

JACKSONVILLE POLICE AND FIRE PENSION FUND

Actuarial Valuation Report as of October 1, 2013

(Determining costs for the Plan Year
beginning October 1, 2014)

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February 11, 2014

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, 2013

Gentlemen:

We are pleased to forward our report on the 2013 Actuarial Valuation of the Jacksonville Police and Fire Pension Fund. The minimum required contribution is for the Plan Year beginning October 1, 2014.

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.

I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

 2-11-14

Jarmon Welch, A.S.A.

Date

11 - 1108

Enrollment Number

PENSION BOARD CONSULTANTS, INC.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Actuarial Report for the Plan Year Beginning October 1, 2013

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JACKSONVILLE POLICE AND FIRE PENSION FUND

Section I: Summary and Cost Analysis

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, 2012. The current review has been performed as of October 1, 2013. The valuation results were based on participant data as of July 1, 2013, provided by the City. Fund assets and the Plan as of September 30, 2013, were reported by the Plan Administrator. Valuation Pay is the annualized sum of reported rate of pay, upgrade pay and shift pay as of July 1st. All of this data has been reviewed for consistency with prior data and for general reasonableness.

Minimum Required Contribution

This valuation calls for a 129.02% (127.30% plus interest adjustment) 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	0.61%
Expected Court Fines and Penalties	0.58%
State Chapter Funds Allocation	<u>4.00%</u>
TOTAL (non City)	12.19%

It should be noted that State laws make the City responsible for funding any contribution shortfall. The City should increase its contribution percentage to 116.83% (129.02%-12.19%) for the fiscal year beginning October 1, 2014.

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. Two account balances have been derived in Table II-D of this report. The amount accumulated in the Enhanced Benefit Account as of September 30, 2013, was \$27,647,091, and the balance in the City Budget Stabilization Account was \$33,268,816.

Senior Staff Voluntary Retirement Plan

As of September 30, 2013, the assets in the Plan were \$3,918,906, and are being recognized in this report.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section I: Summary and Cost Analysis

Reconciliation with 2012 Minimum Required Contribution

The following table compares the key employment and payroll statistics and the minimum required City contributions from the October 1, 2012, and October 1, 2013, actuarial valuations.

Comparison of Key Statistics and Minimum Required City Contributions		
Valuation Date	<u>October 1, 2012</u>	<u>October 1, 2013</u>
Key Statistics		
Number of Active Participants (excluding DROP)	2,213	2,150
Total Covered Valuation Payroll (no DROP)	\$133,611,459	\$130,972,174
DROP Payroll	\$39,661,459	\$39,566,543
Average Annual Pay	\$60,523	\$61,082
Average Age	39.9	40.2
Minimum City Contribution (payable on December 1)		
Dollar Amount	\$144,808,099	\$153,014,791
Percent of Covered Valuation Payroll	108.38%	116.83%
Net Market Value of Assets*	\$1,078,906,587	\$1,228,131,184
Unfunded Actuarial Accrued Liability	\$1,684,069,919	\$1,648,475,008

* Market Value less two reserve accounts and less Senior Staff Plan assets as of 9/30/2013. Reserve accounts balances are derived in TABLE II-D.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section I: Summary and Cost Analysis

Our 2012 actuarial report showed a minimum FY2014 contribution of 120.54% of payroll. This has increased 8.48% to 129.02% for FY2015. This is primarily due to the interaction of the following factors:

1. Based on market value, the fund yielded 16.81% for the plan year ending September 30, 2013. This is more than the assumed investment return of 7.0% per year. This decreased costs approximately 4.8% of covered payroll.
2. An increase in costs of approximately 9.8% of covered payroll was primarily attributable to payroll less than expected, including the one year contribution lag, as well as other lesser factors.
3. Expense funding increased costs approximately 3.5% of covered payroll.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Statement of Actuarial Position as of October 1, 2013Derivation of Minimum Required Contribution

