

**OCTOBER 1, 2002
ACTUARIAL VALUATION
FOR THE
CITY OF WILTON MANORS
RETIREMENT PLAN**

**ANNUAL EMPLOYER CONTRIBUTION
IS DETERMINED BY THIS VALUATION
FOR THE PLAN YEAR ENDING**

SEPTEMBER 30, 2003

TO BE PAID IN THE EMPLOYER FISCAL YEAR ENDING

SEPTEMBER 30, 2003

June 2003

May 30, 2003

Pension Board
City of Wilton Manors
524 NE 21st Court
Wilton Manors, FL 33305

Dear Board Members:

We are pleased to present herein our October 1, 2002 Actuarial Valuation Report for the City of Wilton Manors Pension Plan for General Employees and Police. The contribution results shown in the Report apply to the plan year ending September 30, 2003, to be paid in the City's fiscal year ending September 30, 2003.

This valuation was prepared on the basis of employee, retiree, and financial information supplied by the City, which information is summarized in this Report. Although we did not audit this information, we did review it for reasonableness and comparability to prior years. The benefits valued are those which were in effect on the valuation date.

This actuarial valuation 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 which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Gabriel, Roeder, Smith & Company will be pleased to answer any questions pertaining to the valuation and to meet with you to review the Report.

Respectfully submitted,

GABRIEL, ROEDER, SMITH & COMPANY

By _____

Theora P. Braccialarghe, FSA, MAAA, FCA
Enrolled Actuary No. 02-2826

By _____

Rhonda Hart, CEBS
Senior Actuarial Analyst

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SECTION I
INTRODUCTION

DISCUSSION

TOTAL REQUIRED CONTRIBUTION

The required City contribution for the plan year ending September 30, 2003, is \$572,216 (14.69% of payroll), as shown below:

Required City Contribution			
	General	Police	Total
Total Required Contribution As % of Payroll	\$537,534 24.26%	\$446,422 26.57%	\$983,956 25.26%
Expected Member Contributions As % of Payroll	\$243,696 11.00%	\$168,044 10.00%	\$411,740 10.57%
Expected State Premium Tax Refund As % of Payroll	N/A N/A	\$0 --	\$0 --
Remaining City Contribution As % of Payroll	\$293,838 13.26%	\$278,378 16.57%	\$572,216 14.69%

EXPERIENCE

Experience during the past year was less favorable overall than that anticipated by the actuarial assumptions. The Plan experienced an actuarial loss of \$1,359,370. The most significant factor was the investment return of (10.6)% on a market value basis, resulting in a return of 0.9% on a valuation asset basis as compared to the assumed return of 8.0%. The asset valuation method is smoothing losses forward, which cushions the impact of the market loss this year but will recognize the rest of the loss over the next few years.

CHANGES IN BENEFITS

There have been no changes in benefits or plan provisions since the previous valuation.

CHANGES IN ACTUARIAL METHODS AND ASSUMPTIONS

There have been no changes in actuarial methods or assumptions in connection with the current actuarial valuation.

CONCLUSION

The remainder of this Report covers detailed actuarial valuation results, financial information, other information and statistics, a summary of plan provisions, and annual filings required by law.

FINANCIAL SOUNDNESS OF THE PLAN

The purpose of this Section of the Report is to provide certain measures which indicate the financial soundness of the program. These measures relate to short term solvency, long term solvency and level funding.

The various percentages listed in this Section as of a single valuation date are not overly significant standing alone. What is more significant is the trend of the rates over a period of years. It is also important to keep in mind that each time benefits or assumptions are revised, actuarial liabilities are created or diminished. Any newly created liabilities are financed systematically over a period of future years. All actuarially computed values in this analysis are based on the actuarial assumptions utilized in the respective years' actuarial valuations.

SHORT TERM SOLVENCY

The ultimate test of financial soundness is the program's ability to pay all promised benefits when due. The program's progress in accumulating assets to pay all promised benefits can be measured by comparing the market value of assets with:

1. Accumulated contributions of active members of the program,
2. The actuarial present value (APV) of projected benefits payable to those already receiving benefits and to vested terminations, and
3. The employer-financed portion of the actuarial present value of accrued benefits payable to active participants. This amount is based on benefits earned to date without future credited service or salary increases.

The total of the first two items should generally be fully covered by assets. The portion of the third item covered by assets should increase over time. Increases in benefits will, of course, adversely affect the trend in the years when such increases are first reflected in the actuarial values.

Although different actuarial assumptions might be used in the event of a termination of the program, this test shows how much of the benefits accrued to date might be covered by assets in the event of a plan termination using the valuation assumptions.

Valuation Date	Market Value of Assets	APV of All Accrued Benefits	Assets as % of Total
10/1/02	\$14,513,666	\$13,580,038	107%
10/1/01	16,456,134	12,502,721	132

LONG TERM SOLVENCY

Over the longer term, the solvency of an ongoing plan can be measured by comparing the actuarial value of assets to an amount known as the Actuarial Accrued Liability (AAL) under the Entry Age Actuarial Cost Method. This item has often been called the "past service liability". Its derivation differs from the short-term solvency value derivation in several ways, but mainly due to the fact that future salary increases are included in the AAL. As in the case of the short-term solvency values, the AAL is affected immediately by any revisions in benefits or assumptions. The accumulation of assets to equal the AAL can be considered a long-range funding goal. Largely because of periodic benefit increases, very few retirement programs have attained this goal.

Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	% of AAL Covered by Assets
10/1/02	\$17,310,192	\$19,094,379	91%
10/1/01	17,353,618	17,890,346	97

LEVEL CONTRIBUTION RATES

The actuarial assumptions and cost methods have been chosen with the intent of producing required employer contributions which remain fairly level as a percentage of covered payroll. If this goal is attained, future employer contribution rates will not have to be raised materially in order to make up for the past. For many employers, this measure of the program's soundness is the most important of all.

Valuation Date	Employer Normal Cost as % of Payroll	Amortization Payment of UFAAL as % of Payroll	Contribution As % of Payroll	
			Total	City
10/1/02	11.19%	2.93%	25.26%	14.69%
10/1/01	6.23	3.07	20.23	9.68
10/1/00	5.24	2.86	18.99	8.45

A major factor affecting the stability of the percentages just shown is how well the actual plan experience is faring compared to the actuarial assumptions. The value of the difference between what actually occurred and what was assumed to occur is called the actuarial gain or loss. Gains tend to lower the subsequent cost of the program while losses tend to cause subsequent costs to rise. A summary of the actuarial gains and losses of the Plan is in the next Section.

Analysis of all the benchmarks listed above over a period of years will provide an indication of whether the program is becoming financially stronger or weaker.

SECTION II

VALUATION RESULTS

COMPARATIVE SUMMARY OF VALUATION RESULTS COMBINED GROUP AS OF OCTOBER 1,		
	2002	2001
Covered Group		
A. Number of Participants		
Actives	84	82
Retirees, Disabilities, Beneficiaries and Vested Terminations	40	38
Total Annual Covered Payroll	\$3,895,860	\$3,718,783
Long Range Cost		
B. Actuarial Present Value of Projected Benefits	22,832,204	21,433,637
C. Valuation Assets	17,310,192	17,353,618
D. Unfunded Frozen Actuarial Accrued Liability (UFAAL)	1,380,902	1,393,349
E. Actuarial Present Value of Future Normal Costs	4,141,110	2,686,670
Current Cost		
F. Payment Required to Amortize UFAAL	114,196	114,225
As % of Payroll	2.93%	3.07%
G. Total Normal Cost (for current year, exclusive of funding toward UFAAL)	847,752	624,388
As % of Payroll	21.76%	16.79%
H. Plan Year to which Contributions Apply	2002/03	2001/02
I. Interest	22,008	13,840
J. Total Required Contributions	983,956	752,453
As % of Payroll	25.26%	20.23%
K. Estimate of Member Contributions	411,740	392,617
As % of Payroll	10.57%	10.56%
L. Estimate of State Contributions	0	0
M. Remaining Required City Contributions	572,216	359,836
As % of Payroll	14.69%	9.68%

COMPARATIVE SUMMARY OF VALUATION RESULTS GENERAL EMPLOYEES AS OF OCTOBER 1,		
	2002	2001
Covered Group		
A. Number of Participants		
Actives	54	52
Retirees, Disabilities, Beneficiaries and Vested Terminations	28	27
Total Annual Covered Payroll	\$2,215,418	\$2,073,833
Long Range Cost		
B. Actuarial Present Value of Projected Benefits	12,150,770	11,358,779
C. Valuation Assets	9,161,122	9,248,833
D. Unfunded Frozen Actuarial Accrued Liability (UFAAL)	806,541	809,128
E. Actuarial Present Value of Future Normal Costs	2,183,107	1,300,818
Current Cost		
F. Payment Required to Amortize UAAL	62,108	62,108
As % of Payroll	2.80%	2.99%
G. Total Normal Cost (for current year, exclusive of funding toward UAAL)	464,125	316,331
As % of Payroll	20.95%	15.25%
H. Plan Year to which Contributions Apply	2002/03	2001/02
I. Interest	11,301	6,013
J. Total Required Contributions	537,534	384,452
As % of Payroll	24.26%	18.54%
K. Estimate of Member Contributions	243,696	228,122
As % of Payroll	11.00%	11.00%
L. Estimate of State Contributions	NA	NA
M. Required City Contributions	293,838	156,330
As % of Payroll	13.26%	7.54%

COMPARATIVE SUMMARY OF VALUATION RESULTS		
POLICE OFFICERS		
AS OF OCTOBER 1,		
	2002	2001
Covered Group		
A. Number of Participants		
Actives	30	30
Retirees, Disabilities, Beneficiaries and Vested Terminations	12	11
Total Annual Covered Payroll	\$1,680,442	\$1,644,950
Long Range Cost		
B. Actuarial Present Value of Projected Benefits	10,681,434	10,074,858
C. Valuation Assets	8,149,070	8,104,785
D. Unfunded Frozen Actuarial Accrued Liability (UFAAL)	574,361	584,221
E. Actuarial Present Value of Future Normal Costs	1,958,003	1,385,852
Current Cost		
F. Payment Required to Amortize UFAAL	52,088	52,117
As % of Payroll	3.10%	3.17%
G. Total Normal Cost (for current year, exclusive of funding toward UFAAL)	383,627	308,057
As % of Payroll	22.83%	18.73%
H. Plan Year to which Contributions Apply	2002/03	2001/02
I. Interest	10,707	7,827
J. Total Required Contributions	446,422	368,001
As % of Payroll	26.57%	22.37%
K. Estimate of Member Contributions	168,044	164,495
As % of Payroll	10.00%	10.00%
L. Estimate of State Contributions	0	0
M. Remaining Required City Contributions	278,378	203,506
As % of Payroll	16.57%	12.37%

