	16,019,471
F. Unfunded Actuarial Accrued Liability = C - E2	11,732,050	11,260,907	9,382,630	8,121,941
G. Actuarial Present Value of Projected Covered Payroll	22,593,955	22,593,955	22,103,274	20,651,310
H. Actuarial Present Value of Projected Member Contributions	1,549,083	1,129,698	1,105,164	1,032,566

CALCULATION OF EMPLOYER NORMAL COST

A. Valuation Date	October 1, 2006 <i>After Assumption and Plan Changes</i>	October 1, 2006 <i>After Assumption Change</i>	October 1, 2006 <i>Before Changes</i>	October 1, 2005
B. Normal Cost for				
1. Service Retirement Benefits	\$ 777,924	\$ 740,527	\$ 657,307	\$ 594,841
2. Vesting Benefits	158,901	158,678	140,976	165,667
3. Disability Benefits	54,080	54,080	50,575	46,166
4. Preretirement Death Benefits	17,545	16,575	14,998	13,102
5. Return of Member Contributions	<u>11,517</u>	<u>8,226</u>	<u>8,417</u>	<u>7,713</u>
6. Total for Future Benefits	1,019,967	978,086	872,273	827,489
7. Assumed Amount for Administrative Expenses	<u>52,923</u>	<u>52,923</u>	<u>52,923</u>	<u>43,129</u>
8. Total Normal Cost	1,072,890	1,031,009	925,196	870,618
9. Total as % of Covered Payroll	33.02%	31.73%	28.47%	29.20%
C. Expected Member Contribution	194,963	162,469	162,469	149,101
D. Employer Normal Cost: B8-C	877,927	868,540	762,727	721,517
E. Employer Normal Cost as a % of Covered Payroll	27.02%	26.73%	23.47%	24.20%

LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY

A. UAAL Amortization Period and Payments					
Original UAAL			Current UAAL		
Date	Source	Amount	Years Remaining	Amount	Payment
10/1/1997	Exp. Gain	\$ N/A	21	\$ (34,398)	\$ (2,052)
10/1/1999	Exp. Loss	N/A	23	523,770	29,144
10/1/2001	Exp. Loss	N/A	25	656,534	34,333
10/1/2002	Exp. Loss	N/A	26	1,853,712	94,203
10/1/2003	Exp. Loss	N/A	27	2,171,447	107,390
10/1/2004	Exp. Loss	N/A	28	2,044,186	98,515
10/1/2005	Exp. Gain	(271,877)	29	(286,510)	(13,472)
10/1/2005	Assump. Change	1,526,763	29	1,608,941	75,653
10/1/2006	Exp. Loss	844,948	30	844,948	38,808
10/1/2006	Assump. Change	1,878,277	30	1,878,277	86,267
10/1/2006	Plan Changes	471,143	30	471,143	21,639
		<u>4,449,254</u>		<u>11,732,050</u>	<u>570,428</u>

B. Amortization Schedule

The UFAAL is being amortized as a level percent of payroll over the number of years remaining in the amortization period. The expected amortization schedule is as follows:

Amortization Schedule	
Year	Expected UAAL
2006	\$ 11,732,050
2007	11,998,710
2008	12,254,742
2009	12,497,784
2010	12,725,250
2011	12,934,284
2016	13,580,431
2021	13,129,855
2026	10,724,018
2031	5,200,177
2036	-

ACTUARIAL GAINS AND LOSSES

The assumptions used to anticipate mortality, employment turnover, investment income, expenses, salary increases, and other factors have been based on long range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain and loss for the period involved. If significant long term experience reveals consistent deviation from what has been expected and that deviation is expected to continue, the assumptions should be modified. The net actuarial gain (loss) for the past year has been computed as follows:

