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CONSULTING, ACTUARIAL & ADMINISTRATIVE SERVICES

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November 19, 2004

Board of Trustees  
Jacksonville Police and Fire Pension Fund  
One West Adams Street, Suite 100  
Jacksonville, Florida 32202-3616

Actuarial Valuation as of October 1, 2003

Ladies and Gentlemen:

We are pleased to forward our report on the 2003 Actuarial Valuation of the Jacksonville Police and Fire Pension Fund. The recommended contribution level covers the two Plan Years beginning October 1, 2004.

The report is divided into five sections as follows:

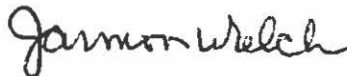
- I. Summary and Cost Analysis
- II. Statement of Actuarial Position as of October 1, 2003
- III. Valuation of Assets
- IV. Funded Position and Key Statistics
- V. Accounting for Pension Costs and Liabilities
- VI. State of Florida Chapter 60T Information

This report should be considered as a single document, and figures extracted from it should not be used out of context.

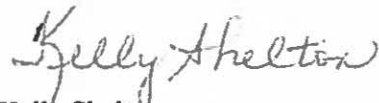
It should be understood that the costs and actuarial present values presented in this report depend upon forecasts of future events, and that they, therefore, depend upon elements of subjective judgment. Due regard should thus be given to the reasonableness of alternative values and conclusions.

Very truly yours,

PENSION BOARD CONSULTANTS, INC.



Jarmon Welch, A.S.A.  
President



Kelly Shelton  
Associate Actuary

Enclosure

JACKSONVILLE POLICE AND FIRE PENSION FUND

Actuarial Report for the Plan Year Beginning October 1, 2003

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JACKSONVILLE POLICE AND FIRE PENSION FUND

Actuarial Report for the Plan Year Beginning October 1, 2003

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## JACKSONVILLE POLICE AND FIRE PENSION FUND

### Section I: Summary and Cost Analysis

#### Content of this Report

This report is divided into five sections.

Section I contains an informal commentary. It reconciles these 2003 results with the 2001 results.

Section II contains a formal statement of the actuarial position of the Plan.

Section III presents an analysis of the assets of the Plan and shows in detail how the investment performance was derived.

Section IV presents the Plan's funded position and key statistics.

Section V presents GASB Statements No. 25 and 27 information required by the accountants.

Section VI contains additional information required by the State of Florida.

#### Background

The Governmental Accounting Standards Board requires that actuarial valuations be performed at least once every two years (with annual updating of disclosure information). The prior actuarial valuation of the Jacksonville Police and Fire Pension Fund (hereafter called the "Plan") was performed as of October 1, 2001. The current review has been performed as of October 1, 2003. The 2001 results were based on participant data as of July 1, 2001 provided by the City and the 2003 results were based on participant data as of July 1, 2003 provided by the City. Fund assets as of September 30, 2003, including \$4,422,747 accumulated in the two reserve accounts were reported by the Plan Administrator. The Plan Administrator reported the ordinance in effect on October 1, 2003 to us.

#### Minimum Required Contribution

This valuation calls for a 40.53% of payroll contribution from all sources to this Plan. The following table illustrates the expected contributions of non-City sources:

<u>Expected Source</u>	<u>Minimum Required Contribution</u>	<u>As a Percentage of Covered Payroll</u>
Active Members	\$7,674,558	7.00%
DROP Members	\$617,872	0.56%
Expected Court Fines and Penalties	\$3,040,897	2.77%
State Chapter Funds Allocation	<u>\$4,385,461</u>	<u>4.00%</u>
TOTAL (non City)	\$15,718,788	14.33%

It should be noted State laws make the City responsible for funding any contribution shortfall. The current contribution rate of 18.55% of covered payroll by the City, in addition to amounts available in the City Budget Stabilization Account will be sufficient to fund the benefits and meet the State's requirements for the upcoming year. The City's costs are increased to 26.20% of covered payroll for the two Plan Years commencing October 1, 2004.

Accumulation of Funds in the Reserve Accounts

Pursuant to the Agreement between the City and the Police and Firefighters Pension Board, reserve accounts were set up to accumulate excess contributions as of January 1, 1992 and thereafter. This Agreement has since been amended and the reserve accounts combined. Two account balances have been derived in Table III-E of this report. The amount accumulated in the two accounts as of September 30, 2003 was \$4,422,747.

Minimum Required Contribution for Year Commencing October 1, 2004 Based on October 1, 2003 Covered Payroll

Normal Actuarial Cost	\$22,026,003	20.09%
Amortization Payment	<u>\$22,413,756</u>	<u>20.44%</u>
Total	\$44,439,759	40.53%

It is important to note the minimum required percent of payroll for the next year is fixed but not the dollar amount. This is shown for illustration purposes only based on current valuation payroll. The actual dollar amount to be contributed will likely be larger and will be based on next year's City payroll.

Plan Changes Since October 1, 2001

None.

### Reconciliation with 2001 Minimum Required Contribution

The following table compares the key employment and payroll statistics and the minimum required City contributions from the October 1, 2001 and October 1, 2003 actuarial valuations.

Comparison of Key Statistics and Minimum Required City Contributions			
Valuation Date	<u>October 1, 2001</u>	<u>October 1, 2003</u>	<u>Percent Change</u>
Key Statistics			
Number of Active Participants (excluding DROP)	2,037	2,182	7.1%
Total Covered Valuation Payroll (no DROP)	\$96,198,772	\$109,636,548	14.0%
DROP Payroll	\$27,927,247	\$30,893,598	10.6%
Average Annual Pay	\$47,226	\$50,246	6.4%
Average Age	38.0	38.0	0.0 years
Minimum City Contribution			
Dollar Amount	\$17,845,285	\$28,720,971	60.9%
Percent of Covered Valuation Payroll	18.55%	26.20%	7.65%
Net Market Value of Assets*			
	\$703,252,537	\$699,645,873	(0.5%)
Unfunded Actuarial Accrued Liability			
	\$246,163,265	\$413,933,350	68.2%

\* Market Value less two reserve accounts. Reserve accounts balances are derived in TABLE III-E of this report.

Our 2001 actuarial valuation report required a minimum contribution of 33.28% of payroll. This minimum required contribution has increased 7.25% (i.e., 40.53% - 33.28%) from October 1, 2001 to October 1, 2003 primarily due to the interaction of the following factors:

1. Based on market value, the fund yielded -6.68% for the plan year ending September 30, 2002 and 16.28% for the plan year ending September 30, 2003. Based on actuarial values, the yields were -1.6% and 5.0% respectively. This is much less than the assumed investment return of 8.5% per year. Over the two-year period, this increased costs approximately 5.42% of covered valuation payroll.
2. An increase in costs of approximately 1.83% of covered payroll was attributable to deviations of other experience factors from expected. This includes salaries, terminations, deaths, disabilities, retirements, buybacks, expenses and DROP's.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section II: Statement of Actuarial Position as of October 1, 2003

Introduction

1. Relationships:

The Board of Trustees has retained Pension Board Consultants, Inc., represented by Jarmon Welch as the actuary to prepare this report. For purposes of this statement, we deem our client to be the Trustees acting on behalf of participants.

2. Purpose:

The purpose of the Statement of Actuarial Position is

(a) to determine the minimum required contribution level for the 2004 Plan Year recognizing the State's requirement of paying the Normal Actuarial Cost and of funding the Unfunded Actuarial Accrued Liability over an initial period of 30 years; and

(b) to compare the current assets of the Plan to the current benefit obligations.

The purpose of the funding is to ensure that in the long term there are sufficient assets on hand to provide the Plan's benefits and, in the short term, to accumulate the assets in an orderly manner to provide protection of the accrued benefits.

3. Data:

This statement is based on participant data as of July 1, 2003, asset information as of September 30, 2003 and on the terms of the Plan as of October 1, 2003. Valuation pay is the annualized sum of reported rate of pay, upgrade pay and shift pay. All of this data has been reviewed for consistency with prior data and for general reasonableness.

4. Effective Dates:

The values and data in this statement have been determined as of October 1, 2003. Costs are applicable to the year beginning October 1, 2004.

5. Liquidity and Benefit Security:

The cash flow from contributions and earnings on fund assets are not sufficient to meet current liquidity needs. This needs to be recognized in the investment strategy. It is also expected that the current funding policy should result in increasing benefit security ratios. However, it should be noted that fluctuations in asset values or surges in pay levels could cause benefit security ratios to fluctuate in the short term.

6. Trends and Assumptions:

The costs in this report anticipate that the actuarial assumptions will reflect Plan experience in future years. Because the assumptions were selected as our best estimate of future experience, these cost projections represent the most likely course of future contributions. However, it should be noted that if Plan experience deviates from the actuarial assumptions, the resulting gains or losses would create decreases or increases in the Normal Actuarial Cost.