	<u>10/1/2012</u>	<u>10/1/2013</u>
1. Present Value of Future Benefits		
a. Active Participants		
(i) Retirement	\$1,117,657,720	\$1,110,033,423
(ii) Death	\$10,712,433	\$10,248,273
(iii) Disability	\$20,851,625	\$20,434,149
(iv) Withdrawal	\$5,727,652	\$5,527,772
(v) Return of Contributions	\$448,710	\$417,627
(vi) Total	\$1,155,398,140	\$1,146,661,244
b. Inactive Participants		
(i) Retirees and Beneficiaries	\$1,248,478,655	\$1,326,004,277
(ii) Disableds	\$23,992,402	\$24,923,576
(iii) Terminated Vested	\$13,720,251	\$17,063,961
(iv) DROP Participants ¹	\$745,517,655	\$771,008,567
(v) Total	\$2,031,708,963	\$2,139,000,381
c. Total (a. + b.)	\$3,187,107,103	\$3,285,661,625
2. Market Value of Assets		
a. Gross Market Value ¹	\$1,110,737,208	\$1,292,965,997
b. Reserve Accounts	\$28,406,915	\$60,915,907
c. Sr. Staff Plan Assets	\$3,423,706	\$3,918,906
d. Net Market Value (a. - b. - c.)	\$1,078,906,587	\$1,228,131,184
3. Unfunded Actuarial Accrued Liability	\$1,684,069,919	\$1,648,475,008
a. UAAL Amortization Payment ²	\$108,273,721	\$109,785,718
4. Present Value of Future Normal Costs	\$424,130,597	\$409,055,433
5. Ratio of Present Value of Future Salaries to Current Salaries		
a. 1% of PV of Future Salaries	\$12,058,016	\$11,570,895
b. Covered Payroll (no DROP)	\$133,611,459	\$130,972,174
c. Ratio (a. / b.)	9.024687	8.834621
d. DROP Payroll	\$39,661,557	\$39,566,543
6. Normal Actuarial Cost		
a. Dollar Amount (Individual EA)	\$46,109,290	\$47,915,012
b. As % of Covered Payroll	34.51%	36.58%
7. Expense Funding		
a. Annual Expense	\$4,500,000	\$9,025,105
b. As % of Covered Payroll	3.37%	6.89%
8. Total Cost for the Year		
a. Total Cost BOY (3.a. + 6.a. + 7.a.)	\$158,883,011	\$166,725,835
b. As % of Covered Payroll (8.a. / 5.b.)	118.91%	127.30%
c. Total Cost as of December 1 ³	\$161,055,253	\$168,980,299
d. As % of Covered Payroll on December 1 ³	120.54%	129.02%

¹ Includes individual DROP accounts and RLA balances as of September 30² Minimum amount produced by prior bases³ Assumes City contribution paid on December 1

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section II: Statement of Actuarial Position as of October 1, 2013Unfunded Actuarial Accrued Liability Amortization

1. UAAL on October 1, 2012	\$1,684,069,919
2. Normal Cost at Beginning of Year As of October 1, 2012	\$50,609,290
3. 7.0% Annual Interest on (1) plus (2) to September 30, 2013	\$121,427,545
4. Contributions for PYE2013 (one year lag)	\$114,918,719
5. Interest on Contributions to September 30, 2013	\$6,665,513
6. Decrease Due to Actuarial Gain* (primarily investment)	\$86,047,514
7. UAAL on September 30, 2013 (1) + (2) + (3) - (4) - (5) - (6)	\$1,648,475,008
8. Expected Amortization Payment on October 1, 2013	\$109,785,718
9. Expected UAAL on September 30, 2014	\$1,646,397,540
10. Expected Amortization Payment on October 1, 2014	\$113,353,754
11. Expected UAAL on September 30, 2015	\$1,640,356,851

Expected UAAL = [10/1 Expected UAAL - Expected Amortization Payment (3.25% annual increase)] * 1.07 (annual interest)

Note: The final expected payment is \$195,900,213 on October 1, 2033.

*Includes \$554,512 reduction due to settlement of Jake Godbold Bldg.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section II: Statement of Actuarial Position as of October 1, 2013Calculation of Investment Performance

The average dollar weighted investment performance of the Fund was calculated for the period 10/01/12 to 09/30/13 based on Market Value.

	<u>Market Value</u>
(1) Asset Value, BOY	\$885,238,008
(2) Asset Value, EOY	\$1,045,531,488
(3) Contributions from all Sources	\$144,248,417
(4) Benefit Payments and Expenses ¹	\$133,644,004
(5) Income, Including Realized and Unrealized Gains (2) - (1) - (3) + (4)	\$149,689,067
(6) Yield for Period ² $2 \times (5) / ((1) + (2) - (5))$	16.81%

¹ Net of money manager fees of \$6,519,120, parking and rental expenses of \$321,292. Interest earned on RLA and DROP Liability Accounts of \$19,513,372 for PYE 09/30/13 is also deducted prior to computing the yield.

