

**CITY OF NAPLES FIREFIGHTERS' RETIREMENT SYSTEM**

ACTUARIAL VALUATION REPORT AS OF OCTOBER 1, 2007

ANNUAL EMPLOYER CONTRIBUTION IS DETERMINED BY THIS VALUATION FOR THE  
YEAR ENDING SEPTEMBER 30, 2009





Gabriel Roeder Smith & Company  
Consultants & Actuaries

301 East Las Olas Blvd.  
Suite 200  
Ft. Lauderdale, FL 33301-2254

954.527.1616 phone  
954.525.0083 fax  
www.gabrielroeder.com

November 5, 2007

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

Dear Trustees:

We are pleased to present our October 1, 2007 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.

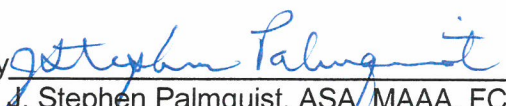
The valuation was performed on the basis of employee, retiree and financial information supplied by the City. Although we did not audit this information, it was reviewed for reasonableness and comparability to prior years.

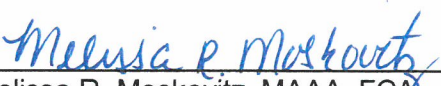
The benefits valued are outlined at the end of the Report. Actuarial assumptions and the actuarial cost method are also described herein. Any changes in benefits, assumptions or methods are described in the first section.

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.

Stephen Paluszak  
Signature

11-5-07  
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 9/30/09 Based on 10/1/2007 Valuation	For FYE 9/30/08 Based on 10/1/2006 Valuation *	Increase (Decrease)
Total Required Contribution	\$ 2,264,605	\$ 1,800,707	\$ 463,898
As % of Covered Payroll	60.14 %	52.28 %	7.86 %
Estimated Employee Contribution	188,281	172,218	16,063
As % of Covered Payroll	5.00	5.00	0.00
Required Employer/State Contribution	2,076,324	1,628,489	447,835
As % of Covered Payroll	55.14	47.28	7.86
Estimated State Contribution	775,809	775,809	0
As % of Covered Payroll	20.60	22.52	(1.92)
City Incentive Contribution	57,135	57,135	0
As % of Covered Payroll	1.52	1.66	(0.14)
Required Employer Contribution	1,243,380	795,545	447,835
As % of Covered Payroll	33.02	23.10	9.92

\* From May 15, 2007 Supplemental Valuation Report.

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 2009 will be equal to the adjusted base year revenue of \$775,809. If the actual payment from the State falls below this amount, then the employer and/or employee contributions must increase by the difference.

The actual Employer and State contributions for the year ending September 30, 2007 were \$572,674 and \$1,028,722, respectively. Adding the Employer contribution and baseline Chapter 175 revenue of \$775,809, the total is \$1,348,483. The total minimum required payment was \$1,252,682.

### **Revisions in Benefits**

There have been no changes in benefits since the May 15, 2007 Supplemental Valuation Report which showed the actuarial impact of changing the member contribution rate from 6% in fiscal year ending September 30, 2007 and 7% in fiscal year ending September 30, 2008 to 5% for all years.

### **Revisions in Actuarial Assumptions or Methods**

This valuation reflects the following revisions in actuarial assumptions and methods as adopted by the Board:

- The salary increase assumption was changed from 6% per year to a service-based table.
- The assumed rate of inflation changed to 3% from 3.5%.
- The turnover rates were changed to a select table based on service and an ultimate table based on age.
- The retirement rates were changed to a table based on eligibility.
- The mortality rates were changed from the 1983 Group Annuity Mortality Table to the RP-2000 Generational Mortality Table.
- As of October 1, 2007, the Actuarial Value of Assets was set equal to Market Value of Assets. For future valuations, the asset valuation method was changed to a method that recognizes 20% of the difference between the market value of assets and the expected actuarial asset value.

The cost increase associated with these changes is being phased in over three years starting with this valuation.

### **Actuarial Experience**

During the past year, there was a net actuarial loss of \$619,570 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 0.86% of covered payroll.

### **Funded Ratio**

The funded ratio this year is 59.2% compared to 61.4% last year. This year's ratio was 62.3% before the changes in assumptions and the asset valuation method. 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	23.10 %
Actuarial Experience	0.86
Change in Actuarial Assumptions	9.09
Revision in Benefits	0.00
Amortization Payment on UAAL	(0.23)
Change in Normal Cost Rate	(1.56)
Change in Administrative Expense	(0.09)
Change in Incentive Contribution	0.13
Change in State Revenue	<u>1.72</u>
Contribution Rate This Year	33.02

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	1,028,722
3. Benefit Improvements Made in Previous Plan Year	67,165
4. Excess Funds for Previous Plan Year: (2) - (1) - (3)	252,913
5. Accumulated Excess at Beginning of Previous Year	709,533
6. Prior Excess Used in Previous Plan Year	709,532
7. Accumulated Excess as of Valuation Date (Available for Benefit Improvements): (4) + (5) - (6)	252,914
8. Base Amount This Plan Year: (1) + (3)	775,809

250,000  
- 252,914  
592,914  
- New  
Reserve

unafford  
~ 250,000  
benefit improvements

The Accumulated Excess shown in line 7 is being held in reserve to pay for additional benefits. The reserve is subtracted from Plan assets (see Section C of this Report). The Base Amount in line 8 is the maximum amount the employer may take as a credit against its required contribution; however, in no event may the employer take credit for more than the actual amount of Chapter revenue received.

