

# **City of Jacksonville General Employees Retirement Plan**

**Actuarial Valuation and Review as of  
October 1, 2013**





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*March 25, 2014*

*Board of Trustees*

*City of Jacksonville General Employees Retirement Plan*

*117 West Duval Street, Suite 330*

*Jacksonville, FL 32202*

*Dear Board Members:*

*We are pleased to submit this Actuarial Valuation and Review as of October 1, 2013. The census information on which our calculations were based was prepared by the Retirement System Administrative Office and the financial information was provided by the City's Finance Department. That assistance is gratefully acknowledged .*

*Statement by Enrolled 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 which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.*

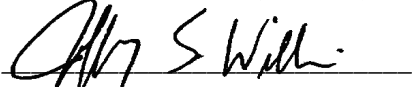
*The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law.*


*The actuarial calculations were directed under the supervision of Jeffrey S. Williams, FCA, ASA, MAAA, Enrolled Actuary. Mr. Williams is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.*

*We look forward to reviewing this report at your next meeting and to answering any questions.*

*Sincerely,*

*Segal Consulting, a Member of The Segal Group, Inc.*

By:   
*Jeffrey S. Williams, FCA, ASA, MAAA, EA*  
*Consulting Actuary*  
*Enrolled Actuary No.11-7009*

  
*Leon F. (Rocky) Joyner, Jr. FCA, ASA, EA, MAAA*  
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## SECTION 1: Valuation Summary for the City of Jacksonville General Employees Retirement Plan

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### Purpose

This report has been prepared by Segal Consulting to present a valuation of the City of Jacksonville General Employees Retirement Plan as of October 1, 2013. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension Plan, as administered by the Board;
- The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of October 1, 2013, provided by the Retirement System Administrative Office;
- The assets of the Plan as of September 30, 2013, provided by the City's Finance Department;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

### Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

1. Per Part VII, Chapter 112.64(5)(a), of Florida Statutes, the payroll growth assumption used for amortization purposes is not allowed to exceed the average annual payroll growth for the preceding ten years. As a result, for amortization purposes only, the payroll growth assumption was lowered from 3.00% to 2.62% for this valuation.
2. The ARC for the plan years beginning October 1, 2013 and October 1, 2014 are shown below.
  - October 1, 2013 ARC – \$81,351,295, or 27.91% of projected pay
  - October 1, 2014 ARC, prior to payroll growth assumption change – \$83,971,085, or 30.72% of projected pay
  - October 1, 2014 ARC, after payroll growth assumption change – \$86,064,715, or 31.60% of projected pay
  - October 1, 2014 ARC, after change to statutory limits – \$86,069,361, or 31.60% of projected pay
3. The investment rate of return on an actuarial basis for the year ended September 30, 2013 was 9.27%. Since the rate of return was more than the assumed rate of return of 7.75% for the year ending September 30, 2013, there was an actuarial investment gain amounting to \$22,372,941. The return on a market value basis was 17.48%. As of the valuation date, the smoothed actuarial value of assets is equal to 90.3% of market value.

## SECTION 1: Valuation Summary for the City of Jacksonville General Employees Retirement Plan

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4. The actuarial valuation report as of October 1, 2013 is based on financial information as of that date. Changes in the value of assets subsequent to that date, to the extent that they exist, are not reflected. Unfavorable asset experience will increase the actuarial cost of the Plan, while favorable experience will decrease the actuarial cost of the Plan. For example, a 10% change in the current year's actuarial value of assets would produce a \$10,358,808 change in the recommended contribution level. Because the actuarial value of assets involves a smoothing method, a 10% change in market value would not be fully reflected immediately in the actuarial value of assets. Rather, that effect would be spread over a period of years. We have shown the full impact immediately so as to indicate the sensitivity of costs to market fluctuations.
5. The GASB Schedule of Funding Progress, provided in Exhibit III of Section 4, shows that the funded ratio has decreased from 62.38% as of October 1, 2012 to 62.30% as of October 1, 2013.
6. On a Market Value of Assets basis, the funded ratio has increased from 64.03% as of October 1, 2012 to 68.98% as of October 1, 2013.
7. There were no plan changes since the prior valuation.
8. The only assumption change was the mandated change in the payroll growth assumption for amortization purposes.
9. IRS Section 415(b) limits changed, causing a slight increase in the ARC.
10. The financial information received states all results rounded to the nearest thousand. The results in this valuation are shown to the dollar. Therefore, occasionally rounded numbers are combined with unrounded ones.

**SECTION 1: Valuation Summary for the City of Jacksonville General Employees Retirement Plan**

**Summary of Key Valuation Results**

	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Contributions for fiscal year beginning October 1:</b>			
Recommended	\$86,069,361	\$81,351,295	\$66,659,915
As a percentage of payroll	31.60%	27.91%	20.51%
Actual		--	\$55,386,000
<b>Funding elements for plan year beginning October 1:</b>			
Normal cost, including administrative expenses		\$37,039,850	\$39,117,906
Market value of assets		1,733,319,000	1,558,645,000
Actuarial value of assets		1,565,291,310	1,518,577,926
Actuarial accrued liability		2,512,635,436	2,434,274,957
Unfunded actuarial accrued liability		947,344,126	915,697,031
<b>GASB 25/27 for fiscal year beginning October 1:</b>			
Annual required contributions (ARC)		\$81,351,295	\$66,659,915
Actual contributions		--	55,386,000
Percentage of ARC contributed		--	83.09%
Funded ratio		62.30%	62.38%
Covered payroll		\$265,404,735	\$283,020,575
<b>Demographic data for plan year beginning October 1:</b>			
Number of retired participants and beneficiaries		4,896	4,783
Number of vested former participants		78	81
Number of active participants		5,139	5,485
Covered payroll		\$265,404,735	\$283,020,575
Average payroll		51,645	51,599
Projected payroll for next fiscal year		\$272,358,339	\$291,511,192

**SECTION 2: Valuation Results for the City of Jacksonville General Employees Retirement Plan**

**A. PARTICIPANT DATA**

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, vested terminated participants, retired participants and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

*A historical perspective of how the participant population has changed over the past ten valuations can be seen in this chart.*

**CHART 1**  
**Participant Population: 2004 – 2013**

<b>Year Ended September 30</b>	<b>Active Participants</b>	<b>Vested Terminated Participants*</b>	<b>Retired Participants and Beneficiaries</b>	<b>Ratio of Non-Actives to Actives</b>
2004	4,963	48	4,189	0.85
2005	5,078	55	4,283	0.85
2006	5,096	79	4,381	0.88
2007	5,104	72	4,397	0.88
2008	5,151	78	4,456	0.88
2009	5,113	82	4,465	0.89
2010	6,280	97	4,504	0.73
2011	6,109	90	4,603	0.77
2012	5,485	81	4,783	0.89
2013	5,139	78	4,896	0.97

*\*Excludes terminated participants due a refund of employee contributions*



**SECTION 2: Valuation Results for the City of Jacksonville General Employees Retirement Plan**

**Active Participants**

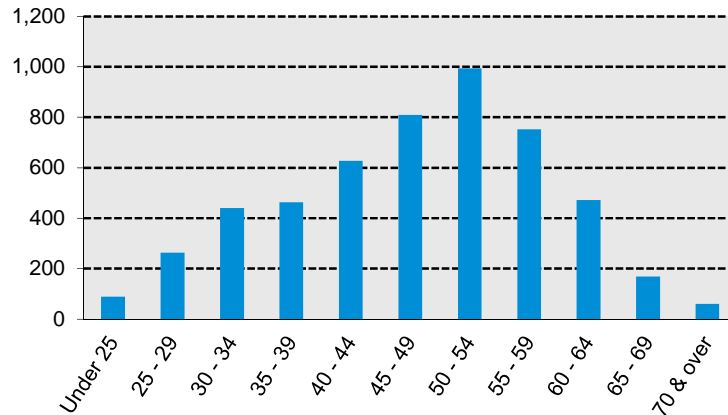
Plan costs are affected by the age, years of service and payroll of active participants. In this year's valuation, there were 5,139 active participants with an average age of 48.1, average years of service of 11.6 years and average payroll of \$51,645. The 5,485 active participants in the prior valuation had an average age of 47.7, average service of 11.2 years and average payroll of \$51,599.

**Inactive Participants**

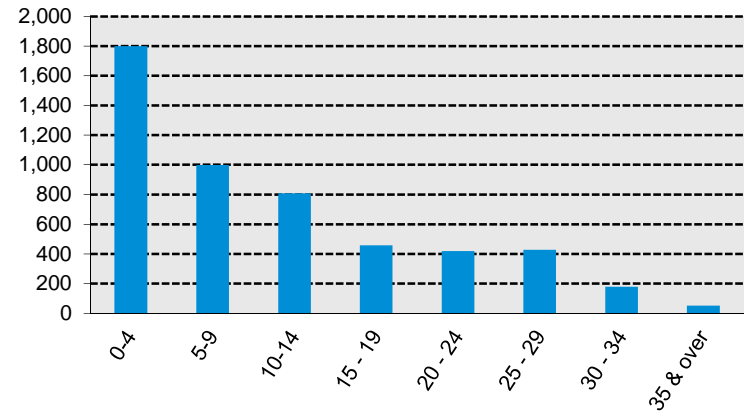
In this year's valuation, there were 78 participants with a vested right to a deferred or immediate vested benefit.

