GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

CITY OF NAPLES POLICE OFFICERS' RETIREMENT SYSTEM

ACTUARIAL VALUATION REPORT AS OF OCTOBER 1, 2008

ANNUAL EMPLOYER CONTRIBUTION FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2010

GRS

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November 4, 2008

Board of Trustees
Police Officers' Retirement System
Naples, Florida

Dear Trustees:

We are pleased to present our October 1, 2008 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.

As indicated below, the undersigned are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the Academy of Actuaries to render the actuarial opinion herein.

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. 08-1560

By: Melissa R. Moskovitz

Melissa R. Moskovitz, MAAA, FCA
Enrolled Actuary No. 08-6467

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.

J. Stephen Palmquist
Signature

11-4-08
Date

08-1560
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 9/30/10 Based on 10/1/08 Valuation	For FYE 9/30/09 Based on 10/1/07 Valuation *	Increase (Decrease)
Total Required Contribution	$ 2,537,359	$ 2,095,796	$ 441,563
As % of Covered Payroll	44.05 %	42.67 %	1.38 %
Estimated Employee Contribution	288,009	245,582	42,427
As % of Covered Payroll	5.00	5.00	0.00
Required Employer/State Contribution	2,249,350	1,850,214	399,136
As % of Covered Payroll	39.05	37.67	1.38
Estimated State Contribution	726,370	726,370	0
As % of Covered Payroll	12.61	14.79	(2.18)
City Incentive Contribution	40,356	40,356	0
As % of Covered Payroll	0.70	0.82	(0.12)
Required Employer Contribution	1,482,624	1,083,488	399,136
As % of Covered Payroll	25.74	22.06	3.68

* *From December 14, 2007 Actuarial Impact Statement, reflecting updated State contribution amount.*

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 2010 will be equal to the adjusted base year revenue of $726,370. 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, 2008 were $886,116 and $726,370, respectively, for a total of $1,612,486. The total minimum required payment was $1,487,575.

Revisions in Benefits

There have been no changes in benefits since the December 14, 2007 Actuarial Impact Statement which showed the actuarial impact of changing the definition of compensation to include up to 300 hours of overtime (minimum requirements of Chapter 185) and allow up to $6,700 in payout of unused leave, and increase the benefit multiplier from 3.60% to 3.63%, as adopted under Ordinance 08-12124.

Revisions in Actuarial Assumptions or Methods

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

Actuarial Experience

During the past year, there was a net actuarial loss of $2,790,030 which means that actual experience was less favorable than expected. The loss is due to recognized investment return below the assumed rate of 8%, larger than expected salary increases and fewer than expected terminations of non-vested employees. The investment return was -13.8% based on market value of assets and 3.6% based on actuarial value of assets. The net loss has increased the required employer contribution by 2.60% of covered payroll.

Funded Ratio

The funded ratio this year is 65.2% compared to 69.3% last year. 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	22.06 %
Actuarial Experience	2.60
Amortization Payment on UAAL	(1.38)
Change in Normal Cost Rate	0.21
Change in Administrative Expense	(0.05)
Change in Incentive Contribution	0.12
Change in State Revenue	2.18
Contribution Rate This Year	25.74

Variability of Future Contribution Rates

The Actuarial Cost Method used to determine the contribution rate is intended to produce contribution rates which are generally level as a percent of payroll. Even so, when experience differs from the assumptions, as it often does, the employer's contribution rate can vary significantly from year-to-year.

Smaller plans in particular often see significant year-to-year changes in the employer's contribution rate. The impact of a single new disability retirement or a single active member death can move the contribution rate by more than one percent of pay in a very small plan. Normal variability in the number of retirements or terminations or salary increases or hiring can all cause noticeable shifts in the contribution rate from one year to the next.

Over time, if the year-to-year gains and losses offset each other, the contribution rate would be expected to return to the current level, but this does not always happen.

The Actuarial Value of Assets exceeds the Market Value of Assets by $4,793,398 as of the valuation date (see Section C). This difference will be gradually recognized over the next five years in the absence of offsetting gains. In turn, the computed employer contribution rate will increase by approximately 4% of covered payroll over the same period.

Another potential area of variability has to do with the annual payment on the unfunded accrued liability (UAL). This payment is computed as a level percent of covered payroll under the assumption that covered payroll will rise by 5% per year. (According to the Florida Administrative Code, this payroll growth assumption may not exceed the average growth over the last ten years.) If the actual payroll growth in the future is less than the assumption, the payment on the UAL will increase. For example, if the payroll growth assumption is lowered to 0%, the UAL payment will go from $836,997 next year to $1,328,861.

Relationship to Market Value

If Market Value had been the basis for the valuation, the City contribution rate would have been 30.21% and the funded ratio would have been 54.3%. In the absence of other gains and losses, the City contribution rate should increase to that level over the next several years.

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	726,370
3. Benefit Improvements Made in Previous Plan Year	75,495
4. Excess Funds for Previous Plan Year: (2) - (1) - (3)	0
5. Accumulated Excess at Beginning of Previous Year	493,440
6. Prior Excess Used in Previous Plan Year	493,440
7. Accumulated Excess as of Valuation Date (Available for Benefit Improvements): (4) + (5) - (6)	0
8. Base Amount This Plan Year: (1) + (3), but Not More Than (2)	726,370

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

The Base Amount will be updated each year based on actual Chapter revenue up to a maximum of $737,941.

SECTION B

VALUATION RESULTS

PARTICIPANT DATA		
	October 1, 2008	**October 1, 2007 ***
ACTIVE MEMBERS		
Number	75	70
Covered Annual Payroll	$ 5,434,133	$ 4,633,621
Average Annual Payroll	$ 72,455	$ 66,195
Average Age	39.3	38.5
Average Past Service	9.9	9.9
Average Age at Hire	29.4	28.6
RETIREES & BENEFICIARIES		
Number	41	40
Annual Benefits	$ 1,523,655	$ 1,425,646
Average Annual Benefit	$ 37,162	$ 35,641
Average Age	58.2	57.6
DISABILITY RETIREES		
Number	0	0
Annual Benefits	$ 0	$ 0
Average Annual Benefit	$ 0	$ 0
Average Age	0.0	0.0
TERMINATED VESTED MEMBERS		
Number	16	16
Annual Benefits	$ 183,015	$ 183,015
Average Annual Benefit	$ 11,438	$ 11,438
Average Age	43.6	42.6

