

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

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

SEPTEMBER 30, 2007

TO BE PAID IN THE EMPLOYER FISCAL YEAR ENDING

SEPTEMBER 30, 2008





November 3, 2006

Board of Trustees
City of Naples General Employees
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.

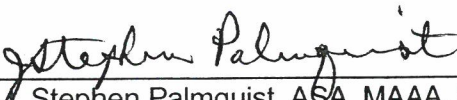
The valuation was performed on the basis of employee, retiree and financial information supplied by the City. Although we did not audit this information, it was reviewed for reasonableness and comparability to prior years.

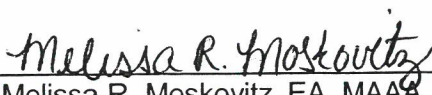
The benefits valued are outlined at the end of the Report. Actuarial assumptions and the actuarial cost method are also described herein. Any changes in benefits, assumptions or methods are described in the first section.

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

By: 
Melissa R. Moskovitz, EA, 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 cost 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 Palungist
Signature

11-3-06

Date

05-1560

Enrollment Number



TABLE OF CONTENTS

Section	Title	Page
A	Discussion of Valuation Results	1
B	Valuation Results	
	1. Participant Data	3
	2. Annual Required Contribution	4
	3. Actuarial Value of Benefit and Assets	5
	4. Calculation of Employer Normal Cost	6
	5. Liquidation of the Unfunded Actuarial Accrued Liability	7
	6. Actuarial Gains and Losses	8
	7. Recent History of Valuation Results	13
	8. Recent History of Required and Actual Contributions	15
	9. Actuarial Assumptions and Cost Method	16
	10. Glossary of Terms	18
C	Pension Fund Information	
	1. Summary of Assets	19
	2. Pension Fund Income and Disbursements	20
	3. Reconciliation of DROP Accounts	21
	4. Actuarial Value of Assets	22
	5. Investment Rate of Return	23
D	Financial Accounting Information	
	1. FASB No. 35	24
	2. GASB No. 25	25
	3. GASB No. 27	27
E	Miscellaneous Information	
	1. Reconciliation of Membership Data	29
	2. Active Participant Scatter	30
	3. Inactive Participant Scatter	31
F	Summary of Plan Provisions	32

SECTION A
DISCUSSION OF VALUATION RESULTS



DISCUSSION OF VALUATION RESULTS

Comparison of Required Employer Contributions

The minimum required employer contribution developed in this year's valuation is compared below with that of the previous valuation:

	For FYE 9/30/08 Based on 10/1/06 Valuation	For FYE 9/30/07 Based on 10/1/05 Valuation	Increase (Decrease)
Required Employer Contribution As % of Covered Payroll	\$ 1,099,362 9.08 %	\$ 1,094,083 9.16 %	\$ 5,279 (0.08) %

The required contributions listed above were calculated as though payment is made evenly throughout the fiscal year. The actual employer contribution for the fiscal year ending September 30, 2006 was \$1,043,963 compared to the minimum required contribution of \$982,267.

Revisions in Benefits

There were no revisions in benefits since the last valuation.

Revisions in Actuarial Assumptions or Methods

There were no changes in actuarial assumptions or methods since the last valuation.

Actuarial Experience

During the past year, there was a net actuarial gain of \$174,227 which means that actual experience was more favorable than expected. The gain is due in part to fewer than expected service retirements and more than expected employment terminations. Gains from these sources more than offset a loss due to larger than expected salary increases. The net gain has decreased the required employer contribution by 0.08% of covered payroll.

Funded Ratio

This year's funded ratio is 91.8% compared to 91.1% last year. These funded ratios are very good compared to other public pension plans. The 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 required employer contribution are as follows:

Contribution Rate Last Year	9.16 %
Amortization Payment on UAAL	0.08
Change in Normal Cost Rate	(0.11)
Actuarial Experience	(0.08)
Change in Administrative Expenses	<u>0.03</u>
Contribution Rate This Year	9.08

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

SECTION B
VALUATION RESULTS



PARTICIPANT DATA		
	October 1, 2006	October 1, 2005
ACTIVE MEMBERS		
Number	269	286
Covered Annual Payroll	\$ 11,422,183	\$ 11,268,057
Average Annual Payroll	\$ 42,462	\$ 39,399
Average Age	48.1	47.9
Average Past Service	9.5	9.1
Average Age at Hire	38.6	38.8
RETIREES, BENEFICIARIES & DROP		
Number	185	178
Annual Benefits	\$ 1,843,858	\$ 1,766,044
Average Annual Benefit	\$ 9,967	\$ 9,922
Average Age	69.7	69.7
DISABILITY RETIREES		
Number	1	1
Annual Benefits	\$ 10,171	\$ 10,171
Average Annual Benefit	\$ 10,171	\$ 10,171
Average Age	57.2	56.2
TERMINATED VESTED MEMBERS		
Number	22	13
Annual Benefits	\$ 204,704	\$ 125,145
Average Annual Benefit	\$ 9,305	\$ 9,627
Average Age	50.6	51.3