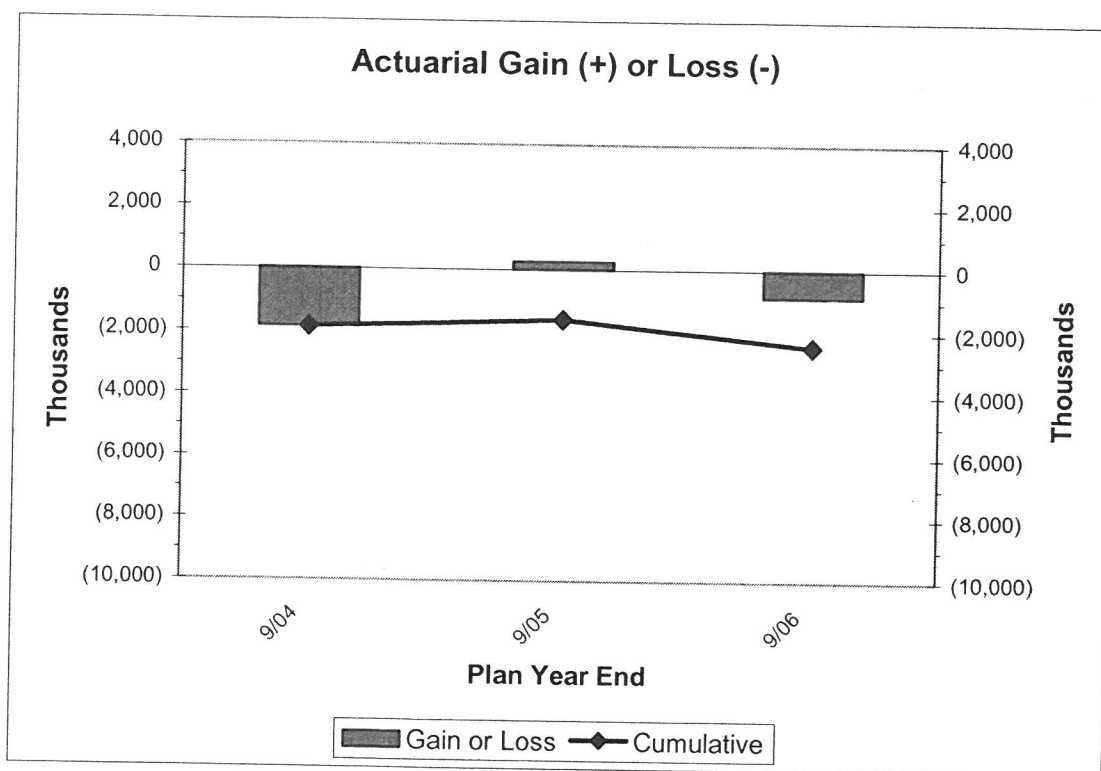
1. Last Year's UAAL	\$ 8,121,941
2. Last Year's Employer Normal Cost	721,517
3. Last Year's Contributions	
a. Employer	288,351
b. State	708,644 *
c. a + b	<u>996,995</u>
4. Interest at the Assumed Rate on:	
a. 1 and 2 for one year	707,477
b. 3 from dates paid	<u>16,258</u>
c. a - b	691,219
5. This Year's Expected UAAL 1 + 2 - 3c + 4c	8,537,682
6. This Year's Actual UAAL (before any changes in Benefits or Assumptions)	9,382,630
7. Net Actuarial Gain (Loss): 5 - 6	(844,948)
8. Gain (Loss) Due to Investments	33,753
9. Gain (Loss) from Other Sources	(878,701)
10. This Year's Actual UAAL (after changes in Benefits or Assumptions)	11,732,050
11. Change in UAAL Due to Change in Assumptions	1,878,277
12. Change in UAAL Due to Changes in Benefits	471,143

* Frozen amount.

Net actuarial gains in previous years have been as follows:

Year Ended	Gain (Loss)
9/30/2004	\$ (1,858,499)
9/30/2005	271,877
9/30/2006	(844,948)

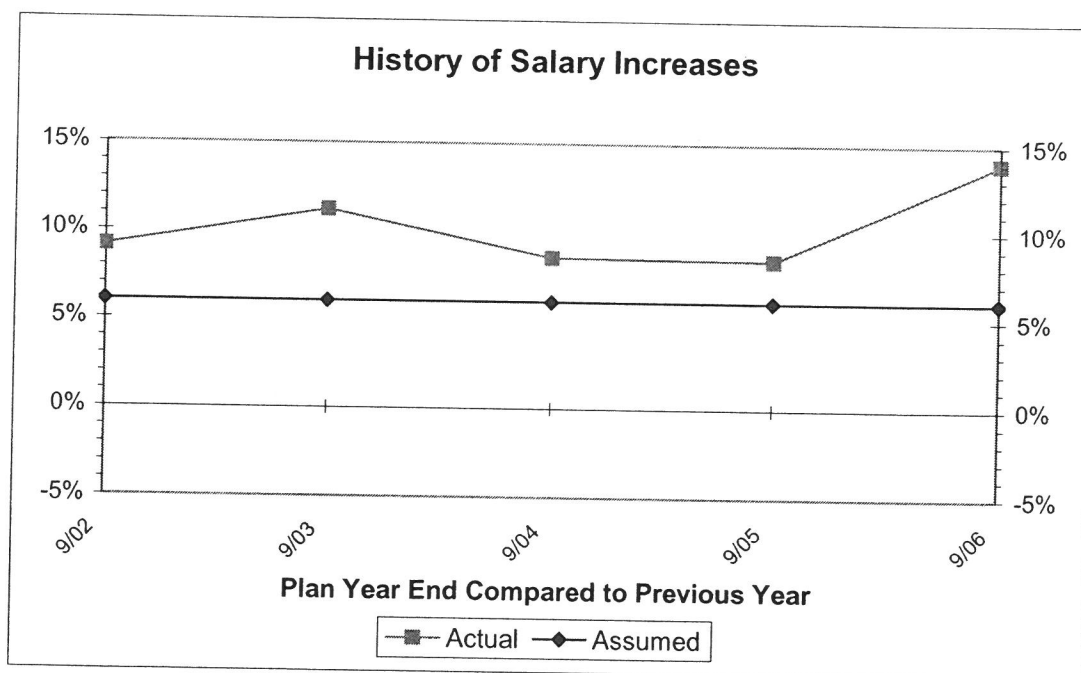
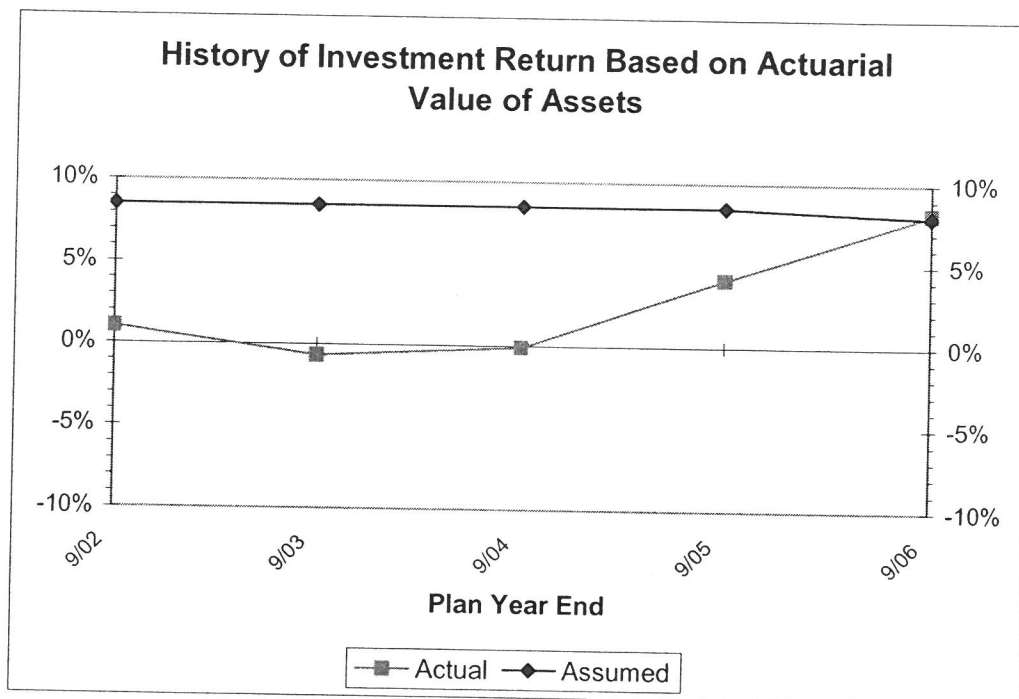