## JACKSONVILLE POLICE AND FIRE PENSION FUND

Section II: Statement of Actuarial Position as of October 1, 2003Cost Components and Annual Contributions

	Valuation Dates		
	04/01/00	10/01/01	10/01/03
1. Normal Actuarial Cost	\$19,005,460	\$19,296,010	\$22,026,003
2. Annual Contribution to Amortize Unfunded Actuarial Accrued Liability	\$6,170,543	\$12,722,706	\$22,413,756
3. Required Contribution = (1) + (2)	\$25,176,003	\$32,018,716	\$44,439,759
4. Required Contribution as a percent of Covered Valuation Payroll	25.46%	33.28%	40.53%

5. Notes:

Item 4 should be applied to payroll during the coming year. Item 3 is based on pay rates reported by the Plan Administrator.

Statement by 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, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. 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 that may require material increases in Plan costs or required contribution rates have been taken into account in the valuation.

Jarmon Welch  
Jarmon Welch, A.S.A.

11/19/04  
Date

02 - 1108  
Enrollment Number

## JACKSONVILLE POLICE AND FIRE PENSION FUND

Section II: Statement of Actuarial Position as of October 1, 2003Derivation of Minimum Required Contribution Levels

1. Present Value of Future Benefits	
a. Active Participants	
(i) Retirement	\$511,768,906
(ii) Death	\$23,018,101
(iii) Disability	\$45,070,860
(iv) Withdrawal	\$5,071,465
(v) Return of Contributions	<u>\$1,157,084</u>
(vi) Total	\$586,086,416
b. Inactive Participants	
(i) Retirees and Beneficiaries	\$484,672,056
(ii) Disableds	\$19,719,029
(iii) Terminated Vested	\$3,022,313
(iv) DROP Participants	<u>\$320,825,842</u>
(iv) Total	\$828,239,240
c. Total (a. + b.)	\$1,414,325,656
2. Actuarial Value of Assets	
a. Gross Actuarial Value	\$736,948,625
b. Reserve Accounts	\$4,422,747
c. Net Actuarial Value (a. - b.)	\$732,525,878
3. Unfunded Actuarial Accrued Liability	\$413,933,350
4. Present Value of Future Normal Costs	\$267,866,428
5. Ratio of Present Value of Future Salaries to Current Salaries	
a. 1% of PV of Future Salaries	\$13,770,959
b. Covered Payroll (no DROP)	\$109,636,548
c. Ratio (a. / b.)	12.560555
d. DROP Payroll	\$30,893,598
6. Normal Actuarial Cost	
a. Dollar Amount (4. / 5.c.)	\$21,326,003
b. As % of Covered Payroll	19.45%
c. Normal Cost with Expense Load	\$22,026,003
d. As % of Covered Payroll	20.09%
7. Total Cost for the Year	
a. UAAL Amortization Payment	\$22,413,756
b. Total Cost (6.c. + 7.a.)	\$44,439,759
c. As % of Covered Payroll	40.53%

## JACKSONVILLE POLICE AND FIRE PENSION FUND

Section II: Statement of Actuarial Position as of October 1, 2003A. Development of Unfunded Actuarial Accrued LiabilityFresh Start

1. Entry Age Normal Actuarial Accrued Liability on 10/01/03	\$1,146,459,228
2. Net Actuarial Value of Assets	\$732,525,878
3. Unfunded Actuarial Accrued Liability on 10/01/03 ( 1. - 2. )	\$413,933,350

B. Minimum Required Amortization of Unfunded Actuarial Accrued Liability

<u>UAAL as of 10/01/03</u>	<u>Remaining Period</u>	<u>Minimum Required Amortization Amount</u>
\$413,933,350	26.5 years	\$22,413,756

## JACKSONVILLE POLICE AND FIRE PENSION FUND

Section II: Statement of Actuarial Position as of October 1, 2003Actuarial MethodsActuarial Cost Method

Entry Age Actuarial Cost Method: Under this method, the excess of the Actuarial Present Value of Projected Benefits of the group included in the Actuarial Valuation, over the sum of the Actuarial Value of Assets plus the Unfunded Actuarial Accrued Liability, is allocated as a level amount over the earnings of the group as a whole, not as a sum of individual allocations. The portion of the excess Actuarial Present Value allocated to a valuation year is called the Normal Actuarial Cost. All ancillary benefits are funded under the same method as retirement benefits.

Asset Valuation Method

An actuarial value has been placed on all Fund assets. The purpose of setting an actuarial value on assets is to recognize market values, which are the only true measure of the value of these securities, without giving total credence to the current market value and without causing costs to fluctuate substantially in response to short-term market swings.

The actuarial adjustment factor applied to the market value of assets is determined as the amount by which current market prices as of the end of a period are deflated in relation to a longer range trend. The actuarial factor was developed as follows:

- (1) develop performance indices as of September 30, 2000, 2001, 2002 and 2003 using actual Fund performance during those periods;
- (2) multiply these indices by a growth factor of 8.50% (the assumed rate of return on investments) for each period up to September 30, 2003;
- (3) weight the indices by 0.5, 2, 3, 4 and 5 respectively; and
- (4) divide the total of the weighted indices by the non-weighted index for September 30, 2003.

Future adjustments will be determined in a similar fashion until five complete plan years of data have been accumulated

Changes Since the October 1, 2003 Valuation:

None.

## JACKSONVILLE POLICE AND FIRE PENSION FUND

Section II: Statement of Actuarial Position as of October 1, 2003Actuarial Assumptions

Mortality: Pre and Postretirement: 1983 Group Annuity Mortality Table; Post-Disablement - same table set forward 10 years.

Net Investment Yield: 8.50% compounded annually.

Withdrawal: Annual rates consistent with the following representative figures.

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	.040	28	.040	36	.010
24	.040	32	.020	40	.000

Disability: Rates consistent with the following representative figures:

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
25	.00054	35	.00072	45	.00180
30	.00054	40	.00090	50	.00396

Salary Scale: 5.0% compounded annually applied to pay to allow for future salary increases reflecting inflation, productivity, and seniority.

COLA: 3.0% compounded annually.

Percent Married: Assume 75% of active employees married. Use tax reported status for inactive.

Retirement Ages: Rates consistent with the following representative figures

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
40	.060	50	.060	60	.200
45	.060	55	.085	65	1.000

Expense Load: Expenses net of money manager fees are estimated to be \$700,000.

Amortization of Unfunded Actuarial Accrued Liability: Assumes payroll increases at 5.25% per annum throughout the entire amortization period.

Age Differences for Spouses with Unknown Ages: Females are assumed to be 3 years younger than males.

Changes Since the October 1, 2003 Valuation:

None.

## JACKSONVILLE POLICE AND FIRE PENSION FUND

Section II: Statement of Actuarial Position as of October 1, 2003Plan Outline

<u>Covered Group:</u>	All members of the Fire and Police Departments of the City not covered under another retirement system, and in the following categories: Plan 05, Plan 06, Plan 19 and Plan 41.  Inactive members of the 1915 Fire Pension Fund and the 1917 Police Pension Fund.
<u>Credited Service:</u>	All employment in the Fire/Police Department. Military Service may be included. Service as a General Employee may be included.
<u>Earnings Base:</u>	Average salary of last fifty-two pay periods, as defined by Ordinance 91-1017-0605.
<u>Retirement Date:</u>	Completion of a minimum of 20 years of Credited Service.
<u>Retirement Benefits:</u>	3% of Earnings Base for each of the first 20 years of Credited Service, plus 2% for each of the next 10 years.  All categories have a minimum monthly benefit of \$400.
<u>Health Subsidy:</u>	\$3 per month for each year of Credited Service with a minimum of \$30 per month and a maximum of \$90 per month.
<u>Form of Benefit:</u>	Payment is 75% continuation to spouse, plus \$200 per month to child until earlier of attainment of age 18 (22 if in college) or marriage. Overall maximum of 100%. Orphaned children receive 75% continuation until earlier of attainment of age 18 (22 if in college) or marriage.
<u>Disability Benefits:</u>	60% of Earnings Base or Retirement Benefit, if greater; minimum of \$400 per month. Form of benefit same as for active or retired employees.
<u>Pre-Retirement Death Benefits:</u>	Spouse's benefit of 60% of projected retirement benefit, assuming participant completed at least 20 years of Credited Service, plus \$200 monthly to each child until earlier attainment of age 18 (22 if in college) or marriage. Overall maximum of 100% of projected normal retirement benefit.  Minimum monthly benefit of \$300 per month.  Orphans receive benefit applicable to spouse without children until earlier of marriage or attainment of age 18 (22 if in college). Dependent father or mother may be eligible if no spouse or children.  Otherwise, refund of 100% employee's contributions.

TABLE II-F  
(Continued)

For future deaths among active members and retirees, including DROPS, if there is no surviving spouse, a disabled child 18 years or older receives half of the spouse's benefit for life. The Board will establish earnings and means criteria to qualify.

Termination  
of Service:

If terminated before 5 years of Credited Service, refund of employee contributions.

If terminated after 5 years of Credited Service, refund of employee contributions and no further benefit; or a benefit payable at normal retirement date, equal to Credited Service multiplied by 3.0% of earnings base. (2.5% until April 1, 2001)

No death or disability benefits during deferred period. Form of benefit same as for active employees. No minimum benefits.