ANNUAL REQUIRED CONTRIBUTION (ARC)		
A. Valuation Date	October 1, 2006	October 1, 2005
B. ARC to Be Paid During Fiscal Year Ending	9/30/2008	9/30/2007
C. Assumed Dates of Employer Contributions	Evenly	Evenly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 184,910	\$ 182,234
E. Employer Normal Cost	809,740	807,413
F. ARC if Paid on the Valuation Date: D + E	994,650	989,647
G. ARC Adjusted for Frequency of Payments	1,036,923	1,031,707
H. ARC as % of Covered Payroll	9.08 %	9.16 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	6.00 %	6.00
J. Covered Payroll for Contribution Year	12,107,514	11,944,140
K. ARC for Contribution Year: H x J	1,099,362	1,094,083
L. REC as % of Covered Payroll in Contribution Year: K ÷ J	9.08 %	9.16 %

ACTUARIAL VALUE OF BENEFITS AND ASSETS		
A. Valuation Date	October 1, 2006	October 1, 2005
B. Actuarial Present Value of All Projected Benefits for		
1. Active Members		
a. Service Retirement Benefits	\$ 28,511,768	\$ 27,307,535
b. Vesting Benefits	1,302,613	1,238,473
c. Disability Benefits	428,671	190,982
d. Preretirement Death Benefits	-	-
e. Return of Member Contributions	480,141	558,771
f. Total	30,723,193	29,295,761
2. Inactive Members		
a. Service Retirees & Beneficiaries	15,702,988	15,506,319
b. Disability Retirees	90,959	92,752
c. Terminated Vested Members	1,171,246	676,512
d. Total	16,965,193	16,275,583
3. Total for All Members	47,688,386	45,571,344
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	39,593,152	37,338,981
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	33,713,003	31,269,718
E. Plan Assets		
1. Market Value	33,141,609	31,238,091
2. Actuarial Value	36,354,277	33,997,608
F. Unfunded Actuarial Accrued Liability: C-E2	3,238,875	3,341,373
G. Actuarial Present Value of Projected Covered Payroll	71,669,061	73,073,206
H. Actuarial Present Value of Projected Member Contributions	3,583,453	3,653,660

CALCULATION OF EMPLOYER NORMAL COST		
A. Valuation Date	October 1, 2006	October 1, 2005
B. Normal Cost for		
1. Service Retirement Benefits	\$ 1,066,783	\$ 1,096,709
2. Vesting Benefits	81,485	57,002
3. Disability Benefits	20,887	7,908
4. Preretirement Death Benefits	-	-
5. Return of Member Contributions	<u>151,482</u>	<u>152,615</u>
6. Total for Future Benefits	1,320,637	1,314,234
7. Assumed Amount for Administrative Expenses	<u>60,212</u>	<u>56,582</u>
8. Total Normal Cost	1,380,849	1,370,816
C. Expected Member Contribution	571,109	563,403
D. Employer Normal Cost: B8-C	809,740	807,413
E. Employer Normal Cost as a % of Covered Payroll	7.09%	7.17%

LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY

A. UAAL Amortization Period and Payments					
Original UAAL			Current UAAL		
Date	Source	Amount	Years Remaining	Amount	Payment
10/1/2002	Exp. Loss	\$ N/A	26	\$ 1,750,553	\$ 100,248
10/1/2003	Exp. Loss	N/A	27	633,087	35,427
10/1/2004	Exp. Loss	N/A	28	2,824,691	154,660
10/1/2004	Amendment	N/A	28	23,925	1,310
10/1/2005	Exp. Gain	(1,775,263)	29	(1,819,154)	(97,571)
10/1/2006	Exp. Gain	(174,227)	30	(174,227)	(9,164)
		<u>(1,949,490)</u>		<u>3,238,875</u>	<u>184,910</u>

B. Amortization Schedule

The UAAL 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	\$ 3,238,875
2007	3,313,548
2008	3,384,902
2009	3,452,185
2010	3,514,562
2011	3,571,103
2016	3,725,926
2021	3,522,499
2026	2,664,621
2031	676,186
2036	-

