

PENSION BOARD CONSULTANTS, INC.
CONSULTING, ACTUARIAL & ADMINISTRATIVE SERVICES

JARMON WELCH, A.S.A.
PRESIDENT

195 FOURTEENTH ST. NE
SUITE 2307
ATLANTA, GEORGIA 30309
404 892-9798
FAX: 404 892-9794

January 10, 2007

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, 2006

Ladies and Gentlemen:

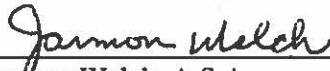
We are pleased to forward our report on the 2006 Actuarial Valuation of the Jacksonville Police and Fire Pension Fund. The recommended contribution level covers the three Plan Years beginning October 1, 2007.

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.

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, A.S.A.
PENSION BOARD CONSULTANTS, INC.

Date

05 - 1108
Enrollment Number

JACKSONVILLE POLICE AND FIRE PENSION FUND

Actuarial Report for the Plan Year Beginning October 1, 2006

Table of Contents

	<u>Page</u>
I. <u>Summary and Cost Analysis</u>	
Content of this Report	1
Background	1
Minimum Required Contribution	1
Accumulation of Funds in Reserve Accounts	2
Minimum Required Contributions for the Four Plan Years Commencing October 1, 2006	2
Projection of Annual Required Contribution and Contribution Percentages	3
Reconciliation with 2003 Minimum Required Contribution	4
II. <u>Statement of Actuarial Position as of October 1, 2006</u>	
Introduction	6
Derivation of Minimum Required Contribution Levels	7
Development of Unfunded Actuarial Accrued Liability	8
Minimum Required Amortization	8
Actuarial Methods	9
Actuarial Assumptions	10
Plan Outline	11
III. <u>Valuation of Assets</u>	
Introduction	14
Summary of Cash Flow 10/01/03 to 09/30/06	15
Calculation of Investment Performance	18
Asset Distribution as of 9/30/06	21
Reconciliation of Accounts	22

JACKSONVILLE POLICE AND FIRE PENSION FUND

Actuarial Report for the Plan Year Beginning October 1, 2006

Table of Contents

	<u>Page</u>
IV. <u>Funded Position and Key Statistics</u>	
Introduction	27
Present Value of Accumulated Benefits Based on Current Pay (FASB 35)	28
Key Statistics	29
Reconciliation of Number of Participants by Status	30
Active Age and Service Distribution as of October 1, 2006	33
V. <u>Accounting for Pension Costs and Liabilities</u>	39
VI. <u>State of Florida Chapter 60T Information</u>	46

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 2006 results with the 2003 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 the investment performance.

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 every several 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, 2003. The current review has been performed as of October 1, 2006. The valuation results were based on participant data as of July 1, 2006 provided by the City. Fund assets as of September 30, 2006, including \$12,177,690 accumulated in the two reserve accounts, were reported by the Plan Administrator. The Plan Administrator reported the ordinance in effect on October 1, 2006.

Minimum Required Contribution

This valuation calls for a 44.39% 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>As a Percentage of Covered Payroll</u>
Active Members	7.00%
DROP Members	0.23%
Expected Court Fines and Penalties	1.05%
State Chapter Funds Allocation	<u>4.00%</u>
TOTAL (non City)	12.28%

It should be noted State laws make the City responsible for funding any contribution shortfall. The current contribution rate of 28.97% of covered payroll by the City, in addition to amounts available in the City Budget Stabilization Account may be sufficient to fund the benefits and meet the State's requirements for the current year. However, the City should increase its contribution percentage by 3.14% (44.39%-12.28%-28.97%) for the fiscal year beginning October 1, 2007.

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, 2006 was \$12,177,690.

Minimum Required Contributions for the Four Plan Years Commencing October 1, 2006

These are derived, in detail, on the following TABLE I.

Effective for fiscal year end September 30, 2005, we have revised the cost projection method from a fixed percentage to a fixed dollar method identical to the one used by the General Employees Pension Plan. This change was primarily to reflect the impact of the large number of DROP retirees and the related large increase in new hire payroll.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section I: Summary and Cost Analysis

Projection of Annual Required Contribution and Contribution Percentages

Valuation Date	Covered Valuation Payroll	Application Year Beginning	Annual Required Contribution (ARC)	Contributions as a Percentage of Participating Payroll				Balance Due From Fines and CBSA**
				Total	Employees*	Chapter	City*	
10/01/2003	\$109,636,548	10/01/2004	\$50,727,035 ¹	42.30%	7.00%	4.00%	18.55%	12.75%
		10/01/2005	\$53,263,387 ²	42.30%	7.00%	4.00%	26.20%	5.10%
		10/01/2006	\$55,926,556 ³	42.30%	7.00%	4.00%	28.97%	2.33%
10/01/2006	\$134,694,392	10/01/2007	\$65,389,407 ⁴	44.39%	7.00%	4.00%	28.97%	4.42%
		10/01/2008	\$68,658,877 ⁵	44.39%	7.00%	4.00%	28.97%	4.42%
		10/01/2009	\$72,091,821 ⁶	44.39%	7.00%	4.00%	28.97%	4.42%

Notes:

* Employee and City contributions are based on pay during the year, not on covered valuation payroll as is the annual required contribution.

Hence, the balance due column contains an adjustment for this.

** Includes DROP contributions.

1. = $\$109,636,548 * (0.423) * 1.05 * [(1.085^{(0.5)})]$
(difference due to rounding)

2. = $(1) * 1.05$

3. = $(1) * 1.05^2$

4. = $\$134,694,392 * (0.4439) * 1.05 * [(1.085^{(0.5)})]$
(difference due to rounding)

5. = $(4) * 1.05$

6. = $(4) * 1.05^2$

Reconciliation with 2003 Minimum Required Contribution

The following table compares the key employment and payroll statistics and the minimum required City contributions from the October 1, 2003 and October 1, 2006 actuarial valuations.

