

# **JACKSONVILLE POLICE AND FIRE PENSION FUND**

## **Actuarial Valuation Report as of October 1, 2016**

**(Determining costs for the Plan Year  
beginning October 1, 2017)**

**Prepared by:**

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January 18, 2017

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, 2016

Gentlemen:

We are pleased to forward our report on the 2016 Actuarial Valuation of the Jacksonville Police and Fire Pension Fund. The minimum required City contribution for the Plan Year beginning October 1, 2017 is 149.74% of covered payroll.

The valuation results were based on participant data as of July 1, 2016, provided by the City. Fund assets and the Plan as of September 30, 2016, 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 1<sup>st</sup>. All of this data has been reviewed for consistency with prior data and for general reasonableness.

Per Part VII, Chapter 112.64(5)(a) of Florida Statutes, the payroll growth assumption used for amortization of the unfunded liability is not allowed to exceed the average annual payroll growth for the preceding ten years. As a result this was lowered to 0.067% in this valuation (see page 5).

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.

  
Jarmon Welch, A.S.A. Date  
PENSION BOARD CONSULTANTS, INC.

14 - 1108  
Enrollment Number

# JACKSONVILLE POLICE AND FIRE PENSION FUND

## Actuarial Report for the Plan Year Beginning October 1, 2016

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**JACKSONVILLE POLICE AND FIRE PENSION FUND**

**Derivation of City Minimum Required Contribution as of October 1, 2016**

	<u>10/1/2015</u> with <u>Asset Revisions</u>	<u>10/1/2016</u> with <u>FRS Mortality</u>
Covered October 1 Payroll	\$132,735,243	\$135,599,741
<b>1. Actuarial Accrued Liabilities</b>		
a. Active Participants	\$732,810,115	\$768,461,161
b. Inactive Participants	<u>\$2,409,418,097</u>	<u>\$2,577,054,098</u>
c. Total (a. + b.)	\$3,142,228,212	\$3,345,515,259
<b>2. Market Value of Assets</b>		
a. Gross Market Value	\$1,437,907,379	\$1,613,043,823
b. Reserve Accounts	\$79,499,720	\$95,543,156
c. Sr. Staff Plan Assets	<u>\$4,002,294</u>	<u>\$4,102,201</u>
d. Net Market Value (a. - b. - c.)	\$1,354,405,365	\$1,513,398,466
<b>3. Unfunded Actuarial Accrued Liability (1.c. - 2.d.)</b>	\$1,787,822,847	\$1,832,116,793
<b>4. Costs</b>		
a. UAAL Amortization Payment	\$122,360,258	\$164,417,818
b. Normal Cost (Individual EA)	\$44,087,089	\$45,257,077
c. Annual Expense	<u>\$9,926,208</u>	<u>\$11,180,135</u>
d. Total Cost BOY (a. + b. + c.)	\$176,373,555	\$220,855,030
<b>5. Contributions</b>		
a. Members (including DROPs)	\$11,410,245	\$11,633,724
b. Chapter Funds Allocation	\$5,288,927	\$5,340,312
c. Court Fines	\$920,774	\$832,536
d. City Minimum (4.d. - (5.a. + 5.b. + 5.c.))		
1. Dollars on October 1	\$158,753,609	\$203,048,458
2. % Covered Payroll on October 1	119.60%	149.74%
3. Dollars on December 1 next year = d.1. x payroll growth x 1.07 <sup>2/12</sup>	\$165,771,919	\$205,488,666

**Reconciliation**

The October 1 City minimum contribution increased \$44,294,849 due to:

1. Increase of \$3,976,708 for 3.25% increase in prior year amortization payment.
2. Expense increase of \$1,073,792.
3. Actual earnings (10.0%) were \$45 million higher than expected, decreasing costs \$2,400,156.
4. Lowering 3.25% payroll growth assumption to 2.50% based on experience study increased costs \$8,000,000. The current unfunded amortization costs increased \$25,676,758 as a result of State required lowering of 2.50% to 0.067% (actual 10 year average).
5. State required use of FRS special risk mortality tables increased costs \$8,517,200.
6. The initial base established in 1987 is fully amortized decreasing costs \$494,479.
7. Experience deviations (primarily salary) from expected decreased costs \$54,974.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Amortization of the Unfunded Actuarial Accrued Liability

October 1	<u>UAAL</u>	<u>Amortization Payment</u>	<u>7% Interest</u>	<u>Supplemental Payments*</u>	<u>Accumulation with 7% Interest</u>
2016	\$1,832,116,793	\$164,912,297	\$116,704,315	\$10,000,000	\$10,000,000
2017	1,783,908,811	164,527,978	113,356,658	20,000,000	30,700,000
2018	1,732,737,491	161,672,761	109,974,531	30,000,000	62,849,000
2019	1,681,039,261	158,498,473	106,577,855	40,000,000	107,248,430
2020	1,629,118,644	158,517,811	102,942,058	40,000,000	154,755,820
2021	1,573,542,891	158,624,018	99,044,321	40,000,000	205,588,728
2022	1,513,963,194	159,275,441	94,828,143	40,000,000	259,979,938
2023	1,449,515,895	159,382,156	90,309,362	40,000,000	318,178,534
2024	1,380,443,101	159,488,942	85,466,791	40,000,000	380,451,032
2025	1,306,420,950	159,595,800	80,277,761	40,000,000	447,082,604
2026	1,227,102,911	141,079,228	76,021,658	40,000,000	518,378,386
2027	1,162,045,341	134,853,414	71,903,435	40,000,000	594,664,873
2028	1,099,095,362	135,678,418	67,439,186	40,000,000	676,291,414
2029	1,030,856,130	135,769,322	62,656,077	0	723,631,813
2030	957,742,885	135,860,288	57,531,782	0	774,286,040
2031	879,414,379	135,156,103	52,098,079	0	828,486,063
2032	796,356,356	135,246,657	46,277,679	0	886,480,087
2033	707,387,377	116,743,459	41,345,074		
2034	631,988,993	116,821,677	36,061,712		
2035	551,229,028	116,899,947	30,403,036		
2036	464,732,116	105,330,720	25,158,098		
2037	384,559,494	105,401,291	19,541,074		
2038	298,699,277	83,137,607	15,089,317		
2039	230,650,987	83,193,309	10,322,037		
2040	157,779,716	83,249,048	5,217,147		
2041	79,747,814	35,765,752	3,078,744		
2042	47,060,807	12,314,655	2,432,231		
2043	37,178,382	15,398,266	1,524,608		
2044	23,304,725	19,583,150	260,510		
2045	3,982,085	3,982,085	0		
2046	0				

As of 2032, the payments enclosed in the box above are covered by the \$886,480,087 accumulation of supplemental payments.