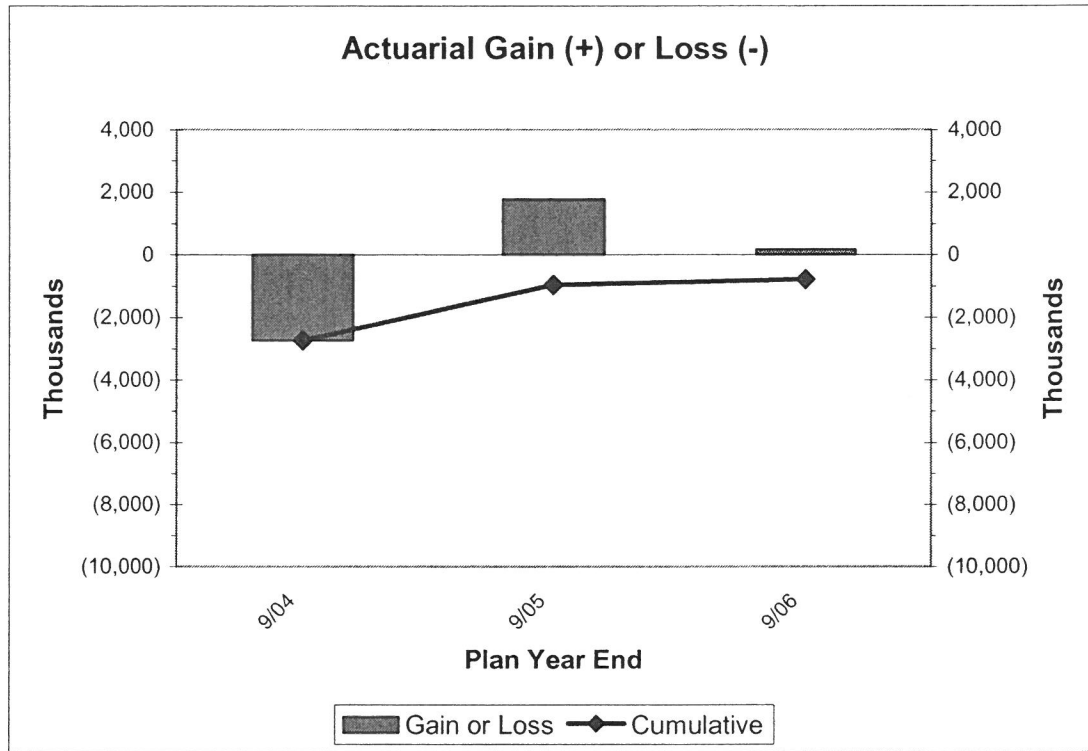
ACTUARIAL GAINS AND LOSSES

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 is computed as follows:

1. Last Year's UAAL	\$ 3,341,373
2. Last Year's Employer Normal Cost	807,413
3. Last Year's Contributions	
a. Employer	1,043,963
b. State	-
c. a + b	<u>1,043,963</u>
4. Interest at the Assumed Rate on:	
a. 1 and 2 for one year	352,647
b. 3 from dates paid	<u>44,368</u>
c. a - b	308,279
5. This Year's Expected UAAL 1 + 2 - 3c + 4c	3,413,102
6. This Year's Actual UAAL (before any changes in Benefits or Assumptions)	3,238,875
7. Net Actuarial Gain (Loss): 5 - 6	174,227
8. Gain (Loss) Due to Investments	(3,379)
9. Gain (Loss) from Other Sources	177,606

Net actuarial gains (losses) in previous years are as follows:

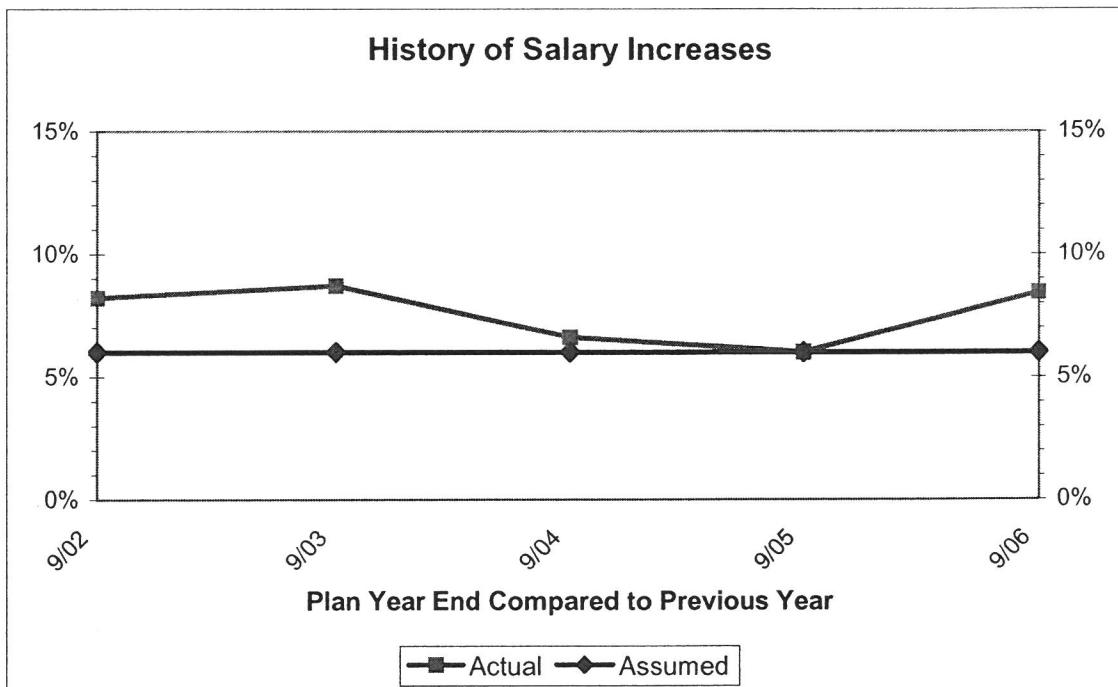
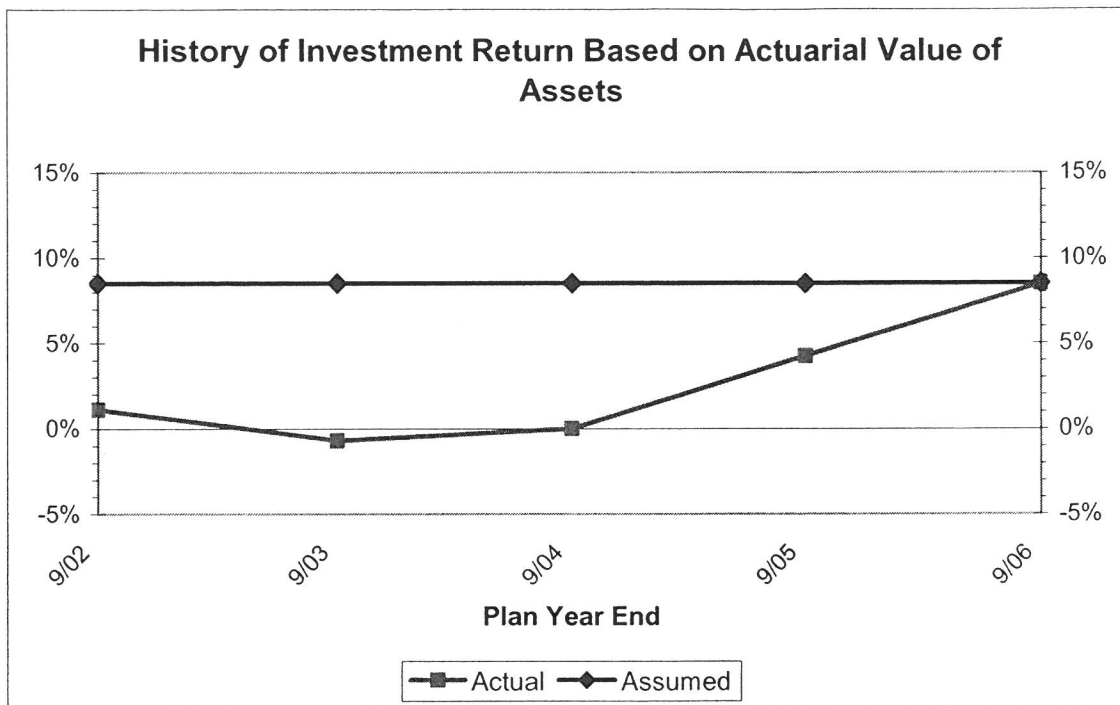
Year Ended	Gain (Loss)
9/30/2004	\$ (2,736,580)
9/30/2005	1,775,263
9/30/2006	174,227