Comparison of Key Statistics and Minimum Required City Contributions			
Valuation Date	<u>October 1, 2003</u>	<u>October 1, 2006</u>	<u>Percent Change</u>
Key Statistics			
Number of Active Participants (excluding DROP)	2,182	2,509	15.0%
Total Covered Valuation Payroll (no DROP)	\$109,636,548	\$134,694,392	22.9%
DROP Payroll	\$30,893,598	\$15,644,085	(49.4%)
Average Annual Pay	\$50,246	\$53,709	6.9%
Average Age	38.0	38.3	0.3 years
Minimum City Contribution(Beginning of Year)			
Dollar Amount	\$28,720,971	\$43,244,774	50.6%
Percent of Covered Valuation Payroll	26.20%	32.11%	5.91%
Net Market Value of Assets*	\$699,645,873	\$827,337,661	18.25%
Unfunded Actuarial Accrued Liability	\$413,933,350	\$549,321,127	32.7%

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

Our 2003 actuarial report required a minimum contribution of 40.53% of payroll. This minimum required contribution has increased 3.86% (i.e., 44.39% - 40.53%) from October 1, 2003 to October 1, 2006 primarily due to the interaction of the following factors:

1. Based on actuarial value, the fund yielded 5.4% for the plan year ending September 30, 2004, 7.6% for the plan year ending September 30, 2005, and near our assumption for the plan year ending September 30, 2006 (after reflection of change in method). This is less than the assumed investment return of 8.5% per year. Over the three-year period, this increased costs approximately 0.8% of covered payroll.
2. An amendment was passed to improve the health supplement. This increased costs 1.77% of covered payroll.
3. An increase in costs of approximately 1.29% 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, 2006

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 2007 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, 2006, asset information as of September 30, 2006 and on the terms of the Plan as of October 1, 2006. 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, 2006. Costs are applicable to the year beginning October 1, 2007.

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, 2006Derivation of Minimum Required Contribution Levels

1. Present Value of Future Benefits	
a. Active Participants	
(i) Retirement	\$641,092,248
(ii) Death	\$28,800,212
(iii) Disability	\$56,836,749
(iv) Withdrawal	\$6,488,308
(v) Return of Contributions	<u>\$1,529,233</u>
(vi) Total	\$734,746,750
b. Inactive Participants	
(i) Retirees and Beneficiaries	\$778,426,066
(ii) Disableds	\$21,444,758
(iii) Terminated Vested	\$5,867,094
(iv) DROP Participants	<u>\$167,814,598</u>
(iv) Total	\$973,552,516
c. Total (a. + b.)	\$1,708,299,266
2. Actuarial Value of Assets	
a. Gross Actuarial Value	\$839,515,351
b. Reserve Accounts	\$12,177,690
c. Net Actuarial Value (a. - b.)	\$827,337,661
3. Unfunded Actuarial Accrued Liability	\$549,321,127
4. Present Value of Future Normal Costs	\$331,640,478
5. Ratio of Present Value of Future Salaries to Current Salaries	
a. 1% of PV of Future Salaries	\$16,634,608
b. Covered Payroll (no DROP)	\$134,694,392
c. Ratio (a. / b.)	12.349889
d. DROP Payroll	\$15,644,085
6. Normal Actuarial Cost	
a. Dollar Amount (4. / 5.c.)	\$26,853,721
b. As % of Covered Payroll	19.94%
c. Normal Cost with Expense Load	\$27,553,721
d. As % of Covered Payroll	20.46%
7. Total Cost for the Year	
a. UAAL Amortization Payment	\$32,232,793
b. Total Cost (6.c. + 7.a.)	\$59,786,514
c. As % of Covered Payroll	44.39%

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section II: Statement of Actuarial Position as of October 1, 2006

A. Development of Unfunded Actuarial Accrued Liability

Fresh Start

1. Entry Age Normal Actuarial Accrued Liability on 10/01/06	\$1,376,658,788
2. Net Actuarial Value of Assets	\$827,337,661
3. Unfunded Actuarial Accrued Liability on 10/01/06 (1. - 2.)	\$549,321,127

B. Minimum Required Amortization

<u>UAAL as of 10/01/06</u>	<u>Remaining Period</u>	<u>Minimum Required Amortization Amount</u>
\$549,321,127	23.5 years	\$32,232,793

NOTE: The UAAL is being amortized at 8.50% as a constant percentage of total payroll which is assumed to increase 5.25% per year. Thus the UAAL payment is assumed to increase 5.25% per year.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section II: Statement of Actuarial Position as of October 1, 2006Actuarial 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 actuarial value of assets has been set at the market value.

Changes Since the October 1, 2006 Valuation:

The asset valuation method was changed from a five year smoothing method to the market value of assets.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section II: Statement of Actuarial Position as of October 1, 2006Actuarial 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: No refunds are assumed. 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: No recoveries are assumed. 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, 2006Plan 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-E
(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 contributed 18.55% of budgeted earnings prior to October 1, 2005, 26.2% for Fiscal Year Ending September 30, 2006 and is currently contributing 28.97%. The Fund also receives proceeds from the Chapter monies. The City covers any shortfall.

Cost of Living
Increases:

Annual increases in the Retirement Benefit of 3% per year.

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-E
(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.

Changes Since the October 1, 2003 Valuation:

The Health Subsidy was improved from \$3 per month to \$5 per month for each year of Credited Service with a minimum of \$25 per month and a maximum of \$150 per month. This benefit is now paid along with any applicable COLA.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: Valuation of Assets

Introduction

This section summarizes the Pension Fund cash flow for the period 10/01/03 to 09/30/06, the distribution of the assets of the Fund as of September 30, 2006, the investment performance for the period 10/01/03 to 09/30/06, and the derivation of the combined account as of September 30, 2006.

- TABLE III-A Summary of Cash Flow
- TABLE III-B Calculation of Investment Performance
- TABLE III-C Asset Distribution as of 9/30/06
- TABLE III-D Reconciliation of Accounts

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: Valuation of AssetsSummary of Cash Flow 10/01/03 to 09/30/04

Market Value of Fund, BOY	\$704,068,620
<u>Receipts During Year</u>	
Contributions:	
Employee ¹	\$9,910,678
City	<u>\$22,097,656</u>
	\$32,008,334
Other Additions:	
Chapter 175/185	\$6,654,638
Court Fines and Penalties	\$2,913,999
Miscellaneous	<u>\$45,952</u>
	\$9,614,589
Investment Income, Realized and Unrealized Gains	\$76,226,381
Parking and Rental Revenue	<u>\$690,871</u>
Total Receipts	\$118,540,175
<u>Disbursements During Year</u>	
Benefit Payments	\$51,414,403
Refunds	\$416,151
DROP Payments and RLA Interest Expenses ²	\$26,426,507
Money Manager Fees	\$3,486,322
Other Administrative Expenses	\$1,340,817
Parking and Rental Expenses	<u>\$151,416</u>
Total Disbursements	\$83,235,616
Market Value of Fund, EOY	\$739,373,179

¹ Includes \$1,136,175 in buybacks and \$509,310 in DROP contributions.