² The total market value of assets, including DROP account balances and RLA balances, was \$1,292,965,997 on 9/30/13.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section II: Statement of Actuarial Position as of October 1, 2013Reconciliation of Accounts October 1, 2012 through September 30, 2013A. Enhanced Benefit Account (EBA)

Account Value, 10/01/12	\$21,693,735
Additions	
Chapter Funds Allocation (received 8/29/13) (0.41% * \$130,972,174)	\$536,986
Uncommitted Chapter Funds (received 8/29/13) (residual > 4.41% * \$130,972,174)	\$3,891,312
Interest (16.81% per annum) ¹	<u>\$3,707,453</u>
Total Additions	\$8,135,751
Subtractions	
Annual Retiree Bonus (paid 12/07/12)	\$1,923,202
Interest (16.81% per annum) ²	<u>\$259,193</u>
Total Subtractions	\$2,182,395
Account Value, 09/30/13	\$27,647,091

Notes

- Market rate of return from 10/01/12 to 09/30/13.
(0.1681*\$21,693,735)+[(1.1681^(32/365)-1]*(\$536,986+\$3,891,312)
- Market rate of return from 10/01/12 to 09/30/13.
[(1.1681)^(297/365)-1]*(\$1,923,202)

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section II: Statement of Actuarial Position as of October 1, 2013

Reconciliation of Accounts October 1, 2012 through September 30, 2013

B. City Budget Stabilization Account (CBSA)

Account Value, 10/01/12	\$6,713,180
Additions	
Contributions ¹	\$132,263,315
Chapter Funds deposit (8/29/13)	\$9,667,185
Interest (7.00% per annum) ²	\$7,952,627
Total Additions	\$149,883,127
Subtractions	
Required Payment for FYE 9/30/13 ³	\$114,918,719
Transfer of Chapter Funds to EBA on 8/29/13 ⁴	\$4,428,298
Interest (7.00% per annum) ⁵	\$3,980,474
Total Subtractions	\$123,327,491
Account Value, 09/30/13	\$33,268,816

Notes

1. From City, Members and Court Fines. (No employee or employer buybacks included, nor any one time transfers from GEPP.) (\$121,822,333+\$8,889,723+\$793,275+\$757,984)
2. Assumed rate of return from 10/01/12 to 09/30/13.
 $(0.07 * \$6,713,180) + [(1.07)^{(10/12)} - 1] * \$121,822,333 + [(1.07)^{(0.5)} - 1] * \$10,440,982 + [(1.07)^{(32/365)} - 1] * \$9,667,185$
3. $(\$8,889,723 / 0.07) * 0.9049$
4. $(0.41\% * \$130,972,174) + (\text{residual} > 4.41\% * \$130,972,174)$
5. $[(1.07)^{(0.5)} - 1] * \$114,918,719 + [(1.07)^{(32/365)} - 1] * (\$536,986 + \$3,891,312)$

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section II: Statement of Actuarial Position as of October 1, 2013Actuarial Assumptions

The actuarial assumptions were updated after an experience study for five plus years ending September 30, 2011.

Mortality: No future mortality improvement projected. Pre and Post-Retirement for healthy lives, the RP-2000 Combined Healthy Mortality Table, separate by sex, Projection Scale AA to valuation date. Post-Disablement uses the RP-2000 Disabled Retiree Table, separate by sex, Projection Scale AA to valuation date.

Investment Yield: 7.0% 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	.024	28	.024	36	.006
24	.024	32	.012	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	.00036	35	.00048	45	.00120
30	.00036	40	.00060	50	.00264

Salary Scale: 4.0% 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 inactives.

Retirement: Rates per year as follows:

<u>Years of Service</u>	<u>Rate</u>
20	0.40
21-29	0.30
30	1.00

Assumed 100% retirement at age 61.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section II: Statement of Actuarial Position as of October 1, 2013

Actuarial Assumptions

Expense Funding: Expenses, including manager fees, are currently funded at \$9,025,105 annually. (Actual administrative and manager expenses in FY2013.)

Load: Active retirement and DROP liabilities are loaded 2% for the DROP 8.4% interest.

Amortization of Unfunded Actuarial Accrued Liability: Assumes payroll increases at 3.25% per annum throughout the entire amortization period.

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

Withdrawal of Employee Contributions: Assumes no refunds elected by vested terminations.

Sources of Data: Asset data is from unaudited financial statements.

Changes Since the October 1, 2012 Valuation:

1. DROP load disclosed.
2. Expense funding increased from \$4,500,000 to \$9,025,105 annually.

Actuarial Bases

Cost Method: Individual Entry Age

Asset Valuation Method: Market Value

Changes Since the October 1, 2012 Valuation: None.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section II: Statement of Actuarial Position as of October 1, 2013Plan 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 (Children's minimum is \$200).
<u>Health Subsidy:</u>	\$5 per month for each year of Credited Service with a minimum of \$25 per month and a maximum of \$150 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 75% 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 \$400 per month.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section II: Statement of Actuarial Position as of October 1, 2013

Plan Outline

	<p>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.</p> <p>Otherwise, refund of 100% employee's contributions.</p> <p>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.</p>
<p><u>Termination of Service:</u></p>	<p>If terminated before 5 years of Credited Service, refund of employee contributions.</p> <p>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)</p> <p>No death or disability benefits during deferred period. Form of benefit same as for active employees. No minimum benefits.</p>
<p><u>Employee Contribution:</u></p>	<p>7% of Earnings Base.</p>
<p><u>Non-Employee Contributions:</u></p>	<p>The City is currently contributing 108.38% of budgeted earnings. The Fund also receives proceeds from court fines and a major portion of Chapter monies. The City covers any shortfall.</p>
<p><u>Cost of Living Increases:</u></p>	<p>Annual increases in the Retirement Benefit of 3% per year.</p>
<p><u>Note:</u></p>	<p>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.</p>

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section II: Statement of Actuarial Position as of October 1, 2013

Plan Outline

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.