Employee  
Contribution:

7% of earnings.

Non-Employee  
Contributions:

The City contributes 9.25% of budgeted earnings. The Fund also receives proceeds from the Chapter monies, County Court fines and penalties, with the City covering any shortfall.

Cost of Living  
Increases:

A two part formula provides annual increases in the Retirement Benefit (no increases in health subsidy) of 3% per year. The accumulated increases are offset by the amount of the Health Subsidy.

Note:

Members of the 1915 Fire Pension Fund and the 1917 Police Pension Fund receive benefit payments from the Fund. These benefits are partially subsidized by the City. The Fund provides 36.603% of the total benefit for 1915 Fire members and 100% for 1917 Police members.

Deferred Retirement  
Option Plan (DROP):

Effective 1/9/99 with the current following main provisions:

Minimum service at entry: 20 years. 5 year maximum DROP

Maximum service at entry: 31 years. 2 year maximum DROP

DROP investment yield: 8.4% annually.

Withdrawal from DROP and immediate retirement at member's sole option.

Members will contribute 2% of Earnings Base during the DROP period to cover the cost of administering the DROP provision.

TABLE II-F  
(Continued)

Percentage cost of living increases granted during DROP period. Bi-annual lump sum COLA not provided to DROP participants. DROP participants are not paid Health Insurance Subsidy until termination of employment.

Retirement Leave Account frozen upon DROP. It is deposited into the Fund by the City in equal annual installments during the DROP period, and credited with 8.4% annual interest.



## JACKSONVILLE POLICE AND FIRE PENSION FUND

### Section III: Valuation of Assets

#### Introduction

This section summarizes the Pension Fund cash flow for the period 10/01/01 to 09/30/03, the distribution of the assets of the Fund as of September 30, 2003, the investment performance for the period 10/01/01 to 09/30/03, the derivation of the combined account as of September 30, 2003, and the contribution history.

TABLE III-A	Summary of Cash Flow
TABLE III-B	Calculation of Investment Performance
TABLE III-C	Asset Distribution and Alternative Values as of September 30, 2003
TABLE III-D	Determination of Actuarial Value of Assets as of September 30, 2003
TABLE III-E	Reconciliation of Accounts
TABLE III-F	Contribution History

## JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: Valuation of AssetsSummary of Cash Flow 10/01/01 to 09/30/02

Market Value of Fund, BOY	\$727,661,587
<u>Receipts During Year</u>	
Contributions:	
Employee	\$8,114,909
City	<u>\$9,895,774</u>
	\$18,010,683
Other Additions:	
Chapter 175/185	\$5,221,986
Court Fines and Penalties	\$3,116,889
City of Atlantic Beach	\$0
Miscellaneous	<u>\$155,674</u>
	\$8,494,549
Investment Income, Realized and Unrealized Gains	(\$44,315,344)
Parking and Rental Revenue	<u>\$687,894</u>
Total Receipts	(\$17,122,218)
<u>Disbursements During Year</u>	
Benefit Payments	\$37,787,418
Refunds	\$424,129
DROP and RLA Payments*	\$27,171,078
Money Manager Fees	\$3,458,198
Other Administrative Expenses	\$1,937,333
Parking and Rental Expenses	<u>\$135,075</u>
Total Disbursements	\$70,913,231
Market Value of Fund, EOY	\$639,626,138

\* Includes payments to DROP accounts, 8.4% interest on DROP account balances and 8.4% interest on RLA balances.

TABLE III-A  
(Continued)

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: Valuation of Assets

Summary of Cash Flow 10/01/02 to 09/30/03

Market Value of Fund, as of 09/30/02	\$639,626,138
Adjustment to prior period per audit	<u>(\$413)</u>
Market Value of Fund, as of 10/01/02	\$639,625,725

Receipts During Year

Contributions:	
Employee (includes \$328,768 buybacks)	\$8,597,200
City	<u>\$9,734,277</u>
	\$18,331,477
Other Additions:	
Chapter 175/185	\$5,855,417
Court Fines and Penalties	\$3,040,897
City of Atlantic Beach	\$0
Miscellaneous	<u>\$30,567</u>
	\$8,926,881
Investment Income, Realized and Unrealized Gains	\$111,129,749
Parking and Rental Revenue	<u>\$705,852</u>
Total Receipts	\$139,093,959

Disbursements During Year

Benefit Payments	\$40,520,323
Refunds	\$232,852
DROP and RLA Payments*	\$29,119,676
Money Manager Fees	\$3,265,680
Other Administrative Expenses	\$1,402,522
Parking and Rental Expenses	<u>\$110,011</u>
Total Disbursements	\$74,651,064
Market Value of Fund, EOY	\$704,068,620

\* Includes payments to DROP accounts, 8.4% interest on DROP account balances and 8.4% interest on RLA balances.

## JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: Valuation of AssetsCalculation of Investment Performance

The average dollar weighted investment performance of the Fund was calculated for the period 10/01/01 to 09/30/02 based on Market Value and Actuarial Value.

	<u>Market Value</u>	<u>Actuarial Value</u>
(1) Asset Value, BOY	\$727,661,587	\$790,822,613
(2) Asset Value, EOY	\$639,626,138	\$737,680,825
(3) Contributions from all Sources	\$26,505,232	\$26,505,232
(4) Benefit Payments and Expenses*	\$67,319,958	\$67,319,958
(5) Income, Including Realized and Unrealized Gains* (2) - (1) - (3) + (4)	(\$47,220,723)	(\$12,327,062)
(6) Yield for Period $2 \times (5) / ((1) + (2) - (5))$	-6.68%	-1.60%

\* Net of money manager fees of \$3,458,198 and parking and rental expenses of \$135,075

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: Valuation of Assets  
Calculation of Investment Performance

The average dollar weighted investment performance of the Fund was calculated for the period 10/01/02 to 09/30/03 based on Market Value and Actuarial Value.

	<u>Market Value</u>	<u>Actuarial Value</u>
(1) Asset Value, BOY	\$639,625,725	\$737,680,825
(2) Asset Value, EOY	\$704,068,620	\$736,948,625
(3) Contributions from all Sources	\$27,258,358	\$27,258,358
(4) Benefit Payments and Expenses*	\$63,933,711	\$63,933,711
(5) Income, Including Realized and Unrealized Gains* (2) - (1) - (3) + (4)	\$101,118,248	\$35,943,153
(6) Yield for Period 2 x (5) / ((1) + (2) - (5))	16.28%	5.00%

\* Net of money manager fees of \$3,265,680, parking and rental expenses of \$110,011. Commencing with this valuation, interest earned on RLA and DROP Liability Accounts (\$7,341,663 for PYE 09/30/03) is also deducted prior to computing the yield.

## JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: Valuation of AssetsAsset Distribution and Alternative Values as of 09/30/03

<u>Type of Security</u>	<u>Market Value</u>	<u>% of Net Assets</u>	<u>Actuarial Value</u>
Fixed Income	\$309,867,379	44.0%	\$324,338,186
Equities	\$456,840,841	64.9%	\$478,175,308
Cash and Equivalents	\$29,522,398	4.2%	\$30,901,094
Real Estate	\$7,810,000	1.1%	\$8,174,727
Accruals			
From City of Jacksonville	\$273,847		\$286,636
Interest	\$3,309,666		\$3,464,227
Dividends	<u>\$558,087</u>	<u>0.6%</u>	<u>\$584,150</u>
Total Cash and Investments	\$808,182,218	114.8%	\$845,924,328
Property, Plant and Equipment			
Furniture and equipment	\$512,648		\$536,589
Accumulated depreciation	<u>(\$338,740)</u>	<0.1%	<u>(\$354,559)</u>
Total Assets	\$808,356,126		\$846,106,358
Total Liabilities	<u>\$104,287,506</u>	<u>14.8%</u>	<u>\$109,157,733</u>
Net assets held for benefits	\$704,068,620	100.0%	\$736,948,625
Amount Accumulated in Reserve Accounts	<u>\$4,422,747</u>		<u>\$4,422,747</u>
Net assets used for costing	\$699,645,873		\$732,525,878

NOTES:

- (1) The "Market Value" of the assets was reported by the City.
- (2) The method of determining the Actuarial Value of Assets is described in TABLE II-E.
- (3) Total Liabilities refers primarily to DROP and RLA assets.

## JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: Valuation of AssetsDetermination of Actuarial Value of Assets as of September 30, 2003

## 1. Calculation of Indices for Actuarial Adjustment Factor.

Fiscal Year <u>Beginning</u>	Index as of 10/01	Yield During <u>Next Year</u>	Adjustment to index <u>(1. + Yield)</u>	Index as of 9/30
4/1/00-9/30/00	100.00	-1.18%	0.9882	98.82
2000	98.82	-6.72%	0.9328	92.18
2001	92.18	-6.68%	0.9332	86.02
2002	86.02	16.28%	1.1628	100.02

## 2. Calculation of Actuarial Adjustment Factor (Weighted Value = Growth Factor x Index x Relative Weight / 14.5).

Year Commencing <u>10/01</u>	Index as of 10/01	Growth <u>Factor</u>	Relative <u>Weight</u>	Weighted <u>Value</u>
4/1/00-9/30/00	100.00	1.3305	0.5	4.59
2000	98.82	1.2773	2.0	17.41
2001	92.18	1.1772	3.0	22.45
2002	86.02	1.0850	4.0	25.75
2003	100.02	1.0000	<u>5.0</u>	<u>34.49</u>
			14.5	104.69

$$\text{Adjustment Factor} = 104.69 / 100.02 = 1.0467$$

## 3. Calculation of Actuarial Value of Assets

$$\begin{aligned} \text{Adjustment Factor} \times \text{Market Value} &= \text{Actuarial Value} \\ 1.0467 \times \$704,068,620 &= \$736,948,625 \end{aligned}$$

## JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: Valuation of AssetsReconciliation of Accounts October 1, 2001 through September 30, 2002A. Enhanced Benefit Account (EBA)

Account Value, 10/01/01	\$2,029,142
Additions	
Chapter Funds Allocation (0.35% * \$101,698,016)	\$355,943
Uncommitted Chapter Funds (residual > 4.35% * \$101,698,016)	\$798,122
Transfer from CBSA <sup>1</sup>	\$70,000
Interest (-6.68% per annum) <sup>2</sup>	<u>(\$143,635)</u>
Total Additions	\$1,080,430
Subtractions	
Bi-ennial COLA (paid 12/07/01)	\$887,264
Interest <sup>3</sup>	<u>(\$48,536)</u>
Total Subtractions	\$838,728
Account Value, 09/30/02	\$2,270,844

Notes

- Chapter Funds transferred for beach communities as per Restated Agreement.
- Market rate of return from 10/01/01 to 09/30/02.  
 $(-0.0668 * \$2,029,142) + [(1 - 0.0668)^{(35/365)} - 1] * (\$355,943 + \$798,122 + \$70,000)$
- Market rate of return from 10/01/01 to 09/30/02.  
 $[(1 - 0.0668)^{(297/365)} - 1] * (\$887,264)$



JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: Valuation of Assets

Reconciliation of Accounts October 1, 2002 through September 30, 2003

A. Enhanced Benefit Account (EBA)

Account Value, 10/01/02	\$2,270,844
Additions	
Chapter Funds Allocation (0.35% * \$109,636,548)	\$383,728
Uncommitted Chapter Funds (residual > 4.35% * \$109,636,548)	\$1,086,227
Interest (16.28% per annum) <sup>1</sup>	<u>\$396,047</u>
Total Additions	\$1,866,002
Account Value, 09/30/03	\$4,136,846

Notes

1. Market rate of return from 10/01/02 to 09/30/03.

$$(0.1628 * \$2,270,844) + [(1.1628)^{(43/365)} - 1] * (\$383,728 + \$1,086,227)$$

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: Valuation of Assets

Reconciliation of Accounts October 1, 2001 through September 30, 2003

B. City Budget Stabilization Account (CBSA)

Account Value, 10/01/01	\$22,379,908
Additions	
Interest (-6.68% per annum) <sup>1</sup>	<u>(\$1,494,978)</u>
Total Additions	<u>(\$1,494,978)</u>
Subtractions	
Transfer to EBA <sup>2</sup>	\$70,000
Interest <sup>3</sup>	(\$463)
Payment to Base Benefits Fund as of 9/30/02	<u>\$10,821,737</u>
Total Subtractions	<u>\$10,891,274</u>
Account Value, 09/30/02	\$9,993,656
Additions	
Interest (16.28% per annum) <sup>4</sup>	<u>\$1,626,967</u>
Total Additions	<u>\$1,626,967</u>
Subtractions	
Payment to Base Benefits Fund as of 9/30/03 <sup>5</sup>	<u>\$11,334,722</u>
Total Subtractions	<u>\$11,334,722</u>
Account Value, 09/30/03	\$285,901

Notes

1. Market rate of return from 10/01/01 to 09/30/02.  
[(-0.0668)\*\$22,379,908]
2. Chapter Funds transferred for beach communities as per Restated Agreement.
3. Interest on transfer to EBA  
[(1-0.0668)^(35/365)-1]\*\$70,000
4. Market rate of return from 10/01/02 to 09/30/03.  
[(0.1628)\*\$9,993,656]
5. The City was scheduled to increase contributions from 8.75% to 9.25% effective 10/01/02. However, the contribution level was unchanged and therefore the payment from the CBSA to the BBF is greater than expected due to the 0.5% shortfall in the City's contribution rate.

TABLE III-E  
(Continued)

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: Valuation of Assets

Reconciliation of Accounts October 1, 2001 through September 30, 2003

C. Base Benefits Fund (BBF)

Actuarial Value of Assets, 09/30/02	\$737,680,825
Enhanced Benefit Account	\$2,270,844
City Budget Stabilization Account	<u>\$9,993,656</u>
Total Accounts	\$12,264,500
Account Value, 09/30/02	\$725,416,325
Actuarial Value of Assets, 09/30/03	\$736,948,625
Enhanced Benefit Account	\$4,136,846
City Budget Stabilization Account	<u>\$285,901</u>
Total Accounts	\$4,422,747
Account Value, 09/30/03	\$732,525,878

TABLE III-F

## JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: Valuation of AssetsContribution History

While contributions to the Pension Fund in dollar amounts have generally risen, contributions as a percent of total payroll were increased in 1984 and subsequently decreased until 1996 when a COLA provision was added to the Plan.

Plan Year Beginning October 1	Estimated Participating Payroll*	Contribution as Percentages of Participating Payroll			
		City**	Employees	Other**	Total
1978	\$25,908,000	19.8%	4.0%	7.6%	31.4%
1979	\$28,710,000	21.9%	4.0%	7.4%	33.3%
1980	\$31,350,000	22.1%	4.0%	7.3%	33.4%
1981	\$34,475,000	20.6%	4.0%	7.0%	31.6%
1982	\$37,019,000	20.4%	4.0%	6.6%	31.0%
1983	\$40,909,000	19.6%	5.3%	6.9%	31.8%
1984	\$44,201,000	20.0%	6.5%	7.9%	34.4%
1985	\$47,804,000	18.0%	6.5%	8.1%	32.6%
1986	\$53,652,000	15.8%	6.6%	9.0%	31.4%
1987	\$58,913,000	11.3%	6.2%	8.7%	26.2%
1988	\$63,461,000	6.7%	6.8%	8.5%	22.0%
1989	\$72,080,000	4.7%	7.0%	7.3%	19.0%
1990	\$79,101,000	3.8%	7.0%	3.6%	14.4%
1991	\$81,601,000	3.6%	7.0%	10.5%	21.1%
1992	\$89,758,514	3.52%	7.00%	6.50%	17.02%
1993	\$94,250,814	3.54%	7.00%	6.60%	17.14%
1994	\$103,611,743	3.48%	7.00%	5.90%	16.38%
1995	\$102,371,057	3.49%	7.00%	6.60%	17.09%
1996	\$108,195,671	7.09%	7.00%	6.49%	20.58%
1997	\$113,912,686	7.25%	7.00%	6.29%	20.54%
1998	\$108,782,243	7.26%	7.00%	6.43%	20.69%
1999	\$97,207,387	8.75%	7.00%	10.37%	26.12%
2000	\$96,198,772	8.75%	7.00%	11.03%	26.78%
2001	\$101,698,016	8.75%	7.00%	17.53%	33.28%
2002	\$109,636,548	8.75%	7.00%	17.53%	33.28%

\* Estimated as actual employee contribution divided by appropriate employee contribution rate. Covered valuation payroll from GASB, excluding DROP payroll, beginning with the 1999 Plan Year.

\*\* Estimated as actual City contribution percentage or contributions divided by Estimated Participating Payroll.

## JACKSONVILLE POLICE AND FIRE PENSION FUND

### Section IV: Funded Position and Key Statistics

#### Introduction

A comparison of assets and the actuarial present value of accumulated benefits are shown on the following table. Like most pension plans, the unfunded has increased considerably over the past four years.

A breakdown of the data by participant group, reconciliation of participants by status, and age and service distributions of active participants are also shown in this section.

TABLE IV-A Present Value of Accumulated Benefits Based on Current Plan

TABLE IV-B Actuarial Balance Sheet, Plan Ongoing Basis

TABLE IV-C Key Statistics

TABLE IV-D Reconciliation of Number of Participants by Status

TABLE IV-E Active Age and Service Distribution as of October 1, 2003

TABLE IV-A

## JACKSONVILLE POLICE AND FIRE PENSION FUND

Section IV: Funded Position and Key StatisticsPresent Value of Accumulated Benefits Based on Current Pay (FASB 35)

	10/01/98	04/01/00	10/01/01	10/01/03
1. Actuarial Present Value of Benefits for Inactive Members	\$385,533,398	\$646,274,455	\$724,057,747	\$828,239,240
2. Actuarial Present Value of Accumulated Benefits of Active Members (Based on Current Pay)	\$280,837,342	\$184,351,135	\$182,988,203	\$198,210,786
3. Total Actuarial Present Value of Accumulated Benefits (1.) + (2.)	\$666,370,740	\$830,625,590	\$907,045,950	\$1,026,450,026
4. Market Value of Assets*	\$650,522,656	\$809,091,787	\$703,252,537	\$699,645,873
5. Funded Position (4.) / (3.)	97.6%	97.4%	77.5%	68.2%
6. Excess of Actuarial Present Value of Accumulated Benefits over Assets (3.) - (4.)	\$15,848,084	\$21,533,803	\$203,793,413	\$326,804,153

\*Market Value of Assets is reported net of the reserve accounts.