² 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 AssetsSummary of Cash Flow 10/01/04 to 09/30/05

Market Value of Fund, BOY	\$739,373,179
<u>Receipts During Year</u>	
Contributions:	
Employee ¹	\$10,539,230
City	<u>\$25,850,929</u>
	\$36,390,159
Other Additions:	
Chapter 175/185	\$7,186,521
Court Fines and Penalties	\$1,324,890
Other Governments	\$4,025,000
Miscellaneous	<u>\$55,067</u>
	\$12,591,478
Investment Income, Realized and Unrealized Gains	\$94,618,835
Parking and Rental Revenue	<u>\$809,294</u>
Total Receipts	\$144,409,766
<u>Disbursements During Year</u>	
Benefit Payments	\$59,032,642
Refunds	\$179,982
DROP Payments and RLA Interest Expenses ²	\$23,333,628
Money Manager Fees	\$3,670,575
Other Administrative Expenses	\$1,550,460
Parking and Rental Expenses	<u>\$648,207</u>
Total Disbursements	\$88,415,494
Market Value of Fund, EOY	\$795,367,451

¹ Includes \$957,006 in buybacks and \$398,192 in DROP contributions.

² Includes payments to DROP accounts, 8.4% interest on DROP account balances

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: Valuation of AssetsSummary of Cash Flow 10/01/05 to 09/30/06

Market Value of Fund, BOY from last reporting	\$795,367,451
Prior period adjustment	<u>\$6,339</u>
Market Value of Fund, BOY adjusted	\$795,373,790
 <u>Receipts During Year</u>	
Contributions:	
Employee ¹	\$10,829,637
City ²	<u>\$37,262,390</u>
	\$48,092,027
Other Additions:	
Chapter 175/185	\$7,673,592
Court Fines and Penalties	\$1,412,475
Other Governments	\$4,050,000
Miscellaneous	<u>\$42,825</u>
	\$13,178,892
Investment Income, Realized and Unrealized Gains	\$77,726,878
Parking and Rental Revenue	<u>\$870,882</u>
Total Receipts	\$139,868,679
 <u>Disbursements During Year</u>	
Benefit Payments	\$65,317,769
Refunds	\$129,117
DROP Payments and RLA Interest Expenses ³	\$23,785,101
Money Manager Fees	\$4,294,070
Other Administrative Expenses	\$1,979,486
Parking and Rental Expenses	<u>\$221,575</u>
Total Disbursements	\$95,727,118
Market Value of Fund, EOY	\$839,515,351

¹ Includes \$1,184,087 in buybacks and \$374,774 in DROP contributions.

² Includes \$2,550,400 in employer matching buybacks.

³ 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 Assets
Calculation of Investment Performance

The average dollar weighted investment performance of the Fund was calculated for the period 10/01/03 to 09/30/04 based on Market Value and Actuarial Value.

	<u>Market Value</u>	<u>Actuarial Value</u>
(1) Asset Value, BOY	\$704,068,620	\$736,948,625
(2) Asset Value, EOY	\$739,373,179	\$746,914,785
(3) Contributions from all Sources	\$41,622,923	\$41,622,923
(4) Benefit Payments and Expenses ¹	\$70,651,706	\$70,651,706
(5) Income, Including Realized and Unrealized Gains (2) - (1) - (3) + (4)	\$64,333,342	\$38,994,943
(6) Yield for Period 2 x (5) / ((1) + (2) - (5))	9.33%	5.40%

¹ Net of money manager fees of \$3,486,322, parking and rental expenses of \$151,416. Interest earned on RLA and DROP Liability Accounts (\$8,946,172 for PYE 09/30/04) is also deducted prior to computing the yield.

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 10/01/04 to 09/30/05 based on Market Value and Actuarial Value.

	<u>Market Value</u>	<u>Actuarial Value</u>
(1) Asset Value, BOY	\$739,373,179	\$746,914,785
(2) Asset Value, EOY	\$795,367,451	\$777,789,830
(3) Contributions from all Sources	\$48,981,637	\$48,981,637
(4) Benefit Payments and Expenses ¹	\$74,046,857	\$74,046,857
(5) Income, Including Realized and Unrealized Gains (2) - (1) - (3) + (4)	\$81,059,492	\$55,940,265
(6) Yield for Period 2 x (5) / ((1) + (2) - (5))	11.15%	7.62%

¹ Net of money manager fees of \$3,670,575, parking and rental expenses of \$648,207. Interest earned on RLA and DROP Liability Accounts (\$10,049,855 for PYE 09/30/05) is also deducted prior to computing the yield.

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 10/01/05 to 09/30/06 based on Market Value.

	<u>Market Value</u>
(1) Asset Value, BOY adjusted	\$795,373,790
(2) Asset Value, EOY	\$839,515,351
(3) Contributions from all Sources	\$61,270,919
(4) Benefit Payments and Expenses ¹	\$80,198,093
(5) Income, Including Realized and Unrealized Gains	\$63,068,735
(2) - (1) - (3) + (4)	
(6) Yield for Period	8.02%
$2 \times (5) / ((1) + (2) - (5))$	

¹ Net of money manager fees of \$4,294,070, parking and rental expenses of \$221,575. Interest earned on RLA and DROP Liability Accounts (\$11,013,380 for PYE 09/30/06) is also deducted prior to computing the yield.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: Valuation of AssetsAsset Distribution as of 09/30/06

<u>Type of Security</u>	<u>Market Value</u>	<u>% of Net Assets</u>
Fixed Income	\$299,251,375	35.7%
Equities	\$575,985,798	68.6%
Cash and Equivalents	\$6,654,599	0.8%
Real Estate	\$89,297,312	10.6%
Accruals		
From City of Jacksonville	\$3,082,130	
Interest	\$2,762,033	
Dividends	\$670,563	
Other	<u>\$314</u>	<u>0.8%</u>
Total Cash and Investments	\$977,704,124	116.5%
Property, Plant and Equipment		
Furniture and equipment	\$571,502	
Accumulated depreciation	<u>(\$484,648)</u>	<0.1%
Total Assets	\$977,790,978	
Total Liabilities	<u>\$138,275,627</u>	<u>(16.5%)</u>
Net assets held for benefits	\$839,515,351	100.0%
Amount Accumulated in Reserve Accounts	\$12,177,690	
Net assets used for costing	\$827,337,661	

NOTES:

- (1) The "Market Value" of the assets was reported by the City.
- (2) Total Liabilities refers primarily to DROP and RLA assets.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: Valuation of AssetsReconciliation of Accounts October 1, 2003 through September 30, 2006A. Enhanced Benefit Account (EBA)

Account Value, 10/01/03	\$4,136,846
Additions	
Chapter Funds Allocation (received 8/31/04) (0.41% * \$118,510,432)	\$485,893
Uncommitted Chapter Funds (received 8/31/04) (residual > 4.41% * \$118,510,432)	\$1,428,328
Interest (9.33% per annum) ¹	<u>\$400,054</u>
Total Additions	\$2,314,275
Subtractions	
Bi-ennial COLA (paid 12/19/03)	\$648,135
Interest ²	<u>\$46,922</u>
Total Subtractions	\$695,057
Account Value, 09/30/04	\$5,756,064
Additions	
Chapter Funds Allocation (received 8/23/05) (0.41% * \$130,392,283)	\$534,608
Uncommitted Chapter Funds (received 8/23/05) (residual > 4.41% * \$130,392,283)	\$1,436,222
Interest (11.15% per annum) ³	<u>\$663,611</u>
Total Additions	\$2,634,441
Account Value, 09/30/05	\$8,390,505