**SECTION B**  
**VALUATION RESULTS**

PARTICIPANT DATA			
	October 1, 2007 <i>After Changes</i>	October 1, 2007 <i>Before Changes</i>	October 1, 2006
<b>ACTIVE MEMBERS</b>			
Number	55	55	53
Covered Annual Payroll	\$ 3,552,476	\$ 3,518,563	\$ 3,249,388
Average Annual Payroll	\$ 64,590	\$ 63,974	\$ 61,309
Average Age	38.1	38.1	39.0
Average Past Service	11.2	11.2	12.0
Average Age at Hire	26.9	26.9	27.0
<b>RETIREES &amp; BENEFICIARIES</b>			
Number	19	19	17
Annual Benefits	\$ 693,877	\$ 693,877	\$ 563,164
Average Annual Benefit	\$ 36,520	\$ 36,520	\$ 33,127
Average Age	58.7	58.7	60.1
<b>DISABILITY RETIREES</b>			
Number	1	1	1
Annual Benefits	\$ 38,341	\$ 38,341	\$ 38,341
Average Annual Benefit	\$ 38,341	\$ 38,341	\$ 38,341
Average Age	47.7	47.7	46.7
<b>TERMINATED VESTED MEMBERS</b>			
Number	6	6	6
Annual Benefits	\$ 75,912	\$ 75,912	\$ 87,951
Average Annual Benefit	\$ 12,652	\$ 12,652	\$ 14,659
Average Age	43.7	43.7	41.3



# ANNUAL REQUIRED CONTRIBUTION (ARC)

A. Valuation Date	October 1, 2007 After Assumption and Method Changes	October 1, 2007 Before Assumption and Method Changes	October 1, 2006 *
B. ARC to Be Paid During Fiscal Year Ending	9/30/2009	9/30/2009	9/30/2008
C. Assumed Date of Employer Contrib.	Evenly	Evenly	Evenly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 743,461	\$ 638,245	\$ 570,428
E. Employer Normal Cost	1,782,945	930,453	910,421
F. ARC if Paid on the Valuation Date: D + E	2,526,406	1,568,698	1,480,849
G. ARC Adjusted for Frequency of Payments	2,621,146	1,627,524	1,536,381
H. ARC as % of Covered Payroll	73.78 %	46.26 %	47.28 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	6.00 %	6.00 %	6.00 %
J. Covered Payroll for Contribution Year	3,765,624	3,729,676	3,444,351
K. ARC for Contribution Year: H x J	2,778,277	1,725,348	1,628,489
L. Estimate of State Revenue in Contribution Year	775,809	775,809	775,809
M. Incentive Contribution in Contribution Year	57,135	57,135	57,135
N. Preliminary Required Employer Contribution (REC) in Contribution Year	1,945,333	892,404	795,545
O. Preliminary REC as % of Covered Payroll in Contribution Year: M ÷ J	51.66 %	23.93 %	23.10 %
P. Adjustment for Phase-In of Assumption/ Method Changes over 3 Years	(701,953)	N/A	N/A
Q. Required Employer Contribution (REC) in Contribution Year: N + P	1,243,380	892,404	795,545
R. REC as % of Covered Payroll in Contribution Year: Q ÷ J	33.02 %	23.93 %	23.10 %

\* From May 15, 2007 Supplemental Valuation Report.

ACTUARIAL VALUE OF BENEFITS AND ASSETS			
A. Valuation Date	October 1, 2007 <i>After Assumption and Method Changes</i>	October 1, 2007 <i>Before Assumption and Method Changes</i>	October 1, 2006 *
B. Actuarial Present Value of All Projected Benefits for			
1. Active Members			
a. Service Retirement Benefits	\$ 43,325,930	\$ 27,091,096	\$ 25,807,058
b. Vesting Benefits	141,428	1,827,566	2,090,150
c. Disability Benefits	1,388,863	757,224	725,267
d. Preretirement Death Benefits	319,369	331,582	343,605
e. Return of Member Contributions	7,595	11,836	7,995
f. Total	45,183,185	30,019,304	28,974,075
2. Inactive Members			
a. Service Retirees & Beneficiaries	10,695,632	10,377,728	7,698,362
b. Disability Retirees	456,819	430,120	436,086
c. Terminated Vested Members	370,273	340,830	326,503
d. Total	11,522,724	11,148,678	8,460,951
3. Total for All Members	56,705,909	41,167,982	37,435,026
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	37,118,012	34,012,317	30,409,122
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	27,869,392	26,268,338	23,156,381
E. Plan Assets			
1. Market Value	21,991,743	21,991,743	18,850,504
2. Actuarial Value	21,991,743	21,176,898	18,677,072
F. Unfunded Actuarial Accrued Liability = C - E2	15,126,269	12,835,419	11,732,050
G. Actuarial Present Value of Projected Covered Payroll	36,457,130	24,616,292	22,593,955
H. Actuarial Present Value of Projected Member Contributions	1,822,856	1,230,815	1,549,083

\* From May 15, 2007 Supplemental Valuation Report.

