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March 5, 2007

Mr. Bill Harrison, Finance Director
City of Marco Island
50 Bald Eagle Dr.
Marco Island, FL 34145

Re: City of Marco Island
Police Officers' Pension Trust Fund

Dear Bill:

We are writing to report a \$122,644 funding shortfall to the referenced retirement program for the City's fiscal year ended September 30, 2006.

The precise funding requirements for the City's fiscal year ended September 30, 2006, determined as of October 1, 2005, and set forth on page one of the December 6, 2005, Actuarial Impact Statement, are as follows:

| | |
|---------------------------------|-----------|
| Total Required Contribution | \$385,769 |
| % of Total Annual Payroll | 26.4% |
| Expected Member Contributions | 72,989 |
| Actual 2006 State Contributions | 54,781 |
| Balance From City | 257,999 |
| % of Total Annual Payroll | 17.7% |


Our records indicate that the deposits to the Fund from Town sources during the fiscal year were \$135,355. Accordingly, the balance due is \$122,644. We recommend that this amount be deposited on or before April 1, 2007, along with \$4,900 to reflect the loss of interest at the valuation rate for the six months from September 30, 2006, to the recommended date of deposit.

* 127,530

Please note that the exact amount and date of deposit should be included in the Annual Report to the Division of Retirement.

If you have any questions, please let me know.

Sincerely,


Douglas H. Lozen

DHL/nck