Notes

- Market rate of return from 10/01/03 to 09/30/04.
 $(0.0933 * \$4,136,846) + [(1 + 0.0933)^{(30/365)} - 1] * (\$485,893 + \$1,428,328)$
- Market rate of return from 10/01/03 to 09/30/04.
 $[(1 + 0.0933)^{(286/365)} - 1] * (\$648,135)$
- Market rate of return from 10/01/04 to 09/30/05.
 $(0.1115 * \$5,756,064) + [(1 + 0.1115)^{(38/365)} - 1] * (\$534,608 + \$1,436,222)$

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: Valuation of Assets

Reconciliation of Accounts October 1, 2003 through September 30, 2006

A. Enhanced Benefit Account (EBA)

Account Value, 10/01/05	\$8,390,505
Additions	
Chapter Funds Allocation (received 8/16/06) (0.41% * \$134,694,392)	\$552,247
Uncommitted Chapter Funds (received 8/16/06) (residual > 4.41% * \$134,694,392)	\$1,733,569
Interest (8.02% per annum) ¹	<u>\$694,763</u>
Total Additions	\$2,980,579
Subtractions	
Annual Retiree Bonus (paid 12/2/05)	\$1,315,757
Interest ²	<u>\$86,724</u>
Total Subtractions	\$1,402,481
Account Value, 09/30/06	\$9,968,603

Notes

1. Market rate of return from 10/01/05 to 09/30/06.
 $(0.0802 * \$8,390,505) + [(1 + 0.0802)^{(45/365)} - 1] * (\$552,247 + \$1,733,569)$
2. Market rate of return from 10/01/05 to 09/30/06.
 $[(1 + 0.0802)^{(302/365)} - 1] * (\$1,315,757)$

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: Valuation of Assets

Reconciliation of Accounts October 1, 2003 through September 30, 2006

B. City Budget Stabilization Account (CBSA)

Account Value, 10/01/03	\$285,901
Additions	
Interest (9.33% per annum) ¹	\$26,675
Transfer from Base Benefit Fund as of 9/30/04 ²	<u>\$13,691,554</u>
Total Additions	\$13,718,229
Subtractions	
Payment to Base Benefits Fund as of 9/30/04 ³	<u>\$800,510</u>
Total Subtractions	\$800,510
Account Value, 09/30/04	\$13,203,620
Additions	
Contributions ⁴	\$36,758,043
Chapter Funds deposit (8/23/05)	\$7,186,521
Interest (11.15% per annum) ⁵	<u>\$3,546,848</u>
Total Additions	\$47,491,412
Subtractions	
Required Payment for FYE 9/30/05	\$50,727,035
Transfer of Chapter Funds to EBA on 8/23/05 ⁶	\$1,970,830
Payment for retroactive piece of health amendment as of 9/30/05 ⁷	\$1,002,564
Interest (11.15% per annum) ⁸	<u>\$2,775,121</u>
Total Subtractions	\$56,475,550
Account Value, 09/30/05	\$4,219,482

Notes

1. Market rate of return from 10/01/03 to 09/30/04.
[(0.0933)*\$285,901]
2. Transfer from Base Benefit Fund to recognize one-year delay in valuation results.
3. $((1.085)^{(0.5)} * \$768,514)$
4. From City, Members and Court Fines.
(\$25,850,929+\$9,184,032+\$398,192+\$1,324,890)
5. Market rate of return from 10/01/04 to 09/30/05.
[(0.1115)*\$13,203,620]+[(1+0.1115)^(0.5)-1]*\$36,758,043
+[(1+0.1115)^(38/365)-1]*\$7,186,521
6. (0.41%*\$130,392,284)+(residual > 4.41%*\$130,392,284)
7. State required payment of retroactive portion (for plan year 10/1/03-9/40/04) of Ordinance 2003-1338.
8. $[(1+0.1115)^{(0.5)}-1]*\$50,727,035]+[(1+0.1115)^{(38/365)}-1]*(\$534,608+\$1,436,222)$

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: Valuation of Assets

Reconciliation of Accounts October 1, 2003 through September 30, 2006

B. City Budget Stabilization Account (CBSA)

Account Value, 10/01/05	\$4,219,482
Additions	
Contributions ¹	\$45,770,015
Chapter Funds deposit (8/16/06)	\$7,673,592
Interest (8.02% per annum) ²	<u>\$2,211,719</u>
Total Additions	\$55,655,326
Subtractions	
Required Payment for FYE 9/30/06	\$53,263,387
Transfer of Chapter Funds to EBA on 8/16/06 ³	\$2,285,816
Interest (8.02% per annum) ⁴	<u>\$2,116,518</u>
Total Subtractions	\$57,665,721
Account Value, 09/30/06	\$2,209,087

Notes

1. From City, Members and Court Fines. (No employee or employer buybacks included.)
(\$34,711,990+\$9,645,550+\$1,412,475)
2. Market rate of return from 10/01/05 to 09/30/06.
 $[(0.0802)*\$4,219,482]+[(1+0.0802)^{(0.5)}-1]*\$45,770,015$
 $+[(1+0.0802)^{(45/365)}-1]*\$7,673,592$
3. $(0.41\%*\$134,694,392)+(\text{residual} > 4.41\%*\$134,694,392)$
4. $[(1+0.0802)^{(0.5)}-1]*\$53,263,387]+[(1+0.0802)^{(45/365)}-1]*(\$552,247+\$1,733,569)$

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: Valuation of Assets

Reconciliation of Accounts October 1, 2003 through September 30, 2006

C. Base Benefits Fund (BBF)

Actuarial Value of Assets, 09/30/04	\$746,914,785
Enhanced Benefit Account	\$5,756,064
City Budget Stabilization Account	<u>\$13,203,620</u>
Total Accounts	\$18,959,684
Account Value, 09/30/04	\$727,955,101
Actuarial Value of Assets, 09/30/05	\$777,789,830
Enhanced Benefit Account	\$8,390,505
City Budget Stabilization Account	<u>\$4,219,482</u>
Total Accounts	\$12,609,987
Account Value, 09/30/05	\$765,179,843
Actuarial Value of Assets, 09/30/06	\$839,515,351
Enhanced Benefit Account	\$9,968,603
City Budget Stabilization Account	<u>\$2,209,087</u>
Total Accounts	\$12,177,690
Account Value, 09/30/06	\$827,337,661

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.

