GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

CITY OF JACKSONVILLE BEACH
GENERAL EMPLOYEES' RETIREMENT SYSTEM

SIXTY-THIRD ANNUAL ACTUARIAL VALUATION
OCTOBER 1, 2013

Outline of Contents
Report of October 1, 2013 Actuarial Valuation

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May 2, 2014

Board of Trustees
City of Jacksonville Beach
General Employees' Retirement System
Jacksonville Beach, Florida

The results of the October 1, 2013 Annual Actuarial Valuation of the City of Jacksonville Beach General Employees' Retirement System are presented in this report. The purpose of the annual valuation is to measure the System's funding progress, to determine the City's contribution rate for the fiscal year beginning October 1, 2014 in accordance with established funding policies, and to determine actuarial information for the Governmental Accounting Standards Board (GASB) Statements No. 25 and No. 27. The results of the valuation may not be applicable for other purposes.

This report should not be relied on for any purpose other than those described above. It was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board.

The signing actuaries are independent of the plan sponsor.

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 or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

Valuation results, comments, recommendations and our certification are contained in Section A.

The valuation was based upon information, furnished by the Pension Fund Administrator, concerning pension fund benefits, financial transactions, and individual members, terminated members, retired members and beneficiaries. Data was checked for reasonableness and missing information, but was not otherwise audited. This information is summarized in Section B.

A description of the actuarial valuation process, actuarial assumptions and definitions of technical terms are contained in Section C.

Governmental Accounting Standards Board Statement No. 25 information is contained in Section D.

A summary of valuation results in the State format is contained in Section E.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. We certify that the information contained in this report is accurate and fairly presents the actuarial position of the City of Jacksonville Beach General Employees' Retirement System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. The actuarial assumptions used for the valuation produce results which, individually and in the aggregate, are reasonable.

Brad Armstrong and Randall Dziubek are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,

Brad Lee Armstrong, ASA, EA, MAAA

Randall J. Dziubek, ASA, EA, MAAA

BLA/RJD:dj

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SECTION A

VALUATION RESULTS, COMMENTS, CONCLUSION, RECOMMENDATIONS AND STATEMENT BY ENROLLED ACTUARY

FUNDING OBJECTIVE

The funding objective of the Retirement System is to establish and receive contributions, expressed as percents of active member payroll, which will remain approximately level from year to year and will not have to be increased for future generations of citizens in the absence of benefit improvements. This objective is stated in the Ordinance and meets the requirements of Part VII, Chapter 112, Florida Statutes.

CONTRIBUTION RATES

The Retirement System is supported by member contributions, City contributions, and investment income from Retirement System's assets.

Contributions which satisfy the funding objective are determined by the actuarial valuation and are sufficient to:

(1) cover the actuarial costs allocated to the current year (the normal cost) by the actuarial cost methods described in Section C; and

(2) finance over a period of future years the actuarial costs not covered by present assets and anticipated future normal costs (unfunded actuarial accrued liability).

Contribution requirements for the Plan and fiscal year beginning October 1, 2014 are shown on page A-2.

CONTRIBUTIONS TO FINANCE BENEFITS OF THE RETIREMENT SYSTEM FOR THE PLAN YEAR BEGINNING OCTOBER 1, 2014 TO BE CONTRIBUTED DURING THE FISCAL YEAR BEGINNING OCTOBER 1, 2014

Contributions for	Contributions Expressed as Percents of unDROPed Active Member Payroll
Normal Cost	
Service pensions	7.55 %
Disability pensions	0.31
Survivor pensions	
Pre-retirement	0.28
Termination benefits	
Deferred service pensions	1.25
Refunds of member contributions	1.01
Total Normal Cost	10.40
Unfunded Actuarial Accrued Liability (1)	
Retired members and beneficiaries	0.00
Active and vested terminated members	7.52
Total unfunded actuarial accrued liability	7.52
Administrative Expenses	0.77
Total Calculated Contribution Requirement	18.69
Adjustments to Calculated Contribution Requirement	
Temporary full funding credit	0.00
FS 112.64(5) compliance	1.38
Total adjustments	1.38
Total Adjusted Contribution Requirement	20.07 %
Member portion	7.95 %
City portion	12.12 %

(1) *Unfunded Actuarial Accrued Liability was financed as level percents of member payroll. Please refer to page A-9 for a schedule of financing periods.*

FS 112.64 requires that City contributions be deposited not less frequently than quarterly. Member contributions, which are in addition to the City contributions, must be deposited immediately after each payroll period.

Procedures for determining dollar contributions are shown on page A-3.

Comparative contribution amounts for prior fiscal years are shown on page A-11.