The fund earnings and salary increase assumptions have considerable impact on the cost of the Plan so it is important that they are in line with the actual experience. The following table shows the actual fund earnings and salary increase rates compared to the assumed rates for the last few years:

Year Ending	Investment Return		Salary Increases	
	Actual	Assumed	Actual	Assumed
9/30/2002	1.0 %	8.5 %	9.1 %	6.0 %
9/30/2003	(0.7)	8.5	11.2	6.0
9/30/2004	(0.1)	8.5	8.5	6.0
9/30/2005	4.1	8.5	8.4	6.0
9/30/2006	8.2	8.0	14.0	6.0
Averages	2.4 %	---	10.2 %	---

The actual investment return rates shown above are based on the actuarial value of assets. The actual salary increase rates shown above are the increases received by those active members who were included in the actuarial valuations both at the beginning and the end of each year.

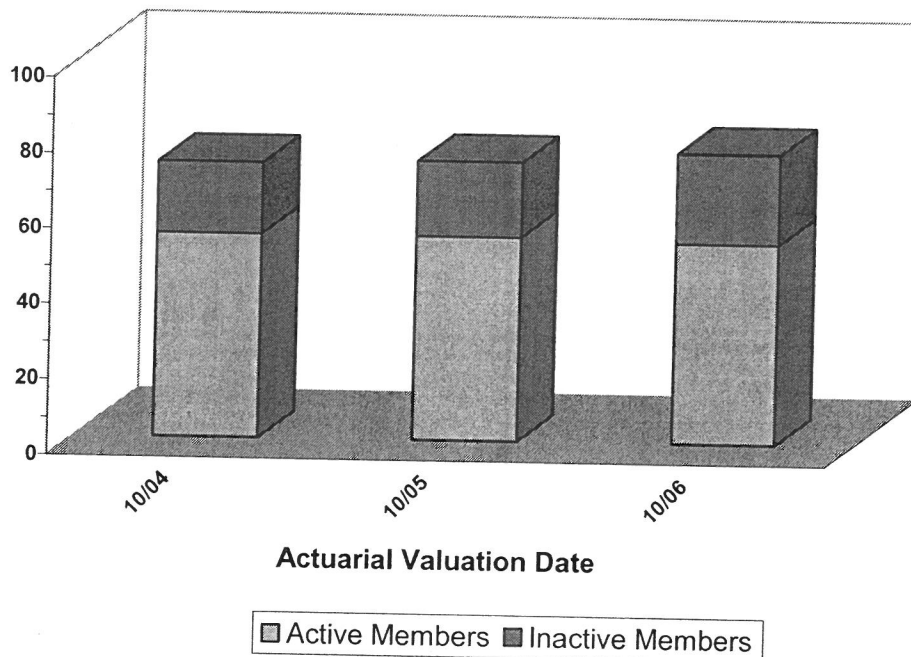
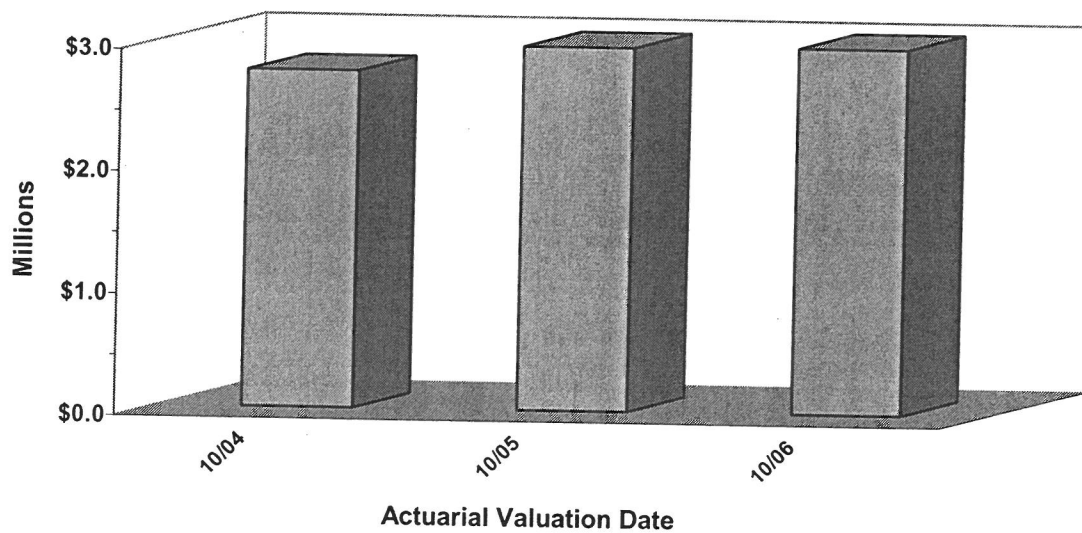