*These graphs show a distribution of active participants by age and by years of service.*

**CHART 2**  
**Distribution of Active Participants by Age as of September 30, 2013**



**CHART 3**  
**Distribution of Active Participants by Years of Service as of September 30, 2013**



**SECTION 2: Valuation Results for the City of Jacksonville General Employees Retirement Plan**

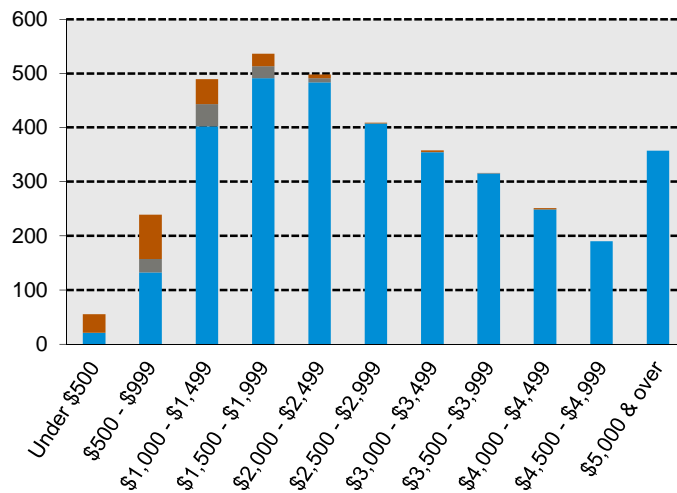
**Retired Participants and Beneficiaries**

As of September 30, 2013, 3,698 retired participants and 1,198 beneficiaries were receiving total monthly benefits of \$12,375,494. For comparison, in the previous valuation, there were 3,619 retired participants and 1,164 beneficiaries receiving monthly benefits of \$11,678,372.

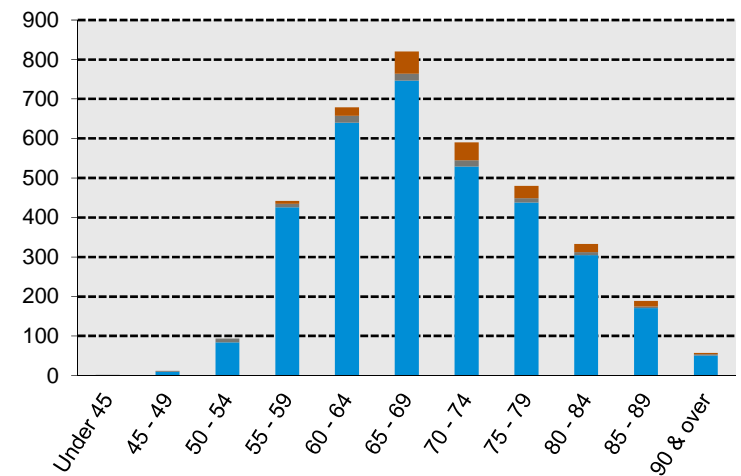
*These graphs show a distribution of the current retired participants based on their monthly amount and age, by type of pension.*

- Vested
- Disability
- Normal

**CHART 4**  
**Distribution of Retired Participants by Type and by Monthly Amount as of September 30, 2013**



**CHART 5**  
**Distribution of Retired Participants by Type and by Age as of September 30, 2013**



**SECTION 2: Valuation Results for the City of Jacksonville General Employees Retirement Plan**

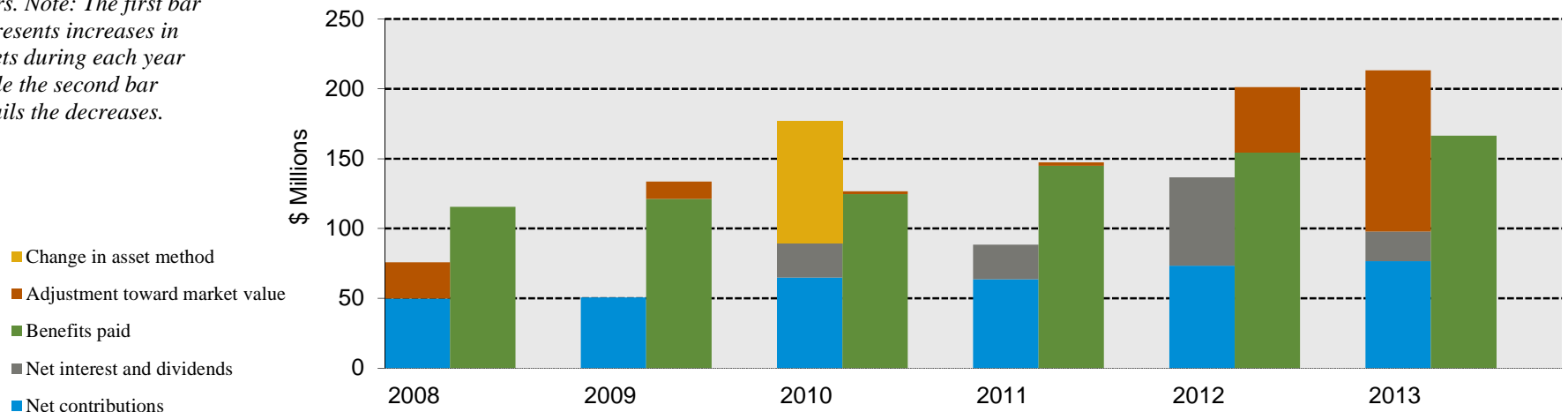
**B. FINANCIAL INFORMATION**

Retirement plan funding anticipates that, over the long term, both contributions (less administrative expenses) and net investment earnings (less investment fees) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

*The chart depicts the components of changes in the actuarial value of assets over the last six years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.*

**CHART 6**  
**Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended September 30, 2008 – 2013**



**SECTION 2: Valuation Results for the City of Jacksonville General Employees Retirement Plan**

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

*The chart shows the determination of the actuarial value of assets as of the valuation date.*

**CHART 7**

**Determination of Actuarial Value of Assets for Year Ended September 30, 2013**

1. Market value of assets, September 30, 2013			\$1,733,319,000
	Original	Unrecognized	
	Amount *	Return**	
2. Calculation of unrecognized return			
(a) Year ended September 30, 2013	\$147,228,359	\$117,782,687	
(b) Year ended September 30, 2012	143,494,282	86,096,569	
(c) Year ended September 30, 2011	-107,465,461	-42,986,184	
(d) Year ended September 30, 2010	35,673,088	7,134,618	
(e) Year ended September 30, 2009	-122,591,553	0	0
(f) Total unrecognized return			168,027,690
3. Preliminary actuarial value: (1) - (2f)			1,565,291,310
4. Adjustment to be within 20% corridor			0
5. Final actuarial value of assets as of September 30, 2013: (3) + (4)			<u>\$1,565,291,310</u>
6. Actuarial value as a percentage of market value: (5) ÷ (1)			90.3%
7. Amount deferred for future recognition: (1) - (5)			<u>\$168,027,690***</u>

*\*Total return minus expected return on a market value basis*

*\*\*Recognition at 20% per year over five years*

*\*\*\*Deferred return as of September 30, 2013 recognized in each of the next four years:*

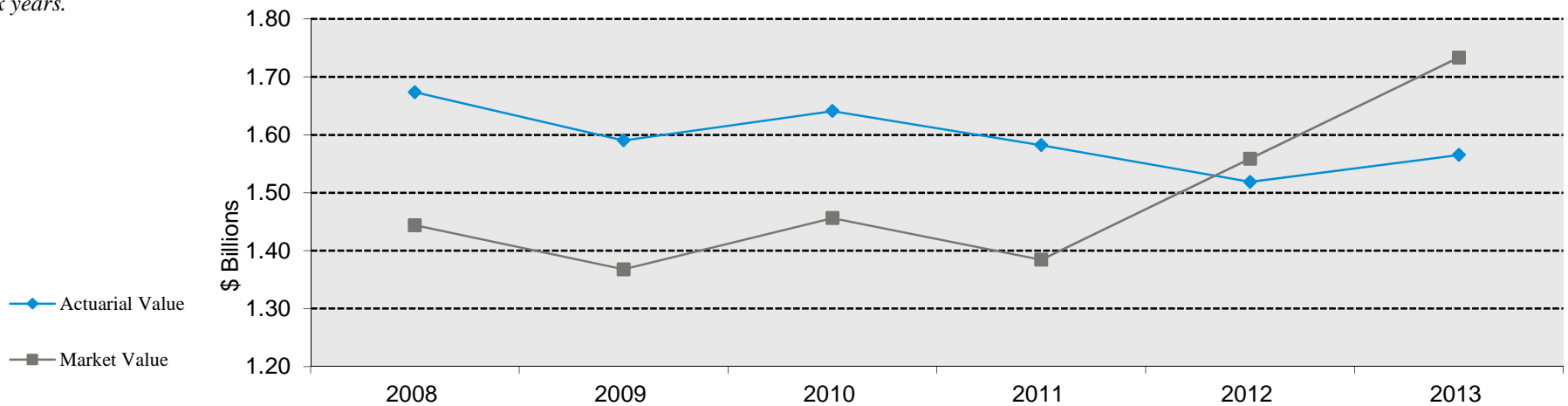
(a) Amount recognized on September 30, 2014	\$43,786,054
(b) Amount recognized on September 30, 2015	36,651,436
(c) Amount recognized on September 30, 2016	58,144,528
(d) Amount recognized on September 30, 2017	29,445,672