DETERMINING DOLLAR CONTRIBUTIONS FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2014

For any period of time, the percent-of-payroll contribution rate needs to be converted to dollar amounts. The Florida Division of Retirement has indicated the legislative intent in section 112.61, F.S., is to apply the City portion of the contribution requirement on page A-2 to emerging payroll. To accomplish this, the City should contribute dollar amounts at the end of each payroll period which are equal to the 12.12% of payroll contribution requirement multiplied by the unDROPed active member payroll for the period. Adjustments should be made as necessary to exclude items of pay that are not covered compensation for Retirement System benefits and to include non-payroll payments that are covered compensation. The contribution rate is applicable to the payroll of members who have not elected DROP participation.

Illustrative Only: Included in these amounts is the projected increase in salary level between the valuation date and the fiscal year in which the contribution is made. The projection factor of 1.068254 [$(1.045)^{1.5}$] is consistent with that used to calculate the actuarial liability. The member contribution amounts may be used as projected dollar contributions for purposes of the CAFR, but should not be used to reconcile actual member contributions.

Total Contribution Requirement	**$ 2,297,063**
Less Member Contributions	**909,898**
City Contribution	**$ 1,387,165**

The above contribution amounts are estimated to be contributed, on average, halfway through the fiscal year.

FUNDING PROGRESS ACHIEVEMENT INDICATORS

There is no single all-encompassing measure of a retirement system's funding progress and current funded status.

A traditional measure has been the relationship of valuation assets to unfunded actuarial accrued liability - a measure that is influenced by the choice of actuarial cost method. This relationship is shown on page A-10.

We believe a better understanding of funding progress and status can be achieved using the following indicators.

Indicator (1) ***The actuarial present value of gains or losses realized in the operation of the retirement system.*** Gains and losses are expected to cancel each other over an economic cycle but sizable year-to-year fluctuations are common. An experience gain can result from assets increasing in value by more than anticipated, or by the System's obligation increasing by less than anticipated, or by other favorable combinations or deviation from expected asset and liability changes. Further details on the derivation of the gain (loss) are shown on page A-8.

Indicator (2) ***The ratio of valuation assets to the actuarial present value of credited projected benefits*** allocated in the proportion credited service is to projected total service. The ratio is expected to increase over time, but the basic trend may be interrupted by benefit improvements.

Indicator (3) ***The ratio of the unfunded actuarial present value of credited projected benefits to member payroll.*** The unfunded actuarial present value of credited projected benefits is controlled by the funding program. The ratio to payroll is a relative index of condition where inflation is present in both components. The ratio is expected to decrease over time, but the basic trend may be interrupted by benefit improvements.

FUNDING PROGRESS INDICATORS - HISTORICAL DEVELOPMENT
($ AMOUNTS IN THOUSANDS)

Valuation Date	*Indicator (1)* Gain/(Loss) Amount	% of AAL	*Indicator (2)* Funding Value of Assets	APVCPB	Funded Ratio	*Indicator (3)* Unfunded APVCPB	Member Payroll	Ratio to Payroll
10/1/1989	$ 737	6.3 %	$ 14,782	$ 12,444	118.8 %	$ (2,338)	$ 6,595	(35.50) %
10/1/1990	(611)	(4.4)	15,792	13,879	113.8	(1,913)	7,115	(26.90)
10/1/1991 (a)	(118)	(0.6)	17,866	18,662	95.7	796	8,203	9.70
10/1/1992	22	0.1	20,324	21,014	96.7	690	9,027	7.60
10/1/1993	1,734	7.5	23,929	22,791	105.0	(1,138)	9,450	(12.00)
10/1/1994	(474)	(1.9)	27,316	26,290	103.9	(1,026)	10,391	(9.90)
10/1/1995 (a)	1,315	4.5	30,791	28,889	106.6	(1,902)	10,601	(17.90)
10/1/1996	431	1.4	34,171	31,653	108.0	(2,518)	10,537	(23.90)
10/1/1997 (a)	2,494	6.7	38,554	34,623	111.4	(3,931)	10,658	(36.88)
10/1/1998	2,670	8.5	43,678	37,013	118.0	(6,665)	10,536	(63.26)
10/1/1999 #	1,157	4.8	29,669	22,297	133.1	(7,372)	7,408	(99.51)
10/1/2000 (a)	1,142	4.4	32,832	24,230	135.5	(8,602)	7,975	(107.86)
10/1/2001	(65)	0.2	34,200	25,479	134.2	(8,721)	8,266	(105.51)
10/1/2002 (a)	(831)	(3.0)	34,361	26,946	127.5	(7,415)	8,405	(88.22)
10/1/2003	(3,621)	(12.0)	33,997	30,352	112.0	(3,644)	9,259	(39.36)
10/1/2004	(2,817)	(8.4)	33,674	33,088	101.8	(586)	9,697	(6.04)
10/1/2005	(2,079)	(5.7)	34,445	36,504	94.4	2,059	10,714	19.22
10/1/2006	(314)	(0.8)	36,644	39,866	91.9	3,222	11,575	27.84
10/1/2007	819	1.9	39,424	42,244	93.3	2,820	11,700	24.11
10/1/2008	(796)	(1.7)	40,975	44,747	91.6	3,772	11,556	32.64
10/1/2009	(949)	(1.9)	41,538	46,829	88.7	5,291	11,677	45.31
10/1/2010	(961)	(1.9)	41,771	48,954	85.3	7,183	11,485	62.55
10/1/2011	(2,280)	(4.3)	40,809	51,068	79.9	10,259	11,449	89.61
10/1/2012	(156)	(0.3)	42,288	53,647	78.8	11,359	10,884	104.36
10/1/2013	**602**	**1.1**	**45,066**	**55,852**	**80.7**	**10,786**	**10,714**	**100.67**
10/1/2013 (a)	**602**	**1.1**	**45,066**	**53,927**	**83.6**	**8,861**	**10,714**	**82.70**