CALCULATION OF EMPLOYER NORMAL COST			
A. Valuation Date	October 1, 2007 <i>After Assumption and Method Changes</i>	October 1, 2007 <i>Before Assumption and Method Changes</i>	October 1, 2006 *
B. Normal Cost for			
1. Service Retirement Benefits	\$ 1,784,955	\$ 844,557	\$ 777,924
2. Vesting Benefits	15,008	123,187	158,901
3. Disability Benefits	87,551	57,967	54,080
4. Preretirement Death Benefits	14,626	17,058	17,545
5. Return of Member Contributions	<u>3,611</u>	<u>8,794</u>	<u>11,517</u>
6. Total for Future Benefits	1,905,751	1,051,563	1,019,967
7. Assumed Amount for Administrative Expenses	<u>54,818</u>	<u>54,818</u>	<u>52,923</u>
8. Total Normal Cost	1,960,569	1,106,381	1,072,890
9. Total as % of Covered Payroll	55.19%	31.44%	33.02%
C. Expected Member Contribution	177,624	175,928	162,469
D. Employer Normal Cost: B8-C	1,782,945	930,453	910,421
E. Employer Normal Cost as a % of Covered Payroll	50.19%	26.44%	28.02%

\* From May 15, 2007 Supplemental Valuation Report.

## LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY

<b>A. UAAL Amortization Period and Payments</b>					
Original UAAL			Current UAAL		
Date	Source	Amount	Years Remaining	Amount	Payment
10/1/1997	Exp. Gain	\$ N/A	20	\$ (35,401)	\$ (2,193)
10/1/1999	Exp. Loss	N/A	22	541,344	31,155
10/1/2001	Exp. Loss	N/A	24	680,968	36,702
10/1/2002	Exp. Loss	N/A	25	1,925,696	100,703
10/1/2003	Exp. Loss	N/A	26	2,259,011	114,800
10/1/2004	Exp. Loss	N/A	27	2,129,441	105,313
10/1/2005	Exp. Gain	(271,877)	28	(298,827)	(14,401)
10/1/2005	Assump. Change	1,526,763	28	1,678,109	80,873
10/1/2006	Exp. Loss	844,948	29	882,281	41,485
10/1/2006	Assump. Change	1,878,277	29	1,961,267	92,220
10/1/2006	Plan Change	471,143	29	491,960	23,132
10/1/2007	Exp. Loss	619,570	30	619,570	28,456
10/1/2007	Method/Assump. Changes	2,290,850	30	2,290,850	105,216
		<u>7,359,674</u>		<u>15,126,269</u>	<u>743,461</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:

<b>Amortization Schedule</b>	
<b>Year</b>	<b>Expected UAAL</b>
2007	\$ 15,126,269
2008	15,461,514
2009	15,781,946
2010	16,084,451
2011	16,365,588
2012	16,621,549
2017	17,360,800
2022	16,625,823
2027	13,278,126
2032	5,965,336
2037	-

### 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:

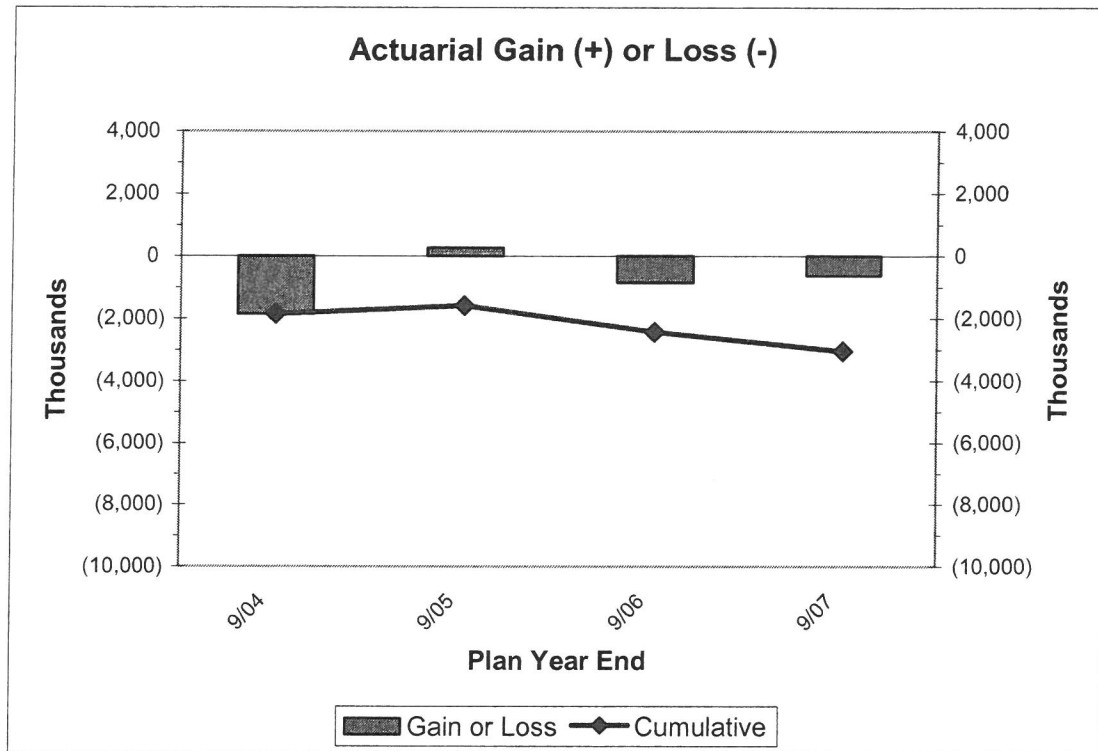
1. Last Year's UAAL	\$ 11,732,050
2. Last Year's Employer Normal Cost	910,421 *
3. Last Year's Contributions	
a. Employer	572,674
b. State	775,809 **
c. a + b	<u>1,348,483</u>
4. Interest at the Assumed Rate on:	
a. 1 and 2 for one year	948,185
b. 3 from dates paid	<u>26,324</u>
c. a - b	921,861
5. This Year's Expected UAAL 1 + 2 - 3c + 4c	12,215,849
6. This Year's Actual UAAL (before any changes in Benefits or Assumptions)	12,835,419
7. Net Actuarial Gain (Loss): 5 - 6	(619,570)
8. Gain (Loss) Due to Investments	224,877
9. Gain (Loss) from Other Sources	(844,447)
10. This Year's Actual UAAL (after changes in Benefits or Assumptions)	15,126,269
11. Change in UAAL Due to Change in Assumptions and Methods	2,290,850
12. Change in UAAL Due to Changes in Benefits	0

\* From May 15, 2007 Supplemental Valuation Report.