As of September 30, 2003 the amount accumulated in the two accounts was \$4,422,747.

TABLE IV-B

## JACKSONVILLE POLICE AND FIRE PENSION FUND

Section IV: Funded Position and Key StatisticsActuarial Balance Sheet, Plan Ongoing Basis

<u>Current Resources and Expected Future Resources</u>		<u>Actuarial Present Value of Future Plan Payments</u>	
Current Resources		Current Actuarial Present Value - Vested Benefits	
Cash and Equivalents	\$30,901,094	Inactive Participants	\$828,239,240
Fixed Income	\$324,338,186	Active Participants	<u>\$181,960,625</u>
Equity Investments	\$478,175,308	Total Current Vested Actuarial Value	\$1,010,199,865
Real Estate	\$8,174,727		
Property, Plant & Equip.	\$182,030		
Accruals	\$4,335,013		
Less Liabilities	\$109,157,733		
Less Reserve Accounts	<u>\$4,422,747</u>		
Total Current Resources	\$732,525,878		
Expected Future Resources		Actuarial Present Values - Future Benefit Entitlements	
Unfunded Actuarial Accrued Liability	\$413,933,350	Accrued Nonvested Benefits	\$16,250,161
Actuarial Present Value of Future Normal Cost	<u>\$267,866,428</u>	Future Benefit Accruals for Current Active Participants	<u>\$387,875,630</u>
Total Future Resources	\$681,799,778	Total Future Actuarial Present Values	\$404,125,791
Total Current and Future Resources	\$1,414,325,656	Total Current and Future Actuarial Present Values	\$1,414,325,656

- Notes: (a) The actuarial bases for this balance sheet are assumptions stated in Table II-E.  
(b) Total Current Resources are taken at actuarial value. Liabilities shown are primarily DROP and RLA assets.  
(c) Vested amounts include employee contributions of \$59,039,814.

TABLE IV-C

## JACKSONVILLE POLICE AND FIRE PENSION FUND

Section IV: Funded Position and Key StatisticsKey Statistics

Class of Participant	Valuation Date				
	10/01/99	10/01/00	10/01/01	10/01/02	10/01/03
<b>Continuing Actives</b>					
(excluding DROP)	2,040	1,987	1,930	1,894	2,034
Pay Increase %	5.3%	5.7%	5.0%*	6.3%*	5.8%
<b>Active</b>					
Number	2,120	2,049	2,037	2,068	2,182
Average Age	37.8	37.9	38.0	37.8	38.0
Average Annual Pay	\$46,069	\$47,441	\$47,226	\$49,177	\$50,246
Average Service	10.9	10.9	10.7	10.2	10.2
<b>Retired</b>					
Number	932	938	950	993	1,030
Average Age	62.6	63.8	64.0	64.0	64.3
Average Annual Benefit	\$27,814	\$28,825	\$30,175	\$31,960	\$33,811
<b>Disabled</b>					
Number	77	76	73	69	68
Average Age	53.9	54.9	55.5	55.9	56.8
Average Annual Benefit	\$19,780	\$20,481	\$21,385	\$22,454	\$22,888
<b>Surviving Spouses</b>					
Number	331	340	349	353	358
Average Age	71.9	73.0	73.1	72.8	72.9
Average Annual Benefit	\$11,041	\$11,616	\$12,695	\$13,915	\$14,936
<b>Children</b>					
Number	27	24	35	34	34
Average Age	13.2	14.5	16.7	17.3	17.4
Average Annual Benefit	\$4,651	\$4,551	\$3,559	\$3,633	\$3,373
<b>Terminated Vested</b>					
Number	13	11	11	17	22
Average Age	43.7	42.6	41.6	42.6	41.8
Average Annual Benefit	\$10,673	\$9,164	\$12,647	\$12,759	\$13,720
<b>DROP</b>					
Number	317	408	465	509	482
Average Age	53.1	53.9	54.2	54.0	54.5
Average Annual Benefit	\$41,734	\$41,880	\$43,113	\$44,378	\$45,041

\* These values have been adjusted to reflect payroll increases granted retrospectively to 10/01/2001.



TABLE IV-D

## JACKSONVILLE POLICE AND FIRE PENSION FUND

Section IV: Funded Position and Key StatisticsReconciliation of Number of Participants by Status

	<u>Actives</u>	<u>Retirees</u>	<u>Vested Terminations</u>	<u>Disabilities</u>	<u>Surviving Spouses</u>	<u>Children</u>	<u>(Still Working) DROP 's</u>
Number on 07/01/01 Used for the 10/01/01 Valuation	2,037	950	11	73	349	35	465
New Entrants	155						
Returned to Work							
Transfers from General Plan	19						
Non-Vested/Refunded Terminations	(23)						
Vested Terminations	(7)		7				
Retirees	(11)	66	(1)				(54)
Disabilities	(1)			1			
Deaths with no Survivors		(3)		(1)	(22)		
Payments Stopped (Age 18 or Remarried)						(5)	
Deaths with Survivors	(1)	(20)		(4)			(2)
New Beneficiaries					26	4	
New DROP Retirees	(100)						100
Data Corrections							
Number on 07/01/02 Used for the 10/01/02 GASB	2,068	993	17	69	353	34	509

TABLE IV-D  
(Continued)

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section IV: Funded Position and Key Statistics

Reconciliation of Number of Participants by Status

	<u>Actives</u>	<u>Retirees</u>	<u>Vested Terminations</u>	<u>Disabilities</u>	<u>Surviving Spouses</u>	<u>Children</u>	<u>DROP</u>
Number on 07/01/02 Used for 10/01/02 GASB	2,068	993	17	69	353	34	509
New Entrants	163						
Went to Part-time	(3)						
Transfers from General Plan	12						
Transfers to General Plan	(3)						
Non-Vested/Refunded Terminations	(16)						
Vested Terminations	(6)		6				
Retirees	(4)	56	(1)				(51)
Disabilities							
Deaths with no Survivors		(3)			(20)		
Payments Stopped (Age 18 or Remarried)						(6)	
Deaths with Survivors	(1)	(16)		(2)			(4)
New Beneficiaries					23	3	
Former Beneficiaries/ Children Reinstated					1		
New DROP Retirees	(28)						28
Data Corrections				1	1	3	
Number on 07/01/03 Used for 10/01/03 Valuation	2,182	1,030	22	68	358	34	482

TABLE IV-E

## JACKSONVILLE POLICE AND FIRE PENSION FUND

Section IV: Funded Position and Key StatisticsActive Age and Service Distribution as of October 1, 2003

## ANNUAL EARNINGS BY AGE GROUPS (FIREFIGHTERS ONLY)

AGE GROUP	M A L E			F E M A L E			A L L		
	NUMBER OF PEOPLE	TOTAL ANNUAL EARNINGS	AVERAGE ANNUAL EARNINGS	NUMBER OF PEOPLE	TOTAL ANNUAL EARNINGS	AVERAGE ANNUAL EARNINGS	NUMBER OF PEOPLE	TOTAL ANNUAL EARNINGS	AVERAGE ANNUAL EARNINGS
0-19	0	0	0	0	0	0	0	0	0
20-24	15	495999	33067	1	30240	30240	16	526239	32890
25-29	82	2931213	35746	3	105215	35072	85	3036428	35723
30-34	166	7512452	45256	5	186113	37223	171	7698565	45021
35-39	226	11446482	50648	15	670331	44689	241	12116812	50277
40-44	167	8962983	53671	6	285944	47657	173	9248927	53462
45-49	110	6441576	58560	2	97779	48890	112	6539356	58387
50-54	35	2053455	58670	4	221666	55416	39	2275121	58336
55-59	12	653629	54469	0	0	0	12	653629	54469
60-64	0	0	0	0	0	0	0	0	0
65-69	0	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0	0
TOTAL	813	40497790	49813	36	1597287	44369	849	42095077	49582