## SECTION 2: Valuation Results for the City of Jacksonville General Employees Retirement Plan

Both the actuarial value and market value of assets are representations of the Plan's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the Plan's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

*This chart shows the change in the actuarial value of assets versus the market value over the past six years.*

**CHART 8**  
**Actuarial Value of Assets vs. Market Value of Assets as of September 30, 2008 – 2013**



## SECTION 2: Valuation Results for the City of Jacksonville General Employees Retirement Plan

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### C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term

development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total gain is \$685,606, \$22,372,941 from investment gains and \$21,687,335 in losses from all other sources. The net experience variation from individual sources other than investments was 0.9% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

*This chart provides a summary of the actuarial experience during the past year.*

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### CHART 9

#### Actuarial Experience for Year Ended September 30, 2013

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1. Net gain from investments*	\$22,372,941
2. Net gain from administrative expenses	62,636
3. Net loss from other experience	<u>-21,749,971</u>
4. Net experience gain: (1) + (2) + (3)	\$685,606

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\* Details in Chart 10

**SECTION 2: Valuation Results for the City of Jacksonville General Employees Retirement Plan**

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**Investment Rate of Return**

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the Plan’s investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 7.75%. The actual rate of return on an actuarial basis for the 2013 plan year was 9.27%.

Since the actual return for the year was greater than the assumed return, the Plan experienced an actuarial gain during the year ended September 30, 2013 with regard to its investments.

*This chart shows the gain due to investment experience.*

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**CHART 10**  
**Actuarial Value Investment Experience for Year Ended September 30, 2013**

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1. Actual return	\$136,580,384
2. Average value of assets	1,473,644,426
3. Actual rate of return: (1) ÷ (2)	9.27%
4. Assumed rate of return	7.75%
5. Expected return: (2) x (4)	\$114,207,443
6. Actuarial gain: (1) – (5)	<u>\$22,372,941</u>

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**SECTION 2: Valuation Results for the City of Jacksonville General Employees Retirement Plan**

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last nine years.

Based upon this experience and future expectations, we have maintained the assumed rate of return of 7.75%.

**CHART 11**

**Investment Return – Actuarial Value vs. Market Value: 2005 - 2013**

Year Ended September 30	Net Interest and Dividend Income		Recognition of Capital Appreciation		Change in Asset Method		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
2005	--	--	--	--	--	--	--	8.21%	--	9.34%
2006	--	--	--	--	--	--	--	9.38	--	8.33
2007	--	--	--	--	--	--	--	11.43	--	14.04
2008	--	--	--	--	--	--	--	1.59	--	-15.65
2009	--	--	--	--	--	--	--	-0.70	--	-0.31
2010	\$24,497,000	1.57%	-\$1,829,100	-0.12%	\$87,612,723	5.61%	\$110,280,623	7.07	\$148,054,000	11.07
2011	24,639,000	1.54	-2,325,094	-0.15	--	--	22,313,906	1.39	9,313,000	0.66
2012	63,315,000	4.11	-46,802,747	-3.04	--	--	16,512,253	1.07	254,394,000	18.92
2013	<u>21,180,000</u>	1.44	<u>115,400,384</u>	7.83	--	--	<u>136,580,384</u>	9.27	<u>264,541,000</u>	17.48
Total	\$133,631,000		\$64,443,443		\$87,612,723		\$285,687,166		\$676,302,000	



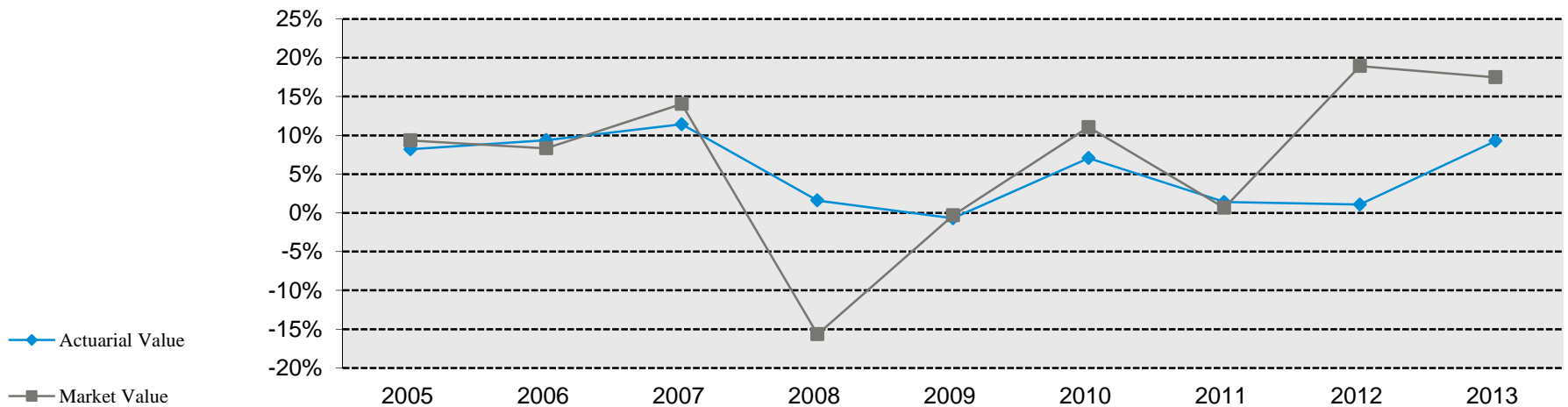
**SECTION 2: Valuation Results for the City of Jacksonville General Employees Retirement Plan**

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Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

*This chart illustrates how this leveling effect has actually worked over the years 2005 - 2013.*

**CHART 12**  
**Market and Actuarial Rates of Return for Years Ended September 30, 2005 - 2013**



## **SECTION 2: Valuation Results for the City of Jacksonville General Employees Retirement Plan**

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### **Administrative Expenses**

Administrative expenses for the year ended September 30, 2013 totaled \$671,000 compared to the assumption of \$705,000. This resulted in a gain of \$62,636 for the year.

### **Other Experience**

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net loss from this other experience for the year ended September 30, 2013 amounted to \$21,749,971, which is 0.9% of the actuarial accrued liability.

## SECTION 2: Valuation Results for the City of Jacksonville General Employees Retirement Plan

### D. RECOMMENDED CONTRIBUTION

The amount of annual contribution required to fund the Plan is comprised of an employer normal cost payment and a payment on the unfunded actuarial accrued liability. This total amount is then divided by the projected payroll for active members to determine the funding rate of 31.60% of payroll.

The City and the Pension Board have adopted financing periods of 30 years for experience gains and losses and for benefit, assumption and method changes. Required contribution amounts have been determined using those periods.

The contribution requirements as of October 1, 2013 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

*The chart compares this valuation's recommended contribution with the prior valuation.*

**CHART 13**  
**Recommended Contribution**

	Year Beginning October 1			
	2013		2012	
	Amount	% of Payroll	Amount	% of Payroll
1. Total normal cost	\$36,368,850	13.70%	\$38,412,906	13.57%
2. Administrative expenses	671,000	0.25%	705,000	0.25%
3. Expected employee contributions	<u>-20,436,165</u>	<u>-7.70%</u>	<u>-21,792,584</u>	<u>-7.70%</u>
4. Employer normal cost: (1) + (2) + (3)	\$16,603,685	6.25%	\$17,325,322	6.12%
5. Actuarial accrued liability	2,512,635,436		2,434,274,957	
6. Actuarial value of assets	<u>1,565,291,310</u>		<u>1,518,577,926</u>	
7. Unfunded actuarial accrued liability: (5) - (6)	\$947,344,126		\$915,697,031	
8. Payment on unfunded actuarial accrued liability	63,963,340	24.10%	58,544,315	20.69%
9. Total contribution: (4) + (8) adjusted for timing*	83,871,917	31.60%	78,981,840	27.91%
10. Total payroll	265,404,735		283,020,575	
11. Total recommended contribution, projected to next fiscal year	<u>\$86,069,361</u>	<u>31.60%</u>	<u>\$81,351,295</u>	<u>27.91%</u>
12. Projected payroll	\$272,358,339		\$291,511,192	

\*Recommended contributions are assumed to be paid at the end of every month.