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 Pay

TABLE IV-B Key Statistics

TABLE IV-C Reconciliation of Number of Participants by Status

TABLE IV-D Active Age and Service Distribution as of October 1, 2006

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)

	04/01/00	10/01/01	10/01/03	10/01/06
1. Actuarial Present Value of Benefits for Inactive Members	\$646,274,455	\$724,057,747	\$828,239,240	\$973,552,516
2. Actuarial Present Value of Accumulated Benefits of Active Members (Based on Current Pay)	\$184,351,135	\$182,988,203	\$198,210,786	\$258,153,228
3. Total Actuarial Present Value of Accumulated Benefits (1.) + (2.)	\$830,625,590	\$907,045,950	\$1,026,450,026	\$1,231,705,744
4. Market Value of Assets*	\$809,091,787	\$703,252,537	\$699,645,873	\$827,337,661
5. Funded Position (4.) / (3.)	97.4%	77.5%	68.2%	67.2%
6. Excess of Actuarial Present Value of Accumulated Benefits over Assets (3.) - (4.)	\$21,533,803	\$203,793,413	\$326,804,153	\$404,368,083

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

As of September 30, 2006 the amount accumulated in the two accounts was \$12,177,690.

TABLE IV-B

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section IV: Funded Position and Key StatisticsKey Statistics

Class of Participant	Valuation Date				
	10/01/02	10/01/03	10/01/04	10/01/05	10/01/06
Continuing Actives					
(excluding DROP)	1,894	2,034	2,094	2,258	2,384
Pay Increase %	6.3%*	5.8%	6.0%	9.1%	5.2%
Active					
Number	2,068	2,182	2,347	2,450	2,509
Average Age	37.8	38.0	37.9	38.0	38.3
Average Annual Pay	\$49,177	\$50,246	\$50,494	\$53,221	\$53,709
Average Service	10.2	10.2	9.9	9.9	10.1
Retired					
Number	993	1,030	1,215	1,288	1,376
Average Age	64.0	64.3	63.7	63.9	63.9
Average Annual Benefit	\$31,960	\$33,811	\$37,434	\$40,796	\$42,718
Disabled					
Number	69	68	67	67	66
Average Age	55.9	56.8	57.2	57.9	58.1
Average Annual Benefit	\$22,454	\$22,888	\$23,708	\$25,643	\$26,714
Surviving Spouses					
Number	353	358	359	353	345
Average Age	72.8	72.9	72.8	73.4	73.0
Average Annual Benefit	\$13,905	\$14,936	\$15,935	\$17,886	\$19,331
Children					
Number	34	34	29	22	23
Average Age	17.3	17.4	16.8	15.8	15.6
Average Annual Benefit	\$3,633	\$3,373	\$3,673	\$3,601	\$3,662
Terminated Vested					
Number	17	22	29	35	37
Average Age	42.6	41.8	41.5	41.4	42.0
Average Annual Benefit	\$12,759	\$13,720	\$15,089	\$15,516	\$15,067
DROP					
Number	509	482	320	281	221
Average Age	54.0	54.5	52.7	52.5	51.9
Average Annual Benefit	\$44,378	\$45,041	\$44,824	\$46,645	\$48,959

* This value has been adjusted to reflect payroll increases granted retrospectively to 10/01/2001.

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>DROP</u>
Number on 07/01/03 Used for 10/01/03 Valuation	2,182	1,030	22	68	358	34	482
New Entrants	245						
Rescinded DROP	3						(3)
Went to Part-time	(2)						
Transfers from General Plan	5						
Transfers to General Plan							
Non-Vested/Refunded Terminations	(19)						
Vested Terminations	(7)		7				
Retirees	(2)	215					(213)
Disabilities	(1)			1			
Deaths with no Survivors		(9)	(1)	(2)	(23)		
Payments Stopped (Age 18 or Remarried)						(7)	
Deaths with Survivors	(2)	(21)					
New Beneficiaries					23	2	
Former Beneficiaries/ Children Reinstated					1		
New DROP Retirees	(54)						54
Data Corrections	(1)		1				
Number on 07/01/04 Used for 10/01/04 Reporting	2,347	1,215	29	67	359	29	320

TABLE IV-C
(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 07/01/04 Used for 10/01/04 Reporting	2,347	1,215	29	67	359	29	320
New Entrants	192						
Rescinded DROP							
Went to Part-time							
Transfers from General Plan							
Transfers to General Plan							
Non-Vested/Refunded Terminations	(18)						
Vested Terminations	(7)		7				
Retirees	(1)	89	(2)				(86)
Disabilities	(1)			1			
Deaths with no Survivors		(7)			(20)		(1)
Payments Stopped (Age 18 or Remarried)						(10)	
Deaths with Survivors		(9)		(1)			(1)
New Beneficiaries					12	2	
Former Beneficiaries/ Children Reinstated					2	1	
New DROP Retirees	(49)						49
Data Corrections	(13)		1				
Number on 07/01/05 Used for 10/01/05 Reporting	2,450	1,288	35	67	353	22	281

TABLE IV-C
(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 07/01/05 Used for 10/01/05 Reporting	2,450	1,288	35	67	353	22	281
New Entrants	119						
Rescinded DROP	1						(1)
Rehired	3		(1)				
Transfers from General Plan	2						
Transfers to General Plan	(1)						
Non-Vested/Refunded Terminations							
Vested Terminations	(6)		6				
Retirees	(3)	114	(3)				(108)
Disabilities	(1)			1			
Deaths with no Survivors		(8)		(1)	(28)		
Payments Stopped (Age 18 or Remarried)						(5)	
Deaths with Survivors	(1)	(17)		(1)			(2)
New Beneficiaries					19	6	
Former Beneficiaries/ Children Reinstated					1		
New DROP Retirees	(50)	(1)					51
Data Corrections	(4)						
Number on 07/01/06 Used for 10/01/06 Valuation	2,509	1,376	37	66	345	23	221

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section IV: Funded Position and Key Statistics

Active Age and Service Distribution as of October 1, 2006

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	53	1950746	36807	1	48545	48545	54	1999291	37024
25-29	128	5293901	41359	9	378730	42081	137	5672631	41406
30-34	171	8008476	46833	7	303263	43323	178	8311738	46695
35-39	258	14552364	56405	12	565074	47089	270	15117438	55991
40-44	193	11582138	60011	14	822615	58758	207	12404752	59926
45-49	130	8358653	64297	4	213222	53306	134	8571875	63969
50-54	53	3485773	65769	3	181161	60387	56	3666934	65481
55-59	11	628181	57107	1	66629	66629	12	694810	57901
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	997	53860232	54022	51	2579239	50573	1048	56439470	53854