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	1.1%	8.5%	8.2%	6.0%
9/30/2003	(0.7)	8.5	8.7	6.0
9/30/2004	0.0	8.5	6.6	6.0
9/30/2005	4.3	8.5	6.0	6.0
9/30/2006	8.5	8.5	8.4	6.0
Averages	2.6%	---	7.6%	---

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.

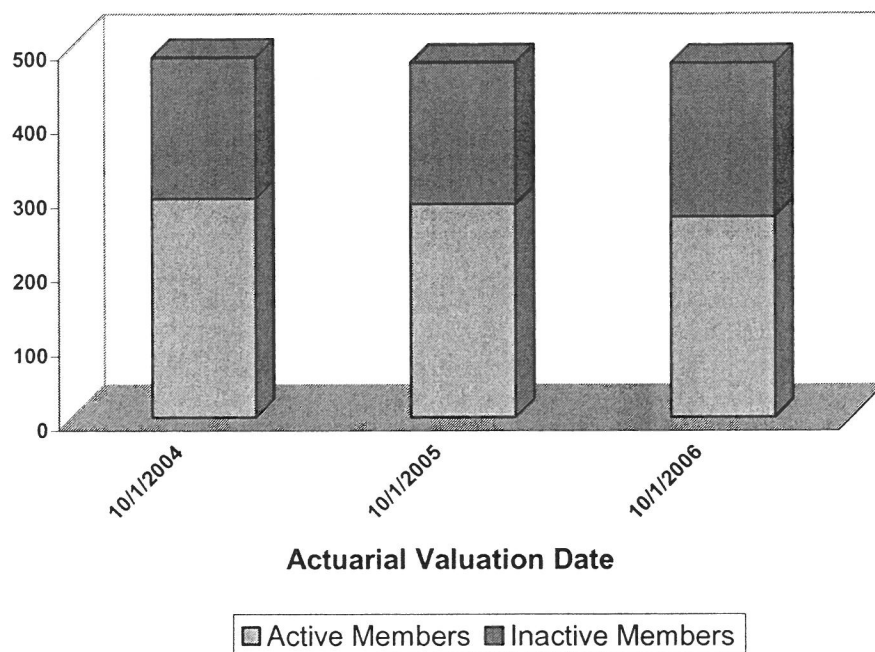
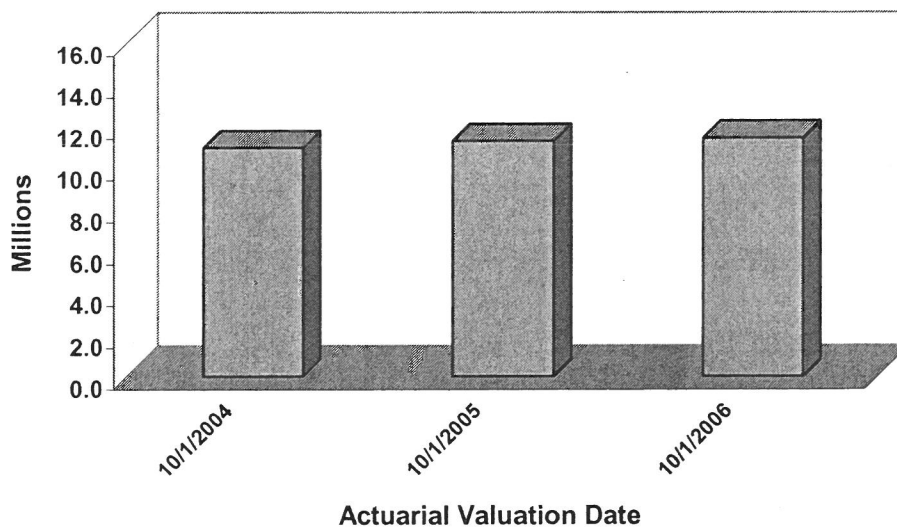