Percentage cost of living increases granted during DROP period.
Biannual 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, 2012 Valuation:

1. City contribution increased from 81.91% to 108.38% of budgeted earnings.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: Key StatisticsHistorical Key Statistics

Class of Participant	Valuation Date				
	10/01/09	10/01/10	10/01/11	10/01/12	10/01/13
Continuing Actives					
(excluding DROP)	2,378	2,471	2,428	2,203	2,082
Pay Increase %	7.0%	3.0%	2.5%	0.4%	2.9%
Active					
Number	2,583	2,620	2,451	2,213	2,150
Average Age	38.7	39.0	39.3	39.9	40.2
Average Annual Pay	\$60,224	\$60,323	\$60,862	\$60,523	\$61,082
Average Service	10.4	10.5	10.8	11.2	11.5
Retired					
Number	1,470	1,483	1,529	1,556	1,618
Average Age	64.8	65.2	65.5	65.7	65.5
Average Annual Benefit	\$47,622	\$49,463	\$51,395	\$53,042	\$54,461
Disabled					
Number	60	60	57	57	56
Average Age	60.0	60.3	61.3	61.4	61.4
Average Annual Benefit	\$29,061	\$29,926	\$31,003	\$32,403	\$33,958
Surviving Spouses					
Number	376	390	390	401	418
Average Age	73.0	73.0	72.6	72.6	72.8
Average Annual Benefit	\$23,277	\$24,734	\$26,347	\$28,075	\$29,677
Children					
Number	20	20	28	31	31
Average Age	11.6	12.4	12.8	13.1	13.5
Average Annual Benefit	\$3,149	\$3,182	\$3,284	\$3,254	\$3,267
Terminated Vested					
Number	38	39	38	52	60
Average Age	42.2	43.3	43.3	44.0	43.8
Average Annual Benefit	\$15,173	\$15,730	\$14,512	\$18,072	\$19,128
DROP					
Number	314	361	439	550	542
Average Age	50.9	50.7	50.4	50.1	50.3
Average Annual Benefit	\$49,966	\$49,619	\$48,572	\$49,221	\$50,581

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: 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 07/01/12 Used for 10/01/12 Reporting	2,213	1,556	52	57	401	31	550
New Entrants	58						
Transfers from General Plan	10						
Transfers to General Plan	(1)						
Non-Vested/Refunded Terminations	(20)						
Vested Terminations	(15)		15				
Retirees	(4)	104	(7)				(93)
Disabilities	(2)			2			
Deaths with no Survivors	(1)	(11)		(2)	(18)		
Payments Stopped (Age 18 or Remarried)						(3)	
Deaths with Survivors	(3)	(31)		(1)			(1)
New Beneficiaries					35	3	
New DROP Retirees	(86)						86
Data Corrections	1						
Number on 07/01/13 Used for 10/01/13 Valuation	<u>2,150</u>	<u>1,618</u>	<u>60</u>	<u>56</u>	<u>418</u>	<u>31</u>	<u>542</u>

* Accumulated employee contributions of \$88,554,444

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section III: Key Statistics

Active Age And Service Distribution As Of October 1, 2013

Cell Format: Number In Each Group, Average Age, Average Service, And Average Salary (Both Sexes Included)