**From December 14, 2007 Actuarial Impact Statement.*

ANNUAL REQUIRED CONTRIBUTION (ARC)		
A. Valuation Date	October 1, 2008	October 1, 2007 *
B. ARC to Be Paid During Fiscal Year Ending	9/30/2010	9/30/2009
C. Assumed Dates of Employer Contributions	Evenly	Evenly
D. Annual Payment to Amortize Unfunded Actuarial Liability	$ 836,997	$ 659,264
E. Employer Normal Cost	1,203,401	1,019,094
F. ARC if Paid on the Valuation Date: D + E	2,040,398	1,678,358
G. ARC Adjusted for Frequency of Payments	2,122,014	1,745,492
H. ARC as % of Covered Payroll	39.05 %	37.67 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	6.00 %	6.00 %
J. Covered Payroll for Contribution Year	5,760,180	4,911,638
K. ARC for Contribution Year: H x J	2,249,350	1,850,214
L. Estimate of State Revenue in Contribution Year	726,370	726,370
M. Incentive Contribution	40,356	40,356
N. Required Employer Contribution (REC) in Contribution Year	1,482,624	1,083,488
O. REC as % of Covered Payroll in Contribution Year: N ÷ J	25.74 %	22.06 %

* *From December 14, 2007 Actuarial Impact Statement, reflecting updated State contribution amount.*

ACTUARIAL VALUE OF BENEFITS AND ASSETS

A. Valuation Date	October 1, 2008	October 1, 2007 *
B. Actuarial Present Value of All Projected Benefits for		
1. Active Members		
a. Service Retirement Benefits	$ 31,312,184	$ 27,123,444
b. Vesting Benefits	1,645,590	1,494,806
c. Disability Benefits	1,324,640	1,139,529
d. Preretirement Death Benefits	250,706	222,922
e. Return of Member Contributions	55,858	46,910
f. Total	34,588,978	30,027,611
2. Inactive Members		
a. Service Retirees & Beneficiaries	18,642,501	17,260,859
b. Disability Retirees	-	-
c. Terminated Vested Members	1,238,998	1,263,660
d. Total	19,881,499	18,524,519
3. Total for All Members	54,470,477	48,552,130
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	44,114,292	39,524,175
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	35,930,539	31,662,628
E. Plan Assets		
1. Market Value	23,966,991	27,379,708
2. Actuarial Value	28,760,389	27,379,708
F. Unfunded Accrued Liability: C - E2	15,353,903	12,144,467
G. Actuarial Present Value of Projected Covered Payroll	39,815,531	34,796,848
H. Actuarial Present Value of Projected Member Contributions	1,990,777	1,739,843

**From December 14, 2007 Actuarial Impact Statement.*

CALCULATION OF EMPLOYER NORMAL COST

A. Valuation Date	October 1, 2008	October 1, 2007 *
B. Normal Cost for		
1. Service Retirement Benefits	$ 1,110,312	$ 937,848
2. Vesting Benefits	182,996	160,917
3. Disability Benefits	97,094	77,969
4. Preretirement Death Benefits	11,485	9,812
5. Return of Member Contributions	21,536	17,938
6. Total for Future Benefits	1,423,423	1,204,484
7. Assumed Amount for Administrative Expenses	51,685	46,291
8. Total Normal Cost	1,475,108	1,250,775
C. Expected Member Contribution	271,707	231,681
D. Employer Normal Cost: B8-C	1,203,401	1,019,094
E. Employer Normal Cost as a % of Covered Payroll	22.15%	21.99%

**From December 14, 2007 Actuarial Impact Statement.*

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	19	$ 1,219,954	$ 81,760
10/1/1999	N/A	N/A	21	1,800,874	112,023
10/1/2000	N/A	N/A	22	(813,141)	(48,898)
10/1/2002	N/A	N/A	24	3,252,639	183,863
10/1/2003	N/A	N/A	25	1,774,456	97,502
10/1/2004	Exp. Loss	1,702,164	26	1,986,999	106,293
10/1/2004	Amendment	(5,944)	26	(6,938)	(371)
10/1/2005	Exp. Gain	(205,398)	27	(232,446)	(12,123)
10/1/2005	Assump. Change	810,614	27	917,362	47,843
10/1/2006	Exp. Gain	(333,423)	28	(358,146)	(18,234)
10/1/2006	Assump. Change	890,168	28	956,172	48,681
10/1/2007	Exp. Loss	1,273,522	29	1,325,297	65,948
10/1/2007	Assump./Method Change	92,603	29	96,368	4,795
10/1/2007	Amendment	619,247	29	644,423	32,067
10/1/2008	Exp. Loss	2,790,030	30	2,790,030	135,848
				15,353,903	836,997

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**
2008	$ 15,353,903
2009	15,678,234
2010	15,983,338
2011	16,265,393
2012	16,520,182
2013	16,743,031
2018	17,177,059
2023	15,763,688
2028	11,292,334
2033	4,409,560
2038	-

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	$ 12,144,467	*
2. Last Year's Employer Normal Cost	1,019,094	
3. Last Year's Contributions		
a. Employer	886,116	
b. State	726,370	**
c. a + b	1,612,486	
4. Interest at the Assumed Rate on:		
a. 1 and 2 for one year	1,053,085	
b. 3 from dates paid	40,287	
c. a - b	1,012,798	
5. This Year's Expected UAAL 1 + 2 - 3c + 4c	12,563,873	
6. This Year's Actual UAAL	15,353,903	
7. Net Actuarial Gain (Loss): 5 - 6	(2,790,030)	
8. Gain (Loss) Due to Investments	(1,211,485)	
9. Gain (Loss) from Other Sources	(1,578,545)	

* From December 14, 2007 Actuarial Impact Statement.
** Frozen amount.

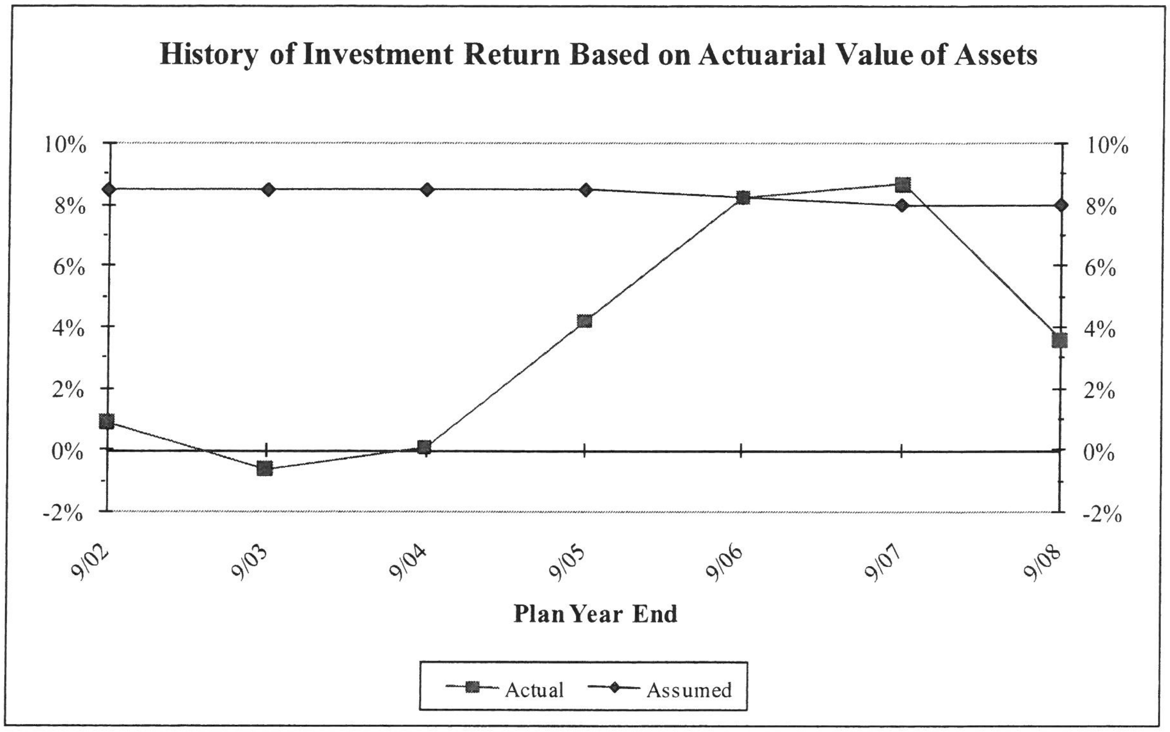
Net actuarial gains in previous years have been as follows:

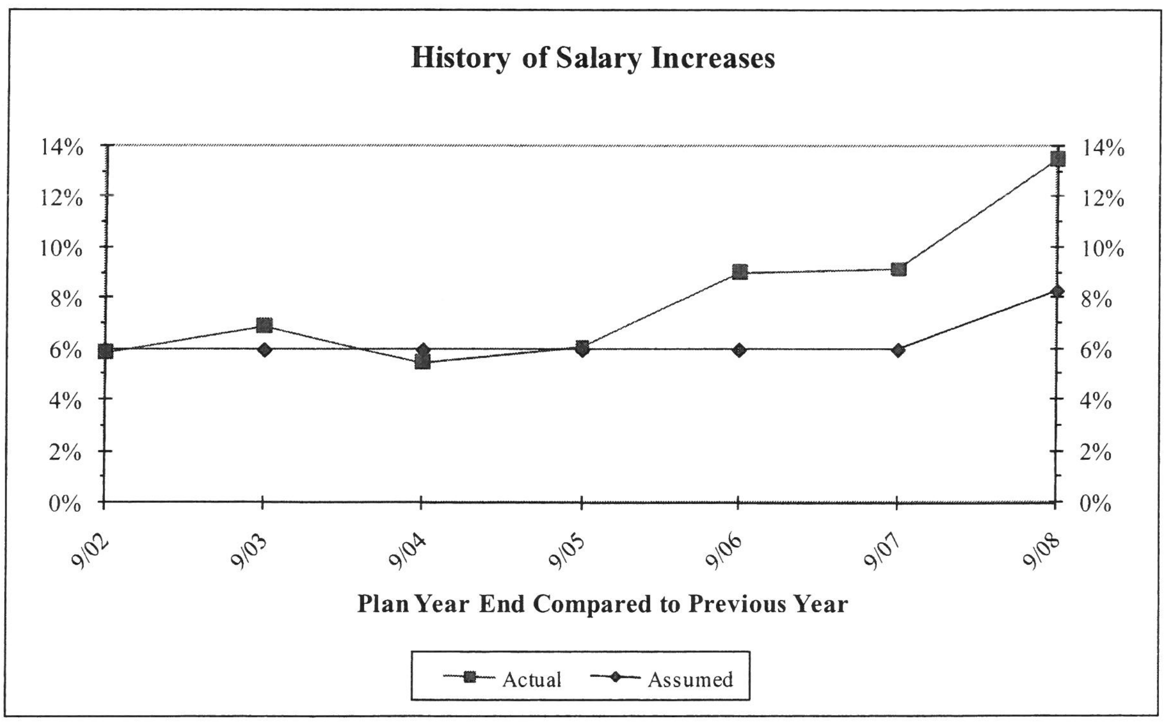
Year Ended	Gain (Loss)
9/30/2004	$ 1,702,164
9/30/2005	205,398
9/30/2006	333,423
9/30/2007	(1,273,522)
9/30/2008	(2,790,030)

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:

	Investment Return		Salary Increases	
Year Ending	**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
9/30/2008	3.6	8.00	13.5	8.3
Averages	3.5 %	---	8.0 %	---

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.

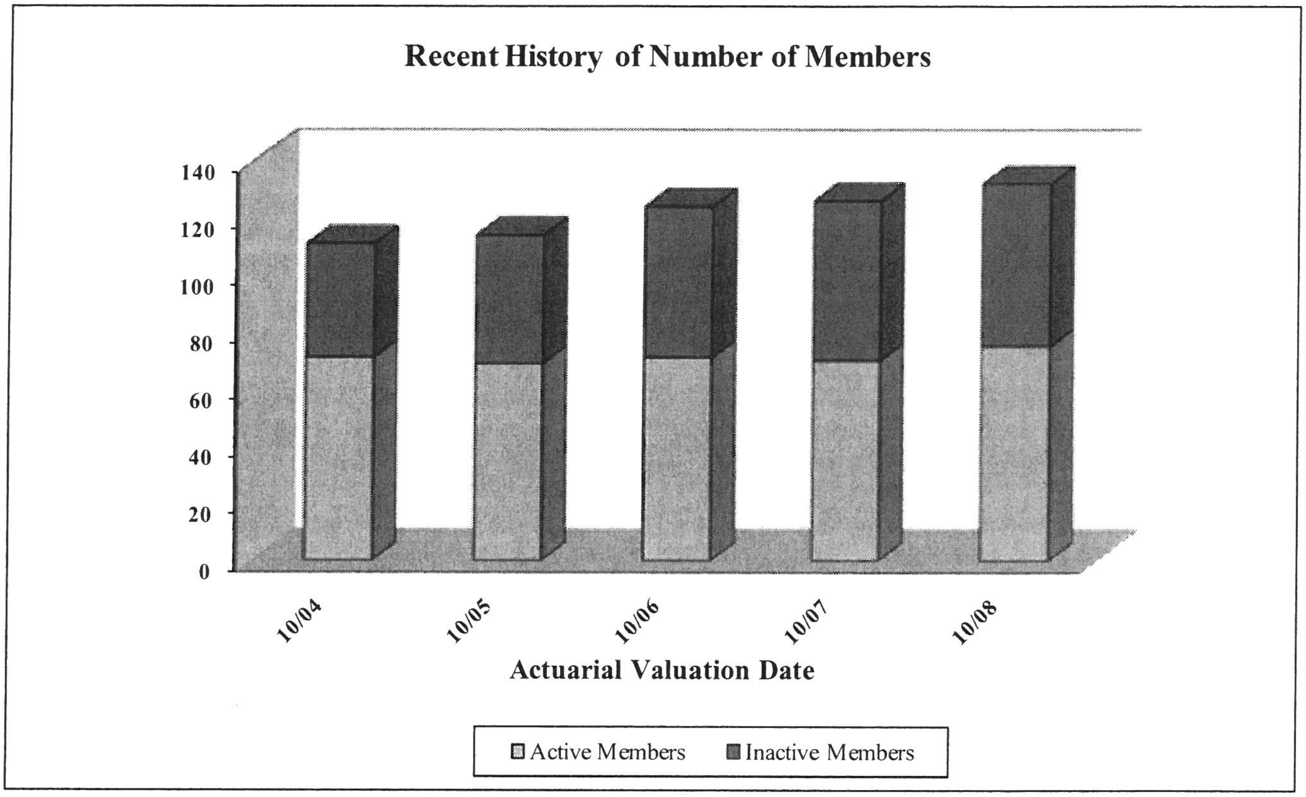

History of Investment Return Based on Actuarial Value of Assets
10%
8%
6%
4%
2%
0%
-2%
9/02
9/03
9/04
9/05
9/06
9/07
9/08
Plan Year End
Actual
Assumed

