

FINANCIAL STATEMENTS
AND INDEPENDENT
AUDITORS' REPORT

CONSOLIDATED POLICE
OFFICERS AND FIREFIGHTERS
RETIREMENT PLAN OF THE
CITY OF GAINESVILLE,
FLORIDA

SEPTEMBER 30, 2001

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**CONSOLIDATED POLICE OFFICERS AND FIREFIGHTERS RETIREMENT PLAN
OF THE CITY OF GAINESVILLE, FLORIDA
STATEMENT OF PLAN NET ASSETS
SEPTEMBER 30, 2001**

ASSETS

Cash and Cash Equivalents	\$ 1,846,328
Investments, at Fair Value	<u>64,872,390</u>

TOTAL ASSETS	66,718,718.
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LIABILITIES

Accounts Payable and Accrued Liabilities	<u>871,933</u>
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NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (A Schedule of Funding Progress is Presented on Page 6)	<u><u>\$65,846,785</u></u>
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The accompanying "Notes to Financial Statements"
form an integral part of this statement.

**CONSOLIDATED POLICE OFFICERS AND FIREFIGHTERS RETIREMENT PLAN
OF THE CITY OF GAINESVILLE, FLORIDA
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

ADDITIONS	
Contributions:	
Employer	\$ 2,000,882
Employee	1,138,274
State	<u>897,696</u>
 Total Contributions	 4,036,852
 Investment Income:	
Net Depreciation in Fair Value of Investments	(14,959,141)
Dividends and Interest	2,206,033
Broker Refunds	<u>29,707</u>
 Total	 (12,723,401)
Less Investment Expense	<u>338,313</u>
 Net Investment Income	 <u>(13,061,714)</u>
 TOTAL ADDITIONS	 (9,024,862)
 DEDUCTIONS	
Benefit Payments	5,778,002
Refunds of Contributions	232,691
Administrative Expenses	<u>157,918</u>
 TOTAL DEDUCTIONS	 <u>6,168,611</u>
 NET DECREASE	 (15,193,473)
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, October 1, 2000	 <u>81,040,258</u>
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, September 30, 2001	 <u>\$ 65,846,785</u>

The accompanying "Notes to Financial Statements"
form an integral part of this statement.

**CONSOLIDATED POLICE OFFICERS AND FIREFIGHTERS RETIREMENT PLAN
OF THE CITY OF GAINESVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 1 - PLAN DESCRIPTION

The Plan is a single-employer, defined benefit pension plan that covers all full-time, permanent City employees designated as police officers or firefighters.

Membership

At October 1, 2001, the most-recent database, Plan membership consisted of the following:

Active Participants	315
Deferred Vested Members	26
Retirees and Beneficiaries Receiving Benefits	<u>280</u>
Total	<u>621</u>

Contribution Information

The contribution requirements of plan members and the City are established and may be amended by City Ordinance approved by the City Commission in accordance with applicable State Statute.

The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due, when combined with the contributions from the State of Florida, received under Chapters 175 and 185, Florida Statutes.

The required contribution rate for the City for the fiscal year was 13.17%. The contribution rate for the State of Florida was 4.54%. In addition, members contributed 7.50% of gross pay to the plan. Administrative costs are financed through investment earnings.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable.

**CONSOLIDATED POLICE OFFICERS AND FIREFIGHTERS RETIREMENT PLAN
OF THE CITY OF GAINESVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001
(CONCLUDED)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Investments

The Plan maintains separate investment managers for its equity and fixed income portfolios. Overall, the Plan's policy currently limits investments in equity funds to a maximum of 60% of the portfolio.

All investments of the Plan at September 30, 2001, are classified as Category 1, as defined by Statement No. 3 of the Governmental Accounting Standards Board. Category 1 investments include those which are insured or registered, or securities held by the Plan or its agents in the Plan's name.

Fair value was determined through reference to quoted market prices where available. Investments that do not have an established market are reported at estimated fair value. At September 30, 2001, the Plan's investments consisted of the following:

Treasury Obligations	\$ 3,760,882
Bonds and Mortgage-Backed Securities	19,142,672
Equity Securities	<u>41,968,836</u>
 TOTAL	 <u>\$64,872,390</u>

REQUIRED SUPPLEMENTARY INFORMATION

**CONSOLIDATED POLICE OFFICERS AND FIREFIGHTERS RETIREMENT PLAN
OF THE CITY OF GAINESVILLE, FLORIDA**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/c
10/1/01	\$72,819,864	\$106,023,966	\$33,204,102	68.68%	\$14,237,135	233.22%
10/1/99	\$72,733,066	\$93,705,531	\$20,972,465	77.62%	\$16,821,405	124.68%
10/1/97	\$59,716,347	\$69,789,068	\$10,072,721	85.57%	\$16,151,495	62.36%
10/1/96	\$46,403,969	\$66,624,928	\$20,220,959	69.65%	\$16,229,307	124.60%
10/1/95	\$46,403,969	\$62,116,917	\$15,712,948	74.70%	\$15,456,483	101.66%
10/1/94	\$42,978,621	\$57,658,906	\$14,680,285	74.54%	\$15,510,025	94.65%

Notes:

1. An actuarial valuation is now obtained biennially and, accordingly, a valuation was not received as of October 1, 1998 or 2000

**CONSOLIDATED POLICE OFFICERS AND FIREFIGHTERS RETIREMENT PLAN
OF THE CITY OF GAINESVILLE, FLORIDA**

**SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER
AND STATE OF FLORIDA**

<u>Year Ended</u>	<u>Employer Contributions</u>			<u>State Contributions</u>		
	<u>Annual Required Contribution</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Actual State Contribution</u>	<u>Percentage Contributed</u>
9/30/01	\$2,000,882	\$2,000,882	100.00%	\$897,696	\$897,696	100.00%
9/30/00	\$2,121,646	\$2,121,646	100.00%	\$820,238	\$820,238	100.00%
9/30/99	\$1,470,121	\$1,470,121	100.00%	\$793,734	\$793,734	100.00%
9/30/98	\$1,645,613	\$1,645,613	100.00%	\$795,726	\$795,726	100.00%
9/30/97	\$1,494,688	\$1,494,688	100.00%	\$739,198	\$739,198	100.00%
9/30/96	\$1,460,171	\$1,460,171	100.00%	\$716,587	\$716,587	100.00%

**CONSOLIDATED POLICE OFFICERS AND FIREFIGHTERS RETIREMENT PLAN
OF THE CITY OF GAINESVILLE, FLORIDA**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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	10/1/01
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent open
Asset Valuation Method	5-year blend book/market
Actuarial Assumptions:	
Investment Rate of Return *	9.0%
Projected Salary Increases *	4% - 7%
Cost-of-living Adjustments	2.00%

* Includes inflation at 4.00%