(a) After changes in benefit provisions and/or actuarial assumptions and actuarial cost methods.

 # Prior to 1999 valuation, results include General, Police and Fire.

COMMENTS AND CONCLUSION

COMMENT A: For the fiscal year ended September 30, 2013, the General System had a $602 thousand experience gain. The gain was primarily the result of lower than assumed salary increases and greater than expected recognized investment return on the funding value of assets (8.6% recognized vs. 8.0% assumed) due to favorable market returns over the last two years. These gains were slightly offset by losses due to lower than expected retiree mortality. Amortization of the experience gain caused a decrease in the City's contribution rate. In addition, changes in benefit provisions reduced the City's contribution rate by 4.72%. Please refer to the impact statement dated October 28, 2013 for details on the specific changes in benefit provisions. Additional experience information is reported on pages B-6, B-12, C-4 and C-5.

LOOKING FORWARD: Due to the Board's use of a four-year smoothed market asset valuation method, greater than expected market returns during 2012 and 2013 have only been partially recognized in developing the funding value of assets as of September 30, 2013. This means that investment gains are scheduled to be recognized in next year's report. This will exert downward pressure on the City's contribution rate and accelerate the funding progress in the absence of a loss next year. An additional risk factor to the level of the contribution rate is the 10-year average payroll growth, which was 2.06% for the 10 years ending September 30, 2013. If the average payroll growth is lower in subsequent reports, this will increase the City's contribution requirement pursuant to compliance with Florida Statute 112.64(5). GASB 67 compliance will be discussed in a separate correspondence.

RECOMMENDATION: The Board may wish to combine the existing multiple amortization losses over a period not to exceed 20 years to moderately contribution rate fluctuations due to the current schedule.

CONCLUSION: It is the actuary's opinion that the required contribution rates determined by the most recent actuarial valuation are sufficient to meet the Retirement System's funding objective, presuming continued timely receipt of required contributions.

STATEMENT BY ENROLLED ACTUARY

STATEMENT BY ENROLLED ACTUARY: "This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation."

5/2/2014	Brad Lee Armstrong
Date	Brad Lee Armstrong, ASA, EA, MAAA [14-5614]

EXPERIENCE GAIN (LOSS)
YEAR ENDED OCTOBER 1, 2013

DERIVATION

(1)	UAAL* at start of year	$ 14,932,094
(2)	Normal cost for year (ER normal cost & expenses from the prior corresponding valuation x current valuation pay)	633,197
(3)	Actual City contribution	1,490,902
(4)	Interest accrual .08 x [(1) + 1/2 [(2)-(3)]]	1,160,259
(5)	Expected UAAL before changes	15,234,648
(6)	Effect of timing/accounting	0
(7)	Effect of assumption/cost method changes	0
(8)	Effect of benefit changes	(2,728,463)
(9)	Expected UAAL after changes	12,506,185
(10)	Actual UAAL at end of year	11,904,047
(11)	Gain (loss): (9) - (10)	$ 602,138
(12)	% of AAL at start of year	1.1%

** UAAL represents unfunded actuarial accrued liability.*

Valuation Date September 30	Actuarial Gain (Loss) As a % of Beginning Accrued Liabilities
2004	(8.4) %
2005	(5.7)
2006	(0.8)
2007	1.9
2008	(1.7)
2009	(1.9)
2010	(1.9)
2011	(4.3)
2012	(0.3)
2013	**1.1**