**SECTION 2: Valuation Results for the City of Jacksonville General Employees Retirement Plan**

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**Reconciliation of Recommended Contribution**

The chart below details the changes in the recommended contribution from the prior valuation to the current year’s valuation.

*The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.*

**CHART 14**

**Reconciliation of Recommended Contribution from October 1, 2013 to October 1, 2014**

<b>Recommended Contribution as of October 1, 2013</b>	\$81,351,295
Effect of expected change in amortization payment due to payroll growth	1,883,226
Effect of contribution deferral to budget year	1,557,052
Effect of change in statutory limits	4,646
Effect of lowering payroll inflation assumption for amortization purposes due to Florida statutes	2,093,630
Effect of investment gain	-1,426,372
Effect of other gains and losses on accrued liability	1,382,662
Effect of net other changes	<u>-776,778</u>
<b>Total change</b>	<u>\$4,718,066</u>
<b>Recommended Contribution as of October 1, 2014</b>	\$86,069,361

**SECTION 3: Supplemental Information for the City of Jacksonville General Employees Retirement Plan**

**EXHIBIT A**

**Table of Plan Coverage**

<b>Category</b>	<b>Year Ended September 30</b>		<b>Change From Prior Year</b>
	<b>2013</b>	<b>2012</b>	
<b>Active participants in valuation:</b>			
Number	5,139	5,485	-6.3%
Average age	48.1	47.7	N/A
Average years of service	11.6	11.2	N/A
Total payroll	\$265,404,735	\$283,020,575	-6.2%
Average payroll	51,645	51,599	0.1%
Account balances	182,114,945	182,808,921	-0.4%
Total active vested participants	3,339	3,495	-4.5%
<b>Vested terminated participants</b>			
	78	81	-3.7%
<b>Retired participants:</b>			
Number in pay status	3,599	3,514	2.4%
Average age	69.3	69.2	N/A
Average monthly benefit	\$2,889	\$2,797	3.3%
<b>Disabled participants:</b>			
Number in pay status	99	105	-5.7%
Average age	67.8	67.6	N/A
Average monthly benefit	\$1,340	\$1,308	2.4%
<b>Beneficiaries in pay status:</b>			
Number in pay status	1,198	1,164	2.9%
Average age	75.2	74.7	N/A
Average monthly benefit	\$1,542	\$1,470	4.9%

**SECTION 3: Supplemental Information for the City of Jacksonville General Employees Retirement Plan**

**EXHIBIT B**

**Participants in Active Service as of September 30, 2013  
By Age, Years of Service, and Average Payroll**

Age	Years of Service									
	Total	0-4	5-9	10-14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 & over
Under 25	89	88	1	--	--	--	--	--	--	--
	\$34,312	\$33,850	\$74,964	--	--	--	--	--	--	\$0
25 - 29	264	187	74	3	--	--	--	--	--	--
	41,077	40,185	43,796	\$29,633	--	--	--	--	--	--
30 - 34	440	240	154	44	2	--	--	--	--	--
	46,408	43,699	50,681	47,050	\$28,351	--	--	--	--	--
35 - 39	463	206	137	97	23	--	--	--	--	--
	50,415	45,222	54,499	55,277	52,101	--	--	--	--	--
40 - 44	627	233	152	124	75	36	7	--	--	--
	51,779	45,418	57,327	53,938	53,951	\$56,316	\$58,182	--	--	--
45 - 49	809	249	140	125	100	99	92	4	--	--
	55,015	46,341	53,929	59,023	57,884	65,349	60,645	\$50,730	--	--
50 - 54	994	235	138	164	96	118	167	73	3	--
	54,244	43,076	52,240	53,662	54,674	61,215	60,444	69,365	\$51,922	--
55 - 59	752	173	117	120	79	76	103	64	18	2
	54,294	42,937	49,312	58,092	57,174	54,036	57,781	72,359	75,829	\$44,634
60 - 64	472	127	56	92	50	61	43	25	16	2
	52,220	38,949	53,271	54,203	56,609	54,090	59,965	67,498	77,509	47,703
65 - 69	169	42	26	28	23	22	10	10	4	4
	52,385	39,572	55,293	54,584	53,336	55,546	49,014	74,099	76,328	59,966
70 & over	60	20	4	10	9	7	5	3	2	--
	42,076	36,411	27,053	38,008	44,078	43,208	55,673	80,051	45,179	--
Total	5,139	1,800	999	807	457	419	427	179	43	8
	\$51,645	\$42,948	\$52,411	\$54,837	\$55,381	\$58,833	\$59,436	\$70,202	\$73,407	\$53,067

*Note: Salaries in this chart are limited by the Section 401(a)(17) compensation limit, if applicable.*

**SECTION 3: Supplemental Information for the City of Jacksonville General Employees Retirement Plan**

**EXHIBIT C**

**Reconciliation of Participant Data**

	<b>Active Participants</b>	<b>Vested Former Participants</b>	<b>Disabled</b>	<b>Retired Participants</b>	<b>Beneficiaries</b>	<b>Total</b>
Number as of October 1, 2012	5,485	81	105	3,514	1,164	10,349
New participants	224	N/A	N/A	N/A	N/A	224
Terminations – with vested rights	0	0	0	0	0	0
Terminations – without vested rights	0	N/A	N/A	N/A	N/A	0
Retirements	-210	-3	N/A	213	N/A	0
New disabilities	-5	0	0	N/A	N/A	-5
New beneficiary	0	0	0	0	100	100
Deceased	-16	0	-6	-135	-64	-221
Lump sum payoffs	-321	0	0	0	0	-321
Certain period expired	N/A	N/A	0	0	-2	-2
Data adjustments	0	0	0	7	0	7
Transfers to DC Plan	<u>-18</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-18</u>
Number as of October 1, 2013	5,139	78	99	3,599	1,198	10,113

**SECTION 3: Supplemental Information for the City of Jacksonville General Employees Retirement Plan**

**EXHIBIT D**

**Summary Statement of Income and Expenses on an Actuarial Value Basis**

	Year Ended September 30, 2013	Year Ended September 30, 2012
<b>Net assets at actuarial value at the beginning of the year:</b>	\$1,518,577,926	\$1,582,041,673
<b>Contribution income:</b>		
Employer contributions	\$55,386,000	\$49,899,000
Employee contributions	21,878,000	24,098,000
Less administrative expenses	<u>-671,000</u>	<u>-705,000</u>
Net contribution income	\$76,593,000	\$73,292,000
<b>Adjustment to beginning of year market value:</b>	0	1,040,000
<b>Investment income:</b>		
Interest, dividends and other income	\$29,126,000	\$70,847,000
Recognition of capital appreciation	115,400,384	-46,802,747
Less investment fees	<u>-7,946,000</u>	<u>-7,532,000</u>
Net investment income	<u>136,580,384</u>	<u>16,512,253</u>
<b>Total income available for benefits</b>	\$213,173,384	\$90,844,253
<b>Less benefit payments:</b>		
Benefit Payments	-\$143,922,000	-\$134,676,000
Refunds	<u>-22,538,000</u>	<u>-19,632,000</u>
Net benefit payments	-\$166,460,000	-\$154,308,000
<b>Change in reserve for future benefits</b>	\$46,713,384	-\$63,463,747
<b>Net assets at actuarial value at the end of the year:</b>	\$1,565,291,310	\$1,518,577,926



**SECTION 3: Supplemental Information for the City of Jacksonville General Employees Retirement Plan**

**EXHIBIT E**

**Summary Statement of Income and Expenses on a Market Value Basis**

	Year Ended September 30, 2013	Year Ended September 30, 2012
<b>Net assets at market value at the beginning of the year:</b>	\$1,558,645,000	\$1,384,227,000
<b>Contribution income:</b>		
Employer contributions	\$55,386,000	\$49,899,000
Employee contributions	21,878,000	24,098,000
Less administrative expenses	<u>-671,000</u>	<u>-705,000</u>
Net contribution income	\$76,593,000	\$73,292,000
<b>Adjustment to beginning of year market value:</b>	0	1,040,000
<b>Investment income:</b>		
Interest, dividends and other income	\$29,126,000	\$70,847,000
Asset appreciation	243,361,000	191,079,000
Less investment fees	<u>-7,946,000</u>	<u>-7,532,000</u>
Net investment income	<u>264,541,000</u>	<u>254,394,000</u>
<b>Total income available for benefits</b>	\$341,134,000	\$328,726,000
<b>Less benefit payments:</b>		
Benefit Payments	-\$143,922,000	-\$134,676,000
Refunds	<u>-22,538,000</u>	<u>-19,632,000</u>
Net benefit payments	-\$166,460,000	-\$154,308,000
<b>Change in reserve for future benefits</b>	\$174,674,000	\$174,418,000
<b>Net assets at market value at the end of the year:</b>	\$1,733,319,000	\$1,558,645,000