PRESENT VALUE OF PROJECTED BENEFITS AND DERIVATION OF NORMAL COST GENERAL EMPLOYEES AS OF OCTOBER 1,		
	2002	2001
A. Present Value of Future Salaries	\$14,006,598	\$13,433,390
B. Present Value of Projected Benefits		
1. Active Members		
a. Service Retirement Benefits	7,578,640	6,758,986
b. Vesting Benefits	217,227	221,665
c. Disability Benefits	273,210	256,412
d. Preretirement Death Benefits	138,129	130,342
e. Return of Contributions	<u>47,535</u>	<u>48,232</u>
f. Total	8,254,741	7,415,637
2. Inactive Members		
a. Service Retirees	1,870,283	1,890,976
b. DROP Participants	1,709,344	1,733,534
c. Disability Retirees	129,043	129,770
d. Beneficiaries	177,657	179,703
e. Terminated Vested & Misc.	<u>9,702</u>	<u>9,159</u>
f. Total	3,896,029	3,943,142
3. Grand Total	12,150,770	11,358,779
C. Valuation Assets	9,161,122	9,248,833
D. Unfunded Frozen Actuarial Accrued Liability	806,541	809,128
E. Present Value of Future Normal Costs	2,183,107	1,300,818
F. Normal Cost Rate	15.5863%	9.6835%
G. Normal Cost for		
1. Benefits	345,302	200,820
2. Expenses	<u>118,823</u>	<u>115,511</u>
3. Total	464,125	316,331

PRESENT VALUE OF PROJECTED BENEFITS AND DERIVATION OF NORMAL COST POLICE OFFICERS AS OF OCTOBER 1,		
	2002	2001
A. Present Value of Future Salaries	\$11,805,126	\$11,477,516
B. Present Value of Projected Benefits		
1. Active Members		
a. Service Retirement Benefits	7,195,182	6,790,380
b. Vesting Benefits	199,537	194,853
c. Disability Benefits	143,403	137,741
d. Preretirement Death Benefits	168,229	158,607
e. Return of Contributions	<u>21,538</u>	<u>17,065</u>
f. Total	7,727,889	7,298,646
2. Inactive Members		
a. Service Retirees	2,165,095	1,973,556
b. DROP Participants	291,496	294,575
c. Disability Retirees	372,902	380,964
d. Beneficiaries	124,052	127,117
e. Terminated Vested & Misc.	<u>0</u>	<u>0</u>
f. Total	2,953,545	2,776,212
3. Grand Total	10,681,434	10,074,858
C. Valuation Assets	8,149,070	8,104,785
D. Unfunded Frozen Actuarial Accrued Liability	574,361	584,221
E. Present Value of Future Normal Costs	1,958,003	1,385,852
F. Normal Cost Rate	16.5860%	12.0745%
G. Normal Cost for		
1. Benefits	278,718	198,619
2. Expenses	<u>104,909</u>	<u>109,438</u>
3. Total	383,627	308,057

**LIQUIDATION OF THE
UNFUNDED FROZEN ACTUARIAL ACCRUED LIABILITY
GENERAL EMPLOYEES**

The Unfunded Frozen Actuarial Accrued Liability (UFAAL) is being amortized as a level dollar amount over the number of years remaining in the amortization period. Details relating to the UFAAL are as follows:

UFAAL					
Original			Current		
Date	Amortization Period	Amount	Years Left	Amount	Payment
10/1/87 Assumption Change/Plan Amendment		\$	2	\$ (25,309)	\$ (13,141)
10/1/91 Plan Amendment	30 Years		18	(243)	(24)
10/1/94 Method Change	30 Years		21	28,276	2,614
10/1/94 Assumption Change	30 Years		21	(16,340)	(1,510)
10/1/95 Plan Amendment	30 Years		22	670,242	60,838
10/1/96 Assumption Change	30 Years		23	128,919	11,510
10/1/98 Plan Amendment	30 Years		25	<u>20,996</u>	<u>1,821</u>
Totals				\$ 806,541	\$ 62,108

**LIQUIDATION OF THE
UNFUNDED FROZEN ACTUARIAL ACCRUED LIABILITY
POLICE OFFICERS**

The Unfunded Frozen Actuarial Accrued Liability (UFAAL) is being amortized as a level dollar amount over the number of years remaining in the amortization period. Details relating to the UFAAL are as follows:

UFAAL					
	Original		Current		
Date	Amortization Period	Amount	Years Left	Amount	Payment
10/1/91 Plan Amendment	30 Years	\$	18	\$ (5,164)	\$ (510)
10/1/94 Method Change	30Years		21	25,586	2,365
10/1/94 Assumption Change	30 Years		21	11,024	1,019
10/1/95 Plan Amendment	30 Years		22	498,846	45,280
10/1/96 Assumption Change	30 Years		23	<u>44,069</u>	<u>3,934</u>
Total				\$ 574,361	\$ 52,088

RECENT HISTORY OF VALUATION RESULTS

Valuation Date	Number of		Covered Annual Payroll	Actuarial Value of Assets	Unfunded Frozen Actuarial Accrued Liability	Employer Normal Cost	
	Active Members	Inactive Members				Amount	% of Payroll
10/1/02	84	40	\$3,895,860	\$17,310,192	\$1,380,902	\$436,012	11.19%
10/1/01	82	38	3,718,783	17,353,618	1,393,349	231,771	6.23
10/1/00	80	37	3,433,976	16,512,409	1,389,441	179,975	5.24
10/1/99	75	35	3,103,876	14,964,230	1,380,119	207,989	6.70