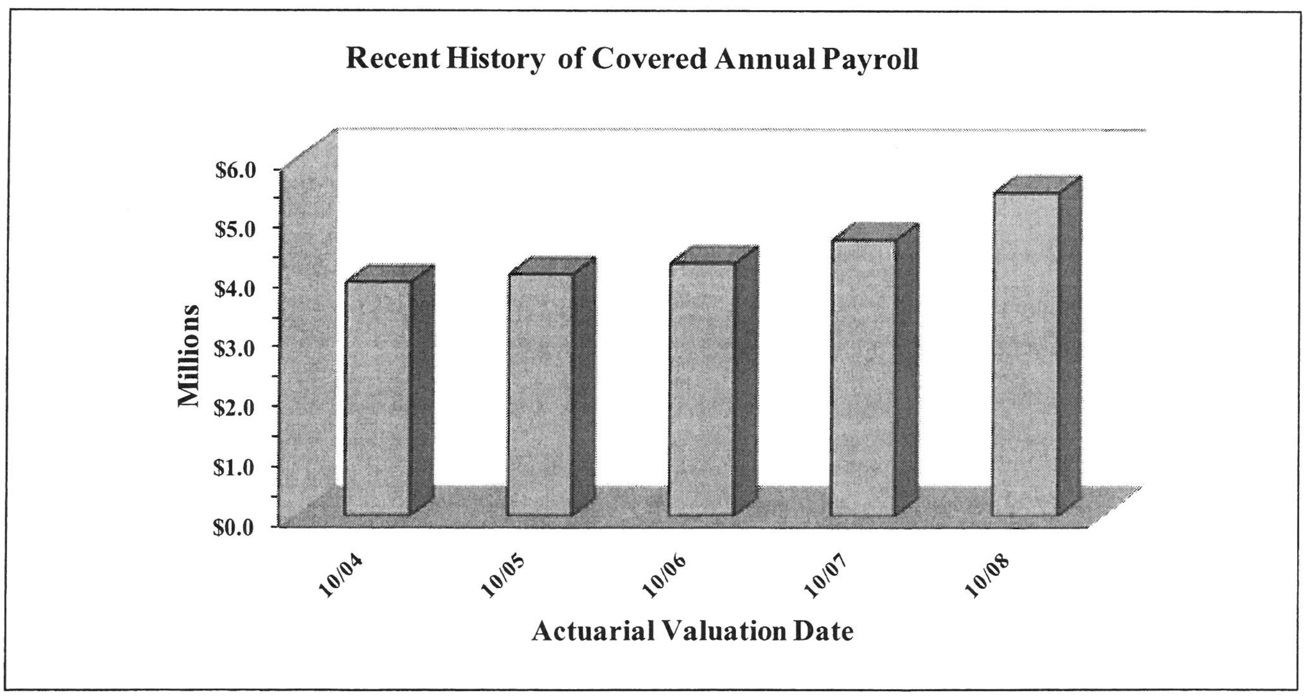

History of Salary Increases
14%
12%
10%
8%
6%
4%
2%
0%
9/02
9/03
9/04
9/05
9/06
9/07
9/08
Plan Year End Compared to Previous Year
Actual
Assumed

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	7	2	1	2	0	0	0	0	0	1	1	5	**75**
9/30/2009				2		0		0				5	
3 Yr Totals *	25	19	10	4	0	0	0	0	4	5	9	11	

* Totals are through current Plan Year only.

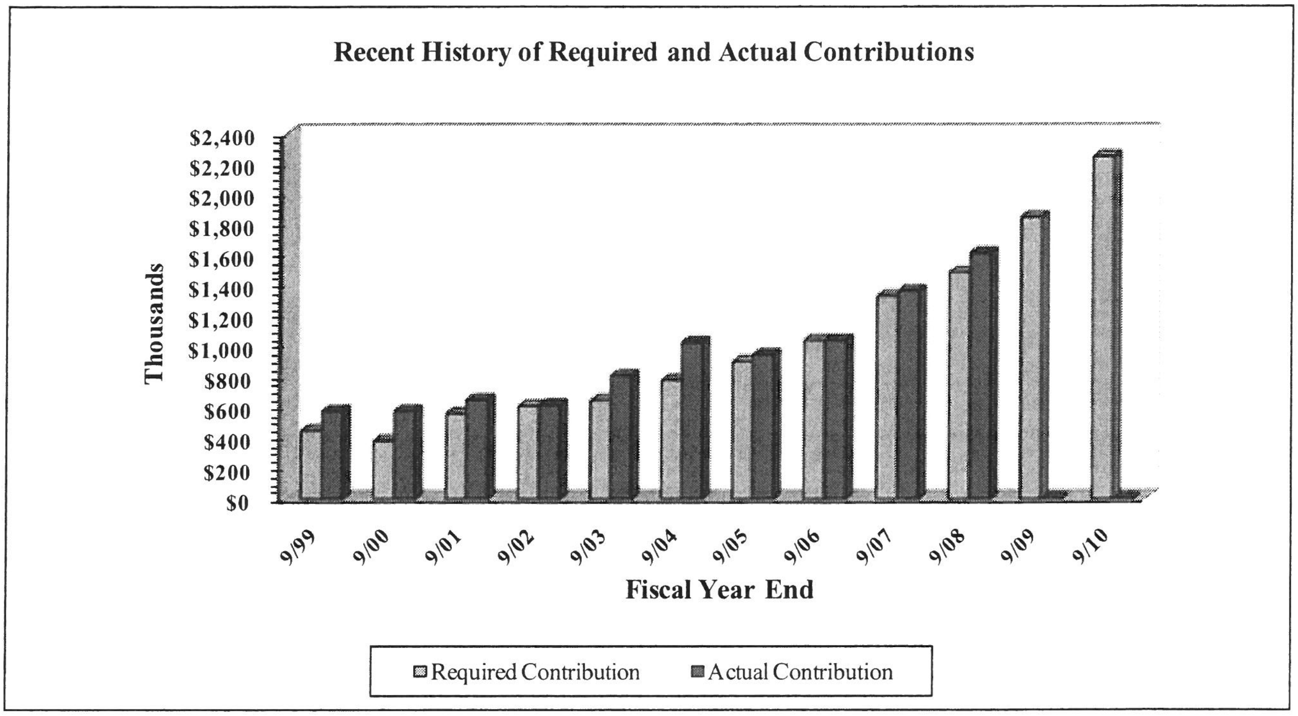
RECENT HISTORY OF VALUATION RESULTS							
	Number of					Employer Normal Cost	
Valuation Date	Active Members	Inactive Member	Covered Annual Payroll	Actuarial Value of Assets	UFAAL	Amount	% of Payroll
10/1/2004	71	40	$ 3,919,246	$ 19,586,438	$ 8,010,611	$ 558,793	14.26 %
10/1/2005	69	45	4,051,684	20,543,328	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	4,633,621	27,379,708	12,144,467	1,019,094	21.99
10/1/2008	75	57	5,434,133	28,760,389	15,353,903	1,203,401	22.15