**SECTION 3: Supplemental Information for the City of Jacksonville General Employees Retirement Plan**

**EXHIBIT F**

**Summary Statement of Plan Assets**

	Year Ended September 30, 2013	Year Ended September 30, 2012
<b>Cash equivalents</b>	\$40,703,000	\$55,542,000
<b>Accounts receivable:</b>		
Interest and dividends	\$2,912,000	\$3,044,000
Due from independent agencies and other governments	0	1,223,000
Other	<u>2,344,000</u>	<u>1,003,000</u>
Total accounts receivable	5,256,000	5,270,000
<b>Investments:</b>		
Equities	\$1,262,967,000	\$1,090,394,000
Fixed Income	369,613,000	361,870,000
Real Estate	136,873,000	111,487,000
Other Assets	44,416,000	39,658,000
Equity in Pooled Investments	<u>-125,023,000</u>	<u>-104,635,000</u>
Total investments at market value	<u>1,688,846,000</u>	<u>1,498,774,000</u>
<b>Total assets</b>	<u>\$1,734,805,000</u>	<u>\$1,559,586,000</u>
<b>Less accounts payable:</b>		
Obligations Under Securities Lending Agreement (less collateral)	-\$2,000	-\$4,000
Accounts Payable and Accrued Liabilities	-1,438,000	-913,000
Accrued Compensated Absences	-18,000	-16,000
Other post-employment benefits	<u>-28,000</u>	<u>-8,000</u>
Total accounts payable	-\$1,486,000	-\$941,000
<b>Net assets at market value</b>	<u>\$1,733,319,000</u>	<u>\$1,558,645,000</u>
<b>Net assets at actuarial value</b>	<u>\$1,565,291,310</u>	<u>\$1,518,577,926</u>

**SECTION 3: Supplemental Information for the City of Jacksonville General Employees Retirement Plan**

**EXHIBIT G**

**Development of the Fund Through September 30, 2013**

<b>Year Ended September 30</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>	<b>Other Contributions and Miscellaneous Items<sup>1</sup></b>	<b>Net Investment Return<sup>2</sup></b>	<b>Administrative Expenses</b>	<b>Benefit Payments</b>	<b>Actuarial Value of Assets at End of Year<sup>3</sup></b>
2008	\$28,296,188	\$22,291,455	\$21,139	\$26,755,181	\$888,327	\$115,501,933	\$1,673,434,615
2009	28,337,121	22,738,683	1,042,282	-1,426,012	560,801	121,183,180	1,590,298,199
2010	40,551,000	25,196,000	-2,000	110,280,623 <sup>4</sup>	775,000	124,656,000	1,640,892,767
2011	39,378,000	25,051,000	-6,000	22,313,906	701,000	144,899,000	1,582,041,673
2012	49,899,000	24,098,000	1,040,000	16,512,253	705,000	154,308,000	1,518,577,926
2013	55,386,000	21,878,000	0	136,580,384	671,000	166,460,000	1,565,291,310

<sup>1</sup>Includes miscellaneous income and adjustments to the market value of assets

<sup>2</sup>Net of investment fees

<sup>3</sup>Excludes past excess contributions applicable to plan years ending on or before September 30, 2010

<sup>4</sup>Includes a change in asset method of \$87,612,723

**SECTION 3: Supplemental Information for the City of Jacksonville General Employees Retirement Plan**

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**EXHIBIT H**

**Development of Unfunded Actuarial Accrued Liability  
for Year Ended September 30, 2013**

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1. Unfunded actuarial accrued liability at beginning of year		\$915,697,031
2. Employer normal cost at beginning of year		17,325,322
3. Employer contributions		-55,386,000
4. Interest		
(a) For whole year on (1) + (2)	\$72,309,232	
(b) For monthly payments on (3)	<u>-1,940,845</u>	
(c) Total interest		<u>70,368,387</u>
5. Expected unfunded actuarial accrued liability		\$948,004,740
6. Changes due to:		
(a) Gain (excluding impact of contribution deferral to budget year)	-\$685,606	
(b) Update of statutory limits	<u>24,992</u>	
(c) Total changes		<u>-660,614</u>
7. Unfunded actuarial accrued liability at end of year		<u>\$947,344,126</u>

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**SECTION 3: Supplemental Information for the City of Jacksonville General Employees Retirement Plan**

**EXHIBIT I**

**Table of Amortization Bases**

<b>Type**</b>	<b>Date Established</b>	<b>Initial Years</b>	<b>Initial Amount</b>	<b>Annual Payment*</b>	<b>Years Remaining</b>	<b>Outstanding Balance</b>
Fresh Start	10/01/2004	29	--	\$25,586,862	20	\$334,836,849
Liability decrease	10/01/2004	30	--	-6,624,013	21	-89,180,681
Liability decrease	10/01/2005	30	--	-276,654	22	-3,823,977
Liability decrease	10/01/2006	30	--	-747,554	23	-10,588,483
Liability decrease	10/01/2007	30	--	-2,259,893	24	-32,745,423
Experience loss	10/01/2008	30	--	9,858,046	25	145,898,593
Experience loss	10/01/2010	30	\$248,759,927	16,946,212	27	260,575,623
Change in assumptions	10/01/2010	30	33,728,927	2,297,708	27	35,330,998
Change in asset method	10/01/2010	30	-87,612,723	-5,968,420	27	-91,774,187
Change in plan	10/01/2010	30	-9,782,006	-666,377	27	-10,246,636
Experience loss	10/01/2011	30	106,203,285	6,998,303	28	109,485,271
Experience loss	10/01/2012	30	116,662,267	7,435,953	29	118,229,458
Change in assumptions	10/01/2012	30	155,495,783	9,911,168	29	157,584,647
Experience loss	10/01/2013	30	23,737,082	1,470,451	30	23,737,082
Updated statutory limits	10/01/2013	30	24,992	<u>1,548</u>	30	<u>24,992</u>
<b>Total</b>				<b>\$63,963,340</b>		<b>\$947,344,126</b>

\*Level percentage of payroll; per Part VII, Chapter 112.64(5)(a) of Florida Statutes, outstanding balances were amortized using a 2.62% payroll growth rate for the October 1, 2013 actuarial valuation.

\*\*Experience gain/loss bases include impact of contributions deferred to budget years on outstanding balance of prior year bases.

### SECTION 3: Supplemental Information for the City of Jacksonville General Employees Retirement Plan

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#### EXHIBIT J

#### Section 415 Limitations

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Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan.

A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active participants could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets.

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit of \$160,000 indexed for inflation. That limit is \$205,000 for 2013. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions.

Benefits in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m).

Legal Counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

**SECTION 3: Supplemental Information for the City of Jacksonville General Employees Retirement Plan**

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**EXHIBIT K**

**Definitions of Pension Terms**

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The following list defines certain technical terms for the convenience of the reader:

**Assumptions or Actuarial Assumptions:**

The estimates on which the cost of the Plan is calculated including:

- (a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;
- (b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;
- (c) Retirement rates — the rate or probability of retirement at a given age;
- (d) Withdrawal rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

**Normal Cost:**

The amount of contributions required to fund the benefit allocated to the current year of service.

**Actuarial Accrued Liability For Actives:**

The value of all projected benefit payments for current members less the portion that will be paid by future normal costs.

**Actuarial Accrued Liability For Pensioners:**

The single-sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

**Unfunded Actuarial Accrued Liability:**

The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

### SECTION 3: Supplemental Information for the City of Jacksonville General Employees Retirement Plan

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#### **Amortization of the Unfunded**

**Actuarial Accrued Liability:** Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

#### **Investment Return:**

The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.



**SECTION 3: Supplemental Information for the City of Jacksonville General Employees Retirement Plan**

**EXHIBIT L**

**Supplementary State of Florida Information - Summary of Salary Changes**

<b>Year Ended September 30</b>	<b>Total Salary</b>	<b>Percent Change in Total Salary</b>	<b>Percent Change in Salary of Employees Remaining Active</b>	<b>Expected Percent Change in Salary of Employees Remaining Active</b>
2004	\$210,216,031	--	--	--
2005	226,819,000	7.90%	--	--
2006	237,108,000	4.54%	4.81%	5.55%
2007	248,887,000	4.97%	6.03%	5.71%
2008	262,345,000	5.41%	5.08%	5.72%
2009	276,257,000	5.30%	3.16%	5.42%
2010*	275,173,962	-0.39%	0.61%	5.36%
2010	322,530,502	17.21%	N/A	N/A
2011	314,054,361	-2.63%	0.94%	5.62%
2012	283,020,575	-9.88%	2.31%	5.83%
2013	265,404,735	-6.22%	1.60%	2.84%

*Note: The average total payroll growth for the most recent nine years was 2.62% per year.*

*Salary history prior to October 1, 2010 was taken from the City's Comprehensive Annual Financial Reports.*

*\* Prior to the inclusion of new participants with greater than one year of employment.*