SOURCES AND FINANCING OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

Source of Unfunded Act. Accrued Liab.	Unf'd. Act. Acc. Liab. Initial Amount	Unf'd. Act. Acc. Liab. Initial Fin. Per.	Current Amount	Financing Period 9/30/2013	Amort. Factor	Contribution Dollar	Contribution % of Payroll	FS112.64(5) Compliance
Initial Unf'd. actuarial accrued liability								
			$ (236,860)	5 yrs.	4.609906	$ (51,381)	(0.48)%	(0.03)%
Changes from experience deviations								
Pre-2002	$(7,876,115)	15 yrs.	$ (3,309,597)	5 yrs.	4.609906	$ (717,932)	(6.69)%	(0.41)%
9/30/2002	830,757	25	999,628	14	11.215479	89,129	0.83%	0.13%
9/30/2003	3,620,586	25	4,381,647	15	11.835720	370,205	3.46%	0.58%
9/30/2004	2,816,885	25	3,415,106	16	12.435860	274,618	2.56%	0.47%
9/30/2005	2,079,169	25	2,516,641	17	13.016551	193,342	1.80%	0.35%
9/30/2006	313,554	25	377,756	18	13.578424	27,820	0.26%	0.05%
9/30/2007	(818,787)	25	(979,184)	19	14.122087	(69,337)	(0.65)%	(0.13)%
9/30/2008	796,288	25	942,974	20	14.648132	64,375	0.60%	0.13%
9/30/2009	949,402	25	1,110,905	21	15.157129	73,293	0.68%	0.16%
9/30/2010	960,943	25	1,074,430	22	15.649630	68,655	0.64%	0.16%
9/30/2011	2,280,449	24	2,434,968	23	16.126171	150,995	1.41%	0.11%
9/30/2012	155,825	24	159,797	24	16.587268	9,634	0.09%	0.01%
9/30/2013	(602,138)	25	(602,138)	25	17.033422	(35,350)	(0.33)%	(0.09)%
Changes from actuarial assumption and actuarial cost method revisions.								
9/30/1995	$ (203,286)	25 yrs.	$ (296,046)	7 yrs.	6.251490	$ (47,356)	(0.44)%	(0.04)%
9/30/2002	306,659	25	368,993	14	11.215479	32,900	0.31%	0.05%
Changes from amendments to benefit provisions.								
9/30/1991	$1,696,933	25 yrs.	$ 1,119,665	3 yrs.	2.856516	$ 391,969	3.66%	0.13%
9/30/1997	814,818	25	887,059	9	7.788400	113,895	1.06%	0.11%
9/30/2000	226,722	25	266,766	12	9.911981	26,913	0.25%	0.04%
9/30/2013	(2,728,463)	25	(2,728,463)	25	17.033422	(160,183)	(1.50)%	(0.40)%
Totals			**$11,904,047**			**$ 806,204**	**7.52%**	**1.38%**

Weighted average remaining financing period: 15.9

UNFUNDED ACTUARIAL ACCRUED LIABILITY

	October 1, 2013	October 1, 2012
A. Actuarial present value of future benefits	**$64,983,263**	$66,214,721
B. Actuarial present value of future normal costs	**8,013,180**	8,994,630
C. Actuarial accrued liability	**56,970,082**	57,220,091
D. Funding value of assets	**45,066,035**	42,287,997
E. Unfunded actuarial accrued liability	**$11,904,047**	$14,932,094

Unfunded actuarial accrued liability is not a good measure of the System's funded status because the amount is dependent upon the actuarial cost method (please refer to page C-1). The funding progress indicators (2) and (3) on pages A-4 and A-5 are less dependent of the actuarial cost method and are a better guide to funded status and funding progress.

RECOMMENDED AND ACTUAL CONTRIBUTIONS
COMPARATIVE STATEMENT

Fiscal Year	Valuation Date	City/Chapter Dollar Contributions# Recommended	Actual	Recommended City % of Payroll Contributions
85/86	9/30/1984	$ 372,038	$ 372,038	7.66 %
86/87	9/30/1985 (a)	303,717	318,278	5.31
87/88	9/30/1986	329,747	331,212	5.60
88/89	9/30/1987	333,644	333,644	5.32
89/90	9/30/1988 (a)	502,658	502,658	6.29
90/91	10/1/1989	497,330	497,330	5.35
91/92	10/1/1990	577,667	577,667	5.84
92/93	10/1/1991 (a)	726,300	726,300	6.31
93/94	10/1/1992	793,594	793,594	6.52
94/95	10/1/1993	681,170	716,980	5.26
95/96	10/1/1994	790,417	818,057	5.30
96/97	10/1/1995 (a)	612,267	618,521	3.95
97/98	10/1/1996	563,577	563,577	3.37
98/99	10/1/1997 (a)	200,563	200,562	2.56
99/00	10/1/1998	17,714	17,724	0.23
00/01	10/1/1999	0	87,641	0.00
01/02	10/1/2000 (a)	0	3	0.00
02/03	10/1/2001	0	22,268	0.00
03/04	10/1/2002 (a)	0	32,662	0.00
04/05	10/1/2003	82,709	82,709	0.52
05/06	10/1/2004	241,358	241,358	2.33
06/07	10/1/2005	389,150	389,150	3.40
07/08	10/1/2006	612,047	623,377	4.95
08/09	10/1/2007	612,416	612,416	4.90
09/10	10/1/2008	749,331	737,532	6.07
10/11	10/1/2009	971,717	971,717	7.79
11/12	10/1/2010	1,132,385	1,132,385	9.23
12/13	10/1/2011	1,490,902	1,490,902	12.19
13/14	10/1/2012	1,699,919		14.62
14/15	**10/1/2013**	**1,927,382**		**16.84**
14/15	**10/1/2013 (a)**	**1,387,165**		**12.12**

(a) Before changes in benefit provisions and/or actuarial assumptions and/or actuarial cost methods.
 # Prior to the fiscal year ending 9/30/99, results include General, Police and Fire.