Age	Service													ALL
	<1	>=1 <2	>=2 <3	>=3 <4	>=4 <5	>=5 <10	>=10 <15	>=15 <20	>=20 <25	>=25 <30	>=30 <35	>=35 <40	>=40	
<25	10	2	1	5	3	0	0	0	0	0	0	0	0	21
	23.84	24.18	24.49	24.35	24.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24.09
	0.45	1.17	2.89	3.53	4.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.91
	37258	38453	34584	43186	48523	0	0	0	0	0	0	0	0	40265
>=25 <30	21	2	1	15	55	77	0	0	0	0	0	0	0	171
	27.05	26.65	26.95	27.41	28.19	28.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	28.28
	0.52	1.64	2.30	3.63	4.41	6.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.78
	39104	38453	40652	46770	49368	54200	0	0	0	0	0	0	0	49877
>=30 <35	16	2	0	17	58	232	49	0	0	0	0	0	0	374
	32.16	34.30	0.00	32.87	32.26	32.59	33.60	0.00	0.00	0.00	0.00	0.00	0.00	32.67
	0.50	1.41	0.00	3.71	4.42	7.68	10.98	0.00	0.00	0.00	0.00	0.00	0.00	7.09
	38299	41976	0	45129	49566	57004	60928	0	0	0	0	0	0	54944
>=35 <40	5	0	0	7	32	179	169	54	0	0	0	0	0	446
	37.24	0.00	0.00	37.33	36.97	37.30	37.66	39.04	0.00	0.00	0.00	0.00	0.00	37.62
	0.55	0.00	0.00	3.69	4.38	8.00	11.91	16.70	0.00	0.00	0.00	0.00	0.00	10.13
	38196	0	0	46022	48941	56390	62708	67057	0	0	0	0	0	59174
>=40 <45	3	0	0	8	14	113	142	246	38	1	0	0	0	565
	43.02	0.00	0.00	41.99	42.46	42.38	42.00	42.76	43.22	44.86	0.00	0.00	0.00	42.51
	0.57	0.00	0.00	3.65	4.43	8.17	12.05	17.40	21.21	25.43	0.00	0.00	0.00	13.88
	37319	0	0	47774	46265	56073	63326	70730	78057	100572	0	0	0	65375
>=45 <50	0	0	0	3	10	62	72	190	40	9	1	0	0	387
	0.00	0.00	0.00	47.88	47.21	47.44	47.32	47.03	47.04	47.08	49.33	0.00	0.00	47.17
	0.00	0.00	0.00	3.66	4.48	8.07	12.49	17.65	21.98	26.26	30.25	0.00	0.00	15.39
	0	0	0	42054	47845	54810	61822	70787	77704	84507	78511	0	0	66798
>=50 <55	0	0	0	1	6	22	30	71	17	6	1	0	0	154
	0.00	0.00	0.00	52.54	51.57	51.49	51.91	51.94	52.37	52.38	50.71	0.00	0.00	51.92
	0.00	0.00	0.00	3.53	4.43	8.23	12.56	17.57	21.71	25.77	30.02	0.00	0.00	15.51
	0	0	0	48775	49278	56246	61742	67707	70454	96702	79836	0	0	65578
>=55 <60	0	0	0	1	0	2	4	18	2	1	0	0	0	28
	0.00	0.00	0.00	59.41	0.00	57.74	56.95	57.32	57.78	56.14	0.00	0.00	0.00	57.36
	0.00	0.00	0.00	3.74	0.00	8.21	11.12	17.55	22.30	25.27	0.00	0.00	0.00	16.08
	0	0	0	44352	0	58251	59557	69010	64136	96432	0	0	0	66642
>=60 <65	0	0	0	0	0	0	0	4	0	0	0	0	0	4
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	61.52	0.00	0.00	0.00	0.00	0.00	61.52
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18.05	0.00	0.00	0.00	0.00	0.00	18.05
	0	0	0	0	0	0	0	64580	0	0	0	0	0	64580
>=65 ALL	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	55	6	2	57	178	687	466	583	97	17	2	0	0	2150
	29.75	28.38	25.72	34.11	34.01	37.03	41.13	45.50	46.70	49.35	50.02	0.00	0.00	40.21
	0.51	1.41	2.60	3.66	4.41	7.77	11.98	17.45	21.64	25.98	30.13	0.00	0.00	11.50
	38354	39627	37618	45760	49009	56158	62483	69945	76292	90458	79174	0	0	61082

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section IV: Accounting for Pension Costs and Liabilities

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, 2013, is provided in this report.

Information collected for this review and update consists of participant data as of July 1, 2013, (used for this September 30, 2013, reporting) and asset information as of September 30, 2013. The Plan Administrator provided the information.

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.

Disclosures also comply with GASB Statement No. 50.

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

The information presented in the required following 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	10/01/13
Actuarial cost method	Individual Entry Age
Amortization method	Level percent; closed
Remaining amortization period	22 years
Asset valuation method	Market Value

Actuarial assumptions:

Investment rate of return*	7.00%
Projected salary increases*	4.00%
*Includes inflation at	2.50%
Cost-of-living adjustments	3.00%