\* Ordinance 2015-304E Supplemental Payments

<u>Fiscal Year</u>	<u>CITY</u>	<u>UALPA</u>
2016	\$5,000,000	\$5,000,000
2017	\$10,000,000	\$10,000,000
2018	\$15,000,000	\$15,000,000
2019-2028	<u>\$32,000,000</u>	<u>\$8,000,000</u>
TOTAL	\$350,000,000	\$110,000,000

JACKSONVILLE POLICE AND FIRE PENSION FUND

Development of UAAL by Components as of October 1, 2016

Date Established	Initial Amount	UAAL as of 10/1/2016	Remaining Period 10/1/2015	Amortization 10/1/2016	Required	UAAL as of 10/1/2017
1-Oct-87	\$3,868,562	\$494,479	1.00	\$494,479	\$0	\$0
1-Oct-88	\$17,910,698	\$5,731,075	2.00	\$2,961,481	\$2,961,481	\$2,963,466
1-Oct-89	\$19,019,326	\$9,205,010	3.00	\$3,276,020	\$3,276,020	\$6,344,019
1-Oct-90	\$508,620	\$314,247	4.00	\$86,623	\$86,623	\$243,558
1-Oct-92	(\$4,444,031)	(\$2,773,474)	6.00	(\$542,959)	(\$542,959)	(\$2,386,651)
1-Oct-96	\$126,129,419	\$139,393,826	10.00	\$18,499,182	\$18,499,182	\$129,357,269
1-Oct-97	\$44,127,813	\$50,485,796	11.00	\$6,273,943	\$6,273,943	\$47,306,683
1-Oct-98	(\$5,280,099)	(\$6,213,142)	12.00	(\$728,771)	(\$728,771)	(\$5,868,277)
1-Oct-01	\$6,296,677	\$7,701,912	15.00	\$787,262	\$787,262	\$7,398,676
1-Oct-03	\$158,527,905	\$192,871,274	17.00	\$18,383,302	\$18,383,302	\$186,702,130
1-Oct-06	\$111,179,581	\$130,915,921	20.00	\$11,492,566	\$11,492,566	\$127,782,990
1-Oct-08	\$230,168,269	\$261,850,935	22.00	\$22,007,619	\$22,007,619	\$256,632,348
1-Oct-11	\$550,672,339	\$586,326,249	25.00	\$46,749,688	\$46,749,688	\$577,346,920
1-Oct-12	\$280,879,031	\$293,659,681	26.00	\$23,069,800	\$23,069,800	\$289,531,173
1-Oct-13	(\$37,626,922)	(\$38,974,454)	27.00	(\$3,020,245)	(\$3,020,245)	(\$38,471,004)
1-Oct-14	(\$52,239,546)	(\$53,540,809)	28.00	(\$4,097,008)	(\$4,097,008)	(\$52,904,867)
1-Oct-15	\$199,887,331	\$202,471,799	29.00	\$15,313,808	\$15,313,808	\$200,259,050
1-Oct-16	\$52,196,468	\$52,196,468	30.00	\$3,905,507	\$3,905,507	\$51,671,328
	<b>\$1,701,781,441</b>	<b>\$1,832,116,793</b>		<b>\$164,912,297</b>		<b>\$1,783,908,811</b>

JACKSONVILLE POLICE AND FIRE PENSION FUND

Reconciliation of Accounts October 1, 2015 through September 30, 2016

	<u>CBSA</u>	<u>EBA</u>	<u>UALPA</u>	<u>Supplemental Payments Accumulation</u>
Account Value, 10/1/2015	\$4,623,000	\$5,118,623	\$69,758,097	\$0
Annual Retiree Bonus paid December 2, 2015		(\$1,999,747)		
Share Plan Contribution paid December 2, 2015		(\$3,289,180)		
Account Value, 12/2/2015		(\$57,694) <sup>1</sup>		
Annual Earnings (10%)	\$462,300	(\$4,500) <sup>2</sup>	\$6,975,810	\$0
Transfer on 9/30/16			(\$5,000,000)	\$10,000,000
Account Value, 9/30/16	\$5,085,300	(\$62,194)	\$71,733,907	\$10,000,000 <sup>3</sup>
Chapter Funds receivable		\$5,340,312		
Account Value with receivable		\$5,278,118		
		<u>Sr Staff Retirement Plan</u>	<u>Share Plan</u>	
Account Value, 10/1/2015		\$4,002,294	\$0	
Contributions paid December 2, 2015		\$0	\$3,289,180	
Annual Earnings (10%)		\$386,253 <sup>4</sup>	\$246,689 <sup>5</sup>	
Payments		\$286,346	\$90,038	
Account Value, 9/30/16		\$4,102,201	\$3,445,831	

<sup>1</sup> (\$5,118,623 \* 1.022) - (\$1,999,746 + \$3,289,180)

<sup>2</sup> (10% - 2.2%) \* (\$57,694)

<sup>3</sup> Includes \$5,000,000 supplemental payment from City

<sup>4</sup> 10.00%

<sup>5</sup> 10.00% \* (9/12)

## JACKSONVILLE POLICE AND FIRE PENSION FUND

### Actuarial Assumptions and Methods

The actuarial assumptions were updated after an experience study for the four years ending September 30, 2015.

#### Economic Assumptions

Investment Yield:	7% annually
Salary Increases:	3.5% annually
Annual COLA:	Group I: 3% annually reduced to 2.5% for future service for actives with less than 20 years of service on June 19, 2015 Group II: 1.5% annually
DROP Load:	2% on active and DROP liabilities for interest greater than 7%
Payroll Increase:	0.067% annually, actual 10 year average (2.5% cola increase when allowed, adopted after the above experience study)

#### Demographic Assumptions

Mortality:	<u>Pre- and Post-Retirement:</u> All using RP-2000 Generational, Scale BB, with Female: 100% Annuitant White Collar Male: 10% Annuitant White Collar/90% Annuitant Blue collar <u>Post-Disablement:</u> Female: 60% RP2000 Disabled Female set forward two years/40% Annuitant White Collar with no setback, no projection scale Male: 60% RP2000 Disabled Male setback four years/ 40% Annuitant White Collar with no setback, no projection scale												
Turnover:	No vested refunds or disability recoveries												
	<table><thead><tr><th><u>Age</u></th><th><u>Withdrawal Rate</u></th><th><u>Disability Rate per 1,000</u></th></tr></thead><tbody><tr><td>25</td><td>.036</td><td>0.36</td></tr><tr><td>35</td><td>.009</td><td>0.48</td></tr><tr><td>45</td><td>.000</td><td>1.20</td></tr></tbody></table>	<u>Age</u>	<u>Withdrawal Rate</u>	<u>Disability Rate per 1,000</u>	25	.036	0.36	35	.009	0.48	45	.000	1.20
<u>Age</u>	<u>Withdrawal Rate</u>	<u>Disability Rate per 1,000</u>											
25	.036	0.36											
35	.009	0.48											
45	.000	1.20											
Married:	75% actives, 50% retirees (tax status), wives 3 years younger												
Retirement:	Group I: 40% at 20 years, 30% thereafter to 30 years (or age 61). Group II: 15% at 25 years, then 5% per year to 30 years (or age 61).												