ACTUARIAL BALANCE SHEET - OCTOBER 1, 2013

PRESENT RESOURCES AND EXPECTED FUTURE RESOURCES

A. Funding value of system assets:	
1. Net assets from system financial statements (market value)	$47,023,784
2. Funding value adjustment	(1,957,749)
3. Funding value of assets	45,066,035
B. Actuarial present value of expected future employer contributions:	
1. For normal costs	1,672,140
2. For unfunded actuarial accrued liability	11,904,047
3. Totals	13,576,187
C. Actuarial present value of expected future member contributions	6,341,040
D. Total Present and Expected Future Resources	$64,983,263

ACTUARIAL PRESENT VALUE OF EXPECTED FUTURE BENEFIT PAYMENTS AND RESERVES

A. To retired members and beneficiaries	$32,083,095
B. To vested terminated members	1,659,965
C. To present active members:	
1. Allocated to service rendered prior to valuation date	22,441,013
2. Allocated to service likely to be rendered after valuation date	8,013,180
3. Totals	30,454,194
D. Total Actuarial Present Value of Expected Future Benefit Payments	64,197,254
E. Reserve for DROP balances	786,009
F. Total actuarial present value of expected future payments and reserves	$64,983,263

5-Year Projection of Employer Contributions

Year Ended 9/30	Active Count	Payroll	Benefit Payments	Actuarial Accrued Liability	Actuarial Value of Assets	Funded Ratio	Total Employer Contribution: Fiscal Year	% of Payroll	Dollar Amount
2013	213	$ 10,713,988	$ 3,353,107	$ 56,970,082	$ 45,066,035	79.1%	2015	12.12%	$ 1,387,165
2014	213	11,102,250	3,540,026	58,953,829	48,021,190	81.5%	2016	12.91%	1,531,175
2015	213	11,490,165	3,811,074	60,862,282	51,654,534	84.9%	2017	12.95%	1,590,024
2016	213	11,892,190	4,088,732	62,680,851	54,652,465	87.2%	2018	9.56%	1,214,351
2017	213	12,358,646	4,340,798	64,438,722	56,836,462	88.2%	2019	10.15%	1,340,497
2018	213	12,825,845	4,565,285	66,165,810	59,092,369	89.3%	2020	10.71%	1,467,382

Uses 4.5% wage growth assumption.
We have reflected compliance with F.S. 112.64(5) to remain constant with year ended 9/30/2013.
We have not determined any additional possible impact due to F.S. 112.64(5).
Actuarial assumptions were those used for the 9/30/2013 valuation.
Future experience was assumed to be consistent with the actuarial assumptions. If experience differs from the actuarial assumptions, future results could be significantly different from the projected results above.
Existing schedule of unrecognized investment gains and losses are reflected in this projection.

SECTION B

SUMMARY OF BENEFIT PROVISIONS AND VALUATION DATA SUBMITTED BY THE RETIREMENT SYSTEM

SUMMARY OF BENEFIT PROVISIONS
(AS OF OCTOBER 1, 2013)

NORMAL RETIREMENT (NO REDUCTION FACTOR FOR AGE):

Eligibility - 30 years of service regardless of age, or age 60 with 5 or more years of service for members with at least 10 years of service as of November 25, 2013. Age 55 with 30 or more years of service, or age 62 with 10 or more years of service for members with less than 10 years of service as of November 25, 2013.

Mandatory Retirement Age - None.

Pension Amount - Total credited service times 2.50% of final average compensation. Maximum pension is 75% of final average compensation or $90,000, whichever is less.

The normal form of benefit is a benefit payable for the life of the retired member. Optional benefit forms are available on an actuarial equivalent basis.

Final Average Compensation - Highest 5 years out of the last 10. Compensation includes base pay plus longevity. Compensation excludes overtime, shift differential, incentive pay, leave payouts and all other compensation.

EARLY RETIREMENT:

Eligibility - After completion of 20 years of service, but before the member's earliest projected normal retirement date.

Pension Amount – Computed as regular retirement, but reduced to take into account earlier commencement of retirement income payments, as follows:

7.5% per year reduction for the first five years prior to Normal Retirement
5.5% per year reduction for all years in excess of five years prior to Normal Retirement

DEFERRED RETIREMENT (VESTED BENEFIT):

Eligibility - 5 or more years of service with benefit beginning at regular retirement age of 60 for members with at least 10 years of service as of November 25, 2013. The vesting requirement is 10 years of service for members with less than 5 years of service as of November 25, 2013. Members with less than 10 years of service as of November 25, 2013 may commence benefits beginning at age 55 with 30 or more years of service, age 62 with 10 or more years of service, or age 65 with 5 or more years of service.