ACTUARIAL GAINS AND LOSSES

The assumptions used to anticipate mortality, employment turnover, investment income, expenses, salary increases, and other factors have been based on long-range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain and loss for the period involved. If significant long-term experience reveals consistent deviation from what has been expected and that deviation is expected to continue, the assumptions should be modified. The net actuarial gains (losses) for this and previous years are as follows:

Year Ending	Actuarial Gain (Loss)		
	General Employees	Police Officers	Combined
9/30/02	\$ (826,781)	\$ (532,588)	\$ (1,359,369)
9/30/01	(125,857)	(35,569)	(161,426)

The fund earnings and salary increase assumptions have considerable impact on the cost of the Plan so it is important that they be in line with the actual experience. The following table shows the actual fund earnings and salary increase rates compared to the assumed rates for the last few years:

Year Ending	Investment Return		Salary Increases		
	Actual	Assumed	General Actual	Police Actual	Assumed
9/30/02	0.9%	8.0%	6.8%	7.1%	5.5%
9/30/01	6.8	8.0	7.5	8.9	5.5
9/30/00	12.0	8.0	5.8	5.2	5.5
9/30/99	14.2	8.0	4.3	8.2	5.5
9/30/98	12.8	8.0	15.3	3.3	5.5
9/30/97	12.5	8.0	8.2	3.2	5.5
9/30/96	8.8	8.0	4.1	3.4	5.5

The actual investment return rates shown above are based on the actuarial value of assets. The actual salary increase rates shown above are the increases received by those active members who were included in the actuarial valuation both at the beginning and end of each year.

**FASB NO. 35 INFORMATION
COMBINED STATEMENT**

A. Valuation Date	10/1/02	10/1/01
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments	\$4,839,032	\$ 4,682,086
b. DROP Participants	2,000,840	2,028,109
c. Terminated Vested Members	9,702	9,159
d. Other Members	<u>7,739,659</u>	<u>6,720,352</u>
e. Total	14,589,233	13,439,706
2. Non-Vested Benefits	<u>824,438</u>	<u>925,434</u>
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1e + 2	15,413,671	14,365,140
4. Accumulated Contributions of Active Members	2,779,460	2,533,813
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	14,365,140	13,515,879
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	0	0
b. Change in Actuarial Assumptions	0	0
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	1,792,317	1,556,650
d. Benefits Paid	<u>(743,786)</u>	<u>(707,389)</u>
e. Net Increase	1,048,531	849,261
3. Total Value at End of Period	15,413,671	14,365,140
D. Market Value of Assets	14,513,666	16,456,134
E. Actuarial Assumptions – See page entitled Actuarial Assumptions and Methods		

FASB NO. 35 INFORMATION GENERAL EMPLOYEES		
A. Valuation Date	10/1/02	10/1/01
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments	\$2,176,983	\$ 2,200,449
b. DROP Participants	1,709,344	1,733,534
c. Terminated Vested Members	9,702	9,159
d. Other Members	<u>3,991,262</u>	<u>3,351,369</u>
e. Total	7,887,291	7,294,511
2. Non-Vested Benefits	<u>545,566</u>	<u>594,616</u>
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1e + 2	8,432,857	7,889,127
4. Accumulated Contributions of Active Members	1,434,935	1,251,715
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	7,889,127	7,182,832
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	0	0
b. Change in Actuarial Assumptions	0	0
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	994,738	1,141,063
d. Benefits Paid	<u>(451,008)</u>	<u>(434,768)</u>
e. Net Increase	543,730	706,295
3. Total Value at End of Period	8,432,857	7,889,127
D. Market Value of Assets	7,674,737	8,773,162
E. Actuarial Assumptions – See page entitled Actuarial Assumptions and Methods.		

FASB NO. 35 INFORMATION POLICE OFFICERS		
A. Valuation Date	10/1/02	10/1/01
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments	\$2,662,049	\$2,481,637
b. DROP Participants	291,496	294,575
c. Terminated Vested Members	0	0
d. Other Members	<u>3,748,397</u>	<u>3,368,983</u>
e. Total	6,701,942	6,145,195
2. Non-Vested Benefits	<u>278,872</u>	<u>330,818</u>
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1e + 2	6,980,814	6,476,013
4. Accumulated Contributions of Active Members	1,344,525	1,282,098
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	6,476,013	6,333,047
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	0	0
b. Change in Actuarial Assumptions	0	0
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	797,579	415,587
d. Benefits Paid	<u>(292,778)</u>	<u>(272,621)</u>
e. Net Increase	504,801	(142,966)
3. Total Value at End of Period	6,980,814	6,476,013
D. Market Value of Assets	6,838,929	7,682,972
E. Actuarial Assumptions – See page entitled Actuarial Assumptions and Methods.		