JACKSONVILLE POLICE AND FIRE PENSION FUND

TABLE IV-A

Statement of Changes in Plan Net Assets
as of September 30, 2012 and 2013

	<u>2012</u>	<u>2013</u>
<u>Additions</u>		
Contributions		
Employer	\$72,642,853	\$121,822,333 ¹
Employee	<u>11,610,870</u>	<u>10,753,501</u> ²
	84,253,723	132,575,834
Other Additions		
Chapter 175/185	9,275,728	9,667,185
Court fines and penalties	770,125	757,984
Settlement - Jake Godbold Bldg		554,512
Grant - Dept of Energy		60,125
Miscellaneous	<u>55,383</u>	<u>632,777</u>
	10,101,236	11,672,583
Investment income		
Parking and rental revenue	1,501,891	1,705,948
Investment income & realized gains	24,864,023	76,225,101
Unrealized Gains (Losses)	<u>161,228,528</u>	<u>98,111,802</u>
	187,594,442	176,042,851
Less investment expense	5,745,347	6,519,120
Less parking and rental expense	<u>195,663</u>	<u>321,292</u>
Net investment income	181,653,432	169,202,439
 Total additions	 276,008,391	 313,450,856
<u>Deductions</u>		
Pension benefit payments	96,767,350	103,305,804
DROP payments and RLA interest ³	42,791,137	46,949,151
Refund of contributions	308,128	336,311
Lighting change out - DOE Grant		60,125
Administrative expense	<u>2,351,598</u>	<u>2,505,985</u>
Total deductions	142,218,213	153,157,376
 Net increase	 133,790,178	 160,293,480
Net assets		
Beginning of year	751,447,830	885,238,008
End of year	885,238,008	1,045,531,488
 Individual DROP account and RLA balances @ September 30	 <u>225,499,200</u>	 <u>247,434,509</u>
 Net assets held in trust for pension benefits	 <u>\$1,110,737,208</u>	 <u>\$1,292,965,997</u>

¹ There were no employer matching buybacks in FY13.

² Includes \$1,070,503 in buybacks and \$793,275 in 2% DROP contributions.

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

TABLE IV-B

Statement of Plan Net Assets
as of September 30, 2012 and 2013

<u>Assets</u>	<u>2012</u>	<u>2013</u>
Cash and short-term investments	\$4,632,548	\$38,863,762
Due from City of Jacksonville	\$35,175	\$3,912,817
Due from other governmental units	\$2,878,556	
Recoverable taxes		\$159,372
Prepaid items	\$63,173	\$65,579
Investments, at fair value		
Fixed Income Securities	\$281,052,968	\$232,208,882
Equities	\$715,937,545	\$881,577,597
Accrued Interest	\$1,288,140	\$1,038,798
Dividends receivable	\$795,898	\$760,534
Real Estate	\$109,174,492	\$139,358,862
Property, Plant and Equipment		
Furniture and equipment	\$356,379	\$327,817
Accumulated depreciation	(\$303,392)	(\$286,863)
Other receivables	<u>\$230,202</u>	<u>\$97,374</u>
Total assets	\$1,116,141,684	\$1,298,084,531
<u>Liabilities</u>		
Vouchers payable	\$117	\$13
Accounts payable	\$1,428,252	\$1,597,932
Accrued wages payable	\$755,876	\$1,193,222
Due to City of Jacksonville	\$3,000,980	\$2,182,425
Current portion long term liabilities	\$52,773	\$12,165
Other long term liabilities	\$158,057	\$98,667
OPEB GASB #45	<u>\$8,421</u>	<u>\$34,110</u>
Total liabilities	\$5,404,476	\$5,118,534
Net assets held in trust for pension benefits	<u><u>\$1,110,737,208</u></u>	<u><u>\$1,292,965,997</u></u>

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section IV: Accounting for Pension Costs and Liabilities

Notes to Financial Statements, Plan Year Ended September 30, 2013

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, 2013, membership consisted of:

	<u>Number</u>
Retirees currently receiving benefits	1,674
DROP participants	542
Beneficiaries currently receiving benefits	449
Terminated members entitled to but not yet receiving benefits	60
Active plan members	
Vested	1,852
Nonvested	<u>298</u>
Total	4,875

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, 2013. Investments are reported at market value.

3. Contributions: As of October 1, 2013, the City's contribution rate was increased to 108.38% of active members' salaries. The active members are contributing 7.0% of salaries and DROP members 2.0%. The remaining contribution is comprised of most State contributions and court fines. These amounts are sufficient to fund the benefits and meet the State's requirements. Full investment costs of the Plan (commencing with this report) and administrative costs are included in the annual required contribution amount.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section IV: Accounting for Pension Costs and Liabilities

