

CITY OF NAPLES POLICE OFFICERS' 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

December 14, 2007

Board of Trustees
Police Officers' 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: Stephen Palmquist
J. Stephen Palmquist, ASA, MAAA, FCA
Enrolled Actuary No. 05-1560

By: Melissa R. Moskovitz
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 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 Paluszniak
Signature

12-14-07
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 contributions developed in this valuation and the previous valuation is as follows:

	For FYE 9/30/09 Based on 10/1/07 Valuation	For FYE 9/30/08 Based on 10/1/06 Valuation	Increase (Decrease)
Total Required Contribution	\$ 2,012,426	\$ 1,712,216	\$ 300,210
As % of Covered Payroll	42.33 %	38.11 %	4.22 %
Estimated Employee Contribution	237,707	224,641	13,066
As % of Covered Payroll	5.00	5.00	0.00
Required Employer/State Contribution	1,774,719	1,487,575	287,144
As % of Covered Payroll	37.33	33.11	4.22
Estimated State Contribution	662,446	662,446	0
As % of Covered Payroll	13.93	14.74	(0.81)
City Incentive Contribution	40,356	118,529	(78,173)
As % of Covered Payroll	0.85	2.64	(1.79)
Required Employer Contribution	1,071,917	706,600	365,317
As % of Covered Payroll	22.55	15.73	6.82

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 with the assumption that the amount to be received from the State in 2009 will be equal to the adjusted base year revenue of \$662,446. If the actual payment from the State falls below this amount, then the City must increase its contribution by the difference.

The actual Employer and State contributions for the year ending September 30, 2007 were \$703,888 and \$740,323, respectively. Adding the Employer contribution and baseline Chapter 185 revenue of \$662,446, the total is \$1,366,334. The total minimum required payment was \$1,333,101.

Revisions in Benefits

There were no revisions in benefits since the last valuation.

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.

Actuarial Experience

During the past year, there was a net actuarial loss of \$1,273,522 which means that actual experience was less favorable than expected. The gain due to investment earnings above the assumed rate of 8% is more than offset by losses due to greater than expected salary increases and more than expected service retirements. The net loss has increased the required employer contribution by 1.44% of covered payroll.

Funded Ratio

The funded ratio this year is 70.0% compared to 69.5% last year. This year's ratio was 68.6% 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	15.73 %
Actuarial Experience	1.44
Change in Actuarial Assumptions/Methods	2.47
Amortization Payment on UAAL	0.07
Change in Normal Cost Rate	0.16
Change in Administrative Expense	0.19
Change in Incentive Contribution	1.78
Change in State Revenue	<u>0.71</u>
Contribution Rate This Year	22.55

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	\$ 662,446
2. Amount Received for Previous Plan Year	740,323
3. Benefit Improvements Made in Previous Plan Year	0
4. Excess Funds for Previous Plan Year: (2) - (1) - (3)	77,877
5. Accumulated Excess at Beginning of Previous Year	415,563
6. Prior Excess Used in Previous Plan Year	0
7. Accumulated Excess as of Valuation Date (Available for Benefit Improvements): (4) + (5) - (6)	493,440
8. Base Amount This Plan Year: (1) + (3)	662,446

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 amount the employer may take as a credit against its required contribution.

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	70	70	71
Covered Annual Payroll	\$ 4,485,034	\$ 4,451,733	\$ 4,238,516
Average Annual Payroll	\$ 64,072	\$ 63,596	\$ 59,697
Average Age	38.5	38.5	38.9
Average Past Service	9.9	9.9	10.0
Average Age at Hire	28.6	28.6	28.9
RETIREES & BENEFICIARIES			
Number	40	40	34
Annual Benefits	\$ 1,425,646	\$ 1,425,646	\$ 1,097,038
Average Annual Benefit	\$ 35,641	\$ 35,641	\$ 32,266
Average Age	57.6	57.6	57.8
DISABILITY RETIREES			
Number	0	0	0
Annual Benefits	\$ 0	\$ 0	\$ 0
Average Annual Benefit	\$ 0	\$ 0	\$ 0
Average Age	0.0	0.0	0.0
TERMINATED VESTED MEMBERS			
Number	16	16	19
Annual Benefits	\$ 183,015	\$ 183,015	\$ 263,242
Average Annual Benefit	\$ 11,438	\$ 11,438	\$ 13,855
Average Age	42.6	42.6	41.6

ANNUAL REQUIRED CONTRIBUTION (ARC)			
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. 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	\$ 629,113	\$ 624,604	\$ 532,731
E. Employer Normal Cost	980,822	872,326	816,569
F. ARC if Paid on the Valuation Date: D + E	1,609,935	1,496,930	1,349,300
G. ARC Adjusted for Frequency of Payments	1,674,332	1,556,807	1,403,272
H. ARC as % of Covered Payroll	37.33 %	34.97 %	33.11 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	6.00 %	6.00 %	6.00 %
J. Covered Payroll for Contribution Year	4,754,136	4,718,837	4,492,827
K. ARC for Contribution Year: H x J	1,774,719	1,650,177	1,487,575
L. Estimate of State Revenue in Contribution Year	662,446	662,446	662,446
M. Incentive Contribution	40,356	40,356	118,529
N. Required Employer Contribution (REC) in Contribution Year	1,071,917	947,375	706,600
O. REC as % of Covered Payroll in Contribution Year: N ÷ J	22.55 %	20.08 %	15.73 %