\*\* Frozen amount.

Net actuarial gains in previous years have been as follows:

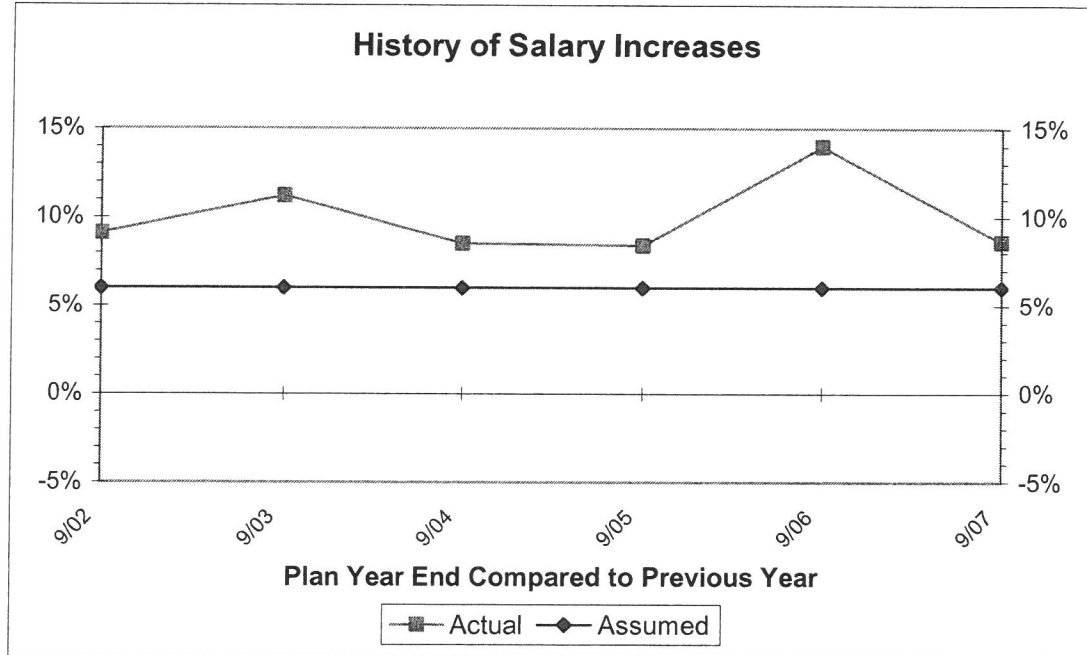
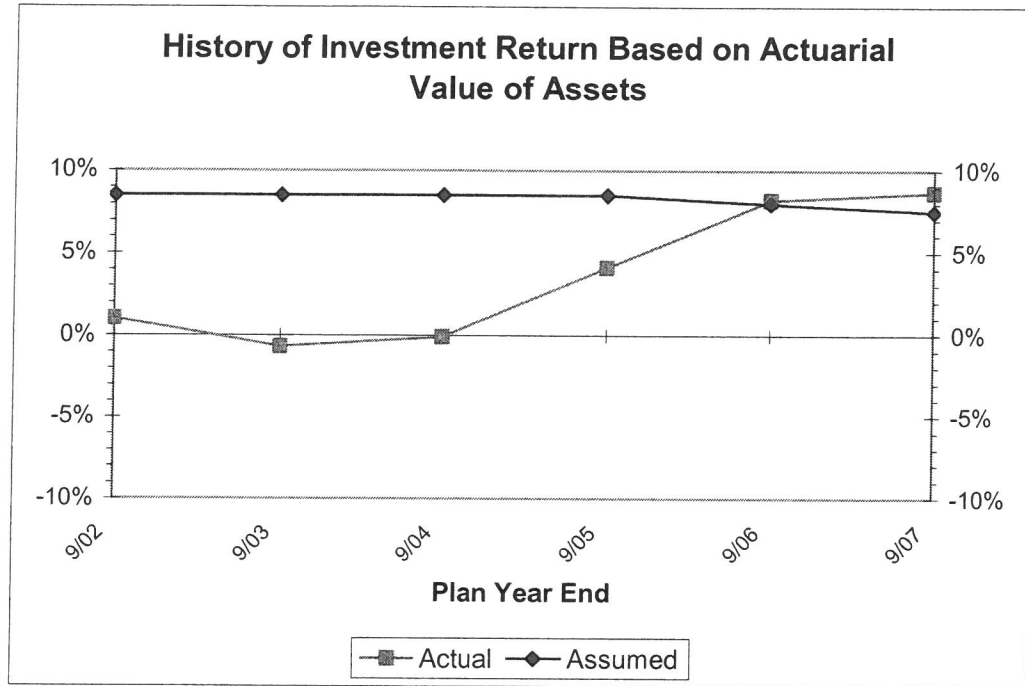
Year Ended	Gain (Loss)
9/30/2004	\$ (1,858,499)
9/30/2005	271,877
9/30/2006	(844,948)
9/30/2007	(619,570)



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
9/30/2007	8.7	7.5	8.6	6.0
Averages	3.5 %	---	9.9 %	---

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.