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	21	682620	32506	3	100332	33444	24	782952	32623
1	95	3410206	35897	5	181269	36254	100	3591475	35915
2	125	4923193	39386	7	288853	41265	132	5212046	39485
3	86	3814379	44353	5	243396	48679	91	4057775	44591
4	56	2760516	49295	4	186458	46615	60	2946974	49116
0-4	383	15590914	40707	24	1000308	41679	407	16591222	40765
5-9	176	9744301	55365	11	589283	53571	187	10333584	55260
10-14	121	7425594	61369	3	192420	64140	124	7618015	61436
15-19	252	16539096	65631	11	663254	60296	263	17202350	65408
20-24	47	3164237	67324	2	133973	66987	49	3298211	67310
25-29	16	1242055	77628	0	0	0	16	1242055	77628
30-34	2	154033	77017	0	0	0	2	154033	77017
35-39	0	0	0	0	0	0	0	0	0
40+	0	0	0	0	0	0	0	0	0
TOTAL	997	53860232	54022	51	2579239	50573	1048	56439470	53854

TABLE IV-D
(Continued)

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section IV: Funded Position and Key Statistics

Active Age and Service Distribution as of October 1, 2006

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	53	0	0	0	0	0	0	0	0	53
25-29	115	13	0	0	0	0	0	0	0	128
30-34	121	44	5	1	0	0	0	0	0	171
35-39	62	74	55	67	0	0	0	0	0	258
40-44	28	33	38	88	6	0	0	0	0	193
45-49	4	11	18	68	20	9	0	0	0	130
50-54	0	1	4	21	19	7	1	0	0	53
55-59	0	0	1	7	2	0	1	0	0	11
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	383	176	121	252	47	16	2	0	0	997
				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	9	0	0	0	0	0	0	0	0	9
30-34	5	2	0	0	0	0	0	0	0	7
35-39	7	2	0	3	0	0	0	0	0	12
40-44	1	6	2	4	1	0	0	0	0	14
45-49	1	1	1	1	0	0	0	0	0	4
50-54	0	0	0	3	0	0	0	0	0	3
55-59	0	0	0	0	1	0	0	0	0	1
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	24	11	3	11	2	0	0	0	0	51

TABLE IV-D
(Continued)

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section IV: Funded Position and Key Statistics

Active Age and Service Distribution as of October 1, 2006

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	17	607359	35727	2	73819	36910	19	681178	35851
25-29	96	3877174	40387	28	1130583	40378	124	5007757	40385
30-34	238	11309933	47521	47	2191471	46627	285	13501404	47373
35-39	371	20434395	55079	70	3703668	52910	441	24138063	54735
40-44	298	17075579	57301	51	2930646	57464	349	20006225	57324
45-49	160	10003611	62523	13	788763	60674	173	10792374	62384
50-54	50	3016443	60329	3	174361	58120	53	3190804	60204
55-59	13	761855	58604	0	0	0	13	761855	58604
60-64	3	175263	58421	0	0	0	3	175263	58421
65-69	1	61745	61745	0	0	0	1	61745	61745
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	1247	67323357	53988	214	10993310	51371	1461	78316667	53605

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	84	2924227	34812	11	376272	34207	95	3300499	34742
1	0	0	0	2	75030	37515	2	75030	37515
2	123	4960233	40327	27	1092569	40466	150	6052802	40352
3	67	2868122	42808	17	711856	41874	84	3579978	42619
4	50	2236866	44737	9	392741	43638	59	2629607	44570
0-4	324	12989448	40091	66	2648469	40128	390	15637917	40097
5-9	225	11793593	52416	60	3128084	52135	285	14921677	52357
10-14	327	18677026	57116	47	2650907	56402	374	21327933	57027
15-19	297	18532272	62398	35	2122462	60642	332	20654734	62213
20-24	46	3005780	65343	5	379014	75803	51	3384794	66369
25-29	27	2242617	83060	1	64375	64375	28	2306992	82393
30-34	1	82620	82620	0	0	0	1	82620	82620
35-39	0	0	0	0	0	0	0	0	0
40+	0	0	0	0	0	0	0	0	0
TOTAL	1247	67323357	53988	214	10993310	51371	1461	78316667	53605

TABLE IV-D
(Continued)

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section IV: Funded Position and Key Statistics

Active Age and Service Distribution as of October 1, 2006

SERVICE GROUPS BY AGE GROUPS (POLICE 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	17	0	0	0	0	0	0	0	0	17
25-29	89	7	0	0	0	0	0	0	0	96
30-34	106	79	53	0	0	0	0	0	0	238
35-39	54	83	168	65	1	0	0	0	0	371
40-44	46	36	67	128	19	2	0	0	0	298
45-49	9	15	24	72	19	21	0	0	0	160
50-54	3	4	11	23	4	4	1	0	0	50
55-59	0	0	4	6	3	0	0	0	0	13
60-64	0	1	0	2	0	0	0	0	0	3
65-69	0	0	0	1	0	0	0	0	0	1
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	324	225	327	297	46	27	1	0	0	1247
				F	E	M	A	L	E	
0-19	0	0	0	0	0	0	0	0	0	0
20-24	2	0	0	0	0	0	0	0	0	2
25-29	26	2	0	0	0	0	0	0	0	28
30-34	23	18	6	0	0	0	0	0	0	47
35-39	11	28	25	6	0	0	0	0	0	70
40-44	3	11	10	25	2	0	0	0	0	51
45-49	1	1	4	3	3	1	0	0	0	13
50-54	0	0	2	1	0	0	0	0	0	3
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	66	60	47	35	5	1	0	0	0	214

TABLE IV-D
(Continued)

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section IV: Funded Position and Key Statistics

Active Age and Service Distribution as of October 1, 2006

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	70	2558105	36544	3	122364	40788	73	2680470	36719
25-29	224	9171074	40942	37	1509313	40792	261	10680388	40921
30-34	409	19318409	47233	54	2494733	46199	463	21813142	47113
35-39	629	34986759	55623	82	4268741	52058	711	39255501	55212
40-44	491	28657717	58366	65	3753261	57742	556	32410978	58293
45-49	290	18362264	63318	17	1001985	58940	307	19364249	63076
50-54	103	6502217	63128	6	355521	59254	109	6857738	62915
55-59	24	1390036	57918	1	66629	66629	25	1456665	58267
60-64	3	175263	58421	0	0	0	3	175263	58421
65-69	1	61745	61745	0	0	0	1	61745	61745
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	2244	121183588	54003	265	13572549	51217	2509	134756137	53709