**Actual (A) Compared to Expected (E) Decrements
Among Active Employees**

Year Ended	Number Added During Year		Service & DROP Retirement		Disability Retirement		Death		Terminations				Active Members End of Year
									Vested	Other	Totals		
	A	E	A	E	A	E	A	A	A	E			
9/30/2006	5	6	2	0	0	0	0	0	1	3	4	2	53
9/30/2007				0		0		0				2	
1 Yr Totals *	5	6	2	0	0	0	0	0	1	3	4	2	

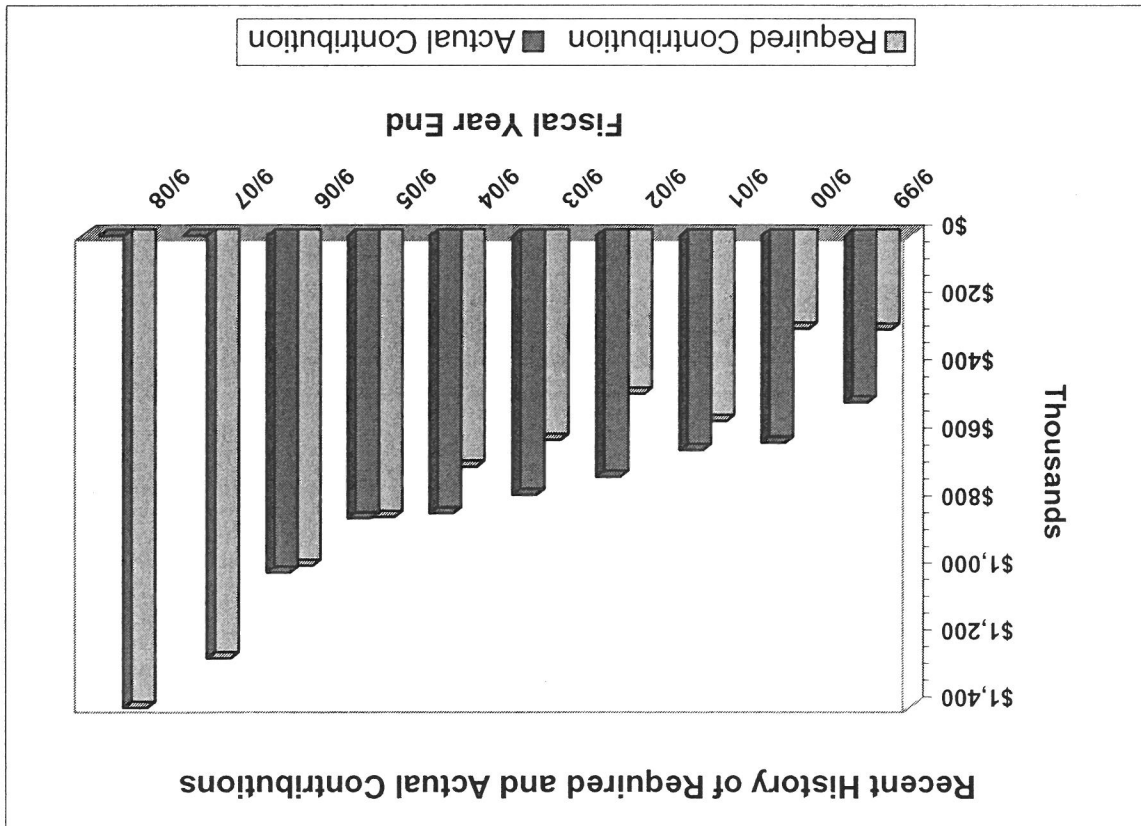
* Totals are through current Plan Year only.

