

CITY OF NAPLES GENERAL 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

November 6, 2007

Board of Trustees
City of Naples General Employees
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
J. Stephen Palmquist, ASA, MAAA, FCA
Enrolled Actuary No. 05-1560

By: Melissa R. Moskowitz
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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.


Signature

11-6-07
Date

05-1560
Enrollment Number

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SECTION A

DISCUSSION OF VALUATION RESULTS

DISCUSSION OF VALUATION RESULTS

Comparison of Required Employer Contributions

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

	For FYE 9/30/09 Based on 10/1/07 Valuation	For FYE 9/30/08 Based on 10/1/06 Valuation *	Increase (Decrease)
Required Employer Contribution As % of Covered Payroll	\$ 1,881,902 12.85 %	\$ 1,110,259 9.17 %	\$ 771,643 3.68 %

** From May 15, 2007 Supplemental Valuation Report*

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, 2007 was \$1,160,170 compared to the minimum required contribution of \$1,094,083.

Revisions in Benefits

There have been no changes in benefits since the May 15, 2007 Supplemental Valuation Report which showed the actuarial impact of providing an additional death benefit of the employer contributions made to the Plan on the member's behalf, for members who have completed at least five years and six months of credited service at the time of death.

Revisions in Actuarial Assumptions or Methods

This Valuation reflects the following revisions in actuarial assumptions and methods:

1. The salary increase assumption was changed from 6% per year to a service based table.
2. The Turnover Rates were changed to a select table based on service and an ultimate table based on age.
3. The Retirement Rates were changed to a table based on eligibility.
4. The Mortality Rates were changed from the 1983 Group Annuity Mortality Table to the RP-2000 Generational Mortality Table.
5. The Investment Return assumption was reduced to 8% from 8.5% per year.
6. 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.

Actuarial Experience

During the past year, there was a net actuarial loss of \$678,886 which means that actual experience was less favorable than expected. The gains due to a better than expected return on assets were more than offset by losses due to higher than expected salary increases. The net loss increased the required employer contribution by 0.27% of covered payroll.

Funded Ratio

This year's funded ratio is 83.0% compared to 91.7% last year. This year's ratio was 90.9% before the change in assumptions and asset valuation method. 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	9.17 %
Amortization Payment on UAAL	(0.30)
Change in Normal Cost Rate	0.25
Actuarial Experience	0.27
Change in Actuarial Assumptions/Methods	3.38
Change in Administrative Expenses	<u>0.08</u>
Contribution Rate This Year	12.85

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, 2007 <i>After Changes</i>	October 1, 2007 <i>Before Changes</i>	October 1, 2006
ACTIVE MEMBERS			
Number	302	302	269
Covered Annual Payroll	\$ 13,816,182	\$ 13,724,918	\$ 11,422,183
Average Annual Payroll	\$ 45,749	\$ 45,447	\$ 42,462
Average Age	48.0	48.0	48.1
Average Past Service	8.7	8.7	9.5
Average Age at Hire	39.3	39.3	38.6
RETIREEES, BENEFICIARIES & DROP			
Number	188	188	185
Annual Benefits	\$ 1,947,674	\$ 1,947,674	\$ 1,843,858
Average Annual Benefit	\$ 10,360	\$ 10,360	\$ 9,967
Average Age	70.2	70.2	69.7
DISABILITY RETIREES			
Number	1	1	1
Annual Benefits	\$ 10,171	\$ 10,171	\$ 10,171
Average Annual Benefit	\$ 10,171	\$ 10,171	\$ 10,171
Average Age	58.2	58.2	57.2
TERMINATED VESTED MEMBERS			
Number	21	21	22
Annual Benefits	\$ 203,853	\$ 203,853	\$ 204,704
Average Annual Benefit	\$ 9,707	\$ 9,707	\$ 9,305
Average Age	51.8	51.8	50.6

ANNUAL REQUIRED CONTRIBUTION (ARC)

A. Valuation Date	October 1, 2007 <i>After Changes</i>	October 1, 2007 <i>Before Changes</i>	October 1, 2006 *
B. ARC to Be Paid During Fiscal Year Ending	9/30/2009	9/30/2009	9/30/2008
C. Assumed Dates of Employer Contributions	Evenly	Evenly	Evenly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 406,393	\$ 221,769	\$ 188,011
E. Employer Normal Cost	1,300,890	1,024,661	817,164
F. ARC if Paid on the Valuation Date: D + E	1,707,283	1,246,430	1,005,175
G. ARC Adjusted for Frequency of Payments	1,775,574	1,299,403	1,047,895
H. ARC as % of Covered Payroll	12.85 %	9.47 %	9.17 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	6.00 %	6.00 %	6.00 %
J. Covered Payroll for Contribution Year	14,645,153	14,548,413	12,107,514
K. ARC for Contribution Year: H x J	1,881,902	1,377,735	1,110,259
L. REC as % of Covered Payroll in Contribution Year: K ÷ J	12.85 %	9.47 %	9.17 %