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	\$ 25,807,781	\$ 23,368,913	\$ 22,627,158
b. Vesting Benefits	1,440,637	1,227,914	1,019,374
c. Disability Benefits	1,094,164	719,012	664,898
d. Preretirement Death Benefits	212,946	250,232	236,423
e. Return of Member Contributions	46,849	28,315	23,831
f. Total	28,602,377	25,594,386	24,571,684
2. Inactive Members			
a. Service Retirees & Beneficiaries	17,260,859	16,709,698	12,723,681
b. Disability Retirees	-	-	-
c. Terminated Vested Members	1,263,660	1,195,523	1,557,437
d. Total	18,524,519	17,905,221	14,281,118
3. Total for All Members	47,126,896	43,499,607	38,852,802
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	38,411,488	36,408,663	32,420,377
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	31,662,628	31,076,732	27,437,811
E. Plan Assets			
1. Market Value	26,886,268	26,886,268	23,598,381
2. Actuarial Value	26,886,268	24,976,046	22,535,093
F. Unfunded Accrued Liability: C - E2	11,525,220	11,432,617	9,885,284
G. Actuarial Present Value of Projected Covered Payroll	33,810,230	30,490,227	27,975,495
H. Actuarial Present Value of Projected Member Contributions	1,690,512	1,524,512	1,398,775

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	\$ 902,631	\$ 825,543	\$ 796,001
2. Vesting Benefits	153,946	137,345	114,951
3. Disability Benefits	75,399	61,211	57,858
4. Preretirement Death Benefits	9,437	13,173	12,790
5. Return of Member Contributions	<u>17,370</u>	<u>11,350</u>	<u>10,422</u>
6. Total for Future Benefits	1,158,783	1,048,622	992,022
7. Assumed Amount for Administrative Expenses	<u>46,291</u>	<u>46,291</u>	<u>36,473</u>
8. Total Normal Cost	1,205,074	1,094,913	1,028,495
C. Expected Member Contribution	224,252	222,587	211,926
D. Employer Normal Cost: B8-C	980,822	872,326	816,569
E. Employer Normal Cost as a % of Covered Payroll	21.87%	19.60%	19.27%

LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY

A. Amortization Period and Payments					
Original UAAL			Current UAAL		
Date	Source	Amount	Years Remaining	Amount	Payment
10/1/1997	N/A	\$ N/A	20	\$ 1,192,091	\$ 76,876
10/1/1999	N/A	N/A	22	1,751,591	105,331
10/1/2000	N/A	N/A	23	(789,306)	(45,977)
10/1/2002	N/A	N/A	25	3,146,265	172,880
10/1/2003	N/A	N/A	26	1,713,788	91,678
10/1/2004	Exp. Loss	1,702,164	27	1,916,349	99,943
10/1/2004	Amendment	(5,944)	27	(6,692)	(349)
10/1/2005	Exp. Gain	(205,398)	28	(223,889)	(11,399)
10/1/2005	Assump. Change	810,614	28	883,587	44,985
10/1/2006	Exp. Gain	(333,423)	29	(344,542)	(17,145)
10/1/2006	Assump. Change	890,168	29	919,853	45,773
10/1/2007	Exp. Loss	1,273,522	30	1,273,522	62,008
10/1/2007	Assump./Method Change	92,603	30	92,603	4,509
				<u>11,525,220</u>	<u>629,113</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	\$ 11,525,220
2008	11,767,764
2009	11,995,771
2010	12,206,348
2011	12,396,317
2012	12,562,156
2017	12,877,859
2022	11,800,060
2027	8,248,815
2032	2,744,733
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	\$ 9,885,284
2. Last Year's Employer Normal Cost	816,569
3. Last Year's Contributions	
a. Employer	703,888
b. State	662,446 *
c. a + b	<u>1,366,334</u>
4. Interest at the Assumed Rate on:	
a. 1 and 2 for one year	856,148
b. 3 from dates paid	<u>32,572</u>
c. a - b	823,576
5. This Year's Expected UAAL 1 + 2 - 3c + 4c	10,159,095
6. This Year's Actual UAAL (before any changes in Benefits, Assumptions or Methods)	11,432,617
7. Net Actuarial Gain (Loss): 5 - 6	(1,273,522)
8. Gain (Loss) Due to Investments	167,030
9. Gain (Loss) from Other Sources	(1,440,552)
10. This Year's Actual UAAL (after changes in Benefits, Assumptions or Methods)	11,525,220
11. Change in UAAL Due to Change in Assumptions and Methods: 10 - 6	92,603

* Frozen amount.