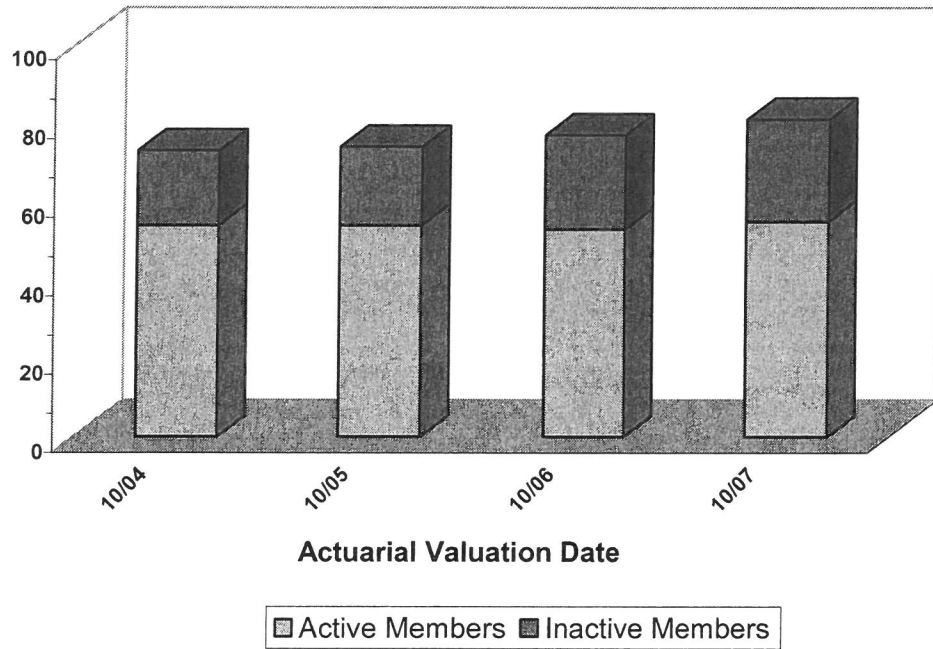
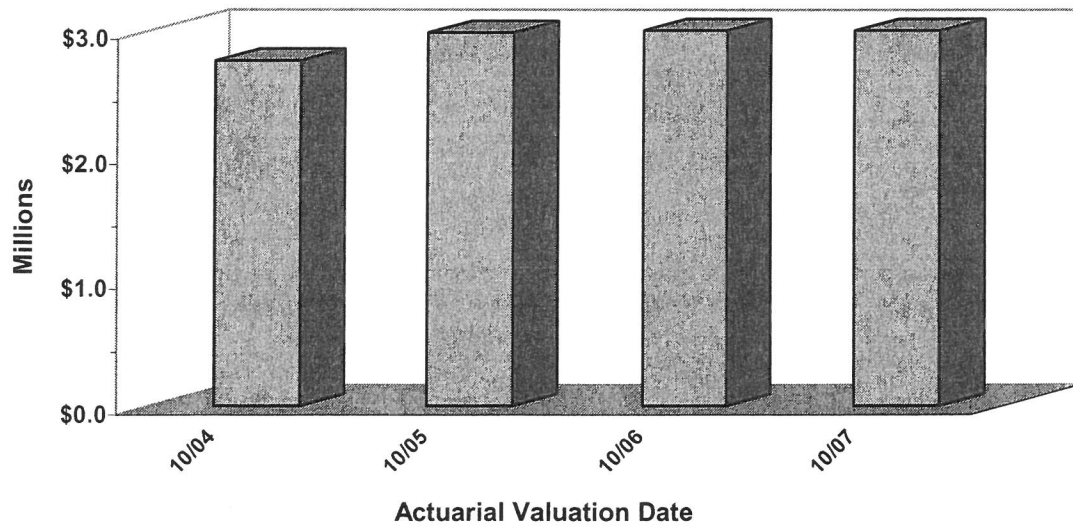




Actual (A) Compared to Expected (E) Decrements Among Active Employees													
Year Ended	Number Added During Year		Service & DROP Retirement		Disability Retirement		Death		Terminations				Active Members End of Year
	A	E	A	E	A	E	A	E	Vested	Other	Totals		
									A	A	A	E	
9/30/2006	5	6	2	0	0	0	0	0	1	3	4	2	53 55
9/30/2007	6	4	3	0	0	0	0	0	1	0	1	2	
9/30/2008				0		0		0				2	
2 Yr Totals *	11	10	5	0	0	0	0	0	2	3	5	4	