* From May 15, 2007 Supplemental Valuation Report

ACTUARIAL VALUE OF BENEFITS AND ASSETS			
A. Valuation Date	October 1, 2007 <i>After Changes</i>	October 1, 2007 <i>Before Changes</i>	October 1, 2006 *
B. Actuarial Present Value of All Projected Benefits for			
1. Active Members			
a. Service Retirement Benefits	\$ 37,521,678	\$ 32,751,296	\$ 28,511,768
b. Vesting Benefits	2,189,042	1,426,945	1,302,613
c. Disability Benefits	975,005	485,554	428,671
d. Preretirement Death Benefits	-	-	-
e. Return of Member Contributions	797,127	725,756	590,183
f. Total	41,482,852	35,389,551	30,833,235
2. Inactive Members			
a. Service Retirees & Beneficiaries	17,868,021	16,677,528	15,702,988
b. Disability Retirees	99,329	89,095	90,959
c. Terminated Vested Members	1,319,666	1,188,442	1,171,246
d. Total	19,287,016	17,955,065	16,965,193
3. Total for All Members	60,769,868	53,344,616	47,798,428
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	46,672,839	43,287,109	39,652,109
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	38,242,079	36,934,752	33,713,003
E. Plan Assets			
1. Market Value	36,972,631	36,972,631	33,141,609
2. Actuarial Value	38,725,809	39,352,929	36,354,277
F. Unfunded Actuarial Accrued Liability: C-E2	7,947,030	3,934,180	3,297,832
G. Actuarial Present Value of Projected Covered Payroll	103,267,490	86,079,261	71,669,061
H. Actuarial Present Value of Projected Member Contributions	5,163,374	4,303,963	3,583,453

* From May 15, 2007 Supplemental Valuation Report

CALCULATION OF EMPLOYER NORMAL COST

A. Valuation Date	October 1, 2007 <i>After Changes</i>	October 1, 2007 <i>Before Changes</i>	October 1, 2006 *
B. Normal Cost for			
1. Service Retirement Benefits	\$ 1,539,375	\$ 1,326,754	\$ 1,066,783
2. Vesting Benefits	160,450	92,793	81,485
3. Disability Benefits	47,936	25,173	20,887
4. Preretirement Death Benefits	-	-	-
5. Return of Member Contributions	<u>160,338</u>	<u>182,587</u>	<u>158,906</u>
6. Total for Future Benefits	1,908,099	1,627,307	1,328,061
7. Assumed Amount for Administrative Expenses	<u>83,600</u>	<u>83,600</u>	<u>60,212</u>
8. Total Normal Cost	1,991,699	1,710,907	1,388,273
C. Expected Member Contribution	690,809	686,246	571,109
D. Employer Normal Cost: B8-C	1,300,890	1,024,661	817,164
E. Employer Normal Cost as a % of Covered Payroll	9.42%	7.47%	7.15%

* From May 15, 2007 Supplemental Valuation Report

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	25	\$ 1,727,504	\$ 94,922
10/1/2003	Exp. Loss	N/A	26	625,618	33,467
10/1/2004	Exp. Loss	N/A	27	2,794,931	145,764
10/1/2004	Amendment	N/A	27	23,673	1,235
10/1/2005	Exp. Gain	(1,775,263)	28	(1,802,117)	(91,749)
10/1/2006	Exp. Gain	(174,227)	29	(172,784)	(8,598)
10/1/2006	Amendment	58,957	29	58,469	2,909
10/1/2007	Exp. Loss	678,886	30	678,886	33,055
10/1/2007	Method/Assump. Changes	4,012,850	30	4,012,850	195,388
				<u>7,947,030</u>	<u>406,393</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
2007	\$ 7,947,030
2008	8,143,886
2009	8,334,547
2010	8,517,418
2011	8,690,725
2012	8,852,492
2017	9,402,614
2022	9,215,039
2027	7,668,401
2032	3,773,691
2037	-

ACTUARIAL GAINS AND LOSSES

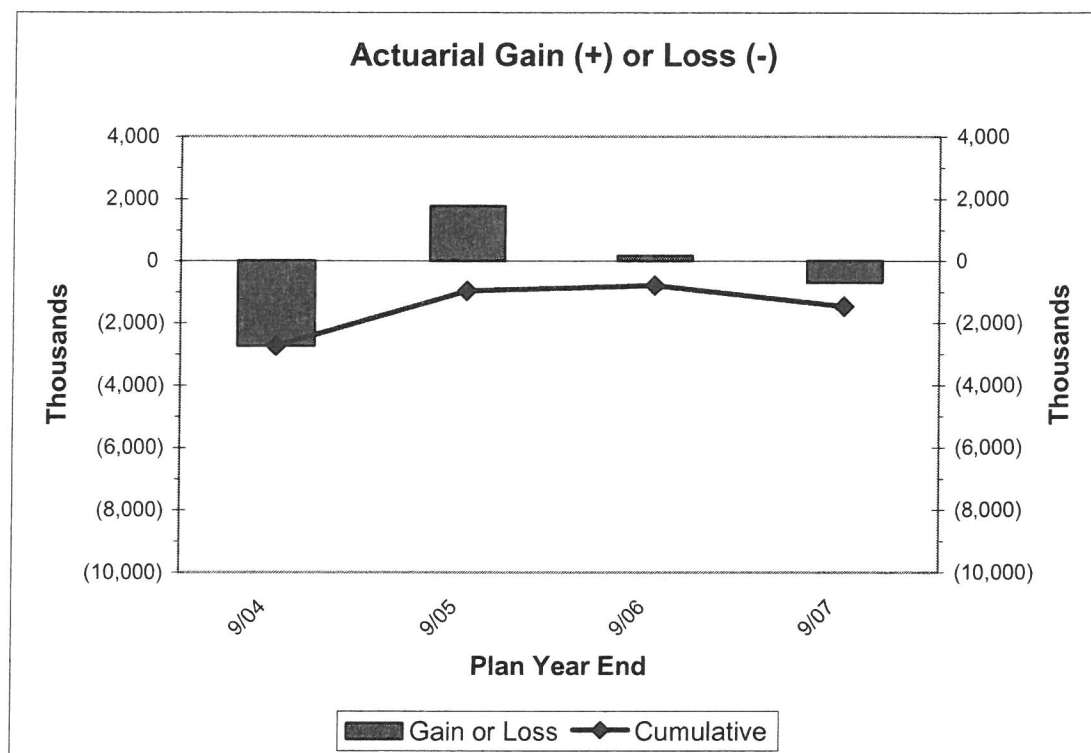
The assumptions used to anticipate mortality, employment turnover, investment income, expenses, salary increases, and other factors have been based on long-range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain and loss for the period involved. 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 is computed as follows:

1. Last Year's UAAL	\$ 3,297,832 *
2. Last Year's Employer Normal Cost	817,164
3. Last Year's Contributions	
a. Employer	1,160,170
b. State	-
c. a + b	1,160,170
4. Interest at the Assumed Rate on:	
a. 1 and 2 for one year	349,775
b. 3 from dates paid	49,307
c. a - b	300,468
5. This Year's Expected UAAL 1 + 2 - 3c + 4c	3,255,294
6. This Year's Actual UAAL (before any changes in Benefits or Assumptions)	3,934,180
7. Net Actuarial Gain (Loss): 5 - 6	(678,886)
8. Gain (Loss) Due to Investments	188,825
9. Gain (Loss) from Other Sources	(867,711)
10. This Year's Actual UAAL (after changes in Benefits or Assumptions)	7,947,030
11. Change in UAAL Due to Change in Assumptions and Methods	4,012,850

** From May 15, 2007 Supplemental Valuation Report*

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

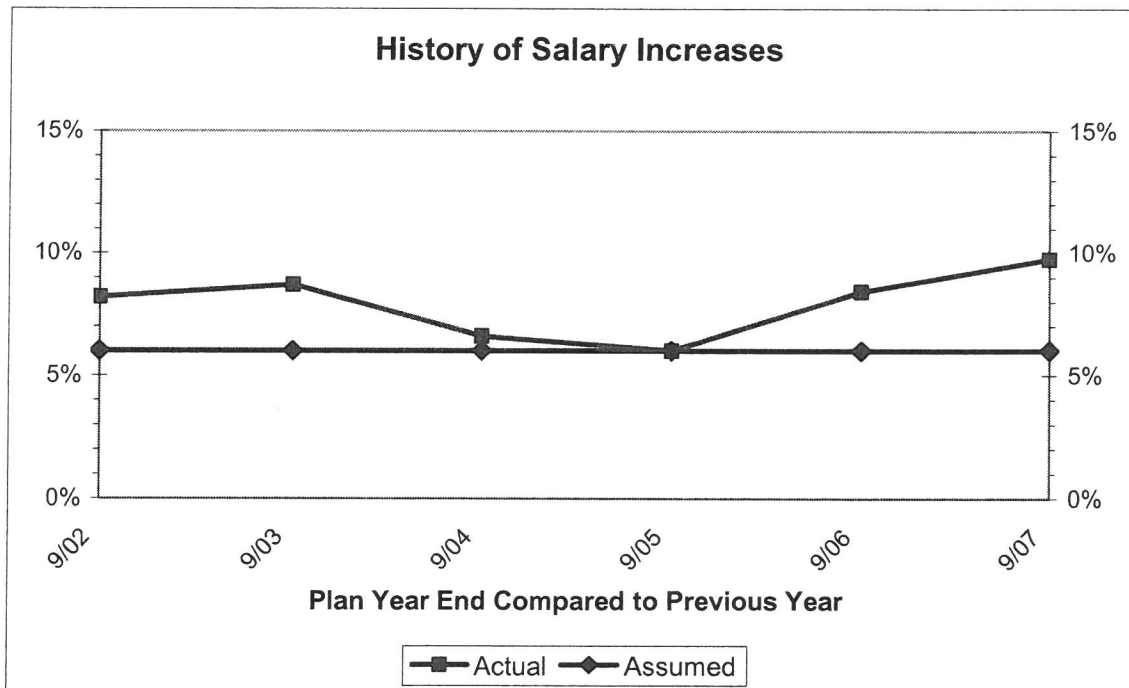
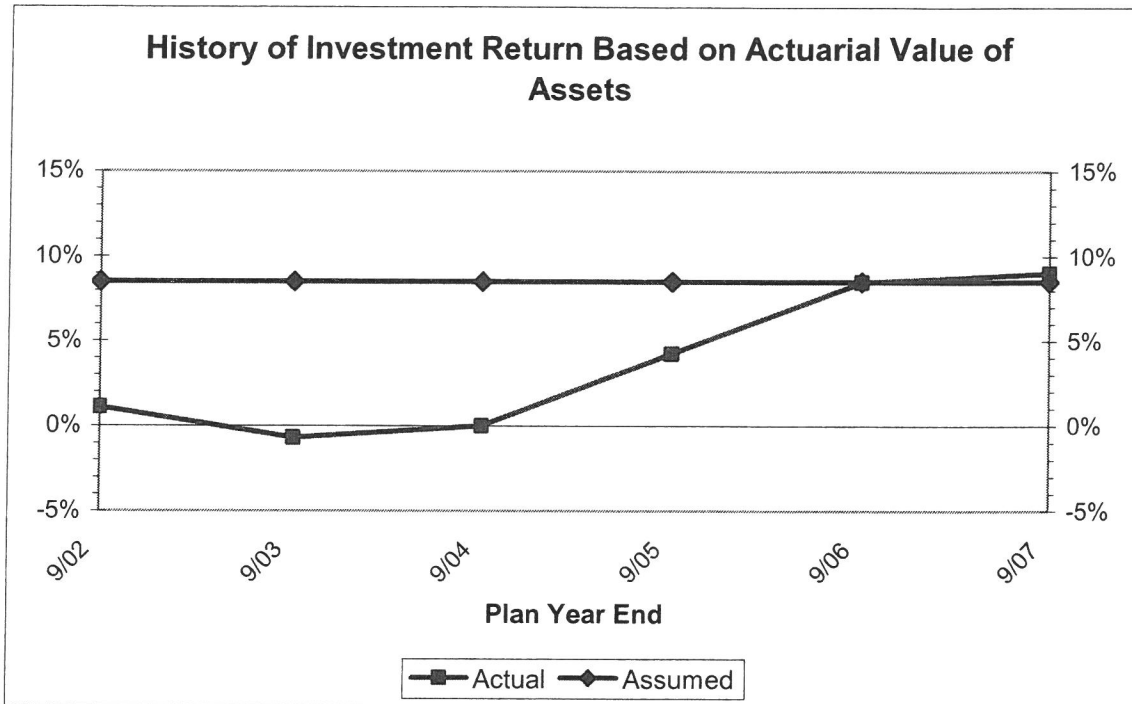
Year Ended	Gain (Loss)
9/30/2004	\$ (2,736,580)
9/30/2005	1,775,263
9/30/2006	174,227
9/30/2007	(678,886)