## ANNUAL EARNINGS BY SERVICE GROUPS (FIREFIGHTERS ONLY)

SERVICE GROUP	M A L E			F E M A L E			A L L		
	NUMBER OF PEOPLE	TOTAL ANNUAL EARNINGS	AVERAGE ANNUAL EARNINGS	NUMBER OF PEOPLE	TOTAL ANNUAL EARNINGS	AVERAGE ANNUAL EARNINGS	NUMBER OF PEOPLE	TOTAL ANNUAL EARNINGS	AVERAGE ANNUAL EARNINGS
0	71	2192666	30883	4	123960	30990	75	2316626	30888
1	58	1979279	34125	4	134302	33576	62	2113581	34090
2	31	1135180	36619	4	139095	34774	35	1274275	36408
3	52	2097850	40343	2	78918	39459	54	2176768	40311
4	2	96515	48257	0	0	0	2	96515	48257
0-4	214	7501489	35054	14	476275	34020	228	7977765	34990
5-9	208	10443360	50208	8	394502	49313	216	10837861	50175
10-14	144	7896143	54834	10	503887	50389	154	8400030	54546
15-19	172	9869816	57383	3	159263	53088	175	10029079	57309
20-24	55	3475857	63197	1	63360	63360	56	3539217	63200
25-29	20	1311125	65556	0	0	0	20	1311125	65556
30-34	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0
40+	0	0	0	0	0	0	0	0	0
TOTAL	813	40497790	49813	36	1597287	44369	849	42095077	49582

TABLE IV-E  
(Continued)

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section IV: Funded Position and Key Statistics

Active Age and Service Distribution as of October 1, 2003

SERVICE GROUPS BY AGE GROUPS (FIREFIGHTERS ONLY)										
AGE GROUP	S E R V I C E G R O U P									TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
				M	A	L	E			
0-19	0	0	0	0	0	0	0	0	0	0
20-24	15	0	0	0	0	0	0	0	0	15
25-29	72	10	0	0	0	0	0	0	0	82
30-34	71	67	27	1	0	0	0	0	0	166
35-39	40	83	59	43	1	0	0	0	0	226
40-44	14	39	40	62	12	0	0	0	0	167
45-49	2	9	13	49	28	9	0	0	0	110
50-54	0	0	4	12	11	8	0	0	0	35
55-59	0	0	1	5	3	3	0	0	0	12
60-64	0	0	0	0	0	0	0	0	0	0
65-69	0	0	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0	0	0
TOTAL	214	208	144	172	55	20	0	0	0	813
				F	E	M	A	L	E	
0-19	0	0	0	0	0	0	0	0	0	0
20-24	1	0	0	0	0	0	0	0	0	1
25-29	2	1	0	0	0	0	0	0	0	3
30-34	3	2	0	0	0	0	0	0	0	5
35-39	6	3	5	1	0	0	0	0	0	15
40-44	2	2	1	0	1	0	0	0	0	6
45-49	0	0	2	0	0	0	0	0	0	2
50-54	0	0	2	2	0	0	0	0	0	4
55-59	0	0	0	0	0	0	0	0	0	0
60-64	0	0	0	0	0	0	0	0	0	0
65-69	0	0	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0	0	0
TOTAL	14	8	10	3	1	0	0	0	0	36

TABLE IV-E  
(Continued)

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section IV: Funded Position and Key Statistics

Active Age and Service Distribution as of October 1, 2003

ANNUAL EARNINGS BY AGE GROUPS (POLICE ONLY)

AGE GROUP	M A L E			F E M A L E			A L L		
	NUMBER OF PEOPLE	TOTAL ANNUAL EARNINGS	AVERAGE ANNUAL EARNINGS	NUMBER OF PEOPLE	TOTAL ANNUAL EARNINGS	AVERAGE ANNUAL EARNINGS	NUMBER OF PEOPLE	TOTAL ANNUAL EARNINGS	AVERAGE ANNUAL EARNINGS
0-19	0	0	0	0	0	0	0	0	0
20-24	8	269186	33648	5	171384	34277	13	440570	33890
25-29	103	4152401	40315	22	844698	38395	125	4997099	39977
30-34	304	14305174	47056	63	2890818	45886	367	17195992	46856
35-39	321	16471491	51313	59	2953011	50051	380	19424501	51117
40-44	227	12447490	54835	30	1564149	52138	257	14011639	54520
45-49	126	7495023	59484	7	409655	58522	133	7904678	59434
50-54	43	2762245	64238	1	49619	49619	44	2811864	63906
55-59	11	590779	53707	0	0	0	11	590779	53707
60-64	3	164349	54783	0	0	0	3	164349	54783
65-69	0	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0	0
TOTAL	1146	58658138	51185	187	8883334	47504	1333	67541471	50669

ANNUAL EARNINGS BY SERVICE GROUPS (POLICE ONLY)

SERVICE GROUP	M A L E			F E M A L E			A L L		
	NUMBER OF PEOPLE	TOTAL ANNUAL EARNINGS	AVERAGE ANNUAL EARNINGS	NUMBER OF PEOPLE	TOTAL ANNUAL EARNINGS	AVERAGE ANNUAL EARNINGS	NUMBER OF PEOPLE	TOTAL ANNUAL EARNINGS	AVERAGE ANNUAL EARNINGS
0	62	2045614	32994	13	424401	32646	75	2470015	32934
1	51	1861414	36498	10	357789	35779	61	2219203	36380
2	49	1907236	38923	11	409980	37271	60	2317216	38620
3	35	1435486	41014	13	530825	40833	48	1966311	40965
4	28	1192344	42584	2	84318	42159	30	1276662	42555
0-4	225	8442094	37520	49	1807313	36884	274	10249407	37407
5-9	373	18410353	49358	77	3737260	48536	450	22147613	49217
10-14	278	14859763	53452	39	1989756	51019	317	16849520	53153
15-19	162	9542493	58904	19	1137188	59852	181	10679681	59004
20-24	66	4270859	64710	3	211816	70605	69	4482675	64966
25-29	41	3071583	74917	0	0	0	41	3071583	74917
30-34	1	60992	60992	0	0	0	1	60992	60992
35-39	0	0	0	0	0	0	0	0	0
40+	0	0	0	0	0	0	0	0	0
TOTAL	1146	58658138	51185	187	8883334	47504	1333	67541471	50669

TABLE IV-E  
(Continued)

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section IV: Funded Position and Key Statistics

Active Age and Service Distribution as of October 1, 2003

AGE GROUP	SERVICE GROUPS BY AGE GROUPS (POLICE ONLY)									
	0-4	5-9	S E R V I C E			G R O U P				40+
			10-14	15-19	20-24	25-29	30-34	35-39		
				M	A	L	E			
0-19	0	0	0	0	0	0	0	0	0	0
20-24	8	0	0	0	0	0	0	0	0	8
25-29	70	33	0	0	0	0	0	0	0	103
30-34	80	167	56	1	0	0	0	0	0	304
35-39	43	116	117	44	1	0	0	0	0	321
40-44	19	37	71	65	31	4	0	0	0	227
45-49	3	14	24	32	30	22	1	0	0	126
50-54	1	4	8	12	3	15	0	0	0	43
55-59	1	2	0	7	1	0	0	0	0	11
60-64	0	0	2	1	0	0	0	0	0	3
65-69	0	0	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>225</b>	<b>373</b>	<b>278</b>	<b>162</b>	<b>66</b>	<b>41</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1146</b>
				F	E	M	A	L	E	
0-19	0	0	0	0	0	0	0	0	0	0
20-24	5	0	0	0	0	0	0	0	0	5
25-29	17	5	0	0	0	0	0	0	0	22
30-34	17	41	5	0	0	0	0	0	0	63
35-39	6	24	19	10	0	0	0	0	0	59
40-44	4	6	13	5	2	0	0	0	0	30
45-49	0	0	2	4	1	0	0	0	0	7
50-54	0	1	0	0	0	0	0	0	0	1
55-59	0	0	0	0	0	0	0	0	0	0
60-64	0	0	0	0	0	0	0	0	0	0
65-69	0	0	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>49</b>	<b>77</b>	<b>39</b>	<b>19</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>187</b>

TABLE IV-E  
(Continued)

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section IV: Funded Position and Key Statistics

Active Age and Service Distribution as of October 1, 2003

ANNUAL EARNINGS BY AGE GROUPS (ALL)

AGE GROUP	M A L E			F E M A L E			A L L		
	NUMBER OF PEOPLE	TOTAL ANNUAL EARNINGS	AVERAGE ANNUAL EARNINGS	NUMBER OF PEOPLE	TOTAL ANNUAL EARNINGS	AVERAGE ANNUAL EARNINGS	NUMBER OF PEOPLE	TOTAL ANNUAL EARNINGS	AVERAGE ANNUAL EARNINGS
0-19	0	0	0	0	0	0	0	0	0
20-24	23	765186	33269	6	201624	33604	29	966810	33338
25-29	185	7083614	38290	25	949912	37996	210	8033526	38255
30-34	470	21817627	46420	68	3076930	45249	538	24894557	46272
35-39	547	27917972	51038	74	3623341	48964	621	31541314	50791
40-44	394	21410473	54341	36	1850093	51391	430	23260566	54094
45-49	236	13936600	59053	9	507434	56382	245	14444034	58955
50-54	78	4815700	61740	5	271285	54257	83	5086985	61289
55-59	23	1244408	54105	0	0	0	23	1244408	54105
60-64	3	164349	54783	0	0	0	3	164349	54783
65-69	0	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0	0
TOTAL	1959	99155928	50616	223	10480620	46998	2182	109636548	50246

ANNUAL EARNINGS BY SERVICE GROUPS (ALL)