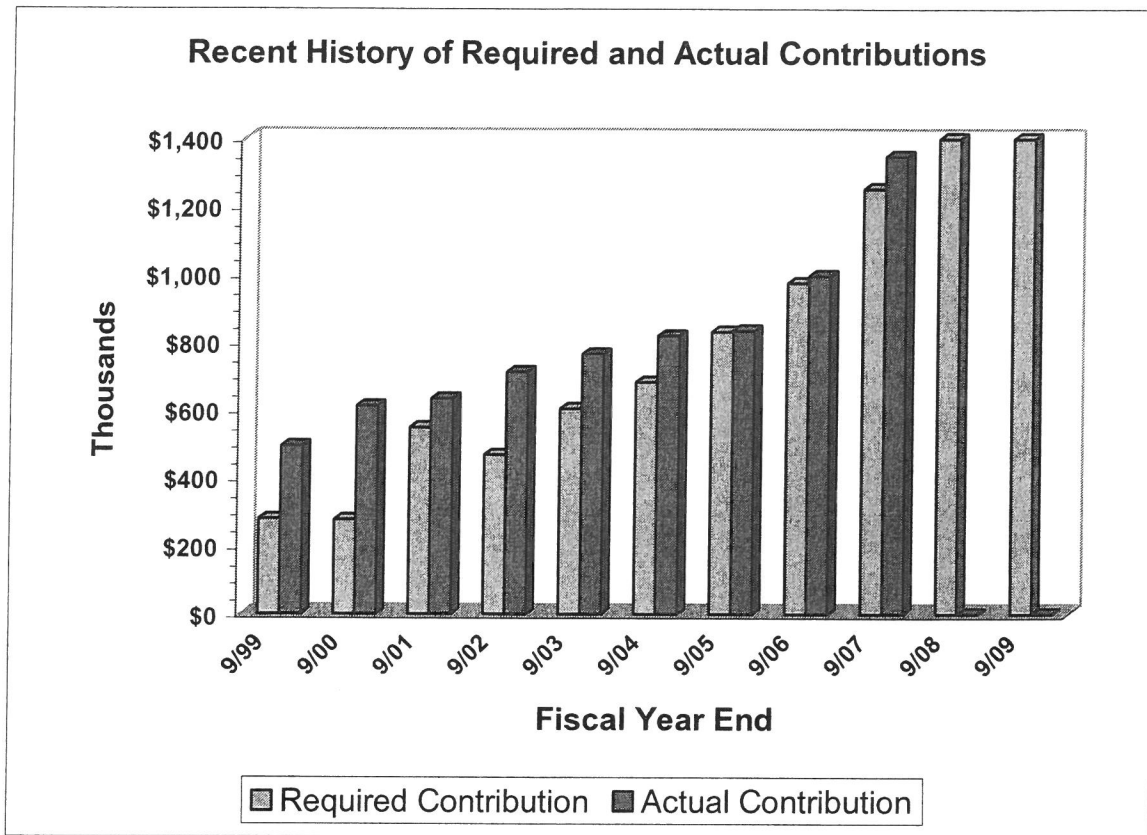
\* Totals are through current Plan Year only.

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	910,421	28.0
10/1/2007	55	26	3,552,476	21,991,743	15,126,269	1,782,945	50.2

**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	572,674	775,809	1,348,483
10/1/2006	9/30/2008	1,628,489	47.28	775,809	22.52	852,680	24.76	---	---	---
10/1/2007	9/30/2009	2,076,324	55.14	775,809	20.60	1,300,515	34.54	---	---	---



## ACTUARIAL ASSUMPTIONS AND COST METHOD

A.	Cost Method	
	1. Funding 2. Accumulated Benefit Obligation	Entry Age Normal Actuarial Cost Method. Accrued Benefit Method.
B.	Investment Earnings (Including inflation)	7.5% per year, compounded annually; net of investment related expenses.
C.	Salary Increases (Including inflation)	See Table below.
D.	Inflation	3% per year.
E.	Retirement Age	See Table on next page for rates.
F.	Turnover Rates	See Table on next page.
G.	Mortality Rates	RP 2000 Generational Mortality Table for males and females.
H.	Disability	
	1. Rates 2. Percent Service Connected	See Table on next page. 75%
I.	Asset Value	Fresh start to Market Value this year. Future valuations will use method that recognizes 20% of difference between market value of assets and expected actuarial asset value.
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 (Cost effect to be phased-in over a three-year period starting with the October 1, 2007 Valuation.)	
	<ul style="list-style-type: none"> <li>▪ The salary increase assumption was changed from 6% per year to a service-based table.</li> <li>▪ The assumed rate of inflation changed to 3% from 3.5%.</li> <li>▪ The turnover rates were changed to a select table based on service and an ultimate table based on age.</li> <li>▪ The retirement rates were changed to a table based on eligibility.</li> <li>▪ The mortality rates were changed from the 1983 Group Annuity Mortality Table to the RP-2000 Generational Mortality Table.</li> <li>▪ As of October 1, 2007, the Actuarial Value of Assets was set equal to Market Value of Assets. For future valuations, the asset valuation method was changed to a method that recognizes 20% of the difference between the market value of assets and the expected actuarial asset value.</li> </ul>	

Rates of Salary Increase	
Service	Salary Increase
1	13.0%
2 - 9	9.0
10 - 14	8.5
15 - 19	8.0
20 and higher	7.5

Annual Rate of Retirement	
For each year eligible for early retirement	5%
For year when normal retirement date is attained	50
For each of three years after normal retirement date	25
For fourth year after normal retirement date	100
Members with 25 years of service or age 55	100

Age	Annual Rate of Disability
20	0.14%
25	0.15
30	0.18
35	0.23
40	0.30
45	0.51
50	1.00

Age	Service	Annual Rate of Turnover
All	0	20.0%
	1	12.0
	2	8.0
	3	4.0
	4	2.0
20	5 and over	9.6%
25		5.6
30		2.8
35		1.4
40		0.4
45+		0.0



## 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		
	9/30/2007	9/30/2006
<b>Cash and Securities - Market Value</b>		
Cash	\$ 81,617	\$ -
Money Market Funds	1,048,312	1,308,842
U.S. Government Bonds & Notes	4,291,552	3,166,758
Corporate Bonds	2,934,014	2,947,867
Common Stocks	13,798,569	11,305,434
Pooled Equity Funds	-	-
Pooled Bond Funds	-	-
Other Securities	-	-
Total	<u>22,154,064</u>	<u>18,728,901</u>
<b>Receivables and Accruals</b>		
Member Contribution	-	-
Employer Contribution	-	-
State Contribution	-	-
Interest and Dividends	-	99,458
Trades Receivable	<u>100,859</u>	<u>167,031</u>
Total	<u>100,859</u>	<u>266,489</u>
<b>Payables and Reserves</b>		
Reserve for Excess State Funds	252,914	-
Benefits	-	-
Refunds	-	-
Expenses	-	287
Due to Other Funds	44	-
Trades Payable	<u>10,222</u>	<u>144,599</u>
Total	<u>263,180</u>	<u>144,886</u>
<b>Net Assets - Market Value</b>	<b>21,991,743</b>	<b>18,850,504</b>