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
9/30/2007	9.0	8.5	9.8	6.0
Averages	3.6%	---	7.9%	---

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.

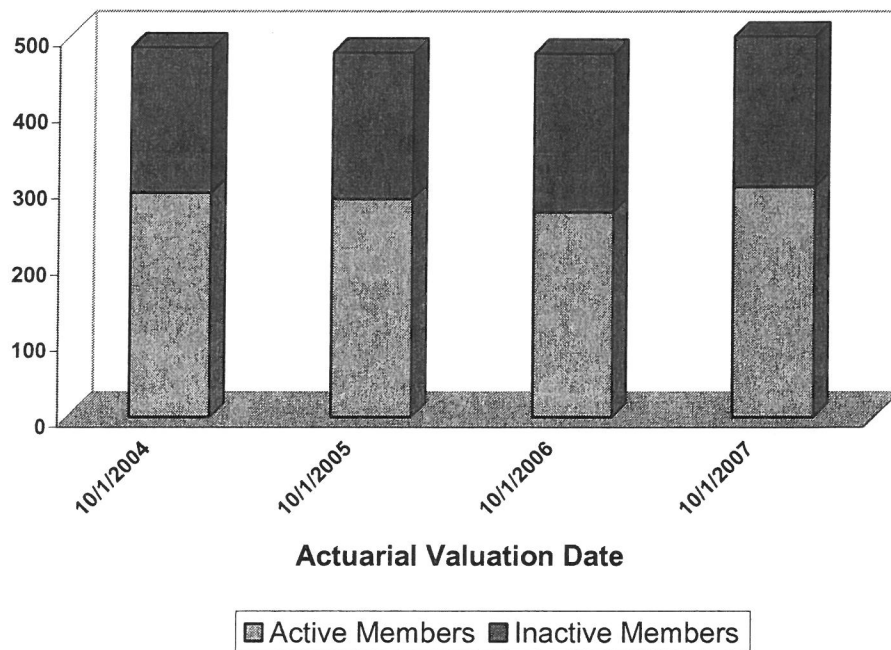
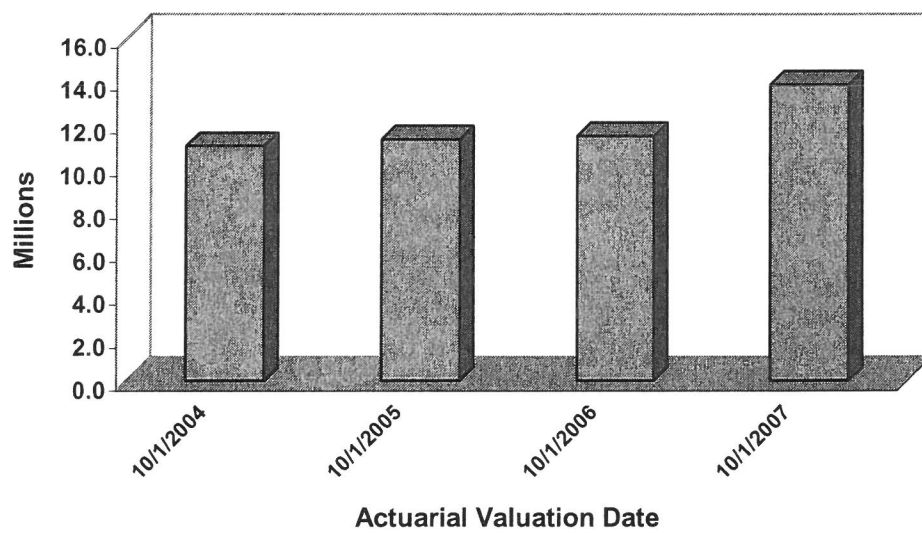