Pension Amount - Computed as a normal retirement but based upon service and final average compensation at time of termination.

SUMMARY OF BENEFIT PROVISIONS (CONTINUED)

DUTY DISABILITY RETIREMENT:

Eligibility - No age or service requirements.

Pension Amount - Computed as a normal retirement to regular retirement age. Minimum benefit is not less than 50% of final average compensation. At regular retirement age the participant has the option to have the benefit re-computed as a normal retirement with additional service credit granted from date of retirement to the later of normal retirement age or five years after date of disability. Minimum benefit is not less than 42% of final average compensation.

NON-DUTY DISABILITY RETIREMENT:

Eligibility - 10 or more years of service.

Pension Amount - Computed as a normal retirement. Minimum benefit is not less than 25% of final average compensation.

DUTY DEATH BEFORE RETIREMENT:

Eligibility - No age or service requirements.

Pension Amount - To spouse: 100% of the normal retirement benefit. Minimum benefit is not less than 35% of final average compensation.

NON-DUTY DEATH BEFORE RETIREMENT:

Eligibility - 10 or more years of service.

Pension Amount - To spouse: 100% of the normal retirement benefit.

MEMBER CONTRIBUTIONS: 7.95% of pay effective November 30, 2013.

CITY CONTRIBUTIONS: Actuarially determined amounts which together with member contributions and premium tax monies are sufficient to at least cover the requirements of the funding objective stated on page A-1.

FORFEITURE OF RETIREMENT BENEFITS: Retirement benefits granted by the Retirement System are subject to forfeiture if an employee is convicted of an offense specified in Section 112.3173, Florida Statutes, pursuant to the procedures set forth in the cited statute.

PRIOR SERVICE PURCHASES: A former member with credited service who wishes to return to city employment may restore the forfeited credited service to receive credit for prior service within ninety (90) days after return to city employment.

Summary of Benefit Provisions (Concluded)

Deferred Retirement Option Program (DROP): Any eligible member of the Retirement system who meets the requirements of retirement may elect to participate, deferring receipt of retirement benefits while continuing employment with the City. The deferred monthly benefits shall accrue in the reserve for pension payments fund on behalf of the participant, plus 3.5% annual interest compounded monthly less a service fee, for the specified period of the DROP participation not to exceed 36 consecutive months. Upon termination from the DROP, the participant shall receive all accrued DROP benefits either by lump sum, direct rollover or partial lump sum. The DROP was closed to new members on November 25, 2013.

Backwards Deferred Retirement Option Program (BackDROP):

> ***Eligibility*** – Same as normal retirement. Member must not be currently in the DROP and must reach normal retirement eligibility on or after November 25, 2013. The member may elect a BackDROP period for the number of months worked beyond their normal retirement date, up to a maximum of 3 years.
>
> ***Amount of Pension*** – Computed as if the member had chosen to terminate on the member's normal retirement date, using credited service and final average salary at the normal retirement date. In addition to the pension, there will be a lump sum payment. The lump sum payment will be computed as if the monthly benefits had started and were accumulated in an account and credited with 3.0% interest, compounded annually during the period between the date chosen and the date of retirement.

Claims Procedure: Claims for benefits should be filed with the office of the City Clerk. If a claim is denied, you will be notified and informed of the procedure to request a hearing before the Board of Trustees. An applicant for benefits must appeal said denial within 20 days of being informed of the denial by filing an appeal with the Board Secretary. If no appeal is filed within the time period then the denial shall be final.

Disclaimer: The preceding summary briefly describes the principle benefits of the Retirement System. Detailed benefit conditions and limitations are contained in the City of Jacksonville Beach General Employees' Retirement System Ordinance as amended, which establishes the System. The Internal Revenue Code, Florida Statutes, and the Ordinance all govern the operation of the System, and should be consulted before you take any action concerning your membership or benefits. In case of any conflict between this Summary and the Ordinance or other applicable law, the Ordinance or other applicable law will prevail. Copies of the Ordinance are available at the office of the City Clerk.

ACCOUNTING INFORMATION SUBMITTED FOR VALUATION

Revenues and Expenditures

	Year Ended September 30, 2013		Year Ended September 30, 2012	
Revenues:				
a. Member contributions	**$ 706,996**		$ 767,532	
b. City contributions	**1,490,902**		1,132,385	
c. Total contributions to System		**$2,197,898**		$ 1,899,917
d. Investment income				
1. Interest and dividends	**1,011,145**		964,654	
2. Realized gain on investments	**2,757,841**		1,136,864	
3. Unrealized gain on investments	**1,488,622**		4,225,188	
4. Investment expense	**(150,570)**		(160,399)	
e. Total investment income		**5,107,038**		6,166,307
f. Total revenues		**7,304,936**		8,066,224
Expenditures:				
a. Refunds of member contributions	**55,979**		48,593	
b. Benefits paid	**2,902,166**		3,010,743	
c. Administrative expenses	**82,678**		81,578	
d. Total expenditures		**3,040,823**		3,140,914
Reserve Increase				
Total revenues minus total expenditures		**$4,264,113**		$ 4,925,310