<b>PENSION FUND INCOME AND DISBURSEMENTS</b>		
	<b>Year Ending 9/30/2007</b>	<b>Year Ending 9/30/2006</b>
<b>Market Value at Beginning of Period</b>	\$ 18,850,504	\$ 16,759,407
<b>Income</b>		
Contributions		
Member Contributions	170,724	160,556
State Contributions	1,028,722	977,383
Employer Contributions	572,674	288,351
Member Buyback	89,561	9,921
Total Contributions	1,861,681	1,436,211
Investment Earnings		
Dividends and Interest	619,867	516,723
Realized & Unrealized Gain (Loss)	1,803,838	846,336
Total Investment Earnings	2,423,705	1,363,059
Other Income	10,723	658
Total Income	4,296,109	2,799,928
<b>Disbursements</b>		
Monthly Benefit Payments	728,042	539,701
Lump Sum Distributions	-	-
Refund of Contributions	1,325	11,308
Investment Related Expenses	115,897	104,879
Other Administrative Expenses	56,692	52,943
Other Expenses	-	-
Total Disbursements	901,956	708,831
<b>Net Increase During Period</b>	3,394,153	2,091,097
<b>Market Value at End of Period</b>	22,244,657	18,850,504
<b>Less: State Contribution Reserve</b>	252,914	-
<b>Final Market Value</b>	21,991,743	18,850,504

### ACTUARIAL VALUE OF ASSETS – OLD METHOD

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*
	9/30/2004	7.64 %
	9/30/2005	7.88
	9/30/2006	7.33
	9/30/2007	11.90
	Annualized Rate of Return for Prior 4 Years	8.67 %
(A)	Actuarial Assets Last Year**	\$ 18,677,072
	Cash Flow During Year	1,086,345
(I)	Net Investment Income Realized = (A + 1/2 Cash Flow) x Annualized Rate of Return	1,666,395
(B)	Derived Assets This Year** = A + Cash Flow + I	21,429,812
	Less: DROP Account Balance	-
	Less: State Contribution Reserve	252,914
	Final Actuarial Value ***	21,176,898
	Final Actuarial Value Rate of Return	8.67 %
	Expected Investment Income	1,441,518
	Gain (Loss) Due to Investments	224,877

\* 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.

## 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
9/30/2007	11.9	8.7
Average Compounded Rate of Return for Number of Years Shown	3.7 %	3.5 %
Average Compounded Rate of Return for Last 5 Years	8.9 %	4.0 %

**SECTION D**  
**FINANCIAL ACCOUNTING INFORMATION**

## FASB NO. 35 INFORMATION

A. Valuation Date	October 1, 2007	October 1, 2006
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments	\$ 11,152,451	\$ 8,134,448
b. Terminated Vested Members	370,273	326,503
c. Other Members	16,170,372	14,531,609
d. Total	<u>27,693,096</u>	<u>22,992,560</u>
2. Non-Vested Benefits	176,296	163,821
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	27,869,392	23,156,381
4. Accumulated Contributions of Active Members	1,623,019	1,556,368
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	23,156,381	18,610,467
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	(51,610)	819,731
b. Change in Actuarial Assumptions	1,601,054	1,452,816
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	3,892,934	2,824,376
d. Benefits Paid	<u>(729,367)</u>	<u>(551,009)</u>
e. Net Increase	4,713,011	4,545,914
3. Total Value at End of Period	27,869,392	23,156,381
D. Market Value of Assets	21,991,743	18,850,504
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 (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL 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
10/1/2007 (b)	21,176,898	34,012,317	12,835,419	62.3	3,518,563	364.8
10/1/2007 (a)	21,991,743	37,118,012	15,126,269	59.2	3,552,476	425.8

(a) = After changes

(b) = Before changes

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)**

<b>Year Ended</b>	<b>Annual Required Contribution</b>	<b>City Contribution</b>	<b>State Contribution</b>	<b>Percentage Contributed</b>
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
9/30/2007	1,252,682	572,674	775,809 *	107.6

\* Baseline amount per Chapter 185, F.S.

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

<b>Employer FYE September 30</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Annual Required Contribution (ARC) *	\$ 1,628,489	\$ 1,252,682	\$ 976,355
Interest on Net Pension Obligation (NPO)	(33,328)	(28,092)	(30,530)
Adjustment to ARC	(63,908)	(54,087)	(58,224)
Annual Pension Cost (APC)	1,659,069	1,278,677	1,004,049
Contributions made	**	1,348,483	996,995
Increase (decrease) in NPO	**	(69,806)	7,054
NPO at beginning of year	(444,371)	(374,565)	(381,619)
NPO at end of year	**	(444,371)	(374,565)
* Includes expected State contribution. ** To be determined.			