Actuarial Methods      Cost: Individual Entry Age      Assets: Market Value

#### Changes Since the October 1, 2015 Valuation:

Changed payroll growth assumption, added Group II assumptions, adopted FRS mortality



## JACKSONVILLE POLICE AND FIRE PENSION FUND

### Plan Outline

#### **GROUP I active on June 19, 2015**

Credited Service	full time from date of employment including buybacks
Benefit Percentage	3% for first 20 YOS plus 2% for additional 10 YOS (max 80%)
Final Average Earnings	final 2 years (<5 YOS on June 19, 2015, final 4 years)
Normal Retirement Date	20 YOS
Vesting	5 years
Employee Contributions	8% (10% when certain pay raises occur)
Early Retirement	N/A
Normal Form Of Payment	Joint and 75%
Retiree COLA	3% annually January after retirement if $\geq 20$ YOS on June 19, 2015  If not, 3% annually for service accrued as of June 19, 2015 and SS COLA (min 0%, max 6%) on service accrued after June 19, 2015
Disability	Permanent & Total: 60% of FAE, Temporary: available
DROP	up to 5 YOS  Interest: $\geq 20$ YOS on June 19, 2015, 8.4% interest for 5 years and thereafter; < 20 YOS on June 19, 2015, actual return (min 2%, max 14.4%)  2% employee contributions
Pre Retirement Death	< 20 YOS                      75% of (60% of FAE) >20 YOS                        75% of normal benefit  In addition: \$200/month per child, (total 75% of normal benefit if orphan)
Health Supplement	\$5.00 / month for each YOS (maximum 30 YOS)
Chapter Funds	50% credited as a City contribution for 15 years, balance to a share plan and holiday bonus

## JACKSONVILLE POLICE AND FIRE PENSION FUND

### Plan Outline

#### **GROUP II**

#### **Impact on New Hires after June 19, 2015**

1. Credited Service for retirement increased from 20 to 30 years (steep reductions for early retirement after 25 years).
2. Earnings Base computed as average of last 5 years.
3. Three year delay in annual Cost of Living increases (reduced from 3% to 1.5% maximum Social Security).
4. Disability benefit reduced to 50% of Earnings Base from 60%.
5. Vesting changed from NRA&5 to age 62&10 (2% accrual rate).
6. Benefit percentage reduced from 3.0% to 2.5%.
7. Back-Drop implemented, no DROP.
8. Employee contributions are 10% of pay.
9. Group II costs 22% of pay.

Changes Since the October 1, 2015 Valuation: None

**JACKSONVILLE POLICE AND FIRE PENSION FUND**

Historical Key Statistics

Class of Participant	Valuation Date				
	10/01/12	10/01/13	10/01/14	10/01/15	10/1/2016
<b>Continuing Actives</b>					
(excluding DROP)	2,203	2,082	2,034	2,072	2,087
Pay Increase %	0.4%	2.9%	3.0%	3.8%	2.2%
<b>Active</b>					
Number	2,213	2,150	2,237	2,202	2,294
Average Age	39.9	40.2	40.0	39.9	39.4
Average Annual Pay	\$60,523	\$61,082	\$60,276	\$60,511	\$59,270
Average Service	11.2	11.5	11.2	11.1	10.6
<b>Retired</b>					
Number	1,556	1,618	1,710	1,785	1,910
Average Age	65.7	65.5	65.3	65.3	65.0
Average Annual Benefit	\$53,042	\$54,461	\$55,940	\$57,674	\$59,056
<b>Disabled</b>					
Number	57	56	55	54	55
Average Age	61.4	61.4	61.5	62.1	62.3
Average Annual Benefit	\$32,403	\$33,958	\$35,600	\$37,029	\$37,814
<b>Surviving Spouses</b>					
Number	401	418	431	425	423
Average Age	72.6	72.8	73.3	73.5	74.0
Average Annual Benefit	\$28,075	\$29,677	\$31,227	\$32,843	\$34,371
<b>Children</b>					
Number	31	31	32	29	23
Average Age	13.1	13.5	13.5	13.9	13.1
Average Annual Benefit	\$3,254	\$3,267	\$3,261	\$3,252	\$3,183
<b>Terminated Vested</b>					
Number	52	60	62	72	77
Average Age	44.0	43.8	43.2	43.2	43.4
Average Annual Benefit	\$18,072	\$19,128	\$18,015	\$18,540	\$17,864
<b>DROP</b>					
Number	550	542	511	541	475
Average Age	50.1	50.3	50.5	50.5	50.7
Average Annual Benefit	\$49,221	\$50,581	\$51,240	\$50,478	\$50,267

JACKSONVILLE POLICE AND FIRE PENSION FUND

Reconciliation of Number of Participants by Status

	<u>Actives</u>	<u>Retirees</u>	<u>Vested Terminations</u>	<u>Disabilities</u>	<u>Surviving Spouses</u>	<u>Children</u>	<u>DROP</u>
Number on 07/01/15 Used for 10/01/15 Reporting	2,202	1,786	71	54	425	29	541
New Entrants/Rehire	225		(1)				(5)
Transfers from GEPP/Corrections							
Non-Vested/Refunded Terminations	(30)						
Vested Terminations	(10)		10				
Retirees	(4)	153	(5)				(144)
Disabilities	(3)			3			
Deaths with no Survivors		(12)	(1)	(1)	(19)		
Payments Stopped (Age 18 or Remarried)						(7)	
Deaths with Survivors	(1)	(16)		(1)			
New Beneficiaries					17	1	
New DROP Retirees	(83)						83
Data Corrections	(2)	(1)	3				
Number on 07/01/16 Used for 10/01/16 Valuation	<u>2,294</u>	<u>1,910</u>	<u>77</u>	<u>55</u>	<u>423</u>	<u>23</u>	<u>475</u>