RECENT HISTORY OF VALUATION RESULTS							
Valuation Date	Number of		Covered Annual Payroll	Actuarial Value of Assets	UFAAL	Employer Normal Cost	
	Active Members	Inactive Members				Amount	% of Payroll
10/1/2004	54	19	\$ 2,760,475	\$ 15,025,368	\$ 6,579,690	\$ 590,188	20.2 %
10/1/2005	54	20	2,982,022	16,019,471	8,121,941	721,517	24.2
10/1/2006	53	24	3,249,388	18,677,072	11,732,050	877,927	27.0

Recent History of Number of Members**Recent History of Covered Annual Payroll**

RECENT HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS

Valuation	End of Year To Which Valuation Applies	Required Contributions						Actual Contributions			
		Employer & State		Estimated State		Net Employer		Employer	State	Total	
		Amount	% of Payroll	Amount	% of Payroll	Amount	% of Payroll				
10/1/1997	9/30/1999	\$ 279,451	N/A	N/A	N/A	N/A	N/A	\$ 57,135	\$ 436,036	\$ 493,171	
10/1/1998	9/30/2000	276,777	N/A	N/A	N/A	N/A	N/A	57,135	554,631	611,766	
10/1/1999	9/30/2001	547,961	N/A	N/A	N/A	N/A	N/A	57,135	575,860	632,995	
10/1/2000	9/30/2002	467,954	N/A	N/A	N/A	N/A	N/A	57,135	655,066	712,201	
10/1/2001	9/30/2003	603,516	N/A	N/A	N/A	N/A	N/A	57,135	708,644	765,779	
10/1/2002	9/30/2004	681,991	N/A	N/A	N/A	N/A	N/A	110,901	708,644	819,545	
10/1/2003	9/30/2005	831,293	29.96 %	\$ 708,644	25.54 %	\$ 122,649	4.42 %	126,254	708,644	834,898	
10/1/2004	9/30/2006	976,355	33.37	708,644	24.22	267,711	9.15	288,351	708,644	996,995	
10/1/2005	9/30/2007	1,252,682	39.63	708,644	22.42	544,038	17.21	---	---	---	
10/1/2006	9/30/2008	1,592,668	46.24	775,809	22.52	816,859	23.72	---	---	---	



ACTUARIAL ASSUMPTIONS AND COST METHOD

A.	Cost Method	
	1. Funding	Entry Age Normal Actuarial Cost Method.
	2. Accumulated Benefit Obligation	Accrued Benefit Method.
B.	Investment Earnings (Including inflation)	7.5% per year, compounded annually; net of investment related expenses.
C.	Salary Increases (Including inflation)	6% per year up to the assumed retirement age.
D.	Inflation	3.5% per year.
E.	Retirement Age	Later of normal retirement date or one year after valuation date; probability of early retirement is 5% for each year eligible.
F.	Turnover Rates	See Table on next page.
G.	Mortality Rates	1983 Group Annuity Mortality Table for males and females; rates for disabled lives set forward five years.
H.	Disability	
	1. Rates	See Table on next page.
	2. Percent Service Connected	75%
I.	Asset Value	Previous year's value increased with a rate of investment return equal to the average market value return over the most recent four years.
J.	Administrative Expenses	Average of actual expenses over most recent two years.
K.	Increase in Covered Payroll	5% per year.
L.	Post Retirement Benefit Increase	3% per year starting at age 50.
M.	Changes Since Last Valuation	The investment earnings assumption was changed from 8.0% per year to 7.5% per year.

Age	Annual Rate of	
	Turnover	Disability
20	9.3%	0.14%
25	8.6	0.15
30	7.9	0.18
35	6.1	0.23
40	4.3	0.30
45	2.7	0.51
50	1.1	1.00

GLOSSARY OF TERMS

Actuarial Present Value is the value of an amount or series of amounts payable at various times, determined as of the valuation date by the application of the set of actuarial assumptions.

Actuarial Assumptions are assumptions as to the occurrence of future events affecting pension costs. The previous page outlines the Actuarial Assumptions utilized in this valuation.

Actuarial Cost Method is a procedure for determining the Actuarial Present Value of pension plan benefits and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and Actuarial Accrued Liability.

Entry Age Actuarial Cost Method is a method under which the current year's cost, or Normal Cost, is calculated for each individual. This Normal Cost is the amount, determined as a level percentage of pay, which, if deposited each year from the time an employee was first included in the actuarial valuation (or would have been had the plan been in effect) until retirement, would fully fund his or her benefit.

Entry Age Actuarial Accrued Liability at any given time is equal to the Actuarial Present Value of Projected Benefits minus the Actuarial Present Value of future Normal Costs. Under the Entry Age Actuarial Cost Method, experience gains (losses) reduce (increase) the Actuarial Accrued Liability. Increases or decreases in the Actuarial Accrued Liability will also occur as a result of changes in pension plan benefits, actuarial assumptions, or asset valuation methods.

Unfunded Actuarial Accrued Liability is the Actuarial Accrued Liability, less assets.

SECTION C
PENSION FUND INFORMATION



SUMMARY OF ASSETS		
	9/30/2006	9/30/2005
Cash and Securities - Market Value		
Cash	\$ -	\$ 51
Money Market Funds	1,308,842	802,809
U.S. Government Bonds & Notes	3,166,758	3,238,172
Corporate Bonds	2,947,867	2,653,603
Common Stocks	11,305,434	10,023,362
Pooled Equity Funds	-	-
Pooled Bond Funds	-	-
Other Securities	-	-
Total	<u>18,728,901</u>	<u>16,717,997</u>
Receivables and Accruals		
Member Contribution	-	-
Employer Contribution	-	-
State Contribution	-	-
Interest and Dividends	99,458	81,491
Trades Receivable	<u>167,031</u>	<u>62,451</u>
Total	<u>266,489</u>	<u>143,942</u>
Payables and Reserves		
Reserve for Excess State Funds	-	440,793
Benefits	-	-
Refunds	-	-
Expenses	287	-
Trades Payable	<u>144,599</u>	<u>102,532</u>
Total	<u>144,886</u>	<u>543,325</u>
Net Assets - Market Value	18,850,504	16,318,614

The asset amount as of September 30, 2006 includes the state contribution reserve of \$709,532 used to fund the improvement to the cost of living adjustment under Ordinance 06-11152. The market value of assets without the reserve is \$18,140,972.