Summary of Assets (Market Value)

		September 30, 2013	September 30, 2012
Cash and equivalents		**$ 1,082,622**	$ 1,479,299
Receivables less payables		**78,007**	97,715
Certificates of deposit & savings		**none**	none
U.S. Government Securities		**6,798,122**	8,716,511
Bonds:	- government	**none**	none
	- corporate	**9,051,975**	7,276,085
Stocks:	- common	**none**	none
	- preferred	**none**	none
Other (Equity, Mutual Funds)		**30,013,058**	25,190,061
Total assets		**$47,023,784**	$42,759,671

DERIVATION OF FUNDING VALUE OF RETIREMENT SYSTEM ASSETS

	2012	2013	2014	2015	2016
Beginning of Year Values					
(1) Market Value	$37,834,361	$42,759,671			
(2) Funding Value	40,808,666	42,287,997			
End of Year					
(3) Market Value	42,759,671	47,023,784			
(4) Net Addition to Assets Excluding Investment Income#	(1,240,997)	(842,925)			
(5) Total Net Investment Income# =(3)-(1)-(4)	6,166,307	5,107,038			
(6) Projected Net Rate of Return#	8.00%	8.00%			
(7) Projected Investment Income =(6) x [(2)+0.5 x (4)]	3,215,053	3,349,323			
(8) Investment Income in Excess of Projected	2,951,254	1,757,715			
Excess Investment Income Recognized					
(9a) From Current Year = .25 x (8)	737,814	439,429			
(9b) From One Year Prior	(836,164)	737,814	$ 439,429		
(9c) From Two Years Prior	(69,438)	(836,164)	737,814	$ 439,429	
(9d) From Three Years Prior	(326,937)	(69,439)	(836,163)	737,812	$439,428
(9e) Total Cap. Val. Change Recogn. = (9a)+(9b)+(9c)+(9d)	(494,725)	271,640	341,080	1,177,241	439,428
(10) Increase(Decr.) in Funding Value = (4) + (7) + (9e)	1,479,331	2,778,038			
End of Year					
(11) Market Value	42,759,671	47,023,784			
(12) Funding Value = (2)+(10)	42,287,997	45,066,035			
(13) Market Value Rate of Return	16.6%	12.1%			
(14) Funding Value Rate of Return	6.1%	8.6%			
(15) Ratio of Market to Funding Value	101.1%	104.3%			

 # Net of expenses paid from investment income.

ACCOUNTING INFORMATION SUBMITTED FOR VALUATION
RECONCILIATION TO MARKET VALUE OF ASSETS

Reserve Accounts

	9/30/2013	9/30/2012
Member Contributions		
(Members' Savings Reserve Fund)	**$ 9,443,001**	$ 9,717,885
City Contributions		
(Pension Reserve Fund)	**0**	0
Retired Members and Beneficiaries		
(Retirement Reserve Fund)	**36,794,774**	32,582,477
DROP Balances		
(Pension Payments Fund)	**786,009**	459,309
Total Reserve Accounts	**47,023,784**	42,759,671
Funding Value Adjustment	**(1,957,749)**	(471,674)
Funding Value of Assets	**$45,066,035**	$42,287,997

The Retirement System reserve accounts are maintained and reported on a market value basis by the outside auditor.

	9/30/2013	9/30/2012
DROP Reconciliation		
Beginning of Period	**$ 459,309**	$ 645,190
Accrual of Monthly Benefits	**548,154**	411,665
Interest	**22,428**	27,356
Actual Disbursements	**(239,076)**	(621,483)
Administrative Expenses	**(4,806)**	(3,419)
End of Period	**$ 786,009**	$ 459,309