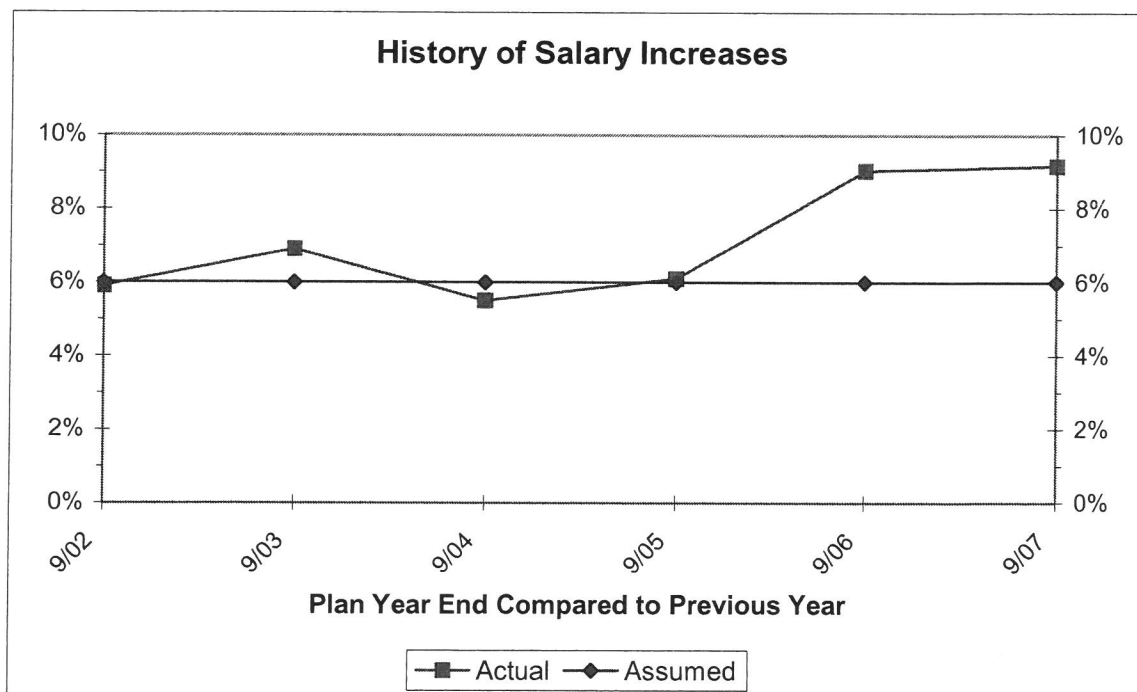
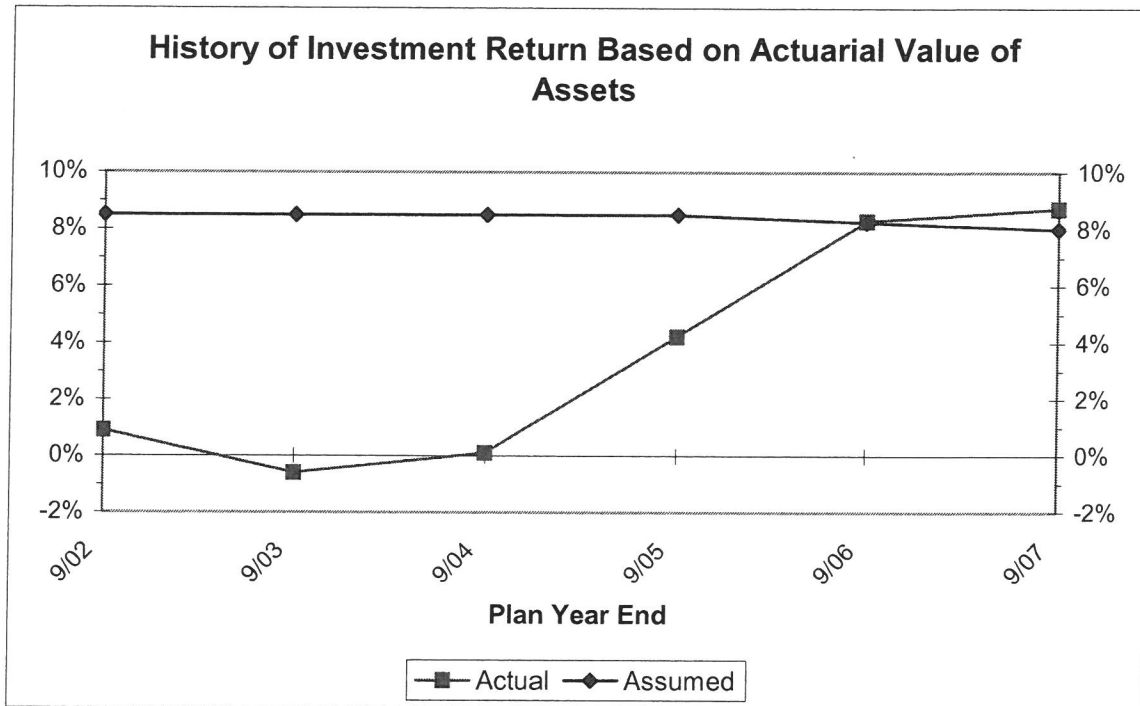
Net actuarial gains in previous years have been as follows:

Year Ended	Gain (Loss)
9/30/2004	\$ 1,702,164
9/30/2005	205,398
9/30/2006	333,423
9/30/2007	(1,273,522)

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	0.9 %	8.50 %	5.9 %	6.0 %
9/30/2003	(0.6)	8.50	6.9	6.0
9/30/2004	0.1	8.50	5.5	6.0
9/30/2005	4.2	8.50	6.1	6.0
9/30/2006	8.3	8.25	9.0	6.0
9/30/2007	8.7	8.00	9.2	6.0
Averages	3.5 %	---	7.1 %	---

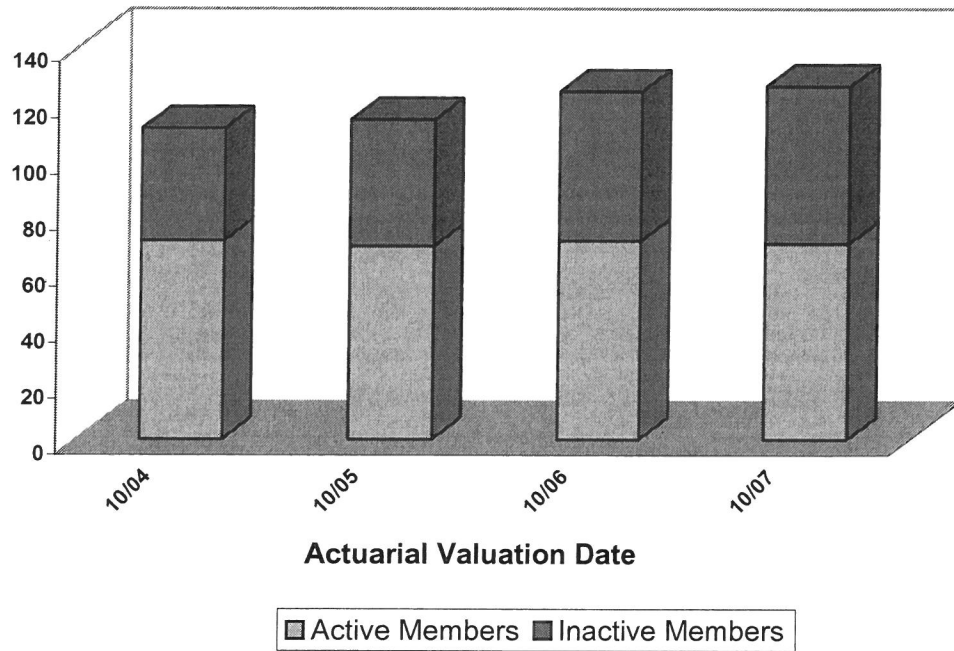
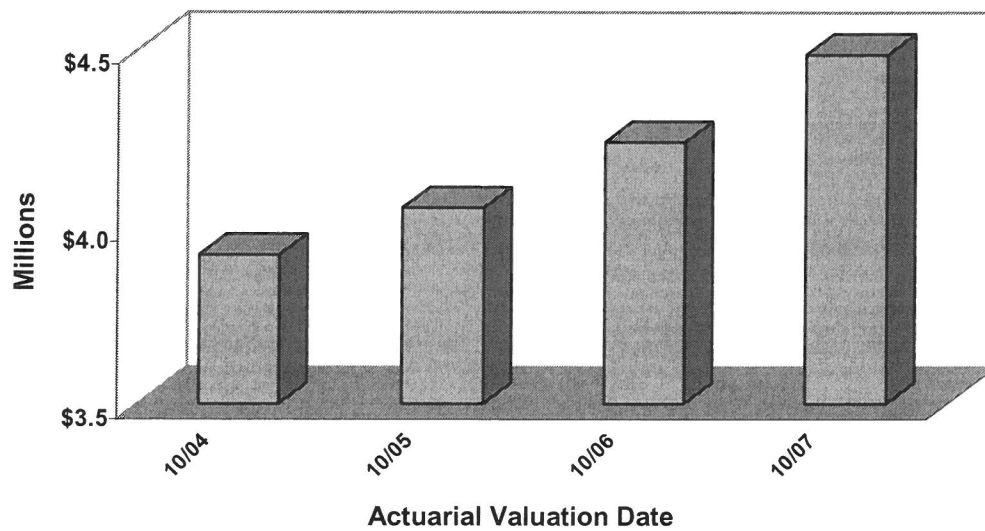
The actual investment return rates shown above are based on the actuarial value of assets. The actual salary increase rates shown above are the increases received by those active members who were included in the actuarial valuations both at the beginning and the end of each year.