**GASB STATEMENT NO. 25
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Valuation Date	Contribution Fiscal Year End	Required Employer Contributions	Actual Employer Contributions	
			City	State
10/1/02	9/30/2003	\$ 572,216	N/A	N/A
10/1/01	9/30/2002	359,836	\$359,836	\$ 0
10/1/00	9/30/2001	278,248	361,913	0
10/1/99	9/30/2000	298,915	311,563	0
10/1/98	9/30/1999	381,365	362,429	35,072
10/1/97	9/30/1998	405,502	352,111	71,394
10/1/96	9/30/1997	371,145	352,069	34,780
10/1/95	9/30/1996	432,479	450,778	0
10/1/94	9/30/1995	391,593	376,446	31,717
10/1/93	9/30/1994	353,662	339,948	28,678

**GASB STATEMENT NO. 25
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Frozen Actuarial Accrued Liability (FAAL) (b)	Unfunded FAAL (UFAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UFAAL As % of Covered Payroll (b-a)/c
10/1/02	\$17,310,192	\$18,691,094	\$1,380,902	92.6%	\$3,895,860	35.4%
10/1/01	17,353,619	18,746,968	1,393,349	92.6	3,718,783	37.5
10/1/00	16,512,409	17,901,850	1,389,441	92.2	3,433,976	40.5
10/1/99	14,964,230	16,344,349	1,380,119	91.6	3,103,876	44.5

**REQUIRED SUPPLEMENTARY INFORMATION
GASB STATEMENT NO. 25**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation:

Valuation Date	October 1, 2002
Contribution Rates:	
Employer (and State)	25.26%
Plan Members	10.57%
Actuarial Cost Method	Frozen Entry Age Actuarial Cost Method
Amortization Method	Level dollar amount
Remaining Amortization Period	2-25 years
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions	
Investment rate of return*	8.0%
Projected salary increases*	5.5%
Cost-of-living adjustments	N/A
*Includes inflation and other general increases at	3.5%

ACTUARIAL ASSUMPTIONS AND ACTUARIAL COST METHODS

A. Mortality

The 1983 Group Annuity Mortality Table for males with females set back six years.

B. Interest to be Earned by Fund

8%, compounded annually

C. Allowances for Expenses

Actual expenses paid in previous year.

D. Employee Withdrawal Rates

Sample Rates are shown below:

<u>Age</u>	<u>Males</u>	<u>Females</u>
20	22.4%	37.4%
25	14.9	22.4
30	10.4	14.9
35	7.4	10.4
40	4.3	7.4
45	2.7	4.3
50	0.9	2.7
55	0.0	0.0
60 and Over	0.0	0.0

E. Disability Benefit

Sample Rates are shown below:

<u>Age</u>	<u>Males</u>	<u>Females</u>
20	0.17%	0.34%
25	0.17	0.34
30	0.17	0.34
35	0.18	0.36
40	0.20	0.40
45	0.23	0.46
50	0.29	0.58
55	0.39	0.78
60	0.59	1.18
65	0.00	0.00

F. Salary Increase Factors

Current salary was assumed to increase at 5.5% per annum.

G. Inflation Rate

An implicit rate of 3.5% is assumed to be included in the assumed interest rate to be earned by the Fund (Item B.) as well as the assumed annual salary increase factor (Item F.).

H. Retirement Age

Age	Credited Service Less Than 20 Years		Credited Service Greater Than or Equal to 20 Years	
	General	Police	General	Police
40	0%	0%	2%	5%
41	0%	0%	2%	5%
42	0%	0%	2%	5%
43	0%	0%	2%	5%
44	0%	0%	2%	5%
45	0%	0%	5%	50%
46	0%	0%	5%	50%
47	0%	0%	5%	50%
48	0%	0%	5%	50%
49	0%	0%	5%	50%
50	5%	5%	50%	100%
51	5%	5%	50%	
52	5%	5%	50%	
53	5%	5%	50%	
54	5%	5%	50%	
55	10%	10%	50%	
56	10%	10%	50%	
57	10%	10%	50%	
58	25%	25%	50%	
59	25%	25%	50%	
60	100%	100%	100%	

Also, for employees that are eligible for Normal retirement or the DROP as of the valuation date, we have assumed that they would retire one half year after the valuation date.

I. Valuation of Assets

The method used for determining the actuarial value of assets recognizes appreciation (or depreciation) at the rate of 20% per year. The actuarial value of assets is calculated as market value minus unrecognized appreciation or depreciation (realized plus unrealized). However, the actuarial value of assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the fair market value of the plan assets and whose upper limit is 120% of the fair market value of the plan assets.

J. Cost Method

Frozen Entry Age Actuarial Cost Method.

K. Changes From Previous Valuation

None.

GLOSSARY OF TERMS

1. **Actuarial Present Value** is the value of an amount or series of amounts payable at various times, determined as of the valuation date by the application of the set of actuarial assumptions.
2. **Actuarial Assumptions** are assumptions as to the occurrence of future events affecting pension costs. The previous page outlines the Actuarial Assumptions utilized in this valuation.
3. **Actuarial Cost Method** is a procedure for determining the Actuarial Present Value of pension plan benefits and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and Actuarial Accrued Liability.
4. **Frozen Entry Age Actuarial Cost Method** method under which the excess of the actuarial present value of projected benefits of all participants included in an actuarial valuation, over the sum of the actuarial value of assets plus the Unfunded Frozen Actuarial Accrued Liability, is allocated on a level basis over the earnings of the active participants between the valuation date and assumed normal retirement age. This allocation is performed for the group as a whole, not as a sum of individual allocations. The Frozen actuarial accrued liability was initially determined using the entry age actuarial cost method. The portion of this actuarial present value allocated to a valuation year is called the normal cost. Under this method, the actuarial gains (losses), as they occur, reduce (increase) future normal costs.