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	105	3606847	34351	14	476604	34043	119	4083451	34315
1	95	3410206	35897	7	256299	36614	102	3666506	35946
2	248	9883426	39853	34	1381422	40630	282	11264848	39946
3	153	6682501	43676	22	955252	43421	175	7637754	43644
4	106	4997382	47145	13	579200	44554	119	5576581	46862
0-4	707	28580362	40425	90	3648777	40542	797	32229139	40438
5-9	401	21537894	53710	71	3717367	52357	472	25255261	53507
10-14	448	26102621	58265	50	2843327	56867	498	28945948	58124
15-19	549	35071368	63882	46	2785716	60559	595	37857084	63625
20-24	93	6170018	66344	7	512987	73284	100	6683005	66830
25-29	43	3484673	81039	1	64375	64375	44	3549047	80660
30-34	3	236653	78884	0	0	0	3	236653	78884
35-39	0	0	0	0	0	0	0	0	0
40+	0	0	0	0	0	0	0	0	0
TOTAL	2244	121183588	54003	265	13572549	51217	2509	134756137	53709

TABLE IV-D
(Continued)

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section IV: Funded Position and Key Statistics

Active Age and Service Distribution as of October 1, 2006

AGE GROUP	SERVICE GROUPS BY AGE GROUPS (ALL)										
	0-4	5-9	S E R V I C E			G R O U P			35-39	40+	TOTAL
			10-14	15-19	20-24	25-29	30-34				
				M	A	L	E				
0-19	0	0	0	0	0	0	0	0	0	0	0
20-24	70	0	0	0	0	0	0	0	0	0	70
25-29	204	20	0	0	0	0	0	0	0	0	224
30-34	227	123	58	1	0	0	0	0	0	0	409
35-39	116	157	223	132	1	0	0	0	0	0	629
40-44	74	69	105	216	25	2	0	0	0	0	491
45-49	13	26	42	140	39	30	0	0	0	0	290
50-54	3	5	15	44	23	11	2	0	0	0	103
55-59	0	0	5	13	5	0	1	0	0	0	24
60-64	0	1	0	2	0	0	0	0	0	0	3
65-69	0	0	0	1	0	0	0	0	0	0	1
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	707	401	448	549	93	43	3	0	0	0	2244
				F	E	M	A	L	E		
0-19	0	0	0	0	0	0	0	0	0	0	0
20-24	3	0	0	0	0	0	0	0	0	0	3
25-29	35	2	0	0	0	0	0	0	0	0	37
30-34	28	20	6	0	0	0	0	0	0	0	54
35-39	18	30	25	9	0	0	0	0	0	0	82
40-44	4	17	12	29	3	0	0	0	0	0	65
45-49	2	2	5	4	3	1	0	0	0	0	17
50-54	0	0	2	4	0	0	0	0	0	0	6
55-59	0	0	0	0	1	0	0	0	0	0	1
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	90	71	50	46	7	1	0	0	0	0	265

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, 2006 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, 2006 (used for this September 30, 2006 reporting) and asset information as of September 30, 2006. The Plan Administrator provided the information.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Statement of Changes in Plan Net Assets
as of September 30, 2005 and 2006

	<u>2006</u>	<u>2005</u>
<u>Additions</u>		
Contributions		
Employer	\$37,262,390	\$25,850,929
Employee	<u>\$10,829,637</u>	<u>\$10,539,230</u>
	\$48,092,027	\$36,390,159
Other Additions		
Chapter 175/185	\$7,673,592	\$7,186,521
Court fines and penalties	\$1,412,475	\$1,324,890
From other governments	\$4,050,000	\$4,025,000
Miscellaneous	<u>\$42,825</u>	<u>\$55,067</u>
	\$13,178,892	\$12,591,478
Investment income		
Parking and rental revenue	\$870,882	\$809,294
Investment income & realized gains	\$28,673,021	\$24,389,925
Market valuation adjustment	<u>\$49,053,857</u>	<u>\$70,228,910</u>
	\$78,597,760	\$95,428,129
Less investment expense	\$4,294,070	\$3,670,575
Less parking and rental expense	<u>\$221,575</u>	<u>\$648,207</u>
Net investment income	\$74,082,115	\$91,109,347
Total additions	\$135,353,034	\$140,090,984
<u>Deductions</u>		
Benefits	\$89,102,870	\$82,366,270
Refund of contributions	\$129,117	\$179,982
Administrative expense	<u>\$1,979,486</u>	<u>\$1,550,460</u>
Total deductions	\$91,211,473	\$84,096,712
Net increase	\$44,141,561	\$55,994,272
Net assets held in trust for pension benefits		
Beginning of year	<u>\$795,373,790</u> *	<u>\$739,373,179</u>
End of year	<u>\$839,515,351</u>	<u>\$795,367,451</u>

* Includes prior period adjustment of \$6,339.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Statement of Plan Net Assets
as of September 30, 2005 and 2006

<u>Assets</u>	<u>2006</u>	<u>2005</u>
Cash and short-term investments	\$6,654,599	\$24,904,848
Due from City of Jacksonville	\$3,082,130	\$161,847
Investments, at fair value		
Fixed Income Securities	\$299,251,375	\$282,485,073
Equities	\$575,985,798	\$551,121,447
Accrued Interest	\$2,762,033	\$2,579,877
Dividends receivable	\$670,563	\$570,380
Real Estate	\$89,297,312	\$61,900,341
Property, Plant and Equipment		
Furniture and equipment	\$571,502	\$568,705
Accumulated depreciation	(\$484,648)	(\$425,133)
Other receivables	<u>\$314</u>	<u>\$1,680</u>
Total assets	\$977,790,978	\$923,869,065
<u>Liabilities</u>		
Vouchers payable	\$215	\$709
Accounts payable	\$985,000	\$919,633
State sales tax payable	\$1,491	\$2,304
Accrued wages payable	\$6,539	\$4,226
Customer Deposits	\$1,744	\$0
Due to Individual DROP Accounts	\$135,852,208	\$125,219,580
Due to Individual Ret Leave Accounts	\$1,405,858	\$2,335,171
Current portion long term debt	\$6,772	\$5,997
Other long term liabilities	<u>\$15,800</u>	<u>\$13,994</u>
Total liabilities	\$138,275,627	\$128,501,614
Net assets held in trust for pension benefits (A schedule of funding progress is presented on page 43.)	<u><u>\$839,515,351</u></u>	<u><u>\$795,367,451</u></u>

Notes to Financial Statements, Plan Year Ended September 30, 2006

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, 2006, membership consisted of:

	<u>Number</u>
Retirees currently receiving benefits	1,442
DROP participants	221
Beneficiaries currently receiving benefits	368
Terminated members entitled to but not yet receiving benefits	37
Active plan members	
Vested	1,712
Nonvested	<u>797</u>
Total	4,577

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, 2006. Investments are reported at market value.