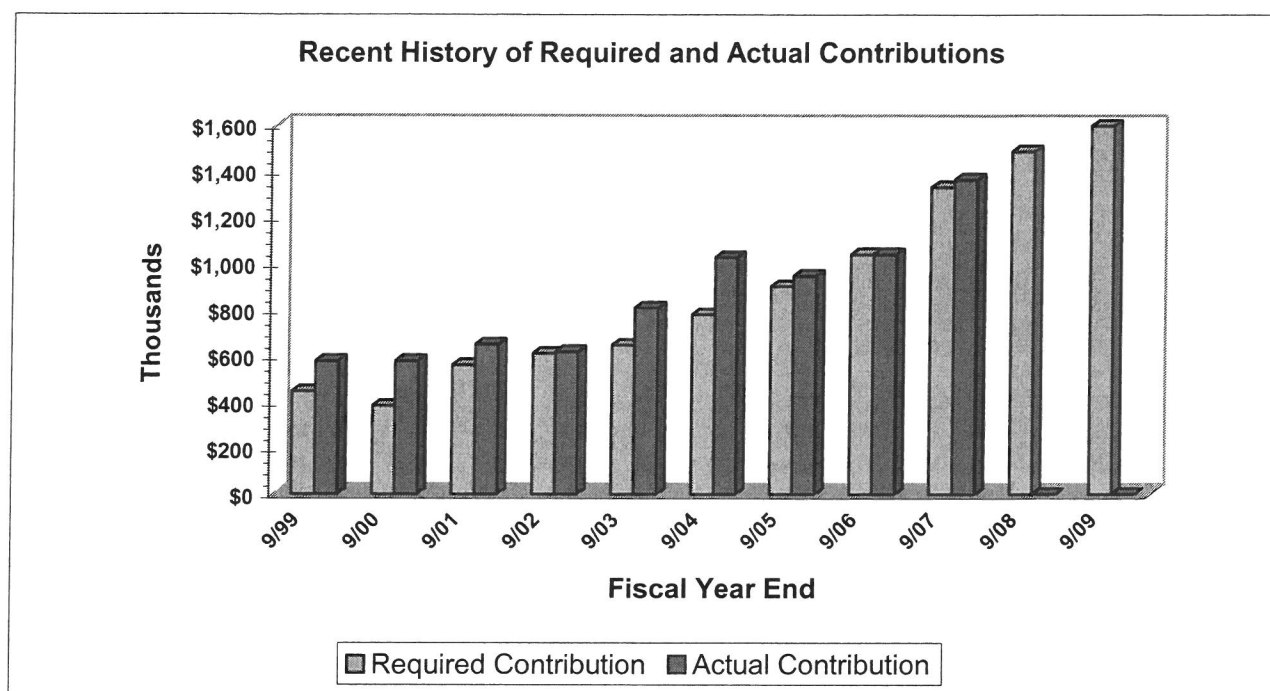
Actual (A) Compared to Expected (E) Decrements Among Active Employees													
Year Ended	Number Added During Year		Service Retirement		Disability Retirement		Death		Terminations				Active Members End of Year
									Vested	Other	Totals		
	A	E	A	E	A	E	A	E	A	A	A	E	
9/30/2006	12	10	4	1	0	0	0	0	4	2	6	3	71
9/30/2007	6	7	5	1	0	0	0	0	0	2	2	3	70
9/30/2008				2		0		0				5	
2 Yr Totals *	18	17	9	2	0	0	0	0	4	4	8	6	

* 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	71	40	\$ 3,919,246	\$ 19,586,438	\$ 8,010,611	\$ 558,793	14.26 %
10/1/2005	69	45	4,051,684	20,543,328	8,871,645	727,049	17.94
10/1/2006	71	53	4,238,516	22,535,093	9,885,284	816,569	19.27
10/1/2007	70	56	4,485,034	26,886,268	11,525,220	980,822	21.87

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									
		Employer & State		Estimated State		Net Employer		Actual Contributions			Total
		Amount	% of Payroll	Amount	% of Payroll	Amount	% of Payroll	Employer	State		
10/1/1997	9/30/1999	\$ 449,178	N/A	N/A	N/A	N/A	N/A	\$ 78,173	\$ 500,979	\$	579,152
10/1/1998	9/30/2000	384,643	N/A	N/A	N/A	N/A	N/A	78,173	500,979		579,152
10/1/1999	9/30/2001	562,516	N/A	N/A	N/A	N/A	N/A	150,362	500,979		651,341
10/1/2000	9/30/2002	611,467	N/A	N/A	N/A	N/A	N/A	118,529	500,979		619,508
10/1/2001	9/30/2003	648,155	N/A	N/A	N/A	N/A	N/A	147,176	662,446		809,622
10/1/2002	9/30/2004	780,656	N/A	N/A	N/A	N/A	N/A	365,900	662,446		1,028,346
10/1/2003	9/30/2005	902,963	21.98 %	\$ 662,446	16.13 %	240,516	5.85 %	285,786	662,446		948,232
10/1/2004	9/30/2006	1,041,843	25.08	662,446	15.95	379,397	9.13	379,397	662,446		1,041,843
10/1/2005	9/30/2007	1,333,101	31.04	662,446	15.42	670,655	15.62	703,888	662,446		1,366,334
10/1/2006	9/30/2008	1,487,575	33.11	662,446	14.74	825,129	18.37	---	---	---	---
10/1/2007	9/30/2009	1,774,719	37.33	662,446	13.93	1,112,273	23.40	---	---	---	---



