



August 27, 2009

Ms. Andrea Wilson
Finance Director
Lake County Sheriff's Office
360 West Ruby Street
Tavares, FL 32778

Re: GASB 45 OPEB Engagement Letter for Lake County Sheriff's Office

Dear Ms. Wilson:

We are writing to provide you with an engagement letter so we can put you in the queue for your next actuarial valuation under GASB 45 for OPEB. By signing and dating this engagement letter, we and the Lake County Sheriff's Office (LCSO) agree to the scope, work product, and terms described herein. This engagement letter is fashioned after those for auditing services, for consistency.

We will perform the actuarial calculations necessary for LCSO to comply with GASB Statement No. 45 for the fiscal year ending September 30, 2010. The actuarial valuation will be performed as of October 1, 2009. We will prepare a formal Report, including an Executive Summary, tables or charts presenting the development of the results, a description of all primary actuarial assumptions and methods, and a summary of the plan benefits. In addition, Gabriel, Roeder, Smith & Company (GRS) will be available to meet with LCSO Staff or other officials, as necessary, for brief education, presentation of results, planning, and other purposes. The Valuation will be performed assuming that the current unfunded pay-as-you-go plan would continue.

The Actuarial Report will contain a base Actuarial Valuation of only the implicit subsidy provided by the LCSO, which includes all employees in the same group health and dental plan (which is self-insured). We understand that dental insurance is included in the cost of the healthcare plan and cannot be selected separately. Finally, the report excludes life insurance for retirees because we understand that retirees are not allowed to retain life insurance under the group plan.

The work papers for this engagement are the property of Gabriel, Roeder, Smith & Company (GRS). Although we may be requested to make certain work papers available to auditors or to regulators pursuant to authority given to them by law or regulation, access to the requested work papers will be provided only under supervision of GRS personnel. Furthermore, upon request, we may provide photocopies of selected work papers to such auditors or regulatory agencies, and shall do so whenever compelled by statute or court. These regulatory agencies may intend or decide to distribute the photocopies or information contained therein to others, including other governmental agencies.

Please note that while the Actuarial Report may be sent to LCSO electronically, for LCSO's convenience, only the signed (electronically or manually) Report constitutes LCSO's record copy. LCSO management has responsibility for the financial statements and all representations contained therein. Management also has responsibility for preventing and detecting fraud, for adopting sound accounting policies and establishing and maintaining effective internal control to maintain the reliability of the financial statements, and to provide reasonable assurances against the possibility of misstatements that are material to the financial statements. This responsibility extends to the use or misuse of the results of our OPEB Actuarial Valuation Report and presentations at on-site meetings and during telephone conferences. The

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Report and presentation materials may be provided to parties other than LCSO only in their entirety and only with the permission of LCSO.

Upon execution of this letter of engagement, we will prepare a formal data request letter. LCSO will compile and transmit all employee and retiree census data, as requested, in electronic form and in the format requested. LCSO will collect and transmit all documentation and other information requested regarding the other post-employment benefits provided. Once we have received all requested materials (preferably no more than four weeks after LCSO receives the data request letter), we will provide a draft report within eight to ten weeks.

LCSO agrees that all information, documents, and data we request in connection with our Actuarial Valuation will be made available to us; all such information, documents, and data provided to us will be complete and accurate; we will have the full cooperation of LCSO personnel and vendors; LCSO will issue a representation letter from management concerning these matters; and GRS may rely upon such information, documents, and data with no duty to inquire or audit such.

Because of the importance of management's representations as to the completeness and accuracy of the information, documents, and data which it provides to GRS, LCSO agrees to release GRS and its personnel from any claims, liabilities, costs, and expenses relating to our services under this letter attributable to any misrepresentations in the representation letter referenced above. Furthermore, GRS agrees to maintain the employee data secure and confidential, except as required by law.

In the event that GRS is requested, pursuant to subpoena or other legal process, to produce its documents relating to this engagement in judicial or administrative proceedings to which GRS is not a party, but to which LCSO or Lake County BoCC is, LCSO shall reimburse GRS at standard billing rates for its professional time and expenses, including reasonable attorney's fees, incurred in responding to such request.

The base fees for the services are described in the following chart:

FYE Applicable	Valuation Date	Fee
September 30, 2010	October 1, 2009	\$ 13,000
September 30, 2011*	October 1, 2009	\$ 4,000

** The off-year of this engagement presumes a "roll-forward", whereby the previous year's valuation would be adjusted so as to apply to the projected year. GASB Statement No. 45 permits fully compliant valuations every other year unless significant changes occur, in which case a new fully compliant valuation must be performed. In the off-year, we will provide a letter presenting the calculation of the Annual OPEB Cost for expensing for the year. If a fully compliant valuation were required or requested by the Sheriff's Office in the intermediate year(s), the cost would be developed by adjusting the initial actuarial report fee for inflation.*

One half of the fee is due and payable at the project onset, and one half is due upon the delivery of the draft report. On-site meetings are included in the fee above if coinciding with other meetings in Tavares or nearby as mutually agreed upon. Additional on-site meetings requested by LCSO will be billed at the rate of \$2,500 per meeting. Additional studies or other services will be performed upon request with,

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whenever possible, fixed fee quotes provided in advance. We stand behind these results and are available to assist management in other strategic areas for controlling the OPEB liabilities. This engagement letter will be automatically renewed for fully compliant valuations every other year and roll-forward valuation in the off-year, similar to the chart above. The first such renewal on the two year cycle shall be for an actuarial valuation date as of October 1, 2011, with fees adjusted for inflation, automatically renewing each subsequent October 1. Either party may terminate, non-renew or propose amendments to the engagement upon written notice 60 days in advance. Notices as to GRS shall be given at the letterhead address above.

Please return this signed agreement and retain a copy for your records. We thank you and other LCSO officials for your confidence in our firm and look forward to working with you in the years ahead.


Should you have any questions regarding these matters, please do not hesitate to contact us. We look forward to continuing to serve as your OPEB Actuary and Consultant.


Sincerely,

For the Lake County Sheriff's Office



James J. Rizzo, ASA, MAAA
Senior Consultant and Actuary
Gabriel, Roeder, Smith & Company


Print Name

 10/23/09
Signature Date