3. Contributions: Effective October 1, 2003, the City's contribution rate was 18.55% of active members' salaries. As of October 1, 2005, this contribution rate was increased to 26.2% and increased again as of October 1, 2006 to 28.97%. 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]
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 ¹	86.71%	\$97,207,387	128.50%
2001 ²	\$766,413,563	\$24,409,050	\$1,012,576,828	\$246,163,265	75.69%	\$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	\$1,146,459,228	\$413,933,350	63.89%	\$109,636,548	377.55%
2004	\$727,955,101	\$18,959,684	\$1,222,354,766	\$494,399,665	59.55%	\$118,510,432	417.18%
2005	\$765,179,843	\$12,609,987	\$1,314,423,639	\$549,243,796	58.21%	\$130,392,284	421.22%
2006	\$827,337,661 ⁴	\$12,177,690 ³	\$1,376,658,788	\$549,321,127	60.10%	\$134,694,392	407.83%

¹ Rederived as of 4/1/00.

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

³ These accounts were redefined by the Restated Agreement effective 4/1/00. As of 9/30/06, the value of the City Budget Stabilization Account was \$2,209,087 and the Enhanced Benefit Account was \$9,968,603. These amounts are not included in the Actuarial Value of Assets.

⁴ The Actuarial Value of Assets has been changed to equal Market Value.

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</u>	<u>Premium-Tax Refunds</u>	<u>Total Employer Contributions</u>	<u>Total Member Contributions</u>
1997	\$28,909,883						
1998	\$34,618,066						
1999	\$30,002,143						
2000	\$32,145,813	\$9,186,257	\$8,144,202	\$2,941,761	\$3,888,296	\$24,160,516	\$7,985,297
2001	\$26,874,610	\$9,058,080	\$3,169,774	\$3,033,021	\$3,847,951	\$19,108,826	\$7,765,784
2002	\$35,584,692	\$9,895,774	\$10,389,200	\$3,116,889	\$4,067,920	\$27,469,783	\$8,114,909
2003	\$36,310,748	\$9,734,277	\$10,881,681	\$3,040,897	\$4,385,461	\$28,042,316	\$8,268,432
2004	\$39,295,089	\$22,097,656	\$768,514	\$2,913,999	\$4,740,417	\$30,520,586	\$8,774,503
2005	\$50,727,035	\$25,850,929	\$8,753,301	\$1,324,890	\$5,215,691	\$41,144,811	\$9,582,224
2006	\$53,263,387	\$34,711,990	\$2,105,596	\$1,412,475	\$5,387,776	\$43,617,837	\$9,645,550
2007	\$55,926,556						

Notes: In all years shown, 100% of the ARC has been contributed thus producing a Net Pension Obligation of \$0 for all years.

City Cash Contributions shown above do not include employer buyback contributions.

Total Member Contributions shown above include DROP contributions, but do not include employee buyback contributions.

Additional Actuarial Information, Plan Year Ended September 30, 2006

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	10/01/06
Actuarial cost method	Entry Age Normal
Amortization method	Level percent closed
Remaining amortization period	23.5 years
Asset valuation method	Market Value
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-B, IV-C, and IV-D.
- B. Assets See Section III, Table III-C.
- C. Liabilities

	<u>10/01/03</u>	<u>10/01/06</u>
1. Present Value of Future Benefits		
Actives		
Retirement Benefits	\$511,768,906	\$641,092,248
Withdrawal Benefits	5,071,465	6,488,308
Death Benefits	23,018,101	28,800,212
Disability Benefits	45,070,084	56,836,749
Return of Contributions	<u>1,157,084</u>	<u>1,529,233</u>
Total	\$586,086,416	\$734,746,750
Terminated Vested		
Retirees and Beneficiaries	3,022,313	5,867,094
Disabled	484,672,056	778,426,066
DROP Participants	<u>19,719,029</u>	<u>21,444,758</u>
	<u>320,825,842</u>	<u>167,814,598</u>
Total Present Value of		
Future Benefits	\$1,414,325,656	\$1,708,299,266
a. Development of Unfunded Actuarial Accrued Liability (UAAL) See Section II, Table II-B.		
b. Development of Minimum Required Amortization Payment. See Section II, Table II-B.		

- D. Actuarial Present Value of Accumulated Plan Benefits

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

E. <u>Pension Cost</u>	<u>10/01/03</u>	<u>10/01/06</u>
Normal Actuarial Cost	\$22,026,003	\$27,553,721
Minimum Payment to Amortize UAAL	\$22,413,756	\$32,232,793
Expected Contributions From City		
Dollar Amount	\$28,720,971	\$39,020,965
% of Covered Payroll	26.20%	28.97%
Expected Contributions From Active Employees		
Dollar Amount	\$7,674,558	\$9,428,607
% of Covered Payroll	7.00%	7.00%
Expected Contributions From DROP Employees		
Dollar Amount	\$617,872	\$312,882
% of Covered Payroll	0.56%	0.23%
Expected Contributions from Other Sources*		
Dollar Amount	\$7,426,358	\$11,024,060
% of Covered Payroll	6.77%	8.19%

* These sources include most Chapter 175/185 monies, court fines and penalties, and transfers from the CBSA.

F. Past Contributions

Expected contributions for the Plan Year ending September 30, 2007 - See Section VI-E.
Actual contributions for the Plan Year ending September 30, 2006 - See Section III, Table III-A.

G. Net Actuarial Gain (Loss)

For period ending 09/30/06 N/A

H. <u>Present Value of</u>	<u>10/01/03</u>	<u>10/01/06</u>
Future Salaries	\$1,377,095,900	\$1,663,460,800
Future City Contributions	\$360,799,126	\$481,904,594
Future Active Employee Contributions	\$96,396,713	\$116,442,256
Future DROP Employee Contributions	\$6,959,243	\$3,825,960
Future Contributions from Other Sources	\$108,170,577	\$136,237,440

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

<u>Plan Year Ending</u>	<u>Actual</u>	<u>Assumed</u>
09/30/04	6.0%	5.0%
09/30/05	9.1%	5.0%
09/30/06	5.2%	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>
09/30/04	5.40%	9.33%	8.50%
09/30/05	7.62%	11.15%	8.50%
09/30/06	8.02%	8.02%	8.50%

(iii) Average Annual Growth in Valuation Payroll

<u>Plan Year</u>	<u>Covered Payroll</u>
2002/03	\$109,636,548
2003/04	\$118,510,432
2004/05	\$130,392,283
2005/06	\$134,756,137
Total % Increase (over last 3 years)	22.91%
Annual % Increase (three year average)	7.12%

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 Cover Letter.

M. Age/Service Distribution of Active Employees

See Section IV, Table IV-D.

N. Derivation of Costs on Current Plan and Current Assumptions

See Section II, Table II-A.