SECTION III

PENSION FUND INFORMATION

STATEMENT OF ASSETS AS OF SEPTEMBER 30, 2002			
	General	Police	Total
Cash and Cash Equivalents	\$298,649	\$251,293	\$549,942
General Investments			
U.S. Government Securities	2,261,301	1,902,738	4,164,039
Corporate Bonds	797,835	671,326	1,469,161
Common Stocks	4,893,011	4,117,150	9,010,161
Accrued Interest & Dividends	42,402	37,785	80,187
Receivables			
Member Contributions	9,013	6,489	15,502
City Contributions	0	0	0
State Contributions	0	0	0
Payables			
Accounts Payable	32,349	28,826	61,175
Benefits Payable to DROP participants	506,645	40,181	546,826
Total Pension Fund Assets	7,763,218	6,917,773	14,680,991
Pension Fund Assets Allocated to the Volunteer Firefighter's Plan	88,480	78,845	167,325
Net Pension Fund Assets	7,674,737	6,838,929	14,513,666

INCOME AND DISBURSEMENTS			
	General Employers	Police Officers	Total
A. Market Value as of September 30, 2001	\$8,773,162	\$7,682,972	\$16,456,134
B. Receipts During Period			
1. Contributions			
a. Employee	238,286	165,242	403,528
b. City	156,330	203,506	359,836
c. State	<u>0</u>	<u>0</u>	<u>0</u>
d. Total	394,616	368,748	763,364
2. Investment Earnings			
a. Interest & Dividends	317,329	280,171	597,500
b. Net Realized and Unrealized Appreciation	(1,250,890)	(1,104,413)	(2,355,303)
c. Earnings Allocated to Firefighters	<u>(10,351)</u>	<u>(9,138)</u>	<u>(19,489)</u>
d. Total: a. + b. - c.	(923,210)	(815,104)	(1,738,314)
3. Other Non-investment Income	0	0	0
4. Total Receipts During Period	(528,594)	(446,356)	(974,950)
C. Disbursements During Period			
1. Benefits			
a. Monthly	411,736	288,535	700,271
b. Refunds	<u>39,272</u>	<u>4,243</u>	<u>43,515</u>
c. Total	451,008	292,778	743,786
2. Allocated Expenses			
a. Investment Expenses	60,323	53,259	113,582
b. Administrative Expenses	<u>58,500</u>	<u>51,650</u>	<u>110,150</u>
c. Total Expenses	118,823	104,909	223,732
3. Total Disbursements During Period	569,831	397,687	967,518
D. Market Value as of September 30, 2002	7,674,737	6,838,929	14,513,666

ACTUARIAL VALUE OF ASSETS AS OF OCTOBER 1, 2002		
	General	Police
A. Market Value of Assets as of September 30, 2002	\$7,674,737	\$6,838,929
B. Contributions	394,616	368,748
C. Benefit Payments & Expenses	569,831	397,687
D. Interest & Dividend Income net Earnings allocated to Firefighters	327,680	289,309
E. Net Realized and Unrealized Appreciation		
1. From This Year	(1,250,890)	(1,104,413)
2. From One Year Ago	(1,347,473)	(1,171,138)
3. From Two Years Ago	579,128	496,461
4. From Three Years Ago	455,803	387,444
F. Decreasing Fractions of Excess/(Shortfall)		
1. 80% From This Year	(1,000,712)	(883,530)
2. 60% From One Year Ago	(808,484)	(702,683)
3. 40% From Two Years Ago	231,650	198,583
4. 20% From Three Years Ago	<u>91,161</u>	<u>77,489</u>
5. Total	(1,486,385)	(1,310,141)
G. Preliminary Actuarial Value of Assets: A – F5	9,161,122	8,149,070
H. Actuarial Value of Assets must be between 80% and 120% of Market Value		
1. 80% of Market Value	6,139,790	5,471,143
2. 120% of Market Value	9,209,685	8,206,715
3. Final Actuarial Value of Assets	9,161,122	8,149,070
I. State Contribution Reserve	N/A	-
J. Actuarial Value of Assets: H - I	9,161,122	8,149,070

INVESTMENT RATE OF RETURN

The investment rate of return has been calculated on the following bases:

Basis 1: Market Value Basis - interest, dividends, realized gains (losses) and unrealized appreciation (depreciation), divided by the weighted average of the market value of the fund during the year. This figure is normally called the Total Rate of Return.

Basis 2: Valuation Asset Basis - investment earnings recognized in the Actuarial Value of Assets divided by the weighted average of the Actuarial Value of Assets during the year.

Year Ending September 30	Investment Rate of Return	
	Basis 1	Basis 2
2002	(10.6)%	0.9%
2001	(10.4)	6.8
2000	9.6	12.0
1999	9.2	14.2
1998	8.8	12.8
1997	26.8	12.5
1996	14.4	8.8
Average Compounded Rate of Return for Last 3 Years	(4.3)%	6.5%
Average Compounded Rate of Return for Last 5 Years	(0.8)%	9.2%