**Actual (A) Compared to Expected (E) Decrements
Among Active Employees**

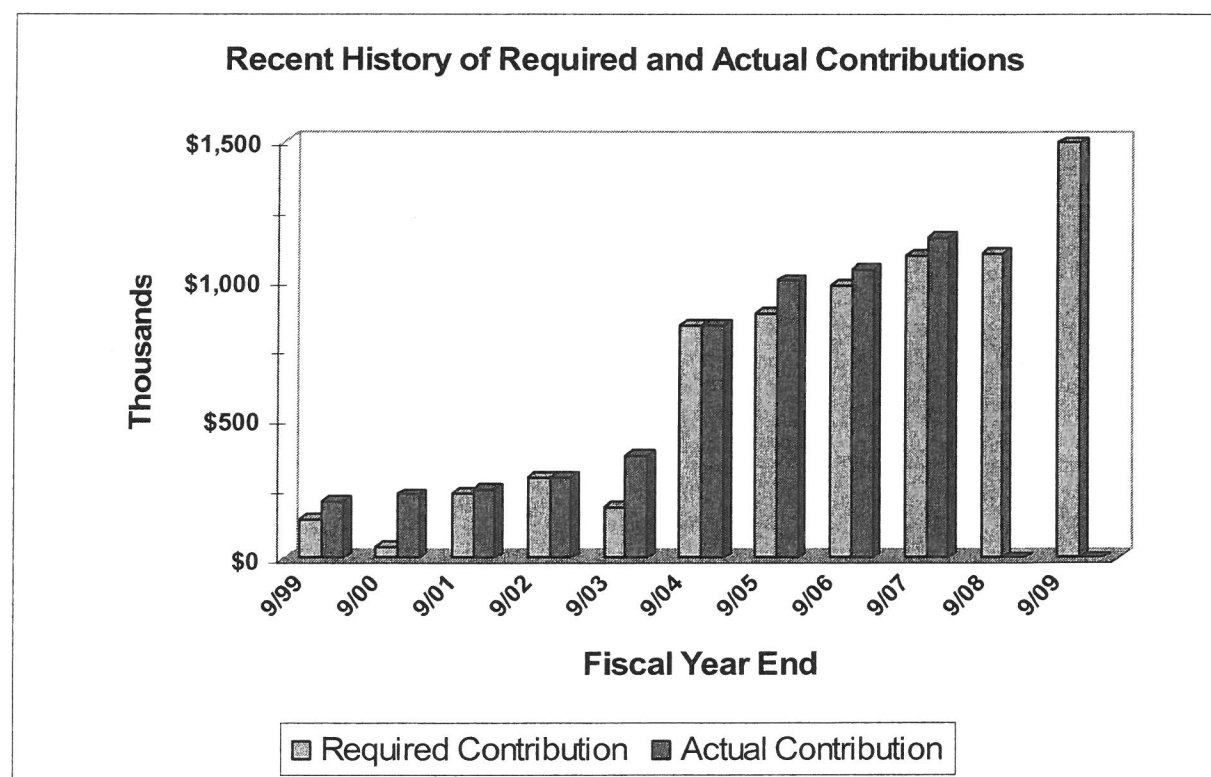
Year Ended	Number Added During Year		Service & DROP Retirement		Disability Retirement		Death		Terminations				Active Members End of Year
	A	E	A	E	A	E	A	E	Vested	Other	Totals		
									A	A	A	E	
9/30/2006	42	59	10	34	0	0	0	0	12	37	49	17	269 302
9/30/2007	62	29	8	35	0	0	1	0	1	19	20	16	
9/30/2008				19		1		0				26	
2 Yr Totals *	104	88	18	69	0	0	1	0	13	56	69	33	

* 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	3,297,832	817,164	7.15
10/1/2007	302	210	13,816,182	38,725,809	7,947,030	1,300,890	9.42

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	1,160,170
10/1/2006	9/30/2008	1,110,259	9.17	---
10/1/2007	9/30/2009	1,881,902	12.85	---