Recent History of Number of Members
140
120
100
80
60
40
20
0
10/04
10/05
10/06
10/07
10/08
Actuarial Valuation Date
Active Members
Inactive Members


Recent History of Covered Annual Payroll
$6.0
$5.0
$4.0
$3.0
$2.0
$1.0
$0.0
Millions
10/04
10/05
10/06
10/07
10/08
Actuarial Valuation Date

RECENT HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS

Valuation	End of Year To Which Valuation Applies	Required Contributions: Employer & State Amount	Employer & State % of Payroll	Estimated State Amount	Estimated State % of Payroll	Net Employer Amount	Net Employer % of Payroll	Actual Contributions: Employer	Actual Contributions: State	Actual Contributions: Total
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	886,116	726,370	1,612,486
10/1/2007	9/30/2009	1,850,214	37.67	726,370	14.79	1,123,844	22.88	---	---	---
10/1/2008	9/30/2010	2,249,350	39.05	726,370	12.61	1,522,980	26.44	---	---	---


Recent History of Required and Actual Contributions
$2,400
$2,200
$2,000
$1,800
$1,600
$1,400
$1,200
$1,000
$800
$600
$400
$200
$0
Thousands
9/99
9/00
9/01
9/02
9/03
9/04
9/05
9/06
9/07
9/08
9/09
9/10
Fiscal Year End
Required Contribution
Actual Contribution

ACTUARIAL ASSUMPTIONS AND COST METHOD

Valuation Methods

Actuarial Cost Method - Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

(i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;

(ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Financing of Unfunded Actuarial Accrued Liabilities - Unfunded Actuarial Accrued Liabilities (full funding credit if assets exceed liabilities) were amortized by level (principal & interest combined) percent-of-payroll contributions over a reasonable period of future years.

Actuarial Value of Assets - The Actuarial Value of Assets phase in the difference between the expected actuarial value and actual market value of assets at the rate of 20% per year. The Actuarial Value of Assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the Market Value of plan assets and whose upper limit is 120% of the Market Value of plan assets. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than assumed rate, Actuarial Value of Assets will tend to be greater than Market Value.

Valuation Assumptions

The actuarial assumptions used in the valuation are shown in this Section. Both the economic and decrement assumptions were established following the Experience Study Report as of October 1, 2006.

Economic Assumptions

The investment return rate assumed in the valuations is 8% per year, compounded annually (net after investment expenses).

The **Wage Inflation Rate** assumed in this valuation was 3.00% per year. The Wage Inflation Rate is defined to be the portion of total pay increases for an individual that are due to macro economic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes related to individual merit and seniority effects.

The assumed **real rate of return** over wage inflation is defined to be the portion of total investment return that is more than the assumed wage inflation rate. Considering other economic assumptions, the 8% investment return rate translates to an assumed real rate of return over wage inflation of 5%.

The active member population is assumed to remain constant. For purposes of financing the unfunded liabilities, total payroll is assumed to grow at 5.00% per year. The most recent ten year average is 7.12%. This is the assumed payroll growth increase over the long term. In the short term, payroll growth is expected to increase more rapidly. The short term payroll growth assumption is 6.00%.

Pay increase assumptions for individual active members are shown below. Part of the assumption for each age is for merit and/or seniority increase, and the other 3.00% recognizes wage inflation, including price inflation, productivity increases, and other macro economic forces.

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

	% Increase in Salary		
Years of Service	**Merit and Seniority**	**Base (Economic)**	**Total Increase**
1	10.0%	3.0%	13.0%
2 - 9	6.0%	3.0%	9.0%
10 - 14	4.5%	3.0%	7.5%
15 - 19	4.0%	3.0%	7.0%
20 and Higher	3.5%	3.0%	6.5%

Demographic Assumptions

The mortality table was the RP -2000 Generational Mortality Table for males and females.

Sample Attained Ages (in 2008)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	**Women**	**Men**	**Women**
50	0.18 %	0.15 %	33.71	35.32
55	0.31	0.25	28.61	30.37
60	0.59	0.49	23.71	25.61
65	1.14	0.93	19.14	21.13
70	1.97	1.61	15.01	17.03
75	3.38	2.64	11.32	13.34
80	5.94	4.34	8.21	10.08

This assumption is used to measure the probabilities of each benefit payment being made after retirement. For active members, the probabilities of dying before retirement were based upon the same mortality table as members dying after retirement.

For disabled retirees, the regular mortality tables are set forward 5 years in ages to reflect impaired longevity.

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

Number of Years After First Eligibility for Normal Retirement	Probability of Normal Retirement
0	30 %
1	30 %
2	30 %
3	30 %
4	30 %
5	100 %

The rate of retirement for members who have attained 25 years of service is 100%.

The rate of retirement is 5% for each year of eligibility for early retirement.

Rates of separation from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	Years of Service	% of Active Members Separating Within Next Year
ALL	0	20.0 %
	1	16.0
	2	14.0
	3	12.0
	4	10.0
20	5 & Over	10.0
25		10.0
30		8.8
35		6.8
40		4.8
45 & Over		3.2

Rates of disability among active members. (75% of future disability retirements are assumed to be service-connected.)

Sample Ages	% Becoming Disabled within Next Year
20	0.14 %
25	0.15
30	0.18
35	0.23
40	0.30
45	0.51
50	1.00

Miscellaneous and Technical Assumptions

Administrative & Investment Expenses	The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be equal to the average of the expenses over the previous 2 years. Assumed administrative expenses are added to the Normal Cost.
Benefit Service	Exact fractional service is used to determine the amount of benefit payable.
COLA	For future cost-of-living adjustments, benefits after retirement are assumed to increase 3% per year starting at age 55 and ending at age 62 for members who are eligible for the COLA.
Decrement Operation	Disability and mortality decrements operate during retirement eligibility.
Decrement Timing	Decrements of all types are assumed to occur at the beginning of the year.
Eligibility Testing	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
Forfeitures	For vested separations from service, it is assumed that 0% of members separating will withdraw their contributions and forfeit an employer financed benefit. It was further assumed that the liability at termination is the greater of the vested deferred benefit (if any) or the member's accumulated contributions.
Incidence of Contributions	Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
Marriage Assumption	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
Normal Form of Benefit	A ten-year certain and life benefit is the normal form of benefit.
Pay Increase Timing	Middle of fiscal year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
Service Credit Accruals	It is assumed that members accrue one year of service credit per year.