ACTUARIAL ASSUMPTIONS AND COST METHOD

A. Cost Method	
1. Funding	Entry Age Normal Actuarial Cost Method.
2. Accumulated Benefit Obligation	Accrued Benefit Method.
B. Investment Earnings (Including inflation)	8% per year, compounded annually, net of investment related expenses.
C. Salary Increases (Including inflation)	See Table on next page.
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; rates for disabled lives set forward five years.
H. Disability	
1. Rates	See Table on next page.
2. Percent Service Connected	75%
I. Asset Value	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 from age 55 to age 62.
M. Changes Since Last Valuation	
<ul style="list-style-type: none"> ▪ 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. 	

Rates of Salary Increase	
Service	Salary Increase
1	13.0%
2 - 9	9.0
10 - 14	7.5
15 - 19	7.0
20 and higher	6.5

Annual Rate of Retirement	
For each year eligible for early retirement	5%
For year when normal retirement date is attained	30
For each of four years after normal retirement date	30
For fifth year after normal retirement date	100
Members with 25 years of service	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	16.0
	2	14.0
	3	12.0
	4	10.0
20	5 and over	10.0%
25		10.0
30		8.8
35		6.8
40		4.8
45+		3.2

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 Securities - Market Value		
Cash	\$ 309	\$ -
Money Market Funds	1,222,375	1,534,895
U. S. Government Bonds & Notes	5,178,233	3,842,873
Corporate Bonds	3,645,823	3,960,554
Common Stocks	17,220,295	14,525,785
Pooled Equity Funds	-	-
Pooled Bond Funds	-	-
Total	<u>27,267,035</u>	<u>23,864,107</u>
Receivables and Accruals		
Member Contribution	-	-
Employer Contribution	-	2,899
State Contributions	-	-
Interest and Dividends	122,895	123,150
Trades Receivable	-	205,560
Total	<u>122,895</u>	<u>331,609</u>
Payables and Reserves		
State Contribution Reserve	493,440	415,563
Benefits	-	-
Refunds	-	-
Expenses	-	-
Trades Payable	10,222	181,772
Total	<u>503,662</u>	<u>597,335</u>
Net Assets - Market Value	26,886,268	23,598,381

PENSION FUND INCOME AND DISBURSEMENTS		
	Year Ending 9/30/2007	Year Ending 9/30/2006
Market Value at Beginning of Period	\$ 24,013,944	\$ 22,011,910
Income		
Contributions		
Member Contributions	235,840	219,928
State Contributions	740,323	773,954
Employer Contributions	703,888	379,397
Member Buyback	1,463	5,575
Total Contributions	1,681,514	1,378,854
Investment Income		
Dividends and Interest	773,891	657,856
Realized Gain (Loss)	1,160,653	1,053,923
Unrealized Gain (Loss)	1,080,703	66,797
Total Investment Income	3,015,247	1,778,576
Other Income	18,921	6,853
Total Income	4,715,682	3,164,283
Disbursements		
Monthly Benefit Payments	1,143,379	968,783
Refunds of Contributions	8,239	17,150
Investment Related Expenses	145,394	136,641
Other Administrative Expenses	52,906	39,675
Other Expenses	-	-
Total Disbursements	1,349,918	1,162,249
Net Increase During Period	3,365,764	2,002,034
Market Value at End of Period	27,379,708	24,013,944
Less: State Contribution Reserve	493,440	415,563
Final Market Value	26,886,268	23,598,381

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	7.91 %
	9/30/2005	7.79
	9/30/2006	7.40
	9/30/2007	11.83
	Annualized Rate of Return for Prior 4 Years	8.72 %
(A)	10/1/06 Actuarial Assets**	\$22,950,656
	10/1/06-9/30/07 Cash Flow	495,911
(I)	Net Investment Income Realized = (A + 1/2 Cash Flow) x Annualized Rate of Return	2,022,919
(B)	10/1/07 Derived Assets** = A + Cash Flow + I	25,469,486
	Less: State Contribution Reserve	493,440
	Final Actuarial Value ***	24,976,046
	Final Actuarial Value Rate of Return	8.72 %
	Expected Investment Income	1,855,889
	Gain (Loss) Due to Investments	167,030

* Market Value Basis, net of investment related expenses.