**JACKSONVILLE POLICE AND FIRE PENSION FUND**  
**Active Age and Service Distribution as of October 1, 2016**

Call Format: Number In Each Group, Average Age, Average Service, And Average Salary

Age	Service												Both Sexes Included	
	<1	>=1 <2	>=2 <3	>=3 <4	>=4 <5	>=5 <10	>=10 <15	>=15 <20	>=20 <25	>=25 <30	>=30 <35	>=35 <40	>=40	ALL
<25	23 22.93 0.51 36,187	29 23.78 1.38 38,556	7 23.86 2.41 41,503	3 24.02 3.33 39,719	1 24.12 4.02 37,266	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	63 23.50 1.31 38,054
>=25 <30	44 27.82 0.60 37,021	50 27.22 1.49 38,792	83 27.52 2.50 42,343	28 27.90 3.45 47,012	4 28.00 4.31 44,488	41 28.39 6.87 51,249	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	250 27.87 2.82 42,714
>=30 <35	31 32.05 0.57 37,095	27 32.36 1.52 39,743	53 32.05 2.56 42,513	27 32.26 3.43 46,022	7 33.11 4.29 42,234	175 32.66 7.99 57,172	79 33.31 11.47 64,709	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	399 32.82 6.57 52,961
>=35 <40	12 36.96 0.67 37,337	19 36.91 1.31 38,120	34 37.44 2.56 41,761	13 37.25 3.39 45,026	3 36.58 4.38 43,357	118 37.15 8.21 57,896	219 37.47 12.45 64,410	32 38.47 16.31 72,336	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	450 37.40 9.76 59,022
>=40 <45	5 42.58 0.45 38,629	13 42.55 1.47 38,765	7 42.94 2.45 42,507	3 41.67 3.57 44,335	1 42.49 4.50 45,000	65 42.19 8.31 56,038	207 42.34 12.85 63,475	153 42.72 17.46 69,904	31 43.62 20.76 71,365	1 44.89 25.79 147,300	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	486 42.54 13.57 63,785
>=45 <50	0 0.00 0.00 0	1 49.82 1.16 36,449	5 46.53 2.69 38,996	4 46.58 3.40 43,097	0 0.00 0.00 0	38 47.13 8.07 56,287	101 47.08 12.66 62,034	139 47.18 18.00 71,365	98 47.54 21.24 80,891	13 47.93 26.46 89,201	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	399 47.26 16.39 69,662
>=50 <55	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	23 52.32 8.08 57,437	62 52.29 12.55 60,493	72 52.12 18.19 69,535	28 52.01 20.69 73,441	7 51.96 26.89 83,256	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	192 52.18 15.84 66,236
>=55 <60	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	5 55.91 8.29 56,727	11 57.72 13.28 60,668	21 56.56 17.99 68,416	6 57.17 20.51 77,448	4 58.25 27.16 84,274	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	47 56.98 16.96 67,862
>=60 <65	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	1 62.41 8.74 56,302	2 62.18 13.31 60,120	5 61.32 19.11 63,956	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	8 61.67 16.11 62,040
>=65 ALL	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0
	115 29.50 0.57 36,890	139 30.42 1.45 38,816	189 31.51 2.53 42,172	78 32.31 3.43 45,754	16 32.51 4.31 42,870	466 37.21 8.00 56,810	681 41.64 12.51 63,379	422 46.38 17.72 70,382	163 47.92 21.03 77,553	25 50.59 26.66 89,072	0 0.00 0.00 0	0 0.00 0.00 0	0 0.00 0.00 0	2,294 39.85 10.86 59,270

# JACKSONVILLE POLICE AND FIRE PENSION FUND

## Accounting for Pension Costs and Liabilities

### **GASB Statements 67 and 68**

In June 2012, the Governmental Accounting Standards Board (GASB) approved two new statements, Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68, *Accounting and Financial Reporting for Pensions*. These statements replaced Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans*, and Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. These new statements require the addition of plan unfunded liabilities to the employer's balance sheet and also change how the System has to calculate its expense for financial disclosures, but does not change how the System has to calculate its liabilities for its contribution requirements.

GASB No. 67 is effective for Jacksonville Police and Fire Pension Fund ("JPFPF") fiscal years beginning October 1, 2013, and GASB No. 68 is effective for Jacksonville fiscal years beginning October 1, 2014.

### **Notes to the Financial Statements for the Year Ended September 30, 2016**

#### **Plan Description**

*Plan administration.* The Board of Trustees administers the JPFPF – a single-employer defined benefit pension plan that provides pensions for all permanent full-time public safety employees of the City. Applicable State laws and statutes as well as local ordinances and Charter provisions grant the authority to establish and amend the benefit terms to the City Council and the State Legislature.

Management of the JPFPF is vested in the Board of Trustees, which consists of five members – two appointed by the City Council, and one an active Police Officer elected by active Police members, and one an active Firefighter elected by active Fire members, and, lastly, a fifth selected by the aforementioned four Board members.

*Plan membership.* At September 30, 2016, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	2,411
Inactive plan members entitled to but not yet receiving benefits	77
DROP members	475
Active plan members	<u>2,294</u>
Total	5,257

*Benefits provided.* JPFPF provides retirement, disability, and death benefits. Retirement benefits are calculated as 3 percent of the employee's final 2-year average salary times the employee's years of service up to 20 years and 2 percent thereafter (80 percent maximum). Employees with 5 or more years of continuous service are eligible to retire at 20 years from date of employment.

## JACKSONVILLE POLICE AND FIRE PENSION FUND

### Accounting for Pension Costs and Liabilities

Employees are eligible for non-duty related death and disability benefits after 10 years of service and for duty-related death and disability benefits upon hire. Terminated vested employees may withdraw their contributions. Terminated non-vested employees must withdraw their contributions.

Benefits are generally increased 3 percent annually after retirement (see page 6).

*Contributions.* The JPFPF Board establishes contributions based on an actuarially determined rate recommended by an independent actuary. This rate is the estimated costs of benefits earned by employees during the year, with an additional amount to finance the unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate, the contribution rate of employees, Chapter 175/185 funds applied, court fines and miscellaneous revenue. For the year ended September 30, 2016, the contributions paid were City \$149,499,492, supplemental \$5,000,000, employees \$11,633,724, Chapter \$5,340,312 and court fines \$832,536.