GLOSSARY

Actuarial Accrued Liability (AAL)	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
Actuarial Assumptions	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items.
Actuarial Cost Method	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.
Actuarial Equivalent	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
Actuarial Present Value (APV)	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
Actuarial Present Value of Future Benefits (APVFB)	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
Actuarial Valuation	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB No. 25, such as the Funded Ratio and the Annual Required Contribution (ARC).
Actuarial Value of Assets	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially required contribution (ARC).

Amortization Method	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
Amortization Payment	That portion of the plan contribution or ARC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
Amortization Period	The period used in calculating the Amortization Payment.
Annual Required Contribution (ARC)	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under GASB No. 25. The ARC consists of the Employer Normal Cost and Amortization Payment.
Closed Amortization Period	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
Employer Normal Cost	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
Equivalent Single Amortization Period	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
Experience Gain/Loss	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.

Funded Ratio	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
GASB	Governmental Accounting Standards Board.
GASB No. 25 and GASB No. 27	These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 27 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 25 sets the rules for the systems themselves.
Normal Cost	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
Open Amortization Period	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.
Unfunded Actuarial Accrued Liability	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
Valuation Date	The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.

SECTION C

PENSION FUND INFORMATION

SUMMARY OF ASSETS

	9/30/2008	9/30/200,
Cash and Securities - Market Value		
Cash	$ 871	$ 309
Money Market Funds	1,125,904	1,222,375
U. S. Government Bonds & Notes	2,350,518	2,041,268
Corporate Bonds	4,038,789	3,645,823
Common Stocks	13,503,370	17,220,295
Pooled Equity Funds	-	-
Pooled Bond Funds	-	-
Mortgage Backed Securities	2,872,942	3,136,965
Total	23,892,394	27,267,035
Receivables and Accruals		
Member Contribution	-	-
Employer Contribution	-	-
State Contributions	-	-
Interest and Dividends	-	122,895
Buyback Contribution	74,597	-
Total	74,597	122,895
Payables and Reserves		
State Contribution Reserve	-	-
Benefits	-	-
Refunds	-	-
Expenses	-	-
Trades Payable	-	10,222
Total	-	10,222
Net Assets - Market Value	23,966,991	27,379,708 *

* This amount includes the state contribution reserve of $493,440 used to fund the benefit improvements from Ordinance 08-12124. The market value of assets without the reserve is $26,886,268.

PENSION FUND INCOME AND DISBURSEMENTS	Year Ending 9/30/2008	Year Ending 9/30/2007
Market Value at Beginning of Period	$ 27,379,708	$ 24,013,944
Income		
Contributions		
Member Contributions	249,368	235,840
State Contributions	726,370	740,323
Employer Contributions	886,116	703,888
Member Buyback	76,435	1,463
Total Contributions	1,938,289	1,681,514
Investment Income		
Dividends and Interest	843,556	773,891
Realized Gain (Loss)	31,876	1,160,653
Unrealized Gain (Loss)	(4,530,166)	1,080,703
Total Investment Income	(3,654,734)	3,015,247
Other Income	7,910	18,921
Total Income	(1,708,535)	4,715,682
Disbursements		
Monthly Benefit Payments	1,501,350	1,143,379
Refunds of Contributions	8,050	8,239
Investment Related Expenses	144,319	145,394
Other Administrative Expenses	50,463	52,906
Other Expenses	-	-
Total Disbursements	1,704,182	1,349,918
Net Increase During Period	(3,412,717)	3,365,764
Market Value at End of Period	23,966,991	27,379,708
Less: State Contribution Reserve	-	-
Final Market Value	23,966,991	27,379,708 *

* This amount includes the state contribution reserve of $493,440 used to fund the benefit improvements from Ordinance 08-12124. The market value of assets without the reserve is $26,886,268.

ACTUARIAL VALUE OF ASSETS

The Actuarial Value of Assets for funding purposes is developed by recognizing 20% of the difference between market value of assets and expected actuarial asset value. Details of the derivation are set forth as follows:

	Year Ending 9/30/2008
A. Beginning of Year Assets *	
1. Market Value	$ 27,379,708
2. Actuarial Value	27,379,708
B. End of Year Market Value of Assets *	23,966,991
C. Net of Contributions Less Disbursements	386,336
D. Actual Net Investment Earnings	(3,799,053)
E. Expected Investment Earnings	2,205,830
F. Expected Actuarial Value End of Year	29,971,874
G. End of Year Market Value Less Expected Actuarial Value	(6,004,883)
H. 20% of Difference	(1,200,977)
I. End of Year Assets	
1. Actuarial Value: F + H	28,770,897
2. Final Actuarial Value Within 80% to 120% of Market Value	28,760,389
J. State Contribution Reserve	0
K. Final Actuarial Value of Assets	28,760,389
L. Recognized Investment Earnings	994,345
M. Recognized Rate of Return	3.61%

* Before offset of State Contribution Reserve.

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.

	Investment Rate of Return	
Year Ending	**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
9/30/2008	(13.8)	3.6
Average Compounded Rate of Return for Number of Years Shown	1.4 %	3.5 %
Average Compounded Rate of Return for Last 5 Years	3.8 %	4.9 %

SECTION D

FINANCIAL ACCOUNTING INFORMATION

FASB NO. 35 INFORMATION

	October 1, 2008	October 1, 2007
A. Valuation Date	October 1, 2008	October 1, 2007
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments	$ 18,642,501	$ 17,260,859
b. Terminated Vested Members	1,238,998	1,263,660
c. Other Members	15,559,611	12,765,145
d. Total	35,441,110	31,289,664
2. Non-Vested Benefits	489,429	372,964
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	35,930,539	31,662,628
4. Accumulated Contributions of Active Members	1,938,718	1,693,920
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	31,662,628	27,437,811
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	765,005	N/A
b. Change in Actuarial Assumptions	N/A	585,896
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	5,012,306	4,790,539
d. Benefits Paid	(1,509,400)	(1,151,618)
e. Net Increase	4,267,911	4,224,817
3. Total Value at End of Period	35,930,539	31,662,628
D. Market Value of Assets	23,966,991	26,886,268
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)	27,379,708	39,524,175	12,144,467	69.3	4,633,621	262.1
10/1/2008	28,760,389	44,114,292	15,353,903	65.2	5,434,133	282.5

(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 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
9/30/2008	1,487,575	886,116	726,370 *	108.4

* Baseline amount per Chapter 185, F.S.