PENSION FUND INCOME AND DISBURSEMENTS		
	Year Ending 9/30/2006	Year Ending 9/30/2005
Market Value at Beginning of Period	\$ 16,759,407	\$ 14,764,943
Income		
Contributions		
Member Contributions	160,556	148,592
State Contributions	977,383	902,413
Employer Contributions	288,351	126,254
Member Buyback	9,921	86,579
Total Contributions	1,436,211	1,263,838
Investment Earnings		
Dividends and Interest	516,723	444,096
Realized & Unrealized Gain (Loss)	846,336	843,142
Total Investment Earnings	1,363,059	1,287,238
Other Income	658	3,024
Total Income	2,799,928	2,554,100
Disbursements		
Monthly Benefit Payments	539,701	414,575
Lump Sum Distributions	-	-
Refund of Contributions	11,308	-
Investment Related Expenses	104,879	92,158
Other Administrative Expenses	52,943	52,903
Other Expenses	-	-
Total Disbursements	708,831	559,636
Net Increase During Period	2,091,097	1,994,464
Market Value at End of Period	18,850,504	16,759,407
Less: State Contribution Reserve	-	440,793
Final Market Value	18,850,504	16,318,614

The asset amount as of September 30, 2006 includes the state contribution reserve of \$709,532 used to fund the improvement to the cost of living adjustment under Ordinance 06-11152. The market value of assets without the reserve is \$18,140,972.



ACTUARIAL VALUE OF ASSETS

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. Details of the derivation are set forth as follows:

Plan Year End		Rate of Return*	
	9/30/2003	9.99	%
	9/30/2004	7.64	
	9/30/2005	7.88	
	9/30/2006	7.33	
	Annualized Rate of Return for Prior 4 Years	8.20	%
(A)	Actuarial Assets Last Year	\$ 16,460,264	
	Cash Flow During Year	832,917	
(I)	Net Investment Income Realized = (A + 1/2 Cash Flow) x Annualized Rate of Return	1,383,891	
(B)	Derived Assets This Year** = A + Cash Flow + I	18,677,072	
	Less: DROP Account Balance	-	
	Less: State Contribution Reserve	-	
	Final Actuarial Value ***	18,677,072	
	Final Actuarial Value Rate of Return	8.20	%
	Expected Investment Income	1,350,138	
	Gain (Loss) Due to Investments	33,753	

* Market Value Basis, net of investment related expenses.

** Before offset of DROP Account Balance and State Contribution Reserve.

*** Actuarial Value must be within 20% of Market Value.

The asset amount as of September 30, 2006 includes the state contribution reserve of \$709,532 used to fund the improvement to the cost of living adjustment under Ordinance 06-11152. The actuarial value of assets without the reserve is \$17,967,540.



INVESTMENT RATE OF RETURN

The investment rate of return has been calculated on the following bases:

- Basis 1** Interest, dividends, realized gains (losses) and unrealized appreciation (depreciation) divided by the weighted average of the market value of the fund during the year. This figure is normally called the Total Rate of Return.
- Basis 2** Investment earnings recognized in the Actuarial Value of Assets divided by the weighted average of the Actuarial Value of Assets during the year.

Year Ending	Investment Rate of Return	
	Basis 1	Basis 2
9/30/2001	(8.5) %	N/A
9/30/2002	(8.0)	1.0 %
9/30/2003	10.0	(0.7)
9/30/2004	7.6	(0.1)
9/30/2005	7.9	4.1
9/30/2006	7.3	8.2
Average Compounded Rate of Return for Number of Years Shown	2.4 %	2.4 %
Average Compounded Rate of Return for Last 5 Years	4.7 %	2.4 %

SECTION D
FINANCIAL ACCOUNTING INFORMATION



FASB NO. 35 INFORMATION

A. Valuation Date	October 1, 2006	October 1, 2005
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments	\$ 8,134,448	\$ 5,820,972
b. Terminated Vested Members	326,503	122,444
c. Other Members	14,531,609	12,542,757
d. Total	<u>22,992,560</u>	<u>18,486,173</u>
2. Non-Vested Benefits	163,821	124,294
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	23,156,381	18,610,467
4. Accumulated Contributions of Active Members	1,556,368	1,541,715
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	18,610,467	13,924,614
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	819,731	-
b. Change in Actuarial Assumptions	1,452,816	1,192,202
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	2,824,376	3,908,226
d. Benefits Paid	<u>(551,009)</u>	<u>(414,575)</u>
e. Net Increase	4,545,914	4,685,853
3. Total Value at End of Period	23,156,381	18,610,467
D. Market Value of Assets	18,850,504	16,318,614
E. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods		