#### **Investments**

*Investment policy.* The pension plan's policy for the allocation of invested assets is established by a majority vote of the Board. The Board pursues an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The selection of asset classes is limited by statute and each asset class is further diversified by style, and the use of both active and passive management. The policy discourages the use of cash equivalents, except for liquidity purposes, and refrains from dramatically shifting asset class allocations over short time spans. The following is the Board's asset allocation policy:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Guidelines as of 8/2016</u>
Domestic equity	39.0%	34.0-44.0%
International equity	20.0	15.0-25.0
Fixed income	19.5	14.5-24.5
Real estate	15.0	10.0-20.0
Cash	1.0	0.0- 5.0
MLPs/Energy	<u>5.5</u>	<u>0.0-10.0</u>
Total	100.0%	100.0%

*Method used to value investments.* Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The real estate portfolio is valued at fair value independent appraisal of every property in the portfolio at least annually. In addition, each month, the money managers calculate an internal appraisal using a combination of discounted cash flow and comparison to similar properties. Investments in local real estate are valued each year on September 30 by an independent appraiser to determine the investment fair value.

*Rate of return.* For the year ended September 30, 2016, the annual money-weighted rate of return on pension plan investments was 10.00%. This reflects the changing amounts actually invested.

## JACKSONVILLE POLICE AND FIRE PENSION FUND

### Accounting for Pension Costs and Liabilities

#### **Reserve Accounts**

Ordinance 2015-304E maintains certain reserve accounts. These are, as of September 30, 2016, City Budget Stabilization Account of \$5,085,300, Enhanced Benefit Account of \$5,278,118, Unfunded Actuarial Liability Payment Account of \$71,733,907, Supplemental Payments Accumulation of \$10,000,000, Sr. Staff Retirement Plan of \$4,102,201 and the Share Plan of \$3,445,831. The City Budget Stabilization Account and the Unfunded Actuarial Liability Payment Account provide additional City contributions. The Enhanced Benefit Account is used by the Board to pay a retiree holiday bonus and for other enhancements, including a share plan.

#### **Deferred Retirement Option Program (DROP)**

DROP after 20 Years of Service. Maximum period 5 years. 8.4% annual interest credited. The DROP balance as of September 30, 2016 is \$310,283,837.

**Actuarial assumptions.** The actuarial assumptions used in the October 1, 2016 valuation were based on the results of an actuarial experience study for the period October 1, 2011 – September 30, 2015.

Inflation	2.5 percent
Salary increases	3.5 percent, including inflation
Investment (discount rate)	7.0 percent, including inflation
COLA	3.0 percent, compounded annually
Mortality:	<u>Pre- and Post-Retirement:</u> All using RP-2000 Generational, Scale BB, with Female: 100% Annuitant White Collar Male: 10% Annuitant White Collar/90% Annuitant Blue Collar <u>Post-Disablement:</u> Female: 60% RP-2000 Disabled Female set forward two years/40% Annuitant White Collar with no setback, no projection scale Male: 60% RP-2000 Disabled Male setback four years/ 40% Annuitant White Collar with no setback, no projection scale

The expected arithmetic real rate of return was determined for each major asset class. These are combined to produce the 7.0 percent expected rate of return, or discount rate, by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (diversification and volatility also impact this).

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return (gross less 2.5% inflation)</u>
Domestic equity	5.4%
International equity	5.5
Fixed income	1.3
Real estate	4.5
Cash	1.4
MLPs/Energy	5.5



**JACKSONVILLE POLICE AND FIRE PENSION FUND**

Accounting for Pension Costs and Liabilities

**Net Pension Liability of the City of Jacksonville as of September 30, 2016**

Total pension liability	\$3,345,515,259
Plan fiduciary net position	\$1,513,398,466
City's net pension liability	\$1,832,116,793

Plan fiduciary net position as a percentage of the total pension liability	45.24%
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**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the City of Jacksonville, calculated using the discount rate of 7.0%, as well as what the City of Jacksonville's net pension liability would be if it were calculated using a discount rate that is 1% lower (6%) or 1% higher (8%) than the current rate:

	<u>1% Decrease (6%)</u>	<u>Current Discount (7%)</u>	<u>1% Increase (8%)</u>
City of Jacksonville's net pension liability	\$2,270,273,985	\$1,832,116,793	\$1,479,775,059

**Changes**

1. Ordinance 2015-304E made several small cutbacks in the current Plan provisions (Group I), increased employee contributions, added supplemental employer contributions above the ARC and added a more moderate Pension Plan for new hires after June 19, 2015 (Group II). The provisions of Groups I and II are shown on pages 6 and 7 of this report.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Statement of Changes in Fiduciary Plan Net Position  
as of September 30, 2015 and 2016

	<u>2015</u>	<u>2016</u>
<b><u>Additions</u></b>		
Contributions		
Employer	\$154,664,523	\$152,494,371
Plan Members	<u>12,061,321</u>	<u>12,830,861</u>
	166,725,844	165,325,232
Other Additions		
Chapter 175/185	10,577,853	10,680,624
Court fines and penalties	920,774	832,536
Supplemental Payment	0	5,000,000
Miscellaneous	<u>327,418</u>	<u>122,888</u>
	11,826,045	16,636,048
Investment income		
Parking and rental revenue	636,085	704,536
Investment income & realized gains	69,740,178	55,618,519
Unrealized Gains (Losses)	<u>(125,978,848)</u>	<u>105,143,061</u>
	(55,602,585)	161,466,116
Less investment expense	7,697,756	7,297,110
Less parking and rental expense	<u>230,952</u>	<u>289,357</u>
Net investment income	(63,531,293)	153,879,649
Securities Lending		
Revenues	862,008	577,398
Expenses	<u>(215,349)</u>	<u>(143,905)</u>
	646,659	433,493
Total additions	115,667,255	336,274,422
<b><u>Deductions</u></b>		
Pension benefit payments	119,548,310	129,091,475
DROP payments and RLA interest <sup>3</sup>	28,675,706	30,249,696
Refund of contributions	404,460	384,838
Administrative expense	<u>2,228,452</u>	<u>3,519,224</u>
Total deductions	150,856,928	163,245,233
<b>Net increase (Decrease)</b>	<b>(35,189,673)</b>	<b>173,029,189</b>
<b>Cummulative effect of change in accounting principle</b>		<b>2,238,000</b>
<b>Net assets held in trust for pension benefits</b>	<b><u>\$1,437,907,379 *</u></b>	<b><u>\$1,613,043,823</u></b>

\* This value has been adjusted to \$1,437,776,634 after the prior report was published.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Statement of Fiduciary Plan Net Position  
as of September 30, 2015 and 2016