**Actual (A) Compared to Expected (E) Decrements
Among Active Employees**

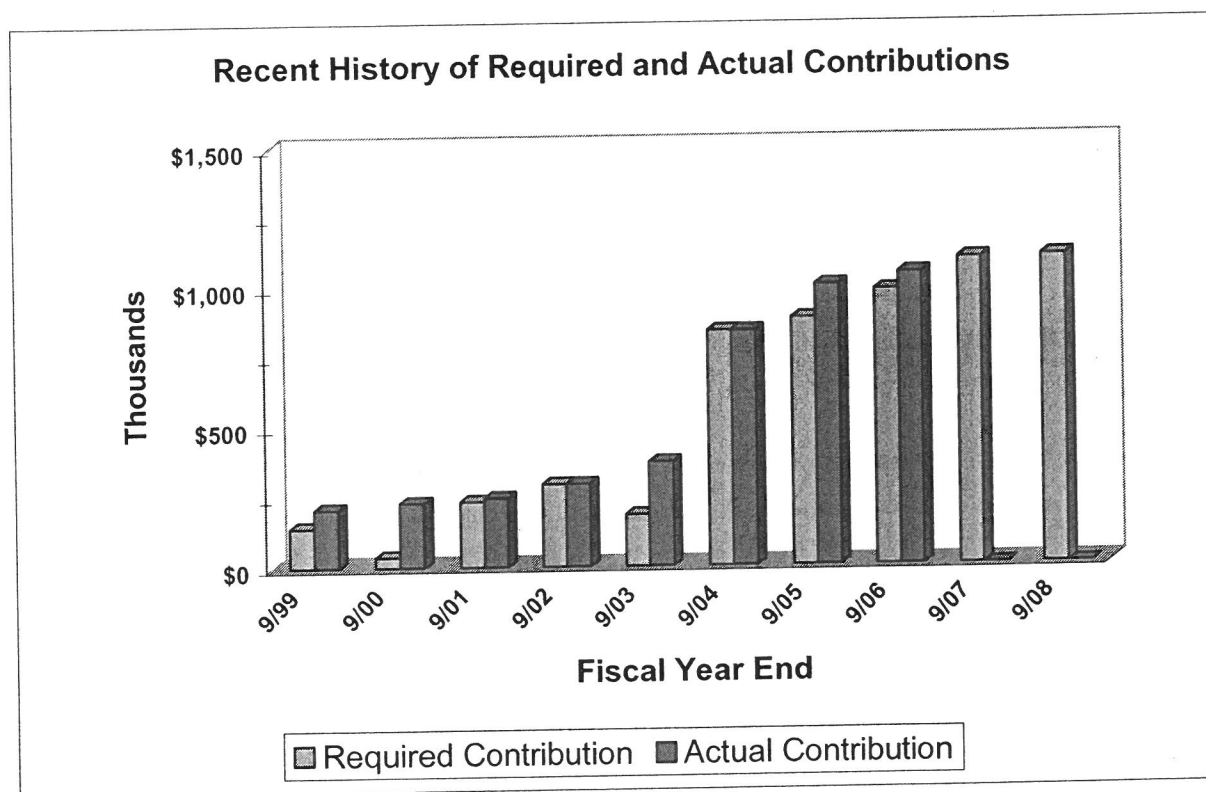
Year Ended	Number Added During Year		Service & DROP Retirement		Disability Retirement		Death		Terminations				Active Members End of Year
	A	E	A	E	A	E	A	E	Vested	Other	Totals		
									A	A	A	E	
9/30/2006 9/30/2007	42	59	10	34 35	0	0 0	0	0 0	12	37	49	17 16	269
1 Yr Totals *	42	59	10	34	0	0	0	0	12	37	49	17	

* 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 Member				Amount	% of Payroll
10/1/2004	294	191	\$ 10,945,911	\$ 32,966,229	\$ 5,078,374	\$ 688,315	6.29 %
10/1/2005	286	192	11,268,057	33,997,608	3,341,373	807,413	7.17
10/1/2006	269	208	11,422,183	36,354,277	3,238,875	809,740	7.09

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
		Amount	% of Payroll	
10/1/1997	9/30/1999	\$ 143,000	N/A	\$ 208,124
10/1/1998	9/30/2000	38,284	N/A	230,392
10/1/1999	9/30/2001	233,992	N/A	246,472
10/1/2000	9/30/2002	294,492	N/A	294,492
10/1/2001	9/30/2003	185,352	N/A	370,627
10/1/2002	9/30/2004	839,114	N/A	839,114
10/1/2003	9/30/2005	882,965	7.40 %	1,002,415
10/1/2004	9/30/2006	982,267	8.47	1,043,963
10/1/2005	9/30/2007	1,094,083	9.16	---
10/1/2006	9/30/2008	1,099,362	9.08	---



ACTUARIAL ASSUMPTIONS AND COST METHOD

A. Cost Method	
1. Funding	Entry Age Actuarial Cost Method.
2. Accumulated Benefit Obligation	Accrued Benefit Method.
B. Investment Earnings (Including inflation)	8.5% per year, compounded annually, net of investment related expenses.
C. Salary Increases (Including inflation)	6% each year up to the assumed retirement age.
D. Retirement Age	Later of normal retirement date or one year after valuation date; probability of early retirement is 5% for each year eligible.
E. Turnover Rates	See Table on next page.
F. Mortality Rates	1983 Group Annuity Mortality Tables for males and females; rates for disabled lives set forward five years.
G. Disability	
1. Rates	See Table on next page.
2. Percent Service Connected	N/A
H. 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.
I. Administrative Expenses	\$60,212 (prior year's expenses).
J. Increase in Covered Payroll	5% per year, not to exceed the actual average increase for the ten prior Plan Years (4.82% as of 10/1/2006).
K. Post Retirement Benefit Increase	None.
L. Changes Since Last Valuation	None.