** Before offset of 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	(8.4) %	N/A
9/30/2002	(7.8)	0.9 %
9/30/2003	10.1	(0.6)
9/30/2004	7.9	0.1
9/30/2005	7.8	4.2
9/30/2006	7.4	8.3
9/30/2007	11.8	8.7
Average Compounded Rate of Return for Number of Years Shown	3.8 %	3.5 %
Average Compounded Rate of Return for Last 5 Years	9.0 %	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	\$ 17,260,859	\$ 12,723,681
b. Terminated Vested Members	1,263,660	1,557,437
c. Other Members	12,765,145	12,771,680
d. Total	<u>31,289,664</u>	<u>27,052,798</u>
2. Non-Vested Benefits	372,964	385,013
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	31,662,628	27,437,811
4. Accumulated Contributions of Active Members	1,693,920	1,607,984
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	27,437,811	24,043,965
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	N/A	N/A
b. Change in Actuarial Assumptions	585,896	758,239
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	4,790,539	3,621,540
d. Benefits Paid	<u>(1,151,618)</u>	<u>(985,933)</u>
e. Net Increase	<u>4,224,817</u>	<u>3,393,846</u>
3. Total Value at End of Period	31,662,628	27,437,811
D. Market Value of Assets	26,886,268	23,598,381
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	\$ 14,964,660	\$ 16,592,736	\$ 1,628,076	90.2 %	\$ 2,761,424	59.0 %
10/1/2000	17,074,228	19,407,385	2,333,157	88.0	3,092,954	75.4
10/1/2001	17,984,005	20,180,729	2,196,724	89.1	3,086,095	71.2
10/1/2002	18,414,275	23,343,979	4,929,704	78.9	3,178,326	155.1
10/1/2003	18,765,584	25,203,116	6,437,532	74.5	3,876,041	166.1
10/1/2004	19,586,438	27,602,993	8,016,555	71.0	3,919,246	204.5
10/1/2005	20,543,328	29,414,973	8,871,645	69.8	4,051,684	219.0
10/1/2006	22,535,093	32,420,377	9,885,284	69.5	4,238,516	233.2
10/1/2007 (b)	24,976,046	36,408,663	11,432,617	68.6	4,451,733	256.8
10/1/2007 (a)	26,886,268	38,411,488	11,525,220	70.0	4,485,034	257.0

(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)

Year Ended	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
9/30/1999	\$ 449,178	\$ 78,173	\$ 500,979	128.9 %
9/30/2000	384,643	78,173	500,979	150.6
9/30/2001	562,516	150,362	500,979	115.8
9/30/2002	611,467	118,529	500,979 *	101.3
9/30/2003	648,155	147,176	662,446 *	124.9
9/30/2004	780,656	365,900	662,446 *	131.7
9/30/2005	902,963	285,786	662,446 *	105.0
9/30/2006	1,041,843	379,397	662,446 *	100.0
9/30/2007	1,333,101	703,888	662,446 *	102.5

* Baseline amount per Chapter 185, F.S.

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

Employer FYE September 30	2008	2007	2006
Annual Required Contribution (ARC) *	\$ 1,487,575	\$ 1,333,101	\$ 1,041,843
Interest on Net Pension Obligation (NPO)	(44,229)	(44,842)	(50,533)
Adjustment to ARC	(83,764)	(85,736)	(102,526)
Annual Pension Cost (APC)	1,527,110	1,373,995	1,093,836
Contributions made	**	1,366,334	1,041,843
Increase (decrease) in NPO	**	7,661	51,993
NPO at beginning of year	(552,866)	(560,527)	(612,520)
NPO at end of year	**	(552,866)	(560,527)
* Includes expected State contribution.			
** To be determined.			

THREE YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
9/30/2005	\$ 947,581	\$ 948,232	100.1 %	\$ (612,520)
9/30/2006	1,093,836	1,041,843	95.2	(560,527)
9/30/2007	1,373,995	1,366,334	99.4	(552,866)

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 (and State)	37.33%
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	Market Value this year. For 20% of difference between market value of assets and expected actuarial asset value.
Actuarial Assumptions	
Investment rate of return	8%
Projected salary increases	6.5% to 13% based on service
Includes inflation and other general increases at	3%
Cost-of-living adjustments	3% per year from age 55 to 62