**SECTION 3: Supplemental Information for the City of Jacksonville General Employees Retirement Plan**

**EXHIBIT L (continued)**

**Supplementary State of Florida Information – Recent History of Recommended and Actual Contributions**

<b>Fiscal Year Ended September 30</b>	<b>Valuation Date September 30</b>	<b>Contribution Rate as Percent of Valuation Payroll</b>	<b>Valuation Payroll</b>	<b>Recommended Contribution</b>	<b>Actual Contribution</b>
2010	2008	13.50%	\$285,925,650	\$38,611,842	\$40,551,000
2011	2008*	13.50%	289,807,191	39,123,971	39,378,000
2012	2010	17.22%	333,819,070	57,497,706	49,899,000
2013	2011	20.51%	325,046,264	66,659,915	55,386,000
2014	2012	27.91%	291,511,192	81,351,295	--
2015	2013	31.60%	272,358,339	86,069,361	--

*All amounts prior to the 2010 valuation date were prepared by the prior actuary.*

*\*An actuarial valuation was not performed for the plan year beginning October 1, 2009. The recommended contribution is based on the 2008 valuation's contribution rate.*

**SECTION 3: Supplemental Information for the City of Jacksonville General Employees Retirement Plan**

**EXHIBIT L (continued)**

**Supplementary State of Florida Information - Comparative Summary of Principal Valuation Results**

	<b>Final Year Ended September 30, 2013</b>	<b>2.62% Payroll Growth Assumption</b>	<b>3.00% Payroll Growth Assumption</b>	<b>Year Ended September 30, 2012</b>
<b>Participant data</b>				
Active members	5,139	5,139	5,139	5,485
Total annual payroll	\$265,404,735	\$265,394,735	\$265,394,735	\$283,020,575
Retired members and beneficiaries	4,896	4,896	4,896	4,783
Total annualized benefit	\$148,505,932	\$148,505,932	\$148,505,932	\$140,140,468
Terminated vested members	78	78	78	81
Total annualized benefit	\$1,337,731	\$1,337,731	\$1,337,731	\$1,338,688
<b>Actuarial value of assets</b>	\$1,565,291,310	\$1,565,291,310	\$1,565,291,310	\$1,518,577,926
<b>Present value of all future expected benefit payments:</b>				
Active members:				
Retirement benefits	\$859,536,442	\$859,491,668	\$859,491,668	\$884,350,310
Vesting benefits	28,552,338	28,552,193	28,552,193	30,341,416
Disability benefits	--	--	--	--
Death benefits	18,907,752	18,902,484	18,902,484	19,318,208
Return of contributions	<u>182,114,945</u>	<u>182,114,945</u>	<u>182,114,945</u>	<u>182,808,921</u>
Total	\$1,089,111,477	\$1,089,061,290	\$1,089,061,290	\$1,116,818,855
Terminated vested members	8,773,926	8,773,926	8,773,926	8,540,839
Retired members and beneficiaries	<u>1,700,679,124</u>	<u>1,700,679,124</u>	<u>1,700,679,124</u>	<u>1,607,313,932</u>
Total	\$2,798,564,527	\$2,798,514,340	\$2,798,514,340	\$2,732,673,626

**SECTION 3: Supplemental Information for the City of Jacksonville General Employees Retirement Plan**

**EXHIBIT L (continued)**

**Supplementary State of Florida Information – Comparative Summary of Principal Valuation Results**

	<b>Final Year Ended September 30, 2013</b>	<b>2.62% Payroll Growth Assumption</b>	<b>3.00% Payroll Growth Assumption</b>	<b>Year Ended September 30, 2012</b>
<b>Unfunded actuarial accrued liability</b>	\$947,344,126	\$947,319,134	\$947,319,134	\$915,697,031
<b>Actuarial present value of accrued benefits</b>				
Vested accrued benefits				
Active members	\$623,416,523	\$623,387,138	\$623,387,138	\$640,893,950
Inactive members	8,773,926	8,773,926	8,773,926	8,540,839
Pensioners and beneficiaries	1,700,679,124	1,700,679,124	1,700,679,124	1,607,313,932
Nonvested active members	<u>8,576,353</u>	<u>8,570,294</u>	<u>8,570,294</u>	<u>7,904,097</u>
Total	\$2,341,445,926	\$2,341,410,482	\$2,341,410,482	\$2,264,652,818
<b>Pension cost</b>				
Normal cost, including administrative expenses	\$37,039,850	\$37,036,279	\$37,036,279	\$39,117,906
Expected employee contributions	-20,436,165	-20,435,395	-20,435,395	-21,792,584
Level % of payroll payment to amortize unfunded actuarial accrued liability	63,963,340	63,961,791	61,712,014	58,544,315
Total minimum annual cost payable monthly at valuation date	83,871,917	83,867,389	81,525,325	78,981,840
Total employer cost projected to budget year	86,069,361	86,064,715	83,971,085	81,351,295
As % of payroll	31.60%	31.60%	30.72%	27.91%
<b>Present value of active members' future salaries at attained age</b>	\$2,136,591,270	\$2,136,581,270	\$2,136,581,270	\$2,250,471,164

**SECTION 3: Supplemental Information for the City of Jacksonville General Employees Retirement Plan**

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**EXHIBIT L (continued)**

**Supplementary State of Florida Information - Actuarial Present Value of Accumulated Plan Benefits**

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The factors that affected the change in the actuarial present value of accumulated plan benefits from the preceding to the current benefit information date are as follows:

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<b>Factors</b>	<b>Change in Actuarial Present Value of Accumulated Plan Benefits</b>
Actuarial present value of accumulated benefit as of October 1, 2012	\$2,264,652,818
Benefits accumulated, net experience gain or loss, changes in data	\$74,694,923
Change in statutory limits	35,444
Benefits paid	-166,460,000
Interest	<u>168,522,741</u>
Net increase	<u>76,793,108</u>
Actuarial present value of accumulated benefit as of October 1, 2013	\$2,341,445,926

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## SECTION 4: Reporting Information for the City of Jacksonville General Employees Retirement Plan

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### EXHIBIT I

#### Summary of Actuarial Valuation Results

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The valuation was made with respect to the following data supplied to us:

1. Retired participants as of the valuation date (including 1,198 beneficiaries in pay status)		4,896
2. Participants inactive during year ended September 30, 2013 with vested rights		78
3. Participants active during the year ended September 30, 2013		5,139
Fully vested	3,339	
Not vested	1,800	

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The actuarial factors as of the valuation date are as follows:

1. Normal cost, including administrative expenses		\$37,039,850
2. Actuarial accrued liability		2,512,635,436
Retired participants and beneficiaries	\$1,700,679,124	
Inactive participants with vested rights	8,773,926	
Active participants	803,182,386	
3. Actuarial value of assets (\$1,733,319,000 at market value as reported by the City)		1,565,291,310
4. Unfunded actuarial accrued liability		\$947,344,126

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**SECTION 4: Reporting Information for the City of Jacksonville General Employees Retirement Plan**

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**EXHIBIT I (continued)**

**Summary of Actuarial Valuation Results**

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The determination of the recommended contribution is as follows:

1. Total normal cost	\$36,368,850
2. Administrative expenses	671,000
3. Expected employee contributions	<u>-20,436,165</u>
4. Employer normal cost: (1) + (2) + (3)	\$16,603,685
5. Payment on projected unfunded actuarial accrued liability	63,963,340
6. Total recommended contribution: (4) + (5), adjusted for timing and projected to October 1, 2014	<u>\$86,069,361</u>
7. Payroll projected to October 1, 2014	\$272,358,339
8. Total recommended contribution as a percentage of projected payroll: (6) ÷ (7)	31.60%

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**SECTION 4: Reporting Information for the City of Jacksonville General Employees Retirement Plan**

**EXHIBIT II**

**Supplementary Information Required by the GASB – Schedule of Employer Contributions**

<b>Plan Year Ended September 30</b>	<b>Annual Required Contributions</b>	<b>Actual Contributions*</b>	<b>Percentage Contributed</b>
2006	\$28,670,000	\$28,670,000	100.0%
2007	29,297,000	29,581,000	101.0%
2008	29,371,000	29,488,000	100.4%
2009	29,491,000	29,530,000	100.1%
2010	38,611,842	40,551,000	105.0%
2011**	39,123,971	39,378,000	100.6%
2012	57,497,706	49,899,000	86.8%***
2013	66,659,915	55,386,000	83.1%***
2014	81,351,295	--	--
2015	86,069,361	--	--

\* Includes Past Excess Contributions for plan years ending September 30, 2005 and 2006.

\*\*An actuarial valuation was not performed for the plan year beginning October 1, 2009. The recommended contribution is based on the 2008 valuation's contribution rate.

\*\*\*The City contributed based on the contribution rate percentage. Due to a decline in payroll, actual contributions did not match required contributions.