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)	
	8.0% per year, compounded annually, net of investment related expenses.
C. Salary Increases (Including inflation)	
	See Table below.
D. Retirement Age	
	See Table below for rates.
E. Turnover Rates	
	See Table below.
F. Mortality Rates	
	RP-2000 Generational Mortality Tables for males and females; rates for disabled lives set forward five years.
G. Disability	
1. Rates	See Table below.
2. Percent Service Connected	N/A
H. Asset Value	
	Recognize 20% of difference between market value of assets and expected actuarial asset value.
I. Administrative Expenses	
	\$83,600 (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 (7.5% as of 10/1/2007).
K. Post Retirement Benefit Increase	
	None.
L. Changes Since Last Valuation	
1.	The salary increase assumption was changed from 6% per year to a service based table.
2.	The Turnover Rates were changed to a select table based on service and an ultimate table based on age.
3.	The Retirement Rates were changed to a table based on eligibility.
4.	The Mortality Rates were changed from the 1983 Group Annuity Mortality Table to the RP-2000 Generational Mortality Table.
5.	The Investment Return assumption was reduced to 8% from 8.5% per year.
6.	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.

Rates of Salary Increase	
Service	Salary Increase
1 - 2	13.0%
3	10.5
4	9.5
5	9.0
6	8.5
7 - 8	8.0
9	7.5
10 - 19	7.0
20 and higher	6.0

Annual Rate of Retirement	
For each year eligible for early retirement	5%
For each of first and second years when normal retirement date is attained	25
For each of third and fourth years after normal retirement date	50
For fifth year after normal retirement date	60
For sixth year after normal retirement date	80
From seventh year after normal retirement date	100

Age	Service	Annual Rate of Turnover
All	0	20.0%
	1	18.0
	2	16.0
	3	10.0
	4	6.0
20	5 and over	16.2%
25		13.2
30		10.8
35		9.4
40		7.8
45		5.8
50		3.2
55+		0.8

Age	Annual Rate of Disability
20	0.05%
25	0.05
30	0.06
35	0.09
40	0.12
45	0.28
50	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		
	9/30/2007	9/30/2006
Cash and Securites - Market Value		
Cash	\$ 18	\$ -
Money Market Funds	825,146	1,095,052
Money Market Funds (DROP Account)	124,029	69,093
U.S. Government Bonds & Notes	6,170,249	4,799,707
Corporate Bonds	4,593,068	5,052,589
Corporate Stocks	25,246,098	21,990,082
Pooled Equity Funds	-	-
Pooled Bond Funds	-	-
International Equity Funds	-	-
Total Investments	<u>36,958,608</u>	<u>33,006,523</u>
Receivables and Accruals		
Member Contribution	-	-
Employer Contribution	-	-
State Contributions	-	-
Interest & Dividends	148,230	157,141
Trades Receivable	-	280,091
Due from Other Funds	44	-
Total	<u>148,274</u>	<u>437,232</u>
Payables and Reserves		
Benefits	-	-
Refunds	-	-
Expenses	-	-
DROP Accounts	124,029	69,093
Trades Payable	<u>10,222</u>	<u>233,053</u>
Total	<u>134,251</u>	<u>302,146</u>
Total Assets - Market Value	36,972,631	33,141,609

PENSION FUND INCOME AND DISBURSEMENTS

	Year Ending 9/30/2007	Year Ending 9/30/2006
Market Value at Beginning of Period	\$ 33,210,702	\$ 31,255,111
Income		
Contributions		
Member Contributions	637,592	583,629
State Contributions	-	-
Employer Contributions	1,160,170	1,043,963
Member Buyback	-	-
Total Contributions	1,797,762	1,627,592
Investment Income		
Dividends and Interest	1,033,012	910,284
Net Realized Gain (Loss)	3,284,662	1,706,883
Total Investment Income	4,317,674	2,617,167
Other Income	25,632	3,621
Total Income	6,141,068	4,248,380
Disbursements		
Monthly Benefit Payments	1,828,952	1,762,288
Lump Sum Distributions	-	-
Refund of Contributions	132,639	268,303
Investment Related Expenses	209,919	201,986
Other Administrative Expenses	83,600	60,212
Other Expenses	-	-
Total Disbursements	2,255,110	2,292,789
Net Increase During Period	3,885,958	1,955,591
Market Value at End of Period	37,096,660	33,210,702
Less: DROP Account Balance	124,029	69,093
Final Market Value	36,972,631	33,141,609

RECONCILIATION OF DROP ACCOUNTS	
Value at beginning of year	\$ 69,093
Payments credited to accounts	51,827
Investment Earnings credited	3,109
Withdrawals from accounts	<u>-</u>
Value at end of year	124,029

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	8.29 %
	9/30/2005	7.67
	9/30/2006	7.78
	9/30/2007	12.41
	Annualized Rate of Return for prior 4 years	9.02 %
(A)	Actuarial Assets Last Year**	\$36,423,370
	Cash Flow During Year	(221,797)
(I)	Net Investment Income Realized = (A + 1/2 Cash Flow) x Annualized Rate of Return	3,275,385
(B)	Derived Assets This Year** = A + Cash Flow + I	39,476,958
	Less: DROP Account Balance	124,029
	Final Actuarial Value ***	39,352,929
	Final Actuarial Value Rate of Return	9.02 %
	Expected Investment Income	3,086,560
	Gain (Loss) Due to Investments	188,825

* Market Value Basis, net of investment related expenses.