ANNUAL PENSION COST AND NET PENSION OBLIGATION (GASB STATEMENT NO. 27)			
Employer FYE September 30	**2009**	**2008**	**2007**
Annual Required Contribution (ARC) *	$ 1,850,214	$ 1,487,575	$ 1,333,101
Interest on Net Pension Obligation (NPO)	(51,059)	(44,229)	(44,842)
Adjustment to ARC	(84,990)	(83,764)	(85,736)
Annual Pension Cost (APC)	1,884,145	1,527,110	1,373,995
Contributions made	**	1,612,486	1,366,334
Increase (decrease) in NPO	**	(85,376)	7,661
NPO at beginning of year	(638,242)	(552,866)	(560,527)
NPO at end of year	**	(638,242)	(552,866)

* 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
9/30/2006	$ 1,093,836	$ 1,041,843	95.2 %	$ (560,527)
9/30/2007	1,373,995	1,366,334	99.4	(552,866)
9/30/2008	1,527,110	1,612,486	105.6	(638,242)

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, 2008
Contribution Rates	
Employer (and State)	39.05%
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 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 10/1/07 To 10/1/08	From 10/1/06 To 10/1/07
A. Active Members		
1. Number Included in Last Valuation	70	71
2. New Members Included in Current Valuation	7	4
3. Non-Vested Employment Terminations	(1)	(2)
4. Vested Employment Terminations	0	0
5. Service Retirements	(1)	(5)
6. Disability Retirements	0	0
7. Deaths	0	0
8. DROP Retirement	0	0
9. Other - Transfers/Reinstated Members	0	2
10. Number Included in This Valuation	75	70
B. Terminated Vested Members		
1. Number Included in Last Valuation	16	19
2. Additions from Active Members	0	0
3. Lump Sum Payments/Refund of Contributions	0	0
4. Payments Commenced	0	(1)
5. Deaths	0	0
6. Other - Reinstated Members	0	(2)
7. Number Included in This Valuation	16	16
C. Service Retirees, Disability Retirees and Beneficiaries		
1. Number Included in Last Valuation	40	34
2. Additions from Active Members	1	5
3. Additions from Terminated Vested Members	0	1
4. Deaths Resulting in No Further Payments	0	0
5. Deaths Resulting in New Survivor Benefits	0	0
6. End of Certain Period - No Further Payments	0	0
7. Other	0	0
8. Number Included in This Valuation	41	40

ACTIVE PARTICIPANT SCATTER

	Years of Service to Valuation Date												
Age Group	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Up	Totals
20-24 NO.	1	1	0	1	0	0	0	0	0	0	0	0	3
TOT PAY	49,491	50,658	0	57,527	0	0	0	0	0	0	0	0	157,676
AVG PAY	49,491	50,658	0	57,527	0	0	0	0	0	0	0	0	52,559
25-29 NO.	1	2	3	4	1	0	0	0	0	0	0	0	11
TOT PAY	49,491	103,288	170,578	222,625	61,467	0	0	0	0	0	0	0	607,449
AVG PAY	49,491	51,644	56,859	55,656	61,467	0	0	0	0	0	0	0	55,223
30-34 NO.	0	0	4	0	1	1	0	0	0	0	0	0	6
TOT PAY	0	0	220,941	0	56,476	66,645	0	0	0	0	0	0	344,062
AVG PAY	0	0	55,235	0	56,476	66,645	0	0	0	0	0	0	57,344
35-39 NO.	0	2	2	0	0	4	4	1	0	0	0	0	13
TOT PAY	0	102,093	107,614	0	0	288,637	313,026	75,904	0	0	0	0	887,274
AVG PAY	0	51,047	53,807	0	0	72,159	78,257	75,904	0	0	0	0	68,252
40-44 NO.	0	0	0	1	0	6	4	9	3	0	0	0	23
TOT PAY	0	0	0	54,701	0	372,658	307,828	777,445	252,072	0	0	0	1,764,704
AVG PAY	0	0	0	54,701	0	62,110	76,957	86,383	84,024	0	0	0	76,726
45-49 NO.	1	1	1	0	0	0	2	3	2	0	0	0	10
TOT PAY	49,491	56,833	56,628	0	0	0	148,560	270,307	189,418	0	0	0	771,237
AVG PAY	49,491	56,833	56,628	0	0	0	74,280	90,102	94,709	0	0	0	77,124
50-54 NO.	1	0	1	0	0	0	0	2	2	0	0	0	6
TOT PAY	49,491	0	78,647	0	0	0	0	167,041	201,357	0	0	0	496,536
AVG PAY	49,491	0	78,647	0	0	0	0	83,521	100,679	0	0	0	82,756
55-59 NO.	1	0	0	0	0	0	0	1	1	0	0	0	3
TOT PAY	49,491	0	0	0	0	0	0	62,726	90,583	0	0	0	202,800
AVG PAY	49,491	0	0	0	0	0	0	62,726	90,583	0	0	0	67,600
60-64 NO.	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
AVG PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT NO.	5	6	11	6	2	11	10	16	8	0	0	0	75
TOT AMT	247,455	312,872	634,408	334,853	117,943	727,940	769,414	1,353,423	733,430	0	0	0	5,231,738
AVG AMT	49,491	52,145	57,673	55,809	58,972	66,176	76,941	84,589	91,679	0	0	0	69,757

INACTIVE PARTICIPANT SCATTER

Age Group	Terminated Vested Number	Terminated Vested Total Benefits	Disabled Number	Disabled Total Benefits	Retired Number	Retired Total Benefits	Deceased with Beneficiary Number	Deceased with Beneficiary 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	45,245	-	-
45-49	3	25,015	-	-	6	355,025	1	11,395
50-54	3	31,210	-	-	7	335,148	-	-
55-59	-	-	-	-	9	379,139	1	17,365
60-64	-	-	-	-	2	116,887	-	-
65-69	-	-	-	-	8	169,858	2	52,061
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	1,435,476	5	88,179
Average Age		44		N/A		59		53

SECTION F

SUMMARY OF PLAN PROVISIONS

SUMMARY OF PLAN PROVISIONS

A. Ordinances

Plan established under the Code of Ordinances for the City of Naples, Florida, Chapter 29, Article V, and was most recently amended under Ordinance No. 08-12124 passed and adopted on its second reading on June 18, 2008. The Plan is also governed by certain provisions of Chapter 185, Florida Statutes, Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code.

B. Effective Date

Not provided

C. Plan Year

October 1 through September 30

D. Type of Plan

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

E. Eligibility Requirements

All full-time Police Officers.

F. Credited Service

Service is measured as the total number of years and completed months of continuous employment for which the police officer has received Compensation from the City. No service is credited for any periods of employment for which the member received a refund of employee contributions.

G. Compensation

Total compensation paid to a police officer for services rendered including up to 300 hours of overtime pay and accrued leave lump sum payouts not to exceed $6,700, but not including extra detail and special detail pay.