SERVICE GROUP	M A L E			F E M A L E			A L L		
	NUMBER OF PEOPLE	TOTAL ANNUAL EARNINGS	AVERAGE ANNUAL EARNINGS	NUMBER OF PEOPLE	TOTAL ANNUAL EARNINGS	AVERAGE ANNUAL EARNINGS	NUMBER OF PEOPLE	TOTAL ANNUAL EARNINGS	AVERAGE ANNUAL EARNINGS
0	133	4238280	31867	17	548361	32257	150	4786641	31911
1	109	3840693	35236	14	492091	35149	123	4332784	35226
2	80	3042416	38030	15	549075	36605	95	3591492	37805
3	87	3533336	40613	15	609743	40650	102	4143079	40618
4	30	1288858	42962	2	84318	42159	32	1373176	42912
0-4	439	15943583	36318	63	2283589	36247	502	18227172	36309
5-9	581	28853712	49662	85	4131762	48609	666	32985475	49528
10-14	422	22755906	53924	49	2493643	50891	471	25249549	53608
15-19	334	19412309	58121	22	1296451	58930	356	20708760	58171
20-24	121	7746717	64022	4	275176	68794	125	8021892	64175
25-29	61	4382709	71848	0	0	0	61	4382709	71848
30-34	1	60992	60992	0	0	0	1	60992	60992
35-39	0	0	0	0	0	0	0	0	0
40+	0	0	0	0	0	0	0	0	0
TOTAL	1959	99155928	50616	223	10480620	46998	2182	109636548	50246

TABLE IV-E  
(Continued)

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section IV: Funded Position and Key Statistics

Active Age and Service Distribution as of October 1, 2003

SERVICE GROUPS BY AGE GROUPS (ALL)											
AGE GROUP	S E R V I C E G R O U P										TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+		
				M	A	L	E				
0-19	0	0	0	0	0	0	0	0	0	0	0
20-24	23	0	0	0	0	0	0	0	0	0	23
25-29	142	43	0	0	0	0	0	0	0	0	185
30-34	151	234	83	2	0	0	0	0	0	0	470
35-39	83	199	176	87	2	0	0	0	0	0	547
40-44	33	76	111	127	43	4	0	0	0	0	394
45-49	5	23	37	81	58	31	1	0	0	0	236
50-54	1	4	12	24	14	23	0	0	0	0	78
55-59	1	2	1	12	4	3	0	0	0	0	23
60-64	0	0	2	1	0	0	0	0	0	0	3
65-69	0	0	0	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0	0	0	0
TOTAL	439	581	422	334	121	61	1	0	0	0	1959
				F	E	M	A	L	E		
0-19	0	0	0	0	0	0	0	0	0	0	0
20-24	6	0	0	0	0	0	0	0	0	0	6
25-29	19	6	0	0	0	0	0	0	0	0	25
30-34	20	43	5	0	0	0	0	0	0	0	68
35-39	12	27	24	11	0	0	0	0	0	0	74
40-44	6	8	14	5	3	0	0	0	0	0	36
45-49	0	0	4	4	1	0	0	0	0	0	9
50-54	0	1	2	2	0	0	0	0	0	0	5
55-59	0	0	0	0	0	0	0	0	0	0	0
60-64	0	0	0	0	0	0	0	0	0	0	0
65-69	0	0	0	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0	0	0	0
TOTAL	63	85	49	22	4	0	0	0	0	0	223



## JACKSONVILLE POLICE AND FIRE PENSION FUND

### Section V: Accounting for Pension Costs and Liabilities

Commencing after June 15, 1996, the reporting of pension plan information in the Plan's financial statements is governed by Governmental Accounting Standards Board Statement No. 25. Historical information required by this standard through September 30, 2003 is provided in this report.

The primary disclosures of actuarial information under GASB No. 25 are the Schedule of Funding Progress and the Schedule of Contributions. Asset information is displayed in the Statement of Plan Net Assets and the Statement of Changes in Plan Net Assets.

Commencing after June 15, 1997, the City's pension reporting in its financial statements is governed by GASB Statement No. 27.

Annual required contributions are determined in accordance with the parameters specified in GASB Statements No. 25 and No. 27.

GASB Statement No. 27 also requires measurement recognition, and displays standards for pension expenditures/expenses and related liabilities, assets, note disclosures, and if applicable, required supplementary information.

Information collected for this review and update consists of participant data as of July 1, 2003 (used for this September 30, 2003 reporting) and asset information as of September 30, 2003. The Plan Administrator provided the information.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Statement of Changes in Plan Net Assets  
as of September 30, 2002 and 2003

	<u>2003</u>	<u>2002</u>
<b><u>Additions</u></b>		
Contributions		
Employer	\$9,734,277	\$9,895,774
Employee	<u>\$8,597,200</u>	<u>\$8,114,909</u>
	\$18,331,477	\$18,010,683
Other Additions		
Chapter 175/185	\$5,855,417	\$5,221,986
Court fines and penalties	\$3,040,897	\$3,116,889
Miscellaneous	<u>\$30,567</u>	<u>\$155,674</u>
	\$8,926,881	\$8,494,549
Investment income		
Parking and rental revenue	\$705,852	\$687,894
Investment income & realized gains	\$32,476,728	\$7,938,783
Market valuation adjustment	<u>\$78,653,021</u>	( <u>\$52,254,127</u> )
	\$111,835,601	(\$43,627,450)
Less investment expense	\$3,265,680	\$3,458,198
Less parking and rental expense	<u>\$110,011</u>	<u>\$135,075</u>
Net investment income	\$108,459,910	(\$47,220,723)
Total additions	\$135,718,268	(\$20,715,491)
<b><u>Deductions</u></b>		
Benefits	\$69,639,999	\$64,958,496
Refund of contributions	\$232,852	\$424,129
Administrative expense	<u>\$1,402,522</u>	<u>\$1,937,333</u>
Total deductions	\$71,275,373	\$67,319,958
Net increase	\$64,442,895	(\$88,035,449)
Net assets held in trust for pension benefits		
Beginning of year	<u>\$639,625,725</u> *	<u>\$727,661,587</u>
End of year	<u>\$704,068,620</u>	<u>\$639,626,138</u>

\* adjustment of (\$413) per audit

JACKSONVILLE POLICE AND FIRE PENSION FUND

Statement of Plan Net Assets  
as of September 30, 2002 and 2003

	<u>2003</u>	<u>2002</u>
<b><u>Assets</u></b>		
Cash and short-term investments	\$29,522,398	\$30,975,082
Due from City of Jacksonville	\$273,847	\$204,173
Investments, at fair value		
Fixed Income Securities	\$309,867,379	\$317,234,612
Equities	\$456,840,841	\$357,079,433
Accrued Interest	\$3,309,666	\$4,378,746
Dividends receivable	\$558,087	\$466,934
Real Estate	\$7,810,000	\$7,250,000
Property, Plant and Equipment		
Furniture and equipment	\$512,648	\$486,464
Accumulated depreciation	(\$338,740)	(\$215,446)
Other receivables	<u>\$0</u>	<u>\$44,976</u>
Total assets	\$808,356,126	\$717,904,974
<b><u>Liabilities</u></b>		
Vouchers payable	\$0	\$44
Accounts payable	\$780,000	\$690,000
State sales tax payable	\$860	\$1,619
Accrued wages payable	\$2,548	\$1,804
Due to Individual DROP Accounts	\$95,882,864	\$70,342,034
Due to Individual Ret Leave Accounts	\$7,578,911	\$7,196,349
Current portion long term debt	\$12,697	\$27,813
Other long term liabilities	<u>\$29,626</u>	<u>\$19,173</u>
Total liabilities	\$104,287,506	\$78,278,836
<b>Net assets held in trust for pension benefits (A schedule of funding progress is presented on page 42.)</b>	<b><u>\$704,068,620</u></b>	<b><u>\$639,626,138</u></b> *

\* Later reduced due to adjustment of (\$413) per audit.

Notes to Financial Statements, Plan Year Ended September 30, 2003

1. Plan Description: The Jacksonville Police and Fire Pension Fund is a single-employer defined benefit pension plan that covers all employees of the Fire and Police Department of the City in the following categories: Plan 05, Plan 06, Plan 19 and Plan 41.

At September 30, 2003, membership consisted of:

	<u>Number</u>
Retirees currently receiving benefits	1,098
DROP participants	482
Beneficiaries currently receiving benefits	392
Terminated members entitled to but not yet receiving benefits	22
Active plan members	
Vested	1,680
Nonvested	<u>502</u>
Total	4,176

The Plan provides retirement, disability and death benefits to employees and their beneficiaries. A 3.0% annual cost of living increase is granted to pensioners and their beneficiaries.

2. Summary of Significant Accounting Policies: The Plan's financial statements are prepared using the accrual basis of accounting. Benefits payable under all circumstances - retirement, death, disability, and termination of employment - are included to the extent that they are deemed to have accrued as of September 30, 2003. Investments are reported at market value.