** Before offset of DROP Account Balance.

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

ACTUARIAL VALUE OF ASSETS - NEW METHOD

	Year Ending 9/30/2007
A. Beginning of Year Assets *	
1. Market Value	\$ 33,210,702
2. Actuarial Value	36,423,370
B. End of Year Market Value of Assets *	37,096,660
C. Net of Contributions Less Disbursements	(221,797)
D. Actual Net Investment Earnings	4,107,755
E. Expected Investment Earnings	3,086,560
F. Expected Actuarial Value End of Year	39,288,133
G. End of Year Market Value Less Expected Actuarial Value	(2,191,473)
H. 20% of Difference	(438,295)
I. End of Year Assets	
1. Actuarial Value: F + H	38,849,838
2. Final Actuarial Value Within 80% to 120% of Market Value	38,849,838
J. DROP Account Balances	124,029
K. Final Actuarial Value of Assets	38,725,809
L. Recognized Investment Earnings: E + H	2,648,265
M. Recognized Rate of Return	7.29%

* Before offset of DROP Account balances.

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
9/30/2007	12.4	9.0
Average Compounded Rate of Return for Number of Years Shown	3.9 %	3.6 %
Average Compounded Rate of Return for Last 5 Years	9.3 %	4.1 %

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	\$ 17,967,350	\$ 15,793,947
b. Terminated Vested Members	1,319,666	1,171,246
c. Other Members	16,191,966	14,614,601
d. Total	<u>35,478,982</u>	<u>31,579,794</u>
2. Non-Vested Benefits	2,763,097	2,133,209
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	38,242,079	33,713,003
4. Accumulated Contributions of Active Members	3,820,017	3,289,258
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	33,713,003	31,269,718
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	113,733	N/A
b. Change in Actuarial Assumptions	1,307,327	N/A
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	5,069,607	4,473,876
d. Benefits Paid	<u>(1,961,591)</u>	<u>(2,030,591)</u>
e. Net Increase	<u>4,529,076</u>	<u>2,443,285</u>
3. Total Value at End of Period	38,242,079	33,713,003
D. Market Value of Assets	36,972,631	33,141,609
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	\$ 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	39,652,109	3,297,832	91.7	11,422,183	28.9
10/1/2007 (b)	39,352,929	43,287,109	3,934,180	90.9	13,724,918	28.7
10/1/2007 (a)	38,725,809	46,672,839	7,947,030	83.0	13,816,182	57.5

(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 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
9/30/2007	1,094,083	1,160,170	106

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

Employer FYE September 30	2008	2007	2006
Annual Required Contribution (ARC)	\$ 1,110,259	\$ 1,094,083	\$ 982,267
Interest on Net Pension Obligation (NPO)	(52,534)	(53,932)	(52,612)
Adjustment to ARC	(104,656)	(97,840)	(98,775)
Annual Pension Cost (APC)	1,162,381	1,137,991	1,028,430
Contributions made	**	1,160,170	1,043,963
Increase (decrease) in NPO	**	(22,179)	(15,533)
NPO at beginning of year	(656,671)	(634,492)	(618,959)
NPO at end of year	**	(656,671)	(634,492)
** To be determined.			

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
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)
9/30/2007	1,137,991	1,160,170	101.9	(656,671)

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	12.85%
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	Recognize 20% of difference between market value and expected actuarial value of assets.
Actuarial Assumptions	
Investment rate of return	8.0%
Projected salary increases	6% to 13% based on service
Includes inflation and other general increases at	3.0%
Cost-of-living adjustments	Not applicable

SECTION E

MISCELLANEOUS INFORMATION

RECONCILIATION OF MEMBERSHIP DATA		
	From 10/1/06 To 10/1/07	From 10/1/05 To 10/1/06
A. Active Members		
1. Number Included in Last Valuation	269	286
2. New Members Included in Current Valuation	62	42
3. Non-Vested Employment Terminations	(18)	(35)
4. Vested Employment Terminations	(1)	(12)
5. Service Retirements	(8)	(10)
6. Disability Retirements	0	0
7. Deaths	(1)	0
8. Rehired Members	0	0
9. DROP Retirement	0	0
10. Transfers	(1)	(2)
11. Other	0	0
12. Number Included in This Valuation	302	269
B. Terminated Vested Members		
1. Number Included in Last Valuation	22	13
2. Additions from Active Members	1	12
3. Lump Sum Payments/Refunds	0	(3)
4. Payments Commenced	(2)	0
5. Deaths	0	0
6. Other - Rehired	0	0
7. Number Included in This Valuation	21	22
C. DROP Participation		
1. Number Included in Last Valuation	1	1
2. Additions from Active Members	0	0
3. Payments commenced	0	0
4. Deaths	0	0
5. Other	0	0
6. Number Included in This Valuation	1	1
D. Service Retirees, Disability Retirees and Beneficiaries		
1. Number Included in Last Valuation	185	178
2. Additions from Active Members	8	10
3. Additions from Terminated Vested Members	2	0
4. Additions from DROP	0	0
5. Deaths Resulting in No Further Payments	(5)	(2)
6. Deaths Resulting in New Survivor Benefits	0	0
7. End of Certain Period - No Further Payments	(2)	(1)
8. Other	0	0
9. Number Included in This Valuation	188	185