Age	Annual Rate of	
	Turnover	Disability
20	38.6%	0.05%
25	29.0	0.05
30	19.4	0.06
35	13.4	0.09
40	7.3	0.12
45	5.0	0.28
50	2.7	0.43

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 Securites - Market Value		
Cash	\$ -	\$ -
Money Market Funds	1,095,052	1,396,302
Money Market Funds (DROP Account)	69,093	17,020
U.S. Government Bonds & Notes	4,799,707	4,965,599
Corporate Bonds	5,052,589	4,666,050
Common Stocks	21,990,082	20,043,355
Pooled Equity Funds	-	-
Pooled Bond Funds	-	-
International Equity Funds	-	-
Total Investments	<u>33,006,523</u>	<u>31,088,326</u>
Receivables and Accruals		
Member Contribution	-	-
Employer Contribution	-	-
State Contributions	-	-
Interest & Dividends	157,141	139,890
Trades Receivable	<u>280,091</u>	<u>193,182</u>
Total	<u>437,232</u>	<u>333,072</u>
Payables and Reserves		
Benefits	-	-
Refunds	-	(5,885)
Expenses	-	-
DROP Accounts	69,093	17,020
Trades Payable	<u>233,053</u>	<u>172,172</u>
Total	<u>302,146</u>	<u>183,307</u>
Total Assets - Market Value	33,141,609	31,238,091

PENSION FUND INCOME AND DISBURSEMENTS		
	Year Ending 9/30/2006	Year Ending 9/30/2005
Market Value at Beginning of Period	\$ 31,255,111	\$ 29,361,319
Income		
Contributions		
Member Contributions	583,629	541,940
State Contributions	-	-
Employer Contributions	1,043,963	1,002,415
Member Buyback	-	-
Total Contributions	1,627,592	1,544,355
Investment Income		
Dividends and Interest	910,284	866,432
Net Realized Gain (Loss)	1,706,883	1,559,309
Total Investment Income	2,617,167	2,425,741
Other Income	3,621	7,476
Total Income	4,248,380	3,977,572
Disbursements		
Monthly Benefit Payments	1,762,288	1,648,093
Lump Sum Distributions	-	-
Refund of Contributions	268,303	192,484
Investment Related Expenses	201,986	186,621
Other Administrative Expenses	60,212	56,582
Other Expenses	-	-
Total Disbursements	2,292,789	2,083,780
Net Increase During Period	1,955,591	1,893,792
Market Value at End of Period	33,210,702	31,255,111
Less: DROP Account Balance	69,093	17,020
Final Market Value	33,141,609	31,238,091

RECONCILIATION OF DROP ACCOUNTS	
Value at beginning of year	\$ 17,020
Payments credited to accounts	51,125
Investment Earnings credited	948
Withdrawals from accounts	<u>-</u>
Value at end of year	69,093

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	10.24 %
	9/30/2004	8.29
	9/30/2005	7.67
	9/30/2006	7.78
	Annualized Rate of Return for prior 4 years	8.49 %
(A)	Actuarial Assets Last Year**	\$34,014,628
	Cash Flow During Year	(459,590)
(I)	Net Investment Income Realized = (A + 1/2 Cash Flow) x Annualized Rate of Return	2,868,332
(B)	Derived Assets This Year** = A + Cash Flow + I	36,423,370
	Less: DROP Account Balance	69,093
	Final Actuarial Value ***	36,354,277
	Final Actuarial Value Rate of Return	8.49 %
	Expected Investment Income	2,871,711
	Gain (Loss) Due to Investments	(3,379)

* Market Value Basis, net of investment related expenses.

** Before offset of DROP Account Balance.

*** 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	(8.8) %	N/A %
9/30/2002	(8.1)	1.1
9/30/2003	10.2	(0.7)
9/30/2004	8.3	0.0
9/30/2005	7.7	4.3
9/30/2006	7.8	8.5
Average Compounded Rate of Return for Number of Years Shown	2.5 %	2.6 %
Average Compounded Rate of Return for Last 5 Years	5.0 %	2.6 %