**THREE YEAR TREND INFORMATION**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
9/30/2005	\$ 856,239	\$ 834,898	97.5 %	\$ (381,619)
9/30/2006	1,004,049	996,995	99.3	(374,565)
9/30/2007	1,278,677	1,348,483	105.5	(444,371)

**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, 2007
Contribution Rates	
Employer	55.14%
Plan Members	5.00%
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level percent, closed
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value this year. For future valuations, recognize 20% of difference between market value of assets and expected actuarial asset value.
Actuarial Assumptions	
Investment rate of return	7.50%
Projected salary increases	7.50% to 13% based on service
Includes inflation and other general increases at	3.00%
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 10/1/06 To 10/1/07	From 10/1/05 To 10/1/06
<b>A. Active Members</b>		
1. Number Included in Last Valuation	53	54
2. New Members Included in Current Valuation	6	4
3. Non-Vested Employment Terminations	0	(3)
4. Vested Employment Terminations	(1)	(1)
5. Service Retirements	(3)	(2)
6. Disability Retirements	0	0
7. Deaths	0	0
8. Other - Transfers	0	1
9. Number Included in This Valuation	<u>55</u>	<u>53</u>
<b>B. Terminated Vested Members</b>		
1. Number Included in Last Valuation	6	4
2. Additions from Active Members	1	1
3. Lump Sum Payments/Refund of Contributions	0	0
4. Payments Commenced	0	0
5. Deaths	0	0
6. Other - Data Correction/Rehires	(1)	1
7. Number Included in This Valuation	<u>6</u>	<u>6</u>
<b>C. Service Retirees, Disability Retirees and Beneficiaries</b>		
1. Number Included in Last Valuation	18	16
2. Additions from Active Members	3	2
3. Additions from Terminated Vested Members	0	0
4. Deaths Resulting in No Further Payments	(1)	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	<u>20</u>	<u>18</u>

## 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.	3	2	0	0	0	0	0	0	0	0	0	0	5
TOT PAY	99,988	79,715	0	0	0	0	0	0	0	0	0	0	179,703
AVG PAY	33,329	39,858	0	0	0	0	0	0	0	0	0	0	35,941
25-29 NO.	1	3	0	0	1	2	0	0	0	0	0	0	7
TOT PAY	33,329	125,044	0	0	43,795	102,263	0	0	0	0	0	0	304,431
AVG PAY	33,329	41,681	0	0	43,795	51,132	0	0	0	0	0	0	43,490
30-34 NO.	1	0	0	0	0	7	0	0	0	0	0	0	8
TOT PAY	33,329	0	0	0	0	380,268	0	0	0	0	0	0	413,597
AVG PAY	33,329	0	0	0	0	54,324	0	0	0	0	0	0	51,700
35-39 NO.	0	0	0	1	0	2	4	1	0	0	0	0	8
TOT PAY	0	0	0	44,324	0	113,272	276,187	69,859	0	0	0	0	503,642
AVG PAY	0	0	0	44,324	0	56,636	69,047	69,859	0	0	0	0	62,955
40-44 NO.	0	0	0	0	0	3	1	6	2	0	0	0	12
TOT PAY	0	0	0	0	0	152,861	56,387	471,395	173,136	0	0	0	853,779
AVG PAY	0	0	0	0	0	50,954	56,387	78,566	86,568	0	0	0	71,148
45-49 NO.	0	0	0	0	0	1	2	5	2	0	0	0	10
TOT PAY	0	0	0	0	0	71,523	135,225	381,455	154,890	0	0	0	743,093
AVG PAY	0	0	0	0	0	71,523	67,613	76,291	77,445	0	0	0	74,309
50-54 NO.	0	0	0	0	0	0	1	3	1	0	0	0	5
TOT PAY	0	0	0	0	0	0	62,582	235,617	103,457	0	0	0	401,656
AVG PAY	0	0	0	0	0	0	62,582	78,539	103,457	0	0	0	80,331
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	5	0	1	1	15	8	15	5	0	0	0	55
TOT AMT	166,646	204,759	0	44,324	43,795	820,187	530,381	1,158,326	431,483	0	0	0	3,399,901
AVG AMT	33,329	40,952	0	44,324	43,795	54,679	66,298	77,222	86,297	0	0	0	61,816

## 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	-	-	-	-	-	-	-	-
35-39	2	19,859	-	-	-	-	-	-
40-44	2	41,687	-	-	2	113,410	-	-
45-49	1	7,144	1	38,341	2	116,804	-	-
50-54	1	7,222	-	-	5	262,031	-	-
55-59	-	-	-	-	2	33,396	-	-
60-64	-	-	-	-	3	82,076	-	-
65-69	-	-	-	-	3	62,565	-	-
70-74	-	-	-	-	-	-	-	-
75-79	-	-	-	-	1	7,859	-	-
80-84	-	-	-	-	1	15,736	-	-
85-89	-	-	-	-	-	-	-	-
90-94	-	-	-	-	-	-	-	-
95-99	-	-	-	-	-	-	-	-
100 & Over	-	-	-	-	-	-	-	-
<b>Total</b>	<b>6</b>	<b>75,912</b>	<b>1</b>	<b>38,341</b>	<b>19</b>	<b>693,877</b>	<b>-</b>	<b>-</b>
<b>Average Age</b>		<b>44</b>		<b>48</b>		<b>59</b>		<b>N/A</b>



**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 1<sup>st</sup> 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**

<b>Employees</b>	5% of Compensation.
<b>State</b>	Premium tax refund per Chapter 175.
<b>City</b>	Remaining amount necessary according to State laws.

**Changes Since Last Valuation**

There have been no changes in benefits since the May 15, 2007 Supplemental Valuation Report which showed the actuarial impact of changing the member contribution rate from 6% in fiscal year ending September 30, 2007 and 7% in fiscal year ending September 30, 2008 to 5% for all years.