SECTION IV

MEMBER STATISTICS

STATISTICAL DATA GENERAL EMPLOYEES			
	10/1/02	10/1/01	10/1/00
Actives			
Number	54	52	50
Total Annual Earnings	\$2,215,418	\$2,073,833	\$1,884,480
Average Annual Earnings	\$41,026	\$39,881	\$37,690
Averages			
Current Age	43.8	42.2	41.9
Age at Employment	34.6	33.4	32.4
Past Service	9.2	8.8	9.5
Service at Age 60	25.4	26.6	27.6
Members Receiving Benefits			
Number	22	21	22
Total Annual Pensions	\$247,270	\$245,603	\$252,106
Average Monthly Benefit	\$937	\$975	\$955
Average Current Age*	72.5	71.4	
DROP Participants			
Number	5	5	5
Total Annual Pensions	\$158,614	\$158,614	\$158,614
Average Monthly Benefit	\$2,644	\$2,644	\$2,644
Average Current Age	56.1	55.1	54.1
Terminated Members With Vested Benefits			
Number	1	1	0
Total Annual Pensions	\$7,656	\$7,656	\$0
Average Monthly Benefit	\$638	\$638	\$0
Average Current Age	35.5	34.5	

*average current age of service retirees only, excludes beneficiaries and disability retirees

STATISTICAL DATA POLICE OFFICERS			
	10/1/02	10/1/01	10/1/00
Actives			
Number	30	30	30
Total Annual Earnings	\$1,680,442	\$1,644,950	\$1,549,496
Average Annual Earnings	\$56,014	\$54,832	\$51,560
Averages			
Current Age	40.3	40.8	40.7
Age at Employment	28.1	28.6	27.9
Past Service	12.2	12.2	12.8
Service at Age 60	31.9	31.4	32.1
Members Receiving Benefits			
Number	11	10	10
Total Annual Pensions	\$272,932	\$251,100	\$251,100
Average Monthly Benefit	\$2,068	\$2,092	\$2,092
Average Current Age*	63.3	62.4	
DROP Participants			
Number	1	1	0
Total Annual Pensions	\$26,518	\$26,518	\$0
Average Monthly Benefit	\$2,210	\$2,210	\$0
Average Current Age	57.2	56.2	
Terminated Members With Vested Benefits			
Number	0	0	0
Total Annual Pensions	\$0	\$0	\$0
Average Monthly Benefit	\$0	\$0	\$0
Average Current Age			

*average current age of service retirees only, excludes beneficiaries and disability retirees

RECONCILIATION OF MEMBERSHIP DATA
OCTOBER 1, 2001 to OCTOBER 1, 2002

	<u>General</u>	<u>Police</u>	<u>Total</u>
A. Active Members			
1. Number Included in Last Valuation	52	30	82
2. New Members Included in Current Valuation	7	3	10
3. Non-Vested Employment Terminations	(3)	(1)	(4)
4. Vested Employment Terminations	(2)	(1)	(3)
5. Service Retirements	0	(1)	0
6. Disability Retirements	0	0	0
7. Deaths	0	0	0
8. Other: Entered DROP	<u>0</u>	<u>0</u>	<u>(1)</u>
9. Number Included in This Valuation	54	30	84
B. Terminated Vested Members			
	1	0	1
1. Number Included in Last Valuation	2	1	3
2. Additions from Active Members	0	0	0
3. Lump Sum Payments	0	0	0
4. Payments Commenced	0	0	0
5. Deaths	<u>(2)</u>	<u>(1)</u>	<u>(3)</u>
6. Refunds	1	0	1
7. Number Included in This Valuation			
C. DROP Participants			
1. Number Included in Last Valuation	5	1	6
2. Additions From Active Members	0	0	0
3. Retired	0	0	0
4. Deaths	<u>0</u>	<u>0</u>	<u>0</u>
5. Number Included in This Valuation	5	1	6
D. Service Retirees, Disability Retirees and Beneficiaries			
1. Number Included in Last Valuation	21	10	31
2. Additions from Active Members	0	1	1
3. Additions from Terminated Vested Members	0	0	0
4. Additions from DROP	0	0	0
5. Deaths Resulting in No Further Payments	0	0	0
6. End of Certain Period – No Further Payments	0	0	0
7. Other: Samuel Stevens, Jr.	<u>1</u>	<u>0</u>	<u>1</u>
8. Number Included in This Valuation	22	11	33

**Age and Service Distribution
Active General Employees
As of October 1, 2002**

<u>Ages</u>	<u>Years of Past Service</u>											<u>Totals</u>
	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	
15-19	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0
25-29	1	1	1	1	1	0	0	0	0	0	0	5
30-34	1	2	2	0	0	1	2	0	0	0	0	8
35-39	2	0	3	0	0	1	1	2	0	0	0	9
40-44	0	0	0	2	0	2	1	1	0	0	0	6
45-49	0	1	0	0	0	0	4	3	0	0	0	8
50-54	1	0	0	0	0	1	1	2	1	0	0	6
55-59	0	0	0	0	0	3	1	2	0	0	0	6
60-64	0	0	0	0	0	0	4	1	0	0	0	5
65&UP	0	0	0	0	0	0	1	0	0	0	0	1
TOTAL	5	4	6	3	1	8	15	11	1	0	0	54

Age and Service Distribution Active Police Officers As of October 1, 2002												
Ages	Years of Past Service											Totals
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	
15-19	0	0	0	0	0	0	0	0	0	0	0	0
20-24	1	0	0	0	0	0	0	0	0	0	0	1
25-29	0	0	0	1	1	1	0	0	0	0	0	3
30-34	0	0	0	1	0	1	1	0	0	0	0	3
35-39	1	0	0	0	0	0	4	1	0	0	0	6
40-44	0	0	0	0	1	0	3	4	1	0	0	9
45-49	1	0	0	0	0	0	0	2	2	0	0	5
50-54	0	0	1	0	0	0	0	0	1	0	0	2
55-59	0	0	0	0	0	0	0	0	1	0	0	1
60-64	0	0	0	0	0	0	0	0	0	0	0	0
65&UP	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	3	0	1	2	2	2	8	7	5	0	0	30

SECTION V
SUMMARY OF
RETIREMENT PLAN PROVISIONS

SUMMARY OF RETIREMENT PLAN PROVISIONS

A. Effective Date:

February 11, 1969, amended and restated effective April 1, 1996. The most recent amendment was Ordinance No. 789 effective January, 1999.