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	\$ 15,793,947	\$ 15,599,071
b. Terminated Vested Members	1,171,246	676,512
c. Other Members	14,614,601	12,848,273
d. Total	<u>31,579,794</u>	<u>29,123,856</u>
2. Non-Vested Benefits	2,133,209	2,145,862
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	33,713,003	31,269,718
4. Accumulated Contributions of Active Members	3,289,258	2,918,168
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	31,269,718	28,810,986
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	N/A	N/A
b. Change in Actuarial Assumptions	N/A	N/A
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	4,473,876	4,299,309
d. Benefits Paid	<u>(2,030,591)</u>	<u>(1,840,577)</u>
e. Net Increase	2,443,285	2,458,732
3. Total Value at End of Period	33,713,003	31,269,718
D. Market Value of Assets	33,141,609	31,238,091
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 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	\$ 31,732,256	\$ 31,732,256	\$ -	100.0 %	\$ 8,157,116	- %
10/1/2000	34,951,081	34,951,081	-	100.0	9,193,524	-
10/1/2001	35,556,224	35,556,224	-	100.0	9,591,309	-
10/1/2002	34,466,404	35,660,591	1,194,187	96.7	10,426,400	11.5
10/1/2003	33,113,142	35,355,596	2,242,454	93.7	11,296,820	19.9
10/1/2004	32,966,229	38,021,615	5,055,386	86.7	10,945,911	46.2
10/1/2005	33,997,608	37,338,981	3,341,373	91.1	11,268,057	29.7
10/1/2006	36,354,277	39,593,152	3,238,875	91.8	11,422,183	28.4

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
(GASB STATEMENT NO. 25)**

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
9/30/1999	\$ 143,000	\$ 208,124	146 %
9/30/2000	38,284	230,392	602
9/30/2001	233,992	246,472	105
9/30/2002	294,492	294,492	100
9/30/2003	185,352	370,627	200
9/30/2004	839,114	839,114	100
9/30/2005	882,965	1,002,415	114
9/30/2006	982,267	1,043,963	106

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

Employer FYE September 30	2007	2006	2005
Annual Required Contribution (ARC)	\$ 1,094,083	\$ 982,267	\$ 882,965
Interest on Net Pension Obligation (NPO)	(53,932)	(52,612)	(45,665)
Adjustment to ARC	(97,840)	(98,775)	(83,393)
Annual Pension Cost (APC)	1,137,991	1,028,430	920,693
Contributions made	**	1,043,963	1,002,415
Increase (decrease) in NPO	**	(15,533)	(81,722)
NPO at beginning of year	(634,492)	(618,959)	(537,237)
NPO at end of year	**	(634,492)	(618,959)
** To be determined.			

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
9/30/2004	\$ 842,346	\$ 839,114	99.6 %	\$ (537,237)
9/30/2005	920,693	1,002,415	108.9	(618,959)
9/30/2006	1,028,430	1,043,963	101.5	(634,492)

**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	9.08%
Plan Members	5.00%
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level percent of pay, closed
Remaining Amortization Period	30 years
Asset Valuation Method	4-year smoothed market value
Actuarial Assumptions	
Investment rate of return	8.5%
Projected salary increases	6.0%
Includes inflation and other general increases at	3.0%
Cost-of-living adjustments	Not applicable

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	286	294
2. New Members Included in Current Valuation	42	39
3. Non-Vested Employment Terminations	(35)	(17)
4. Vested Employment Terminations	(12)	(14)
5. Service Retirements	(10)	(14)
6. Disability Retirements	0	0
7. Deaths	0	0
8. Rehired Members	0	0
9. DROP Retirement	0	(1)
10. Transfers	(2)	0
11. Other	<u>0</u>	<u>(1)</u>
12. Number Included in This Valuation	269	286
B. Terminated Vested Members		
1. Number Included in Last Valuation	13	13
2. Additions from Active Members	12	14
3. Lump Sum Payments/Refunds	(3)	(10)
4. Payments Commenced	0	(3)
5. Deaths	0	0
6. Other - Rehired	<u>0</u>	<u>(1)</u>
7. Number Included in This Valuation	22	13
C. DROP Participation		
1. Number Included in Last Valuation	1	0
2. Additions from Active Members	0	1
3. Payments commenced	0	0
4. Deaths	0	0
5. Other	<u>0</u>	<u>0</u>
6. Number Included in This Valuation	1	1
D. Service Retirees, Disability Retirees and Beneficiaries		
1. Number Included in Last Valuation	178	178
2. Additions from Active Members	10	14
3. Additions from Terminated Vested Members	0	3
4. Additions from DROP	0	0
5. Deaths Resulting in No Further Payments	(2)	(11)
6. Deaths Resulting in New Survivor Benefits	0	0
7. End of Certain Period - No Further Payments	(1)	(6)
8. Other	<u>0</u>	<u>0</u>
9. Number Included in This Valuation	185	178