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	71	69
2. New Members Included in Current Valuation	4	11
3. Non-Vested Employment Terminations	(2)	(2)
4. Vested Employment Terminations	0	(4)
5. Service Retirements	(5)	(4)
6. Disability Retirements	0	0
7. Deaths	0	0
8. DROP Retirement	0	0
9. Other - Transfers/Reinstated Members	2	1
10. Number Included in This Valuation	<u>70</u>	<u>71</u>
B. Terminated Vested Members		
1. Number Included in Last Valuation	19	15
2. Additions from Active Members	0	4
3. Lump Sum Payments/Refund of Contributions	0	0
4. Payments Commenced	(1)	0
5. Deaths	0	0
6. Other - Reinstated Members	(2)	0
7. Number Included in This Valuation	<u>16</u>	<u>19</u>
C. Service Retirees, Disability Retirees and Beneficiaries		
1. Number Included in Last Valuation	34	30
2. Additions from Active Members	5	4
3. Additions from Terminated Vested Members	1	0
4. Deaths Resulting in No Further Payments	0	0
5. Deaths Resulting in New Survivor Benefits	0	0
6. End of Certain Period - No Further Payments	0	0
7. Other	0	0
8. Number Included in This Valuation	<u>40</u>	<u>34</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.	1	0	1	0	0	0	0	0	0	0	0	0	2
TOT PAY	39,598	0	50,430	0	0	0	0	0	0	0	0	0	90,028
AVG PAY	39,598	0	50,430	0	0	0	0	0	0	0	0	0	45,014
25-29 NO.	1	4	4	1	0	0	0	0	0	0	0	0	10
TOT PAY	39,598	198,943	198,268	45,692	0	0	0	0	0	0	0	0	482,501
AVG PAY	39,598	49,736	49,567	45,692	0	0	0	0	0	0	0	0	48,250
30-34 NO.	0	3	0	1	0	2	1	0	0	0	0	0	7
TOT PAY	0	147,499	0	50,455	0	116,805	65,012	0	0	0	0	0	379,771
AVG PAY	0	49,166	0	50,455	0	58,403	65,012	0	0	0	0	0	54,253
35-39 NO.	1	2	1	0	1	6	2	2	0	0	0	0	15
TOT PAY	39,598	95,511	52,961	0	50,586	355,157	131,615	138,216	0	0	0	0	863,644
AVG PAY	39,598	47,756	52,961	0	50,586	59,193	65,808	69,108	0	0	0	0	57,576
40-44 NO.	0	0	1	0	1	3	4	10	2	0	0	0	21
TOT PAY	0	0	47,416	0	54,434	165,273	270,329	748,626	161,495	0	0	0	1,447,573
AVG PAY	0	0	47,416	0	54,434	55,091	67,582	74,863	80,748	0	0	0	68,932
45-49 NO.	1	1	0	0	0	1	1	5	1	0	0	0	10
TOT PAY	42,002	51,331	0	0	0	63,293	67,567	382,042	103,713	0	0	0	709,948
AVG PAY	42,002	51,331	0	0	0	63,293	67,567	76,408	103,713	0	0	0	70,995
50-54 NO.	0	1	0	0	0	0	0	3	0	0	0	0	4
TOT PAY	0	48,225	0	0	0	0	0	205,361	0	0	0	0	253,586
AVG PAY	0	48,225	0	0	0	0	0	68,454	0	0	0	0	63,397
55-59 NO.	0	0	0	0	0	0	0	0	1	0	0	0	1
TOT PAY	0	0	0	0	0	0	0	0	79,408	0	0	0	79,408
AVG PAY	0	0	0	0	0	0	0	0	79,408	0	0	0	79,408
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.	4	11	7	2	2	12	8	20	4	0	0	0	70
TOT AMT	160,796	541,509	349,075	96,147	105,020	700,528	534,523	1,474,245	344,616	0	0	0	4,306,459
AVG AMT	40,199	49,228	49,868	48,074	52,510	58,377	66,815	73,712	86,154	0	0	0	61,521

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	-	-	-	-	-	-	1	7,358
25-29	-	-	-	-	-	-	-	-
30-34	1	6,619	-	-	-	-	-	-
35-39	5	67,639	-	-	-	-	-	-
40-44	4	52,532	-	-	1	46,129	-	-
45-49	4	38,245	-	-	5	273,397	1	11,395
50-54	2	17,980	-	-	8	394,768	-	-
55-59	-	-	-	-	8	303,996	1	17,365
60-64	-	-	-	-	5	198,084	-	-
65-69	-	-	-	-	6	120,742	1	18,238
70-74	-	-	-	-	1	18,437	-	-
75-79	-	-	-	-	1	144	-	-
80-84	-	-	-	-	1	15,593	-	-
85-89	-	-	-	-	-	-	-	-
90-94	-	-	-	-	-	-	-	-
95-99	-	-	-	-	-	-	-	-
100 & Over	-	-	-	-	-	-	-	-
Total	16	183,015	-	-	36	1,371,290	4	54,356
Average Age		43		N/A		59		49

SECTION F
SUMMARY OF PLAN PROVISIONS

SUMMARY OF PLAN PROVISIONS

Eligibility

All regular sworn Police Officers.

Compensation

Base compensation plus an annual amount up to \$6,700 in other compensation, but not including extra detail and special detail pay.

Average Final Compensation (AFC)

Average salary during the three best years of service, or, if higher, during the five best years of the last ten; includes lump sum payment of accrued leave up to the maximum described above.

Normal Retirement

Eligibility	Earlier of age 50 or 25 years of credited service regardless of age.
Benefit	3.6% of AFC for each year of credited service.
Form of Benefit	Ten year certain and life annuity with other options available.

Early Retirement

Eligibility	Earlier of age 45 or 20 years of credited service regardless of age.
Benefit	Same as Normal except reduced 3% for each year early.

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.

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.

Cost of Living Adjustment

Each service retiree and survivor b
receive a 3% increase in benefits ea

Termination Benefits

Less than five years of credited servi
Five years or more – accrued pensio

Contributions

Employees	5% of Comp
State	Premium tax
City	Remaining a

Changes Since Last Valuation

None.