B. Eligibility Requirements:

All full-time employees (excluding elected officials and the City Administrator) shall become participants on date of employment, if employee makes the required employee contributions.

C. Credited Service:

Service in completed calendar months from date of participation to the earlier of the participant's termination of service or actual retirement date during which employee contributions are made. Employees hired prior to September, 1968, shall receive credited service from date of hire to September, 1968, regardless of whether contributions were made during that period.

D. Average Monthly Compensation:

Average Monthly Compensation (denoted AMC) is 1/36th of the highest 36 consecutive months of compensation during the 120 months preceding the earliest of his retirement date, date of termination, or date of death or disability. Compensation shall mean regular wages and salaries, including longevity pay, but excluding bonuses, overtime pay, and accumulated leave payments at termination or retirement.

E. Normal Retirement:

General and Police:

Eligibility: Earlier of (i) or (ii), where: (i) is attainment of age 60 and completion of five (5) years of credited service, if later, and (ii) is completion of 20 years of credited service, regardless of age.

Benefit: 3.0% of AMC multiplied by years of credited service.

F. Early Retirement:

General and Police:

Eligibility Attainment of age 50 and completion of 15 years of credited service.

Benefit: Benefit accrued to date of retirement reduced by tabular factors to reflect commencement of benefits at an earlier age.

G. Delayed Retirement:General and Police:

Eligibility: Retirement after normal retirement date.

Benefit: 3.0% of AMC at delayed retirement date multiplied by years of credited service at delayed retirement date.

H. Disability Benefit:General and Police:

Eligibility: Unable to perform duties pertaining to his occupation as determined by the Plan Administrator.

Benefit: Service Incurred: 50% of AMC payable after 5 months of continuous disability.

Non-Service Incurred: 25% of AMC payable after 5 months of continuous disability.

Both Service Incurred and Non-Service Incurred liability benefits shall not be less than the participant's accrued benefit. The disability monthly benefit is payable for life, with 120 payments guaranteed.

I. Pre-Retirement Death Benefit:

In the event of a participant's death while still employed by the City, the beneficiary shall be entitled to receive the greater of the participant's accumulated participant contributions, or the present value of the participant's vested accrued benefit computed as of date of death.

J. Termination Benefits:General and Police:

Eligibility: Less than 5 years of service at date of termination

Benefit: Refund of accumulated participant contributions with interest, if applicable.

K. Vested Benefit Upon Termination:General and Police:

Eligibility: At least 5 years of credited service at date of termination

Benefit: The benefit payable at normal retirement date equal to the product of his accrued benefit and his vested percentage from the following schedule:

<u>Years of Credited Service</u>	<u>Vested Percentage</u>
Less than 5 Years	0%
5	25%
6	30%
7	35%
8	40%
9	45%
10	50%
11	60%
12	70%
13	80%
14	90%
15 or More	100%

Nevertheless, a member will become 100% vested upon attaining his early or normal retirement age.

L. Employee Contributions:

Police Officers participants shall contribute 10% of basic compensation, and General employees contribute 11 % of basic compensation.

M. Normal Form of Retirement Income:

The normal form of payment shall be a life annuity. If a participant is married as of the date benefits are to commence and he has not elected otherwise, his benefit shall be payable in the form of a Qualified Joint and Survivor Annuity.

N. Deferred Retirement Option Plan (D.R.O.P.)

The D.R.O.P. is available only if the participant makes an irrevocable election to participate after the completion of 20 years of credited service. The D.R.O.P. has a maximum five (5) year participation period, after which the participant is deemed separated from the City. If the participant dies during the D.R.O.P. period, the participant will be treated as any other vested participant in the Plan who dies prior to retirement. If the participant becomes disabled during the D.R.O.P. period, the participant will be assumed to have retired on a normal retirement on the day prior to disability.

O. Changes From Previous Valuation:

None.

STATE REQUIREMENTS

1. Copies of this Report are to be furnished to the Division of Retirement and the State Treasurer's Office within 60 days of receipt from the actuary, at the following addresses:

Mr. Charles Slavin
Bureau of Local Retirement
Division of Retirement
Cedars Executive Center, Building C
2639 North Monroe Street
Tallahassee, Florida 32399-1560

Ms. Patricia Shoemaker, Bureau Chief
Bureau of Municipal Police Officers' and
Firefighters' Retirement Funds
P.O. Box 3010
Tallahassee, Florida 32399-0300

2. Contributions to the System -
 - (a) Employee contributions must be deposited to the fund on at least a monthly basis.
 - (b) City contributions must be deposited to the fund on at least a monthly basis.
 - (c) Premium tax refunds and any other revenues collected for this Plan must be deposited within 5 days of receipt by the City.
3. Information for employees -
 - (a) A written plan description is to be distributed to each member every two years.
 - (b) Pertinent actuarial and financial information is to be included as part of the written plan description distributed to members.