Schedule of Funding Progress

Plan Year Ending <u>Sept. 30</u>	Actuarial Value of Assets <u>(a)</u>	Accumulated Reserve Accounts <u>(b)</u>	Actuarial Liability (AAL) <u>(c)</u>	Unfunded AAL (UAAL) <u>(c - a)</u>	Funded Ratio <u>(a / c)</u>	Covered Valuation Payroll <u>(d)</u>	UAAL as a Percentage of Covered Payroll <u>[(c - a) / d]</u>
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	\$12,177,690	\$1,376,658,788	\$549,321,127	60.10%	\$134,694,392	407.83%
2007	\$930,454,052	\$19,895,785	\$1,464,507,647	\$534,053,595	63.53%	\$143,006,154	373.45%
2008	\$894,903,336	\$12,723,482	\$1,692,974,683	\$798,071,347	52.86%	\$148,276,743	538.23%
2009	\$855,996,514	\$13,048,401	\$1,753,945,664	\$897,949,150	48.80%	\$155,557,729	577.24%
2010	\$1,060,406,309	\$22,116,759	\$2,024,453,414	\$964,047,106	52.38%	\$158,046,680	609.98%
2011	\$1,039,894,242	\$24,371,814	\$2,427,197,626	\$1,387,303,384	42.84%	\$148,967,906	931.28%
2012	\$1,078,906,587	\$28,406,915	\$2,762,976,506	\$1,684,069,919	39.05%	\$133,611,459	1260.42%
2013	\$1,228,131,184	\$60,915,907	\$2,876,606,192	\$1,648,475,008	42.69%	\$130,972,174	1258.65%

¹ For Plan Years ending 9/30/06, 9/30/07, 9/30/12 and 9/30/13, the Actuarial Value of Assets was Market Value.

² These accounts were redefined by the Restated Agreement effective 4/1/00. As of 9/30/13, the value of the City Budget Stabilization Account was \$33,268,816 and the Enhanced Benefit Account was \$27,647,091. These amounts are not included in the Actuarial Value of Assets. As of 9/30/13, the Senior Staff Voluntary Retirement Plan had assets of \$3,918,906, which are not included in the Actuarial Value of Assets.

³ Beginning with Plan Year ending 2010, the actuarial value of assets and AAL reflect accumulated DROP payments along with DROP and RLA interest, since these are assets of the Trust. Beginning with Plan Year ending 2011, the Senior Staff Voluntary Retirement Plan assets are recognized as part of the assets of the Trust.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section IV: Accounting for Pension Costs and Liabilities

Schedule of Contributions From All Sources

Plan Year Ending Sept. 30	Annual Required Contribution	City Cash Contributions	Alloted from CBSA	Court Fines	Premium-Tax Refunds	Total Employer Contributions	Total Member Contributions
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	\$42,866,015	(\$4,358,257)	\$1,341,955	\$5,720,247	\$45,569,960	\$10,356,596
2008	\$65,389,407	\$47,145,307	\$442,776	\$1,218,796	\$5,931,069	\$54,737,948	\$10,651,459
2009	\$67,993,368	\$49,246,033	\$329,448	\$988,726	\$6,222,309	\$56,786,516	\$11,206,852
2010	\$95,019,914	\$81,170,863	(\$5,014,820)	\$1,026,015	\$6,321,868	\$83,503,926	\$11,515,988
2011	\$94,631,375	\$75,038,616	\$1,162,380	\$864,318	\$5,958,716	\$83,024,030	\$11,607,345
2012	\$90,277,776	\$69,828,557	\$3,130,318	\$770,125	\$5,344,459	\$79,073,459	\$11,204,317
2013	\$114,918,719	\$121,822,333	(\$22,583,482)	\$757,984	\$5,238,886	\$105,235,721	\$9,682,998

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.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section V: State of Florida Information

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

	<u>As of</u> <u>10/01/2012</u>	<u>As of</u> <u>10/01/2013</u>
Present Value of Future Benefits for:		
Retirement Benefits	\$1,117,657,720	\$1,110,033,423
Death Benefits	\$10,712,433	\$10,248,273
Disability Benefits	\$20,851,625	\$20,434,149
Withdrawal Benefits	\$5,727,652	\$5,527,772
Return of Contributions	<u>\$448,710</u>	<u>\$417,627</u>
Total Active	\$1,155,398,140	\$1,146,661,244
Terminated Vested	\$13,720,251	\$17,063,961
Retirees and Beneficiaries	\$1,248,478,655	\$1,326,004,277
Disableds	\$23,992,402	\$24,923,576
DROPs	<u>\$745,517,655</u>	<u>\$771,008,567</u>
Total Inactive	\$2,031,708,963	\$2,139,000,381
Total Present Value of Future Benefits	\$3,187,107,103	\$3,285,661,625

D. Actuarial Present Value of Accumulated Plan Benefits

	<u>As of</u> <u>10/01/2012</u>	<u>As of</u> <u>10/01/2013</u>
Active		
Vested	\$536,682,350	\$548,164,158
Nonvested	\$19,556,183	\$14,451,944
Inactive	<u>\$2,031,708,963</u>	<u>\$2,139,000,381</u>
Total	\$2,587,947,496	\$2,701,616,483

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section V: State of Florida Information