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	5	0	0	0	0	0	0	0	0	0	0	8
TOT PAY	79,349	137,391	0	0	0	0	0	0	0	0	0	0	216,740
AVG PAY	26,450	27,478	0	0	0	0	0	0	0	0	0	0	27,093
25-29 NO.	3	4	1	0	4	2	0	0	0	0	0	0	14
TOT PAY	112,307	131,588	40,545	0	123,088	86,684	0	0	0	0	0	0	494,212
AVG PAY	37,436	32,897	40,545	0	30,772	43,342	0	0	0	0	0	0	35,301
30-34 NO.	0	2	0	0	2	5	0	0	0	0	0	0	9
TOT PAY	0	78,078	0	0	56,268	145,541	0	0	0	0	0	0	279,887
AVG PAY	0	39,039	0	0	28,134	29,108	0	0	0	0	0	0	31,099
35-39 NO.	3	3	1	1	3	7	6	1	0	0	0	0	25
TOT PAY	121,173	122,347	24,257	29,612	118,451	274,969	250,410	53,514	0	0	0	0	994,733
AVG PAY	40,391	40,782	24,257	29,612	39,484	39,281	41,735	53,514	0	0	0	0	39,789
40-44 NO.	0	3	2	0	1	10	8	2	1	1	0	0	28
TOT PAY	0	94,075	66,416	0	76,965	383,177	345,740	76,821	48,030	36,670	0	0	1,127,894
AVG PAY	0	31,358	33,208	0	76,965	38,318	43,218	38,411	48,030	36,670	0	0	40,282
45-49 NO.	3	7	3	5	1	12	10	10	4	2	0	0	57
TOT PAY	81,311	236,651	87,378	158,624	30,350	473,690	540,581	505,460	233,249	118,232	0	0	2,465,526
AVG PAY	27,104	33,807	29,126	31,725	30,350	39,474	54,058	50,546	58,312	59,116	0	0	43,255
50-54 NO.	2	2	4	0	1	17	6	8	5	3	2	0	50
TOT PAY	57,993	61,733	162,641	0	25,741	656,449	248,080	333,029	268,333	124,339	104,805	0	2,043,143
AVG PAY	28,997	30,867	40,660	0	25,741	38,615	41,347	41,629	53,667	41,446	52,403	0	40,863
55-59 NO.	0	7	2	1	2	9	6	9	1	1	2	1	41
TOT PAY	0	250,968	76,161	25,449	84,245	403,093	254,025	434,510	93,941	44,140	128,498	51,383	1,846,413
AVG PAY	0	35,853	38,081	25,449	42,123	44,788	42,338	48,279	93,941	44,140	64,249	51,383	45,034
60-64 NO.	1	2	4	0	2	8	3	5	2	0	0	1	28
TOT PAY	55,794	63,111	129,857	0	47,155	331,288	189,360	229,859	85,362	0	0	61,051	1,192,837
AVG PAY	55,794	31,555	32,464	0	23,578	41,411	63,120	45,972	42,681	0	0	61,051	42,601
65 & Up NO.	1	0	0	0	0	4	4	0	0	0	0	0	9
TOT PAY	22,967	0	0	0	0	134,434	232,509	0	0	0	0	0	389,910
AVG PAY	22,967	0	0	0	0	33,609	58,127	0	0	0	0	0	43,323
TOT NO.	16	35	17	7	16	74	43	35	13	7	4	2	269
TOT AMT	530,894	1,175,942	587,255	213,685	562,263	2,889,325	2,060,705	1,633,193	728,915	323,381	233,303	112,434	11,051,295
AVG AMT	33,181	33,598	34,544	30,526	35,140	39,045	47,923	46,663	56,070	46,197	58,326	56,217	41,083

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	1	8,344	-	-	-	-	-	-
40-44	4	40,195	-	-	-	-	-	-
45-49	1	17,905	-	-	-	-	-	-
50-54	12	117,802	-	-	1	18,437	-	-
55-59	4	20,458	1	10,171	16	234,620	-	-
60-64	-	-	-	-	37	473,606	2	15,256
65-69	-	-	-	-	44	496,620	-	-
70-74	-	-	-	-	32	322,792	3	19,759
75-79	-	-	-	-	26	204,767	3	11,477
80-84	-	-	-	-	17	45,324	-	-
85-89	-	-	-	-	2	600	-	-
90-94	-	-	-	-	1	300	-	-
95-99	-	-	-	-	1	300	-	-
100 & Over	-	-	-	-	-	-	-	-
Total	22	204,704	1	10,171	177	1,797,366	8	46,492
Average Age		51		57		70		72

SECTION F
SUMMARY OF PLAN PROVISIONS



SUMMARY OF PLAN PROVISIONS

Eligibility

Each regular full-time general employee becomes a member following six months of service. Those hired before March 1, 1995 became members at date of hire.

Compensation

Base compensation including holiday pay, vacation pay, longevity pay and sick pay, but excluding overtime and all other compensation.

Final Average Compensation (FAC)

The average of Compensation over the best three consecutive years of credited service; lump sum payment for unused vacation pay and sick leave is not included.

Normal Retirement

Eligibility	Earlier of age 60 and five years of credited service or when the total of age plus service equals 85 years.
Benefit	2.5% of FAC multiplied by years of credited service up to a maximum of 100% of FAC.
Form of Benefit	Single life annuity; other options are also available.

Early Retirement

Eligibility	Age 55 with five years of credited service.
Benefit	Accrued benefit reduced by 0.25% for each month by which the Early Retirement Date precedes age 60.

Deferred Retirement Option Plan (DROP)

Non-union members who had 30 years of service in June, 2005 but who continue in employment past normal retirement date may either accrue larger pensions or freeze their accrued benefit and enter the DROP. Each participant in the DROP has an account credited with benefits not received and investment earnings.

Death Benefits (Pre-Retirement)

Refund of employee's accumulated contributions.



Termination Benefits

For an employee who has less than five years of participation when he terminates employment, a refund of his accumulated contributions is paid. If the employee has five to ten years of participation but is under age 50, there will be a refund of the employee's contributions plus the amount the City had contributed. If the employee has at least ten years of participation or is age 50 with five years of participation when he terminates employment, he will be vested in his accrued benefit beginning at age 60. The vested benefit may begin at age 55 or later after a reduction of 0.25% for each month prior to age 60.

Contributions

From Employees	5% of compensation.
From the Employer	The additional amount needed to fund the plan properly.

Changes Since Last Valuation

None.