	<u>2015</u>	<u>2016</u>
<b><u>Assets</u></b>		
Cash and short-term investments	\$6,960,201	\$3,263,098
Due from City of Jacksonville	4,746,215	5,651,397
Recoverable taxes	91	78
Prepaid items	113,770	81,675
Investments, at fair value		
Cash and Cash Equivalents	0	28,252,353
Fixed Income Securities	314,236,566	326,147,367
Domestic and International Equities	936,723,452	1,053,394,238
Real Estate	172,947,380	195,943,522
Accrued Interest	1,186,646	1,539,334
Dividends receivable	1,046,428	243,194
Property, Plant and Equipment		
Furniture and equipment	295,130	311,510
Accumulated depreciation	(277,448)	(304,760)
Building	7,368,742	0
Accumulated depreciation	(3,248,742)	0
Securities Lending Collateral	150,693,674	92,760,152
Other receivables	<u>155,038</u>	<u>10,761,896</u>
Total assets	1,592,947,143	1,718,045,054
Deferred Outflow		204,810
<b><u>Liabilities</u></b>		
Due to City of Jacksonville	\$0	\$7,000,000
Accounts payable	1,767,515	1,533,688
Accrued pension and wages payable	2,249,618	3,045,699
Current portion long term liabilities	141,153	21,278
Other long term liabilities	35,324	45,174
OPEB GASB #45	50,965	60,348
GASB #68 Net Pension Liability		582,196
Securities Lending Obligations	150,693,673	92,760,152
Other liabilities	<u>101,516</u>	<u>64,806</u>
Total liabilities	155,039,764	105,113,341
Deferred Inflow	0	92,700
<b>Net assets held in trust for pension benefits</b>	<u>\$1,437,907,379</u> <sup>1</sup>	<u>\$1,613,043,823</u> <sup>2</sup>

<sup>1</sup> This value has been adjusted to \$1,437,776,634 after the prior report was published.

<sup>2</sup> Includes employee contributions of \$92,763,275 on September 30, 2016.

JACKSONVILLE POLICE AND FIRE PENSION FUND

Schedule of Changes in Net Pension Liability and Related Ratios

	2016	2015	2014	2013	2012
<b>Total pension liability</b>					
Service Cost (BOY)	\$44,087,089	\$46,662,780	\$47,915,012	\$46,108,290	\$47,569,761
Interest on total pension liability	\$217,546,212	\$210,942,612	\$203,577,435	\$195,519,742	\$190,343,631
Changes of benefit terms	\$0	(\$28,684,960)	\$0	\$0	\$0
Experience deviations including buybacks	\$3,566,449	\$24,831,339	\$22,671,112	(\$4,675,984)	(\$12,512,641)
Changes due to assumptions (reallocation in FY2015)	\$97,813,304	\$24,514,349	\$0	\$5,332,605	\$227,333,255
Benefit payments, including refunds of member contributions	(\$159,728,007)	(\$148,628,476)	(\$138,179,183)	(\$128,655,957)	(\$116,955,126)
<b>Net change in total pension liability</b>	<b>\$203,287,047</b>	<b>\$129,637,844</b>	<b>\$135,984,376</b>	<b>\$113,629,686</b>	<b>\$335,776,880</b>
<b>Total pension liability -- beginning</b>	<b>\$3,142,228,212</b>	<b>\$3,012,590,568</b>	<b>\$2,876,606,192</b>	<b>\$2,762,976,506</b>	<b>\$2,427,197,626</b>
<b>Total pension liability -- ending(a)</b>	<b>\$3,345,515,259</b>	<b>\$3,142,228,212</b>	<b>\$3,012,590,568</b>	<b>\$2,876,606,192</b>	<b>\$2,762,976,506</b>
<b>Plan fiduciary net position</b>					
Contributions--employer	\$154,499,492	\$153,014,791	\$148,277,368	\$121,822,333	\$69,828,557
Contributions--member	\$11,633,724	\$10,469,643	\$10,067,765	\$9,682,998	\$11,204,317
Buybacks and transfers--employer	\$2,994,879	\$1,649,732	\$2,242,902	\$0	\$2,814,296
Buybacks and transfers--member	\$1,197,137	\$1,591,678	\$1,515,800	\$1,070,503	\$406,553
Net investment income	\$153,879,649	(\$63,531,283)	\$146,950,776	\$169,202,439	\$181,653,432
Securities Lending	\$433,493	\$846,659	\$382,022		
Benefit payments, including refunds of member contributions	(\$159,726,007)	(\$148,628,476)	(\$138,179,183)	(\$128,655,957)	(\$116,955,126)
Administrative expense	(\$3,519,224)	(\$2,228,452)	(\$2,224,248)	(\$2,505,985)	(\$2,351,598)
Chapter 175/185	\$10,680,624	\$10,577,853	\$10,110,493	\$9,667,185	\$9,275,728
Court Fines	\$832,536	\$920,774	\$881,291	\$757,984	\$770,125
Other	\$122,886	\$327,418	\$141,855	\$1,187,289	\$55,383
<b>Net change in plan fiduciary net position</b>	<b>\$173,029,169</b>	<b>(\$35,189,673)</b>	<b>\$180,166,841</b>	<b>\$182,228,789</b>	<b>\$156,701,667</b>
<b>Cummulative effect of change in accounting principle</b>	<b>\$2,238,000</b>				
<b>Plan fiduciary net position -- beginning (adjusted)</b>	<b>\$1,437,776,634</b>	<b>\$1,473,097,052</b>	<b>\$1,292,930,211</b>	<b>\$1,110,737,208</b>	<b>\$954,035,541</b>
<b>Plan fiduciary net position -- ending</b>	<b>\$1,613,043,823</b>	<b>\$1,437,907,379</b>	<b>\$1,473,097,052</b>	<b>\$1,292,965,997</b>	<b>\$1,110,737,208</b>
less Reserve Accounts and Sr. Staff Assets	(\$99,645,357)	(\$83,502,014)	(\$83,349,437)	(\$84,834,813)	(\$31,830,621)
<b>Total Plan fiduciary net position -- ending(b)</b>	<b>\$1,513,398,466</b>	<b>\$1,354,405,365</b>	<b>\$1,389,747,615</b>	<b>\$1,228,131,184</b>	<b>\$1,078,906,587</b>
<b>City's net pension liability--ending(a)-(b)</b>	<b>\$1,832,116,793</b>	<b>\$1,787,822,847</b>	<b>\$1,622,842,953</b>	<b>\$1,648,475,008</b>	<b>\$1,684,069,919</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>45.24%</b>	<b>43.10%</b>	<b>46.13%</b>	<b>42.69%</b>	<b>39.05%</b>
<b>Covered-employee payroll</b>	<b>\$135,599,741</b>	<b>\$132,735,243</b>	<b>\$134,521,216</b>	<b>\$130,972,174</b>	<b>\$133,611,459</b>
<b>City's net pension liability as a percentage of covered-employee payroll</b>	<b>1351.12%</b>	<b>1346.91%</b>	<b>1206.38%</b>	<b>1258.65%</b>	<b>1260.42%</b>