3. Contributions: Effective October 1, 2002, the City's contribution rate was to have increased from 8.75% to 9.25% of active members' salaries excluding DROP payroll. However, this was not the case, and the City Stabilization Account paid this 0.5% of active members' salaries. Effective October 1, 2003, the City contribution rate was increased to 18.55% of active members' salaries. The active members are currently contributing 7.00% of salaries and DROP members 2.00%. The remaining contribution is comprised of court fines, most State contributions and transfers from the City Budget Stabilization Account. Investment costs of the Plan are financed through investment earnings. Other administrative costs are included in the annual required contribution amount.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Schedule of Funding Progress

Plan Year Ending Sept. 30	Actuarial Value of Assets (a)	Accumulated Reserve Accounts (b)	Actuarial Accrued Liability (AAL) (c)	Unfunded AAL (UAAL) (c - a)	Funded Ratio (a / c)	Covered Valuation Payroll (d)	UAAL as a Percentage of Covered Payroll [(c - a) / d]
1994	\$447,140,437	\$36,763,074	\$499,566,015	\$52,425,578	89.51%	\$91,084,177	57.56%
1995	\$492,016,780	\$44,529,057	\$544,815,658	\$52,798,878	90.31%	\$98,332,464	53.69%
1996	\$541,269,261	\$50,774,538	\$720,653,981	\$179,384,720	75.11%	\$101,020,744	177.57%
1997	\$615,421,074	\$47,977,987	\$842,848,761	\$227,427,687	73.02%	\$106,111,490	214.33%
1998	\$675,414,204	\$36,851,865	\$902,034,674	\$226,620,470	74.88%	\$110,597,695	204.91%
1999	\$738,460,821	\$33,446,826	\$970,418,025	\$231,957,204	76.10%	\$97,666,003	237.50%
2000	\$814,889,039	\$29,003,489	\$939,801,566	\$124,912,527 <sup>1</sup>	86.71%	\$97,207,387	128.50%
2001 <sup>2</sup>	\$790,822,613	\$24,409,050	\$1,012,576,828	\$246,163,265	78.10%	\$96,198,772	255.89%
2002	\$725,416,325	\$12,264,500	\$977,779,454	\$252,363,129	74.19%	\$101,698,016	248.15%
2003	\$732,525,878	\$4,422,747 <sup>3</sup>	\$1,146,459,228	\$413,933,350	63.89%	\$109,636,548	377.55%

<sup>1</sup> Rederived as of 4/1/00.

<sup>2</sup> The values published for GASB in January, 2002 were later revised with the release of the October 1, 2001 Actuarial Report.

<sup>3</sup> These accounts were redefined by the Restated Agreement effective 4/1/00. As of 9/30/03, the value of the City Budget Stabilization Account was \$285,901 and the Enhanced Benefit Account was \$4,136,846. These amounts are not included in the Actuarial Value of Assets.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Schedule of Contributions From All Sources

<u>Plan Year Ending Sept. 30,</u>	<u>Annual Required Contribution</u>	<u>City Cash Contributions</u>	<u>Alloted from CBSA</u>	<u>Court Fines and Premium-Tax Refunds</u>	<u>Total Employer Contributions</u>	<u>Total Member Contributions</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
1994	\$14,505,200						100.00%	\$0
1995	\$15,552,123						100.00%	\$0
1996	\$15,365,896						100.00%	\$0
1997	\$28,909,883						100.00%	\$0
1998	\$34,618,066						100.00%	\$0
1999	\$30,002,143						100.00%	\$0
2000	\$32,145,813	\$9,186,257	\$8,144,202	\$6,830,057	\$24,160,516	\$7,985,297	100.00%	\$0
2001	\$26,874,610	\$9,058,080	\$3,169,774	\$6,880,972	\$19,108,826	\$7,765,784	100.00%	\$0
2002	\$35,584,692	\$9,895,774	\$10,389,200	\$7,184,809	\$27,469,783	\$8,114,909	100.00%	\$0
2003	\$36,310,748	\$9,734,277 *	\$10,881,681	\$7,426,358	\$28,042,316	\$8,268,432	100.00%	\$0

\* Effective 10/01/02, the City was to increase contributions from 8.75% to 9.25% of payroll. This did not happen and the CBSA was charged for the difference.

Additional Actuarial Information, Plan Year Ended September 30, 2003

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 follows.

Valuation date	10/01/03
Actuarial cost method	Entry Age Normal
Amortization method	Level percent open
Remaining amortization period	26.5 years
Asset valuation method	5 year smoothing from 04/01/00
Actuarial assumptions:	
Net investment rate of return*	8.50%
Projected salary increases*	5.00%
*Includes inflation at	3.50%
Cost-of-living adjustments	3.00%

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section VI: State of Florida Chapter 60T Information

- A. Participant Data See Section IV, Tables IV-C, IV-D, and IV-E.
- B. Assets See Section III, Table III-C.
- C. Liabilities

	<u>10/01/01</u>	<u>10/01/03</u>
1. Present Value of Future Benefits		
Actives		
Retirement Benefits	\$455,041,463	\$511,768,906
Withdrawal Benefits	5,260,169	5,071,465
Death Benefits	20,093,953	23,018,101
Disability Benefits	39,083,944	45,070,084
Return of Contributions	<u>984,146</u>	<u>1,157,084</u>
Total	\$520,463,675	\$586,086,416
Terminated Vested		
Retirees and Beneficiaries	1,475,099	3,022,313
Disableds	404,316,761	484,672,056
DROP Participants	<u>20,273,940</u>	<u>19,719,029</u>
	<u>297,991,947</u>	<u>320,825,842</u>
Total Present Value of		
Future Benefits	\$1,244,521,422	\$1,414,325,656
a. Development of Unfunded Actuarial Accrued Liability (UAAL)		
See Section II, Table II-C.		
b. Development of Minimum Required Amortization Payment.		
See Section II, Table II-C.		

- D. Actuarial Present Value of Accumulated Plan Benefits

See Section IV, Tables IV-A and Section V.



E. <u>Pension Cost</u>	<u>10/01/01</u>	<u>10/01/03</u>
Normal Actuarial Cost	\$19,296,010	\$22,026,003
Minimum Payment to Amortize UAAL	\$12,722,706	\$22,413,756
Expected Contributions From City		
Dollar Amount	\$8,417,393	\$28,720,971
% of Covered Payroll	8.75%	26.20%
Expected Contributions From Active Employees		
Dollar Amount	\$6,733,914	\$7,674,558
% of Covered Payroll	7.00%	7.00%
Expected Contributions From DROP Employees		
Dollar Amount	\$558,545	\$617,872
% of Covered Payroll	0.58%	0.56%
Expected Contributions from Other Sources*		
Dollar Amount	\$16,308,864	\$7,426,358
% of Covered Payroll	16.95%	6.77%

\* These sources include most Chapter 175/185 monies, court fines and penalties, and transfers from the CBSA. This dollar allocation is for approximately one year. Since the CBSA is used up, more cost shifts to the City budget.

F. Past Contributions

Expected contributions for the Plan Year ending September 30, 2003 - See Section VI-E.  
Actual contributions for the Plan Year ending September 30, 2002 - See Section III, Table III-A.

G. Net Actuarial Gain (Loss)

For period ending 09/30/03 N/A

H. <u>Present Value of</u>	<u>10/01/01</u>	<u>10/01/03</u>
Future Salaries	\$1,199,869,500	\$1,377,095,900
Future City Contributions	\$200,138,233	\$360,799,126
Future Active Employee Contributions	\$83,990,865	\$96,396,713
Future DROP Employee Contributions	\$6,959,243	\$7,711,737
Future Contributions from Other Sources	\$108,170,577	\$93,229,392

I. (i) Three Year Comparison of Actual and Assumed Salary Increases (Annualized)

<u>Plan Year Ending</u>	<u>Actual</u>	<u>Assumed</u>
09/30/01	5.0%	5.0%
09/30/02	6.3%	5.0%
09/30/03	5.8%	5.0%

(ii) Three Year Comparison of Investment Return (Market and Actuarial Values, Total Return Basis)

<u>Plan Year Ending</u>	<u>Actuarial Value</u>	<u>Market Value</u>	<u>Assumed</u>
09/30/01	1.19%	-6.72%	8.50%
09/30/02	-1.60%	-6.68%	8.50%
09/30/03	5.00%	16.28%	8.50%

(iii) Average Annual Growth in Valuation Payroll, last 4 Years (if applicable)

<u>Plan Year</u>	<u>Total Payroll</u>
1994/95	\$98,915,724
1995/96	\$101,644,294
1996/97	\$106,499,758
1997/98	\$110,876,073
1998/99	\$116,321,642
1999/00	\$121,621,473
2000/01	\$124,126,019
2001/02	\$133,640,931
2002/03	\$140,530,146
Total % Increase (over last 3 years)	15.55%
Annual % Increase (three year average)	4.93%

J. Benefits and Expenses of Plans not Explicitly or Implicitly Provided for in Valuation

None.

K. Trends Not Taken Into Account But Which Are Likely to Result in Future Cost Increases

None.

L. Statement by Enrolled Actuary

See Section II, Table II-A.

M. Age/Service Distribution of Active Employees

See Section IV, Table IV-E.

N. Derivation of Costs on Current Plan and Current Assumptions

See Section II, Table II-B.