**SECTION 4: Reporting Information for the City of Jacksonville General Employees Retirement Plan**

**EXHIBIT III**

**Supplementary Information Required by the GASB – Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b) - (a)</b>	<b>Funded Ratio (a) / (b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)</b>
10/01/2005	\$1,509,710,000	\$1,734,997,000	\$225,287,000	87.02%	\$226,819,000	99.32%
10/01/2006	1,593,296,000	1,812,972,000	219,676,000	87.88%	237,108,000	92.65%
10/01/2007	1,712,461,000	1,904,929,000	192,468,000	89.90%	248,887,000	77.33%
10/01/2008	1,673,435,000	2,004,279,000	330,844,000	83.49%	262,345,000	126.11%
10/01/2009*	1,591,345,000	2,065,464,000	474,119,000	77.05%	276,257,000	171.62%
10/01/2010	1,640,892,767	2,163,079,984	522,187,217	75.86%	322,530,502	161.90%
10/01/2011	1,582,041,673	2,217,380,856	635,339,183	71.35%	314,054,361	202.30%
10/01/2012	1,518,577,926	2,434,274,957	915,697,031	62.38%	283,020,575	323.54%
10/01/2013	1,565,291,310	2,512,635,436	947,344,126	62.30%	265,404,735	356.94%

*All results prior to October 1, 2010 were taken from the City's September 30, 2009 Comprehensive Annual Financial Report.*

*\*An actuarial valuation was not performed for the plan year beginning October 1, 2009.*

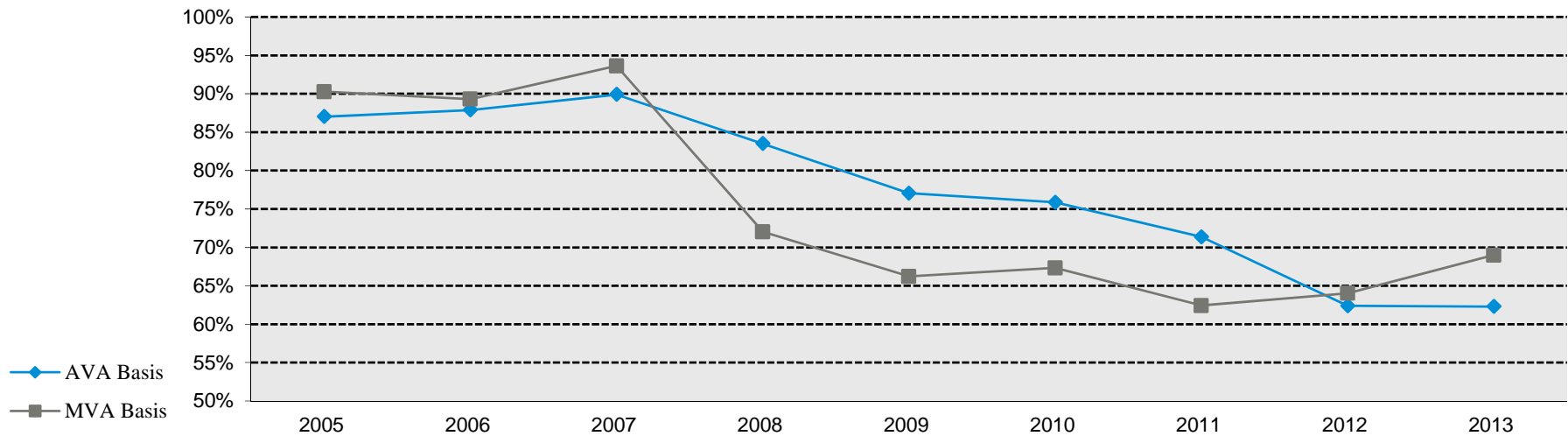
**SECTION 4: Reporting Information for the City of Jacksonville General Employees Retirement Plan**

**EXHIBIT IV**

**Supplementary Information Required by the GASB - Funded Ratio**

A critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the Plan as calculated. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

The chart below depicts a history of the funded ratios for this plan.



**SECTION 4: Reporting Information for the City of Jacksonville General Employees Retirement Plan**

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**EXHIBIT V**

**Supplementary Information Required by the GASB**

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<b>Valuation date</b>	October 1, 2013
<b>Actuarial cost method</b>	Entry Age Normal Cost Method
<b>Amortization method</b>	Level percent of payroll
<b>Remaining amortization period</b>	All new bases are amortized over 30 years. The net effective amortization period is 26 years as of October 1, 2013.
<b>Asset valuation method</b>	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.

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**Actuarial assumptions:**

Investment rate of return	7.75%
Inflation rate	2.62%*
Projected salary increases	3.00% - 6.00%, of which 3.00% is the Plan's long-term payroll inflation assumption
Cost of living adjustments	The Plan provisions contain a 3.00% COLA.

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**Plan membership:**

Retired participants and beneficiaries receiving benefits	4,896
Terminated participants entitled to, but not yet receiving benefits	78
Active participants	<u>5,139</u>
Total	10,113

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*\*The Fund's payroll inflation assumption is 3.00%. However, based on Part VII, Chapter 112.64(5)(a) of Florida Statutes, an assumption of 2.62% was used for amortization purposes in this valuation.*

**SECTION 4: Reporting Information for the City of Jacksonville General Employees Retirement Plan**

**EXHIBIT VI**

**Development of the Net Pension Obligation (NPO) and the Annual Pension Cost Pursuant to GASB 27**

<b>Plan Year Ended September 30</b>	<b>Employer Annual Required Contribution (a)</b>	<b>Employer Amount Contributed (b)</b>	<b>Interest on NPO (h) x 8.25%* (c)</b>	<b>ARC Adjustment (h) / (e) (d)</b>	<b>Amortization Factor (e)</b>	<b>Pension Cost (a) + (c) - (d) (f)</b>	<b>Change in NPO (f) - (b) (g)</b>	<b>NPO Balance NPO + (g) (h)</b>
2009	--	--	--	--	--	--	--	\$156,000
2010	\$38,611,842	\$40,551,000	-\$13,104	-\$11,139	14.0044	\$38,609,877	\$1,941,123	-2,097,123
2011	39,123,971**	39,378,000	-173,013	-149,747	14.0044	39,100,705	-277,295	-2,374,418
2012	57,497,706	49,899,000	-195,889	-163,934	14.4840	57,465,751	7,566,751	5,192,333
2013	66,659,915	55,386,000	428,367	360,564	14.4006	66,727,718	11,341,718	16,534,051

*Amounts prior to the year ending September 30, 2011 were determined by the prior actuary.*

*\* 8.40% for years prior to 2011; 8.25% for 2011 and 2012*

*\*\*An actuarial valuation was not performed for the plan year beginning October 1, 2009. The recommended contribution is based on the 2008 valuation's contribution rate.*

## SECTION 4: Reporting Information for the City of Jacksonville General Employees Retirement Plan

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### EXHIBIT VII

#### Actuarial Assumptions and Actuarial Cost Method

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##### Mortality Rates:

<i>Pre-retirement:</i>	RP-2000 Employee Mortality Table, set forward one year and projected to 2013 with Scale BB
<i>Healthy annuitants:</i>	RP-2000 Annuitant Mortality Table, set forward one year and projected to 2013 with Scale BB
<i>Disabled annuitants:</i>	RP-2000 Disabled Retiree Mortality Table

The RP-2000 Annuitant Mortality table, set forward one year reasonably reflects the projected healthy annuitant mortality experience of the General Employees Retirement Plan as of the measurement date. The additional projection to 2013 is a provision for future mortality improvement.

RP-2000 Disabled Retiree Mortality table reasonably reflects the projected disabled annuitant mortality experience of the General Employees Retirement Plan as of the measurement date.

The basis for these mortality tables was a five-year review of plan experience for the period October 1, 2007 – September 30, 2012.

**SECTION 4: Reporting Information for the City of Jacksonville General Employees Retirement Plan**

**Termination Rates before Retirement:**

Age	Rate (%)			
	Mortality		Disability*	
	Male	Female	Male	Female
20	0.03	0.02	0.01	0.01
25	0.04	0.02	0.02	0.01
30	0.05	0.03	0.02	0.02
35	0.08	0.05	0.03	0.03
40	0.11	0.07	0.04	0.04
45	0.16	0.12	0.06	0.06
50	0.22	0.17	0.11	0.10
55	0.32	0.25	0.17	0.15
60	0.48	0.37	0.29	0.20
65	0.68	0.53	0.00	0.00

*\*100% of disabilities are assumed to be non-service incurred.*

**Withdrawal\*\***

Service	Withdrawal**			
	COJ Male Withdrawal***	COJ Female Withdrawal***	JEA Male Withdrawal	JEA Female Withdrawal
0-1	12.00	15.00	6.50	7.00
1-2	10.00	9.00	5.00	5.00
2-3	8.00	9.00	3.50	5.00
3-4	7.00	9.00	3.50	5.00
4-5	7.00	7.00	3.50	5.00
5-6	7.00	7.00	3.50	4.00
6-7	6.00	7.00	3.00	4.00
7-8	6.00	7.00	2.50	3.50
8-9	5.00	5.00	2.50	3.50
9-10	4.00	5.00	2.50	3.50
10+	1.50	2.00	1.50	2.00