H. Final Average Compensation (FAC)

The average of Compensation over the highest 3 years of Credited Service, or, if higher, over the highest five years out of the last ten years of Credited Service; includes lump sum payment of accrued leave up to the maximum described above.

I. Normal Retirement

Eligibility: A member may retire on the first day of the month coincident with or next following the earlier of:

(1) age 50, or
(2) 25 years of Credited Service regardless of age.

Benefit: 3.63% of FAC multiplied by years of Credited Service.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: Each service retiree and surviving beneficiary who retires on or after January 1, 1998 will receive a 3.0% increase in benefits on October 1st of each year starting at age 55 and ending at age 62.

J. Early Retirement

Eligibility: A member may elect to retire earlier than the Normal Retirement Eligibility upon attainment of age 45 or 20 years of Credited Service regardless of age.

Benefit: The Normal Retirement Benefit is reduced by 0.25% for each month by which the Early Retirement date precedes the Normal Retirement date. For the purpose of calculating the actuarial reduction, the Normal Retirement date would be the earlier of: the date the member would have attained age 50 or the date the member would have completed 25 years of Credited Service.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: Each service retiree and surviving beneficiary who retires on or after January 1, 1998 will receive a 3.0% increase in benefits on October 1st of each year starting at age 55 and ending at age 62.

K. Delayed Retirement

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

L. Service Connected Disability

Eligibility: Any member who becomes totally and permanently disabled as a result of an act occurring in the performance of service for the City is immediately eligible for a disability benefit.

Benefit: Accrued Normal Retirement Benefit taking into account compensation earned and service credited until the date of disability with a minimum benefit of 42% of FAC. There will be no actuarial reduction for the period of time that the date of disability precedes the Normal Retirement date. Disability benefits, when combined with Social Security, Worker's Compensation or any other local, state or federal government benefits, can not exceed and will be limited to the salary paid to the police officer on the date of disability.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: None

M. Non-Service Connected Disability

Eligibility: Any member who becomes totally and permanently disabled is immediately eligible for a disability benefit.

Benefit: Accrued Normal Retirement Benefit taking into account compensation earned and service credited until the date of disability with a minimum benefit of 25% of FAC. There will be no actuarial reduction for the period of time that the date of disability precedes the Normal Retirement date. Disability benefits, when combined with Social Security, Worker's Compensation or any other local, state or federal government benefits, can not exceed and will be limited to the salary paid to the police officer on the date of disability.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: None

N. Death in the Line of Duty

Eligibility: Members are eligible for survivor benefits after the completion of 5 or more years of Credited Service.

Benefit: The survivor benefit payable to the designated beneficiary is the member's accrued Normal Retirement Benefit as of the date of death actuarially reduced for early payment.

Normal Form of Benefit: The benefit will be calculated as though the member had retired on the date of death and elected the 100% Joint and Survivor option. If the recipient of the death benefit should die before receiving payments for 10 years, payments will continue to the recipient's designated beneficiary for the remainder of the 10 year period.

COLA: Each service retiree and surviving beneficiary who retires on or after January 1,1998 will receive a 3.0% increase in benefits on October 1st of each year starting at the member's age 55 and ending at the member's age 62.

The beneficiary of a plan member with less than 5 years of Credited Service at the time of death will receive a refund of the member's accumulated contributions with interest.

O. Other Pre-Retirement Death

Eligibility: Members are eligible for survivor benefits after the completion of 5 or more years of Credited Service.

Benefit: The survivor benefit payable to the designated beneficiary is the member's accrued Normal Retirement Benefit as of the date of death actuarially reduced for early payment.

Normal Form of Benefit: The benefit will be calculated as though the member had retired on the date of death and elected the 100% Joint and Survivor option. If the recipient of the death benefit should die before receiving payments for 10 years, payments will continue to the recipient's designated beneficiary for the remainder of the 10 year period.

COLA: Each service retiree and surviving beneficiary who retires on or after January 1, 1998 will receive a 3.0% increase in benefits on October 1st of each year starting at the member's age 55 and ending at the member's age 62.

The beneficiary of a plan member with less than 5 years of Credited Service at the time of death will receive a refund of the member's accumulated contributions with interest.

P. Post Retirement Death

Benefit determined by the form of benefit elected upon retirement.

Q. Optional Forms

In lieu of electing the Normal Form of benefit, the optional forms of benefits available to all retirees are a Single Life Annuity or the 50%, 66 2/3%, 75% and 100% Joint and Survivor options. The Board may choose to pay a single lump sum for monthly accrued benefits that are less than $250.00 or for benefits whose single lump sum value is less then $5,000.

R. Vested Termination

Eligibility:	A member has earned a non-forfeitable right to Plan benefits after the completion of 5 years of Credited Service.
Benefit:	The benefit is the member's accrued Normal Retirement Benefit as of the date of termination. Benefit begins at age 50.
Normal Form of Benefit:	10 Years Certain and Life thereafter; other options are also available.
COLA:	Each service retiree and surviving beneficiary who retires on or after January 1,1998 will receive a 3.0% increase in benefits on October 1st of each year starting at age 55 and ending at age 62.

Members terminating employment with less than 5 years of Credited Service will receive a refund of their own accumulated contributions with interest, but decreased by one-half of any disability payments that have been made to the member.

S. Refunds

Eligibility:	All members terminating employment with less than 5 years of Credited Service are eligible. Optionally, vested members (those with 5 or more years of Credited Service) may elect a refund in lieu of the vested benefits otherwise due.
Benefit:	Refund of the member's contributions with interest. Interest is currently credited at 5.5%.

T. Member Contributions

5% of Compensation

U. State Contributions

Chapter 185 Premium Tax Refunds

V. Employer Contributions

Any additional amount needed to fund the plan properly according to State laws.

W. Cost of Living Increases

Each service retiree and surviving beneficiary who retires on or after January 1, 1998 will receive a 3.0% increase in benefits on October 1st of each year starting at age 55 and ending at age 62.

X. Other Ancillary Benefits

There are no ancillary benefits – retirement type benefits not required by statutes but which might be deemed a City of Naples Police Officers' Pension and Retirement System liability if continued beyond the availability of funding by the current funding source.

Y. Changes from Previous Valuation

The definition of Compensation has been changed:

From: Base compensation paid to a police officer for services rendered plus an annual amount up to $6,700 in other compensation inclusive of 300 hours of overtime pay, incentive pay, bonuses, uniform allowance, longevity pay, holiday pay and accrued leave payouts, but not including extra detail and special detail pay.

To: Total compensation paid to a police officer for services rendered including up to 300 hours of overtime pay and accrued leave lump sum payouts not to exceed $6,700, but not including extra detail and special detail pay.

The benefit accrual rate has also been changed:

From: 3.6% of FAC for each year of Credited Service.

To: 3.63% of FAC for each year of Credited Service.