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	4	1	0	0	0	0	0	0	0	0	0	8
TOT PAY	81,364	138,256	34,145	0	0	0	0	0	0	0	0	0	253,765
AVG PAY	27,121	34,564	34,145	0	0	0	0	0	0	0	0	0	31,721
25-29 NO.	2	5	5	1	0	3	0	0	0	0	0	0	16
TOT PAY	57,170	191,460	198,971	48,653	0	100,482	0	0	0	0	0	0	596,736
AVG PAY	28,585	38,292	39,794	48,653	0	33,494	0	0	0	0	0	0	37,296
30-34 NO.	3	1	3	0	0	7	1	0	0	0	0	0	15
TOT PAY	91,086	52,552	113,221	0	0	235,672	56,261	0	0	0	0	0	548,792
AVG PAY	30,362	52,552	37,740	0	0	33,667	56,261	0	0	0	0	0	36,586
35-39 NO.	6	3	1	0	1	6	3	1	0	0	0	0	21
TOT PAY	204,645	141,232	42,224	0	32,143	255,404	133,225	40,452	0	0	0	0	849,325
AVG PAY	34,108	47,077	42,224	0	32,143	42,567	44,408	40,452	0	0	0	0	40,444
40-44 NO.	6	5	2	1	0	8	12	0	1	0	0	0	35
TOT PAY	199,805	152,655	74,533	25,748	0	369,136	577,058	0	57,565	0	0	0	1,456,500
AVG PAY	33,301	30,531	37,267	25,748	0	46,142	48,088	0	57,565	0	0	0	41,614
45-49 NO.	6	8	4	0	4	11	9	10	4	4	0	0	60
TOT PAY	227,446	244,333	123,262	0	150,105	457,197	517,018	489,803	257,891	196,062	0	0	2,663,117
AVG PAY	37,908	30,542	30,816	0	37,526	41,563	57,446	48,980	64,473	49,016	0	0	44,385
50-54 NO.	8	5	2	5	0	18	7	7	5	2	3	0	62
TOT PAY	302,669	157,995	76,151	199,954	0	821,072	300,762	378,611	256,839	112,666	177,448	0	2,784,167
AVG PAY	37,834	31,599	38,076	39,991	0	45,615	42,966	54,087	51,368	56,333	59,149	0	44,906
55-59 NO.	5	1	7	3	1	9	5	7	2	1	2	1	44
TOT PAY	201,567	40,676	288,166	109,424	27,037	442,409	203,219	327,054	131,904	45,895	149,288	53,458	2,020,097
AVG PAY	40,313	40,676	41,167	36,475	27,037	49,157	40,644	46,722	65,952	45,895	74,644	53,458	45,911
60-64 NO.	2	3	1	2	0	8	5	5	2	2	0	1	31
TOT PAY	54,199	133,701	39,853	115,570	0	329,937	255,567	244,623	89,676	145,926	0	64,481	1,473,533
AVG PAY	27,100	44,567	39,853	57,785	0	41,242	51,113	48,925	44,838	72,963	0	64,481	47,533
65 & Up NO.	0	1	0	2	0	3	3	1	0	0	0	0	10
TOT PAY	0	25,749	0	65,143	0	95,739	222,758	69,070	0	0	0	0	478,459
AVG PAY	0	25,749	0	32,572	0	31,913	74,253	69,070	0	0	0	0	47,846
TOT NO.	41	36	26	14	6	73	45	31	14	9	5	2	302
TOT AMT	1,419,951	1,278,609	990,526	564,492	209,285	3,107,048	2,265,868	1,549,613	793,875	500,549	326,736	117,939	13,124,491
AVG AMT	34,633	35,517	38,097	40,321	34,880	42,562	50,353	49,988	56,705	55,617	65,347	58,970	43,459

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	3	33,887	-	-	-	-	-	-
45-49	1	17,905	-	-	-	-	-	-
50-54	10	93,227	-	-	1	18,437	-	-
55-59	6	50,490	1	10,171	16	227,351	-	-
60-64	-	-	-	-	36	507,873	1	11,848
65-69	-	-	-	-	47	541,859	1	2,969
70-74	-	-	-	-	35	364,799	2	10,989
75-79	-	-	-	-	23	158,189	4	20,247
80-84	-	-	-	-	13	59,314	1	13,717
85-89	-	-	-	-	5	9,182	-	-
90-94	-	-	-	-	2	600	-	-
95-99	-	-	-	-	-	-	-	-
100 & Over	-	-	-	-	1	300	-	-
Total	21	203,853	1	10,171	179	1,887,904	9	59,770
Average Age		52		58		70		74

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 plus the amount the City had contributed, for members who have completed at least five years and six months of credited service at the time of death.

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

There have been no changes in benefits since the May 15, 2007 Supplemental Valuation Report which showed the actuarial impact of providing an additional death benefit of the employer contributions made to the Plan on the member's behalf, for members who have completed at least five years and six months of credited service at the time of death.