*\*\*All withdrawal rates are set to 0% after eligibility for retirement.*

*\*\*\*COJ withdrawal rates above are increased by 5.00% for ages under 30.*

**SECTION 4: Reporting Information for the City of Jacksonville General Employees Retirement Plan**

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**Retirement Rates:**

<b>COJ</b>		<b>JEA</b>	
<b>Age</b>	<b>Rate (%)*</b>	<b>Service</b>	<b>Rate (%)**</b>
Under 50	2.50	20	10
50-52	5.00	21-29	8
53-54	10.00	30	15
55-59	15.00	31	10
60-64	20.00	32-34	20
65-69	30.00	35	25
70 & Over	100.00	36	15
		37-39	50
		40 & Over	100

*\*Above rates are increased by 20% for the year in which a participant attains 30 years of service (if age < 55) and by 15 % for the year in which a participant attains 32 years of service. The rate is set to 50% for years of service 37 through 39 and to 100% after 40 years of service, regardless of age.*

*\*\*The rate is set to 100% for ages 65-69 with less than 20 years of service and age 70 or older, regardless of service*

<b>BACKDROP Election:</b>	90% of eligible participants are assumed to elect a BACKDROP at retirement
<b>Refund of Contributions:</b>	95% of participants that are vested and terminate are assumed to take a refund of their employee contributions in lieu of their accrued benefit deferred to age 65
<b>Retirement Age for Inactive Vested Participants:</b>	65
<b>Percent Married:</b>	65% of males and 50% of females
<b>Age of Spouse:</b>	Females three years younger than males
<b>Unknown Data for Participants:</b>	Same as those exhibited by participants with similar known characteristics. If not, specified, participants are assumed to be male.

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**SECTION 4: Reporting Information for the City of Jacksonville General Employees Retirement Plan**

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**Net Investment Return:** 7.75%

<b>Salary Increases (including inflation):</b>	<b>Service</b>	<b>Rate (%)***</b>
	0-4	6.0
	5-9	5.0
	10-14	4.0
	15+	3.0

*\*\*\*For purposes other than determining entry age normal cost, the above rates are reduced by 3% for three years beginning October 1, 2012 for COJ participants.*

**Inflation Rate:** 3.00%

**Payroll Growth Rate:** 2.62% used for amortization of unfunded liability amounts; the Fund's long-term payroll growth assumption is 3.00%.

**Interest in BACKDROP Account:** 4.00%

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**Administrative Expenses:** Previous year's actual expenses; \$671,000 for October 1, 2013.

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**Actuarial Value of Assets:** Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and the expected market return, and is recognized over a five - year period, further adjusted, if necessary, to be within 20% of the market value.

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**Actuarial Cost Method:** Entry Age Normal Actuarial Cost Method. Entry Age is the age at the time the participant commenced employment. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by compensation, with Normal Cost determined as if the current benefit accrual rate had always been in effect.

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**Changes in Assumptions:** The following assumption change was reflected in this valuation:

- Based on the past nine years of payroll history, the payroll growth assumption was lowered from 3.00% to 2.62% per Part VII, Chapter 112.64(5)(a) of Florida statutes.

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**Changes in Statutory Limits:** Limits for Internal Revenue Code Sections 401(a)(17) and 415(b) were updated, as applicable.



**SECTION 4: Reporting Information for the City of Jacksonville General Employees Retirement Plan**

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**EXHIBIT VIII**  
**Summary of Plan Provisions**

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This exhibit summarizes the major provisions of the Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

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**Plan Year:** October 1 through September 30

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**Service Retirement:**

<i>Age Requirement</i>	Age 65 with five years of Credited Service, age 55 with 20 years of Credited Service or any age with 30 years of Credited Service.
<i>Regular Benefit Amount</i>	2.5% of Final Monthly Compensation times years of Credited Service, not more than 80% of Final Monthly Compensation.
<i>Supplemental Benefit Amount</i>	Monthly benefit of \$5 times years of Credited Service, not less than \$25 per month or more than \$150 per month.
<i>Minimum Benefit Amount</i>	\$52.67 per whole year of Credited Service, not to exceed 30. Minimum accrual rate increases 4% each October 1 <sup>st</sup> .

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**Early Retirement:**

<i>Age Requirement</i>	Age 50 with 20 years of Credited Service
<i>Regular Benefit Amount</i>	Accrued Service Retirement Regular Benefit Amount reduced by 0.5 percent for each month the benefit commencement precedes age 55.
<i>Supplemental Benefit Amount</i>	Monthly benefit of \$5 times years of Credited Service, not less than \$25 per month or more than \$150 per month.
<i>Minimum Benefit Amount</i>	\$52.67 per whole year of Credited Service, not to exceed 30. Minimum accrual rate increases 4% each October 1 <sup>st</sup> .

**SECTION 4: Reporting Information for the City of Jacksonville General Employees Retirement Plan**

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<i>Age Requirement</i>	Any age with 25 years of Credited Service
<i>Regular Benefit Amount</i>	2.0% of Final Monthly Compensation times years of Credited Service
<i>Supplemental Benefit Amount</i>	Monthly benefit of \$5 times years of Credited Service, not less than \$25 per month or more than \$150 per month.
<i>Minimum Benefit Amount</i>	\$52.67 per whole year of Credited Service, not to exceed 30. Minimum accrual rate increases 4% each October 1 <sup>st</sup> .

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**Vesting:**

<i>Age Requirement</i>	None
<i>Service Requirement</i>	5 years of Credited Service
<i>Regular Benefit Amount</i>	Accrued Service Retirement Regular Benefit payable at age 65.
<i>Supplemental Benefit Amount</i>	Monthly benefit of \$5 times years of Credited Service, not less than \$25 per month or more than \$150 per month. Payable at Age 65.
<i>Minimum Benefit Amount</i>	\$52.67 per whole year of Credited Service, not to exceed 30. Minimum accrual rate increases 4% each October 1 <sup>st</sup> .

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**Spouse's Pre-Retirement Death Benefit:**

<i>Age Requirement</i>	None
<i>Service Requirement</i>	None
<i>Regular Benefit Amount</i>	If the Member is eligible for retirement, the surviving spouse is entitled to 75% of the member's accrued regular benefit. If the Member is not eligible for retirement, the surviving spouse is entitled to 75% of the pension the Member would have received if the Member had had worked to eligibility for a Service Retirement at current salary with the benefit based on a 2% accrual rate.
<i>Supplemental Benefit Amount</i>	Monthly benefit of \$5 times years of Member's Credited Service, not less than \$25 per month or more than \$150 per month.
<i>Minimum Benefit Amount</i>	75% of \$52.67 per whole year of Member's Credited Service, not to exceed 30. Minimum accrual rate increases 4% each October 1 <sup>st</sup> .

**SECTION 4: Reporting Information for the City of Jacksonville General Employees Retirement Plan**

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**Spouse's Post-Retirement Death Benefit:**

<i>Regular Benefit Amount</i>	Surviving spouse is entitled to 75% of the Member's regular benefit.
<i>Supplemental Benefit Amount</i>	Surviving spouse is entitled to 100% of the Member's supplemental benefit.
<i>Minimum Benefit Amount</i>	75% of \$52.67 per whole year of Member's Credited Service, not to exceed 30. Minimum accrual rate increases 4% each October 1 <sup>st</sup> .

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<b>Member:</b>	All full-time JEA, JHA, NFTPO, and City General Employees are eligible for membership in the Plan upon date of hire.
<b>Member Contributions:</b>	7.7% of Earnable Compensation.
<b>Credited Service:</b>	The number of full years and months worked from date of participation to date of termination or retirement, plus any prior service purchased.
<b>Final Monthly Compensation:</b>	Average monthly rate of Earnable Compensation during the highest 36 consecutive months (78 pay periods) out of the last ten years of employment.
<b>Earnable Compensation:</b>	Base pay for regular hours worked as an employee, plus service raises and excluding bonuses, adjusted compensation, overtime or any extra compensation over and above regularly budgeted salaries.

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<b>Cost of Living Adjustment:</b>	On the April 1 <sup>st</sup> nearest the fifth anniversary of the initial benefit commencement date, and on each April 1 <sup>st</sup> thereafter, the regular benefit is increased by 3%.
<b>BACKDROP:</b>	Members with 30 or more years of service may elect to have their retirement benefits calculated as if the member had retired up to 5 years earlier on or after October 1, 2005. Benefits that would have been payable are accumulated with interest to date of termination and paid or rolled over in a single sum, and payments are made directly to the Member thereafter. The 5-year wait to receive COLA increases starts at termination of employment rather than at the start of BACKDROP.
<b>Partial Lump-sum Option (PLOP):</b>	Members who are eligible for retirement may elect to receive a lump-sum benefit of up to 15% of the benefit value and a reduced life annuity actuarially equivalent to the benefit that would otherwise be payable.

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<b>Changes in Plan Provisions:</b>	There have been no changes in plan provisions since the last valuation.
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