SCHEDULE OF FUNDING PROGRESS
(GASB Statement No. 25)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAAL As % of Covered Payroll (b - a) / c
10/1/1999	\$ 10,374,432	\$ 10,705,345	\$ 330,913	96.9 %	\$ 1,720,839	19.2 %
10/1/2000	12,098,388	13,298,106	1,199,718	91.0	2,114,548	56.7
10/1/2001	13,078,556	14,206,636	1,128,080	92.1	2,176,201	51.8
10/1/2002	13,359,665	16,253,031	2,893,366	82.2	2,366,747	122.3
10/1/2003	14,328,347	19,056,831	4,728,484	75.2	2,617,574	180.6
10/1/2004	15,025,368	21,605,058	6,579,690	69.5	2,760,475	238.4
10/1/2005	16,019,471	24,141,412	8,121,941	66.4	2,982,022	272.4
10/1/2006	18,677,072	30,409,122	11,732,050	61.4	3,249,388	361.1

Note: Figures prior to 10/1/2005 taken from 10/1/2004 Report prepared by Foster & Foster, Inc.

**SCHEDULE OF EMPLOYER AND STATE CONTRIBUTIONS
(GASB STATEMENT No. 25)**

Year Ended	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
9/30/1999	\$ 279,451	\$ 57,135	\$ 436,036 *	176.5 %
9/30/2000	276,777	57,135	554,631	221.0
9/30/2001	547,961	57,135	575,860	115.5
9/30/2002	467,954	57,135	655,066	152.2
9/30/2003	603,516	57,135	708,644 *	126.9
9/30/2004	681,991	110,901	708,644 *	120.2
9/30/2005	831,293	126,254	708,644 *	100.4
9/30/2006	976,355	288,351	708,644 *	102.1

* Baseline amount per Chapter 185, F.S.

**ANNUAL PENSION COST AND NET PENSION OBLIGATION
(GASB STATEMENT NO. 27)**

Employer FYE September 30	2007	2006	2005
Annual Required Contribution (ARC) *	\$ 1,252,682	\$ 976,355	\$ 831,293
Interest on Net Pension Obligation (NPO)	(28,092)	(30,530)	(34,252)
Adjustment to ARC	(54,087)	(58,224)	(59,198)
Annual Pension Cost (APC)	1,278,677	1,004,049	856,239
Contributions made	**	996,995	834,898
Increase (decrease) in NPO	**	7,054	21,341
NPO at beginning of year	(374,565)	(381,619)	(402,960)
NPO at end of year	**	(374,565)	(381,619)
* Includes expected State contribution. ** To be determined.			

THREE YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
9/30/2004	\$ 1,757	\$ 110,901	6312.0 %	\$ (402,960)
9/30/2005	856,239	834,898	97.5	(381,619)
9/30/2006	1,004,049	996,995	99.3	(374,565)

REQUIRED SUPPLEMENTARY INFORMATION
GASB Statement No. 25 and No. 27

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation:

Valuation Date	October 1, 2006
Contribution Rates	
Employer	46.24%
Plan Members	6.00% for fiscal year ending September 30, 2007 and 7.00% for fiscal year ending September 30, 2008
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level percent, closed
Remaining Amortization Period	30 years
Asset Valuation Method	4-year smoothed market value
Actuarial Assumptions	
Investment rate of return	7.50%
Projected salary increases	6.00%
Includes inflation and other general increases at	3.50%
Cost of Living adjustments	3.00% per year beginning at age 50 for retirements after June 30, 2005

SECTION E
MISCELLANEOUS INFORMATION



RECONCILIATION OF MEMBERSHIP DATA		
	From 10/1/05 To 10/1/06	From 10/1/04 To 10/1/05
A. Active Members		
1. Number Included in Last Valuation	54	54
2. New Members Included in Current Valuation	4	2
3. Non-Vested Employment Terminations	(3)	0
4. Vested Employment Terminations	(1)	(1)
5. Service Retirements	(2)	(1)
6. Disability Retirements	0	0
7. Deaths	0	0
8. Other - Transfers	1	0
9. Number Included in This Valuation	53	54
B. Terminated Vested Members		
1. Number Included in Last Valuation	4	5
2. Additions from Active Members	1	1
3. Lump Sum Payments/Refund of Contributions	0	(1)
4. Payments Commenced	0	(1)
5. Deaths	0	0
6. Other - Data Correction	1	0
7. Number Included in This Valuation	6	4
C. Service Retirees, Disability Retirees and Beneficiaries		
1. Number Included in Last Valuation	16	14
2. Additions from Active Members	2	1
3. Additions from Terminated Vested Members	0	1
4. Deaths Resulting in No Further Payments	0	0
5. Deaths Resulting in New Survivor Benefits	0	0
6. End of Certain Period/No Further Payments	0	0
7. Other - Lump Sum Distributions	0	0
8. Number Included in This Valuation	18	16