JACKSONVILLE POLICE AND FIRE PENSION FUND

Schedule of City Contributions

FYE	Actuarially required City contribution	Contribution in relation to the actuarially determined contribution	Contribution deficiency (excess) <sup>1</sup>	Covered employee payroll	Contribution as a percentage of covered employee payroll
2016	\$ 149,499,492	\$ 149,499,492 <sup>2</sup>	\$ -	\$ 135,599,741	110.25%
2015	\$ 153,603,996	\$ 153,935,565	\$ (331,569)	\$ 132,735,243	115.97%
2014	\$ 142,432,577	\$ 149,158,659	\$ (6,726,082)	\$ 134,521,216	110.88%
2013	\$ 99,996,835	\$ 122,580,317	\$ (22,583,482)	\$ 130,972,174	93.59%
2012	\$ 73,729,000	\$ 70,598,682	\$ 3,130,318	\$ 133,611,459	52.84%
2011	\$ 77,065,314	\$ 75,902,934	\$ 1,162,380	\$ 148,967,906	50.95%
2010	\$ 77,182,058	\$ 82,196,878	\$ (5,014,820)	\$ 158,046,680	52.01%
2009	\$ 50,564,207	\$ 50,234,759	\$ 329,448	\$ 155,557,729	32.29%
2008	\$ 48,806,879	\$ 48,364,103	\$ 442,776	\$ 148,276,743	32.62%
2007	\$ 39,849,713	\$ 44,207,970	\$ (4,358,257)	\$ 143,006,154	30.91%
2006	\$ 38,230,061	\$ 36,124,465	\$ 2,105,596	\$ 134,694,392	26.82%
2005	\$ 35,929,120	\$ 27,175,819	\$ 8,753,301	\$ 130,392,284	20.84%

<sup>1</sup> Contribution deficiency (excess) is assigned to the City Budget Stabilization Account

<sup>2</sup> Plus \$5,000,000 Supplemental Payment

**Notes to Schedule**

**Valuation date:** Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

**Methods used to determine contributions rates:**

- Actuarial cost method: Individual entry age
- Amortization method: Constant percentage of payroll increasing 2.50% annually; Closed
- Remaining amortization period: averaging 19 years
- Asset valuation method: Market Value
- Inflation: 2.5%
- Salary increases: 3.5%, including inflation
- Investment rate of return: 7.0%, including inflation
- Cost of living adjustments: 3.0%, compounded annually
- Mortality Table in use: see page 13
- Age differences for spouses: Females are assumed to be 3 years younger than males
- Percent married: Assume 75% of active employees are married, use tax reported status for inactives

JACKSONVILLE POLICE AND FIRE PENSION FUND

Schedule of Investment Returns  
Annual Money-Weighted Rate of Return, Net of Investment Expenses

<u>FYE</u>	<u>%</u>
2016	10.00%
2015	-3.95%
2014	10.73%
2013	14.29%
2012	18.25%
2011	0.64%
2010	8.45%
2009	1.70%
2008	-13.07%
2007	15.05%
2006	8.18%

JACKSONVILLE POLICE AND FIRE PENSION FUND

GASB 68 Pension Expense

	<u>FYE2015</u>
Service Cost (BOY)	\$46,662,780
Employee Contributions	(\$10,469,643)
Chapter Funds	(\$5,288,927)
Court Fines	(\$920,774)
7% Interest on TPL and Service Cost	\$207,025,771
Expected 7% Interest on Net Assets	(\$101,358,359)
1.4% Excess DROP Interest	(\$3,916,841)
Non Investment Expense	\$2,228,452
Investment Expense	\$7,697,756
Current period recognition of deferred outflow/(inflows)	
Change of benefit terms	(\$28,684,960)
Non-investment actuarial experience	\$10,973,082
established 2014	\$5,211,750
established 2015	\$5,761,332
Actual investment experience	\$21,839,775
established 2014	(\$10,035,724)
established 2015	\$31,875,499
Assumption changes reallocation	<u>\$5,687,784</u>
established 2014	\$0
established 2015	\$5,687,784
<b>TOTAL</b>	<b>\$151,475,896</b>

Future fiscal years outflows(inflows) to be recognized

	Non-investment Actuarial <u>Experience</u>	Actual Investment <u>Experience</u>	Assumption <u>Changes</u>	<u>TOTAL</u>
2016	\$10,973,082	\$21,839,775	\$5,687,784	\$38,500,641
2017	\$10,973,082	\$21,839,775	\$5,687,784	\$38,500,641
2018	\$7,585,444	\$21,839,775	\$5,687,784	\$35,113,003
2019	<u>\$1,786,011</u>	<u>\$31,875,497</u>	<u>\$1,763,213</u>	<u>\$35,424,721</u>
	\$31,317,619	\$97,394,822	\$18,826,565	\$147,539,006

JACKSONVILLE POLICE AND FIRE PENSION FUND

State of Florida Information

A. Participant Data See pages 8-10.

B. Assets See pages 15 and 16.

C. Liabilities

	10/01/2015 with Asset <u>Revisions</u>	10/01/2016 before Assumption <u>Changes</u>	10/01/2016 with Assumption <u>Changes</u>
Present Value of Future Benefits for:			
Retirement Benefits	\$1,048,845,058	\$1,062,454,049	\$1,088,591,672
Death Benefits	\$11,791,645	\$11,747,718	\$13,292,667
Disability Benefits	\$21,051,900	\$21,479,405	\$22,474,373
Withdrawal Benefits	\$21,628,941	\$20,193,712	\$20,845,482
Return of Contributions	<u>\$594,094</u>	<u>\$791,103</u>	<u>\$832,869</u>
Total Active	\$1,103,911,638	\$1,116,665,987	\$1,146,037,062
Terminated Vested Retirees and Beneficiaries	\$19,207,665	\$20,107,170	\$20,666,463
Disabled DROPs	\$1,568,585,051	\$1,704,704,056	\$1,766,276,044
	\$27,520,962	\$28,486,483	\$30,754,657
	<u>\$794,104,419</u>	<u>\$745,801,630</u>	<u>\$759,356,934</u>
Total Inactive	\$2,409,418,097	\$2,499,099,339	\$2,577,054,098
Total Present Value of Future Benefits	\$3,513,329,735	\$3,615,765,326	\$3,723,091,160