D. Actuarial Present Value of Accumulated Plan Benefits (continued)

1. Actuarial Present Value of Accumulated Plan Benefits as of October 1, 2012.	\$2,587,947,496
2. Less benefit payments and refunds for the period 10/1/2012-9/30/2013	\$150,591,266
3. Increase due to 7.0% yield assumption.	\$175,974,774
4. Plus additional benefit accruals for the period 10/1/2012-9/30/2013, including experience deviations	\$88,285,479
5. Actuarial Present Value of Accumulated Plan Benefits as of October 1, 2013.	\$2,701,616,483

E. Entry Age Normal Actuarial Accrued Liability

	<u>As of</u> <u>10/01/2012</u>	<u>As of</u> <u>10/01/2013</u>
Actives		
Retirement Benefits	\$720,642,686	\$726,902,187
Death Benefits	\$3,275,772	\$3,213,341
Disability Benefits	\$8,385,062	\$8,488,053
Withdrawal Benefits	-\$519,888	-\$490,289
Return of Contributions	<u>-\$516,089</u>	<u>-\$507,481</u>
Total Actives	\$731,267,543	\$737,605,811
Total Inactives	\$2,031,708,963	\$2,139,000,381
Total Entry Age Normal Actuarial Accrued Liability	\$2,762,976,506	\$2,876,606,192

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section V: State of Florida Information

F. Entry Age Normal Cost

	<u>As of</u> <u>10/01/2012</u>	<u>As of</u> <u>10/01/2013</u>
Actives Only		
Retirement Benefits	\$43,101,330	\$44,971,412
Death Benefits	\$813,610	\$790,760
Disability Benefits	\$1,354,955	\$1,339,575
Withdrawal Benefits	\$730,464	\$707,160
Return of Contributions	<u>\$108,931</u>	<u>\$106,105</u>
Total	\$46,109,290	\$47,915,012

G. Pension Cost

	<u>As of</u> <u>10/01/2012</u>	<u>As of</u> <u>10/01/2013</u>
Normal Actuarial Cost	\$50,609,290	\$56,940,117
Minimum Payment to Amortize UAAL	\$108,273,721	\$109,785,718
Expected Contributions From Active Employees		
Dollar Amount	\$9,352,802	\$9,168,052
% of Covered Payroll	7.00%	7.00%
Expected Contributions From City		
Dollar Amount	\$144,808,099	\$153,014,791
% of Covered Payroll	108.38%	116.83%
Expected DROP Contributions		
Dollar Amount	\$771,026	\$798,930
% of Covered Payroll	0.58%	0.61%
Expected Contributions From Other Sources*		
Dollar Amount	\$6,114,584	\$5,998,526
% of Covered Payroll	4.58%	4.58%

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

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section V: State of Florida Information

H. Past Contributions

Expected contributions for Plan Year ending September 30, 2014. See G. above.
Actual contributions for Plan Year ending September 30, 2013 - See Table IV-A.

I. Net Actuarial Gain (Loss)

For period ended 09/30/2013 – \$37,626,922

J. Present Value of

	As of 10/01/2012	As of 10/01/2013
Future Salaries	\$1,205,801,600	\$1,157,089,500
Future City Contributions	\$2,011,748,177	\$1,916,545,819
Future Active Employee Contributions	\$84,406,112	\$80,996,265
Future DROP Contributions	\$6,958,268	\$7,008,284
Future Contributions from Other Sources	\$55,182,207	\$52,980,073

K. (i) Three-Year Comparison of Actual and Assumed Salary Increases

<u>Year Ended</u>	<u>Actual</u>	<u>Assumed</u>
09/30/13	2.9%	4.0%
09/30/12	0.4%	5.0%
09/30/11	2.5%	5.5%

(ii) Three-Year Comparison of Net Investment Returns

<u>Year Ended</u>	<u>Market Value</u>	<u>Actuarial Value</u>	<u>Assumed</u>
09/30/13	16.81%	NA	7.00%
09/30/12	22.33%	4.34%	7.75%
09/30/11	-2.07%	-2.41%	8.50%

JACKSONVILLE POLICE AND FIRE PENSION FUND

Section V: State of Florida Information

(ii) Average Annual Growth in Payroll, last 10 Years

<u>Valuation Date</u>	<u>Covered Valuation Payroll</u>
10/01/2003	\$109,636,548
10/01/2004	\$118,510,432
10/01/2005	\$130,392,283
10/01/2006	\$134,694,392
10/01/2007	\$143,006,154
10/01/2008	\$148,276,743
10/01/2009	\$155,557,729
10/01/2010	\$158,046,680
10/01/2011	\$148,967,906
10/01/2012	\$133,611,459
10/01/2013	\$130,972,174

Total % Increase	19.46%
Annual % Increase (10 year average)	1.79%

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

None.

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

None.

N. Statement by Enrolled Actuary

See Cover Letter.

O. Age/Service Distribution of Active Employees

See Table III-C.

P. Derivation of Costs on Current Plan Basis

See Table II-A.