ACTIVE PARTICIPANT SCATTER

Age Group	Years of Service to Valuation Date												Totals
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Up	
20-24 NO.	2	0	0	0	0	0	0	0	0	0	0	0	2
TOT PAY	66,981	0	0	0	0	0	0	0	0	0	0	0	66,981
AVG PAY	33,491	0	0	0	0	0	0	0	0	0	0	0	33,491
25-29 NO.	3	0	0	1	0	2	0	0	0	0	0	0	6
TOT PAY	106,103	0	0	40,906	0	91,879	0	0	0	0	0	0	238,888
AVG PAY	35,368	0	0	40,906	0	45,940	0	0	0	0	0	0	39,815
30-34 NO.	0	0	0	0	1	6	0	0	0	0	0	0	7
TOT PAY	0	0	0	0	43,286	303,921	0	0	0	0	0	0	347,207
AVG PAY	0	0	0	0	43,286	50,654	0	0	0	0	0	0	49,601
35-39 NO.	0	0	1	0	0	3	2	5	0	0	0	0	11
TOT PAY	0	0	39,318	0	0	149,791	120,094	361,776	0	0	0	0	670,979
AVG PAY	0	0	39,318	0	0	49,930	60,047	72,355	0	0	0	0	60,998
40-44 NO.	0	0	0	0	1	2	2	4	2	0	0	0	11
TOT PAY	0	0	0	0	44,277	93,870	122,151	306,090	148,681	0	0	0	715,069
AVG PAY	0	0	0	0	44,277	46,935	61,076	76,523	74,341	0	0	0	65,006
45-49 NO.	0	0	0	0	0	1	3	5	2	0	0	0	11
TOT PAY	0	0	0	0	0	63,931	190,134	346,961	128,806	0	0	0	729,832
AVG PAY	0	0	0	0	0	63,931	63,378	69,392	64,403	0	0	0	66,348
50-54 NO.	0	0	0	0	0	0	1	2	1	1	0	0	5
TOT PAY	0	0	0	0	0	0	59,388	156,696	91,852	72,812	0	0	380,748
AVG PAY	0	0	0	0	0	0	59,388	78,348	91,852	72,812	0	0	76,150
55-59 NO.	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
AVG PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
60-64 NO.	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
AVG PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT NO.	5	0	1	1	2	14	8	16	5	1	0	0	53
TOT AMT	173,084	0	39,318	40,906	87,563	703,392	491,767	1,171,523	369,339	72,812	0	0	3,149,704
AVG AMT	34,617	0	39,318	40,906	43,782	50,242	61,471	73,220	73,868	72,812	0	0	59,428

INACTIVE PARTICIPANT SCATTER

Age Group	Terminated Vested		Disabled		Retired		Deceased with Beneficiary	
	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits
Under 20	-	-	-	-	-	-	-	-
20-24	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-
30-34	1	21,024	-	-	-	-	-	-
35-39	2	19,859	-	-	-	-	-	-
40-44	1	32,703	-	-	1	57,123	-	-
45-49	1	7,144	1	38,341	1	63,702	-	-
50-54	1	7,221	-	-	4	196,822	-	-
55-59	-	-	-	-	3	56,550	-	-
60-64	-	-	-	-	2	58,922	-	-
65-69	-	-	-	-	4	106,450	-	-
70-74	-	-	-	-	1	7,859	-	-
75-79	-	-	-	-	-	-	-	-
80-84	-	-	-	-	1	15,736	-	-
85-89	-	-	-	-	-	-	-	-
90-94	-	-	-	-	-	-	-	-
95-99	-	-	-	-	-	-	-	-
100 & Over	-	-	-	-	-	-	-	-
Total	6	87,951	1	38,341	17	563,164	-	-
Average Age		41		47		60		N/A

SECTION F
SUMMARY OF PLAN PROVISIONS



SUMMARY OF PLAN PROVISIONS

Eligibility

All regular full-time Firefighters.

Compensation

Base cash compensation paid to a firefighter for services rendered excluding overtime pay, holiday pay, and fringe benefits.

Average Final Compensation (AFC)

Average of salary during the three best consecutive years; does not include lump sum payment of accrued leave.

Normal Retirement

Eligibility Earliest of age 55, age 50 with 20 years of credited service, or 25 years of service regardless of age.

Benefit 4.0% of AFC for each year of credited service, with a maximum benefit of 100% of AFC.

Form of Benefit 10 years certain and life thereafter with other options available.

Early Retirement

Eligibility Age 50.

Benefit Calculated in same manner as Normal Retirement Benefit and payable at Normal Retirement Date; or payable immediately after reduction by 3% for each year by which the benefit commencement date precedes the Normal Retirement Date.

Disability Retirement

Eligibility All members are eligible for duty and non-duty benefits.

Benefit Accrued pension benefit with a minimum of 42% of AFC if line of duty or 25% of AFC if non-line of duty.

Cost of Living Adjustment

Each service retiree and survivor beneficiary who retires after June 30, 2005 will receive a 3.00% increase in benefits each year on October 1st starting at age 50.

Death Benefits (Pre-retirement)

Upon the death of a member with at least five years of credited service, beneficiary will receive monthly income, payable in the form of a ten year certain and life annuity, equal to the accrued pension actuarially adjusted to reflect the early commencement of the benefit.

Termination Benefits

Less than five years of credited service – return of employee contributions with interest.

Five years or more – accrued pension payable at age 50.

Contributions

Employees	6% of Compensation for fiscal year ending September 30, 2007 and 7% of Compensation for fiscal year ending September 30, 2008.
State	Premium tax refund per Chapter 175.
City	Remaining amount necessary according to State laws.

Changes Since Last Valuation

Under Ordinance 06-11152, the member contribution rate was increased from 5% to 6% in fiscal year ending September 30, 2007 and 7% in fiscal year ending September 30, 2008. In addition, the cost of living adjustment payable to service retirees and beneficiaries retiring after June 30, 2005 was increased from 2.75% starting at age 52 to 3.00% starting at age 50.