JACKSONVILLE POLICE AND FIRE PENSION FUND

State of Florida Information

D. Actuarial Present Value of Accumulated Plan Benefits

	10/01/2015 with Asset <u>Revisions</u>	10/01/2016 before Assumption <u>Changes</u>	10/01/2016 with Assumption <u>Changes</u>
Active			
Vested	\$550,539,923	\$579,610,247	\$595,479,144
Nonvested	\$14,843,924	\$16,951,524	\$17,782,029
Inactive	\$2,409,418,097	\$2,499,099,339	\$2,577,054,098
Total	\$2,974,801,944	\$3,095,661,110	\$3,190,315,271

Change in Actuarial Present Value of Accumulated Plan Benefits

1. Actuarial Present Value of Accumulated Plan Benefits as of October 1, 2015.	\$2,974,801,944
2. Less benefit payments and refunds for the period 10/1/2015-9/30/2016	\$159,726,009
3. Increase due to 7.0% yield assumption.	\$202,740,277
4. Increase due to assumption changes.	\$94,654,161
5. Plus additional benefit accruals for the period 10/1/2015-9/30/2016, including experience deviations	\$77,844,898
6. Actuarial Present Value of Accumulated Plan Benefits as of October 1, 2016.	\$3,190,315,271

JACKSONVILLE POLICE AND FIRE PENSION FUND

State of Florida Information

<u>E. Entry Age Normal Actuarial Accrued Liability</u>	<u>10/01/2015</u>	<u>10/01/2016</u>	<u>10/01/2016</u>
	<u>with</u>	<u>before</u>	<u>with</u>
	<u>Asset</u>	<u>Assumption</u>	<u>Assumption</u>
	<u>Revisions</u>	<u>Changes</u>	<u>Changes</u>
<b>Actives</b>			
Retirement Benefits	\$715,438,203	\$731,571,952	\$750,332,948
Death Benefits	\$4,065,258	\$4,015,268	\$4,411,009
Disability Benefits	\$9,145,244	\$9,185,645	\$9,717,432
Withdrawal Benefits	\$4,965,203	\$4,709,440	\$4,868,875
Return of Contributions	-\$803,793	-\$879,689	-\$869,103
<b>Total Actives</b>	<b>\$732,810,115</b>	<b>\$748,602,616</b>	<b>\$768,461,161</b>
<b>Total Inactives</b>	<b>\$2,409,418,097</b>	<b>\$2,499,099,339</b>	<b>\$2,577,054,098</b>
<b>Total Entry Age Normal Actuarial Accrued Liability</b>	<b>\$3,142,228,212</b>	<b>\$3,247,701,955</b>	<b>\$3,345,515,259</b>
 <u>F. Entry Age Normal Cost</u>			
<b>Actives Only</b>			
Retirement Benefits	\$39,586,664	\$39,548,767	\$40,480,555
Death Benefits	\$930,836	\$917,347	\$1,055,636
Disability Benefits	\$1,406,975	\$1,409,853	\$1,467,897
Withdrawal Benefits	\$1,994,893	\$1,992,116	\$2,059,147
Return of Contributions	\$167,721	\$190,479	\$193,842
<b>Total</b>	<b>\$44,087,089</b>	<b>\$44,058,562</b>	<b>\$45,257,077</b>

JACKSONVILLE POLICE AND FIRE PENSION FUND

State of Florida Information

G. Pension Cost

	10/01/2015 with Asset Revisions	10/01/2016 before Assumption Changes	10/01/2016 with Assumption Changes
Normal Actuarial Cost	\$54,013,297	\$55,238,697	\$56,437,212
Minimum Payment to Amortize UAAL	\$122,360,258	\$123,409,431	\$164,417,818
Expected Contributions From Active Employees*			
Dollar Amount	\$10,618,819	\$11,000,606	\$11,000,606
% of Covered Payroll	8.00%	8.11%	8.11%
Expected Contributions From City (includes interest adjustment)			
Dollar Amount	\$158,723,705	\$160,779,523	\$202,986,425
% of Covered Payroll	119.58%	118.57%	149.70%
Expected DROP Contributions			
Dollar Amount	\$791,426	\$695,151	\$695,151
% of Covered Payroll	0.52%	0.51%	0.051%
Expected Contributions From Other Sources**			
Dollar Amount	\$6,239,605	\$6,172,848	\$6,172,848
% of Covered Payroll	4.70%	4.55%	4.55%

\*Employee contributions of 8% from Group I and 10% from Group II

\*\*The sources include Chapter 175/185 monies, court fines and penalties.

H. Past Contributions

Expected contributions for Plan Year ending September 30, 2016. See G. above. Actual contributions for Plan Year ending September 30, 2015 - See page 15.

JACKSONVILLE POLICE AND FIRE PENSION FUND

State of Florida Information

I.	<u>Net Actuarial Gain (Loss)</u>				
	For period ended 09/30/2015 – (\$52,196,468)				
J.	<u>Present Value of</u>				
		10/01/2015	10/01/2016	10/01/2016	
		with	before	with	
		Asset	Assumption	Assumption	
		<u>Revisions</u>	<u>Changes</u>	<u>Changes</u>	
	Future Salaries	\$1,115,730,900	\$1,168,485,700	\$1,167,123,500	
	Future City Contributions	\$2,010,290,639	\$1,949,165,009	\$2,056,669,443*	
	Future Active Employee Contributions	\$89,258,472	\$93,478,856	\$93,369,880	
	Future DROP Contributions	\$6,927,093	\$6,530,529	\$6,522,916	
	Future Contributions from Other Sources	\$52,448,166	\$53,192,466	\$53,130,455	
	*reduced by UALPA and other City account funds				
K.	<u>Derivation of Costs on Current Plan Basis</u>				
	See page 1.				
L.	<u>Statement by Enrolled Actuary</u>				
	See Cover Letter.				
M.	<u>Age/Service Distribution of Active Employees</u>				
	See page 10.				

**JACKSONVILLE POLICE AND FIRE PENSION FUND**

State of Florida Information

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

<u>Year Ended</u>	<u>Actual</u>	<u>Assumed</u>
09/30/16	2.2%	3.5%
09/30/15	3.8%	3.5%
09/30/14	3.0%	4.0%

(ii) Three-Year Comparison of Net Investment Returns

<u>Year Ended</u>	<u>Market Value</u>	<u>Assumed</u>
09/30/16	10.00%	7.00%
09/30/15	-3.95%	7.00%
09/30/14	10.73%	7.00%

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

<u>Valuation Date</u>	<u>Covered Valuation Payroll</u>
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
10/01/2014	\$134,521,216
10/01/2015	\$132,735,243
10/01/2016	\$135,599,741
Total % Increase	0.67%
Annual % Increase (10 year average)	0.067%

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

None.

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

None.