RETIRED MEMBER AND BENEFICIARY DATA
HISTORICAL SCHEDULE

Year Ended	Added No.	Added Annual Pensions	Removed No.	Removed Annual Pensions	Net Increase No.	Net Increase Annual Pensions	End of Year No.	End of Year Annual Pensions	Expected Removals No.	Expected Removals Pensions
9/30/1984	6	$ 31,332	4	$ 10,191	2	$ 21,141	51	$ 176,706	1.5	$ 3,616
9/30/1985	6	38,897	3	9,338	3	29,559	54	206,265	1.7	4,085
9/30/1986	8	73,331	2	4,389	6	68,942	60	275,207	1.4	4,092
9/30/1987	3	17,843	2	3,074	1	14,769	61	289,976	1.6	4,955
9/30/1988	1	5,391	1	970	-	4,421	61	294,397	1.6	5,476
9/30/1989	2	5,579	1	2,946	1	2,633	62	297,030	1.8	6,098
9/30/1990	6	63,868	5	14,043	1	49,825	63	346,855	1.9	6,447
9/30/1991	3	67,943	3	11,449	-	56,494	63	403,349	1.9	7,388
9/30/1992	16	232,066	5	13,210	11	218,856	74	622,205	1.9	8,303
9/30/1993	6	87,030	7	27,306	(1)	59,724	73	681,929	2.2	11,617
9/30/1994	12	187,409	2	14,164	10	173,245	83	855,174	2.1	12,465
9/30/1995	8	184,693	6	24,617	2	160,076	85	1,015,250	2.3	14,657
9/30/1996	14	247,257	7	33,348	7	213,909	92	1,229,159	1.9	14,218
9/30/1997	5	65,068	4	22,208	1	42,860	93	1,272,018	2	16,685
9/30/1998							76	800,890		
9/30/1999 #	10	172,208	1	6,329	9	165,878	85	966,768	2.2	14,706
9/30/2000	10	136,587	7	59,619	3	76,968	88	1,043,736	2.4	18,374
9/30/2001	4	24,217	2	11,788	2	12,429	90	1,056,165	2.4	19,964
9/30/2002	11	151,501	3	10,618	8	140,883	98	1,197,048	2.7	21,848
9/30/2003	8	172,085	1	10,667	7	161,418	105	1,358,466	2.7	24,633
9/30/2004	11	134,489	3	15,936	8	118,553	113	1,477,019	3.0	27,076
9/30/2005	6	49,379	5	62,667	1	(13,288)	114	1,463,731	2.9	29,309
9/30/2006	10	202,781	5	22,299	5	180,482	119	1,644,213	3.1	31,396
9/30/2007	14	322,021	5	65,654	9	256,367	128	1,900,580	3.2	34,413
9/30/2008	10	298,652	8	44,625	2	254,027	130	2,154,607	3.6	39,721
9/30/2009	9	195,633	4	63,680	5	131,953	135	2,286,560	3.7	43,533
9/30/2010	10	184,355	3	64,710	7	119,645	142	2,406,205	3.9	47,327
9/30/2011	16	363,208	7	119,896	9	243,312	151	2,649,517	4.3	51,034
9/30/2012	13	435,110	4	39,274	9	395,836	160	3,045,353	4.6	54,980
9/30/2013	**13**	**323,154**	**3**	**15,400**	**10**	**307,754**	**170**	**3,353,107**	**4.9**	**62,669**
Expected for 9/30/2014	--->								5.3	70,395

 # Prior to 1999 valuation, numbers include General, Police and Fire.

NORMAL (AGE AND SERVICE) RETIREMENTS**

Valuation Year	No.	Average Attained Age	Average Retirement Age	Average Annual Pensions	Newly Retired During Year No.	Averages Retirement Age	Averages Service	Averages Annual Pensions
1999	58	68.7 yrs.	61.2 yrs.	$11,695	8	65.1 yrs.	26.2 yrs.	$17,287
2000	59	68.7	61.2	14,447	6	61.7	19.9	17,811
2001	63	69.3	61.3	13,914	4	63.0	8.2	6,054
2002	73	68.6	61.3	13,759	10	64.2	17.2	11,983
2003	79	68.7	60.8	15,712	6	52.0	20.2	17,390
2004	88	68.6	60.9	14,222	9	61.3	14.4	11,827
2005	87	69.0	61.1	13,996	4	63.6	12.1	7,197
2006	93	68.9	60.8	14,669	8	59.1	17.5	19,444
2007	100	68.6	60.1	15,822	12	59.6	19.2	23,639
2008	104	68.8	59.7	17,352	9	61.0	22.9	30,855
2009	109	69.1	60.4	17,871	4	55.8	23.9	36,241
2010	113	69.4	60.5	17,861	7	62.1	18.7	19,289
2011	120	69.1	60.3	18,762	13	60.8	20.4	26,434
2012	131	69.1	60.2	20,282	13	60.0	24.5	33,470
2013	**143**	**69.2**	**60.1**	**21,008**	**13**	**59.1**	**19.0**	**24,858**

*** Includes DROP members.*

RETIRED MEMBERS AND BENEFICIARIES HISTORICAL COMPARISON

Valuation Date	% Incr. in Annual Pensions	No. of Active Per Retired	Pension Payroll as % of Active Payroll	Average Pension
10/1/1999 #	20.7 %	2.8	13.0 %	$ 11,374
10/1/2000	30.3	2.8	13.1	11,861
10/1/2001	1.2	2.6	12.8	11,735
10/1/2002	13.3	2.5	14.2	12,215
10/1/2003	13.5	2.3	14.7	12,938
10/1/2004	8.7	2.2	15.2	13,071
10/1/2005	(0.9)	2.2	13.7	12,840
10/1/2006	12.3	2.1	14.2	13,817
10/1/2007	15.6	2.0	16.2	14,848
10/1/2008	13.4	1.8	18.6	16,574
10/1/2009	6.1	1.8	19.6	16,937
10/1/2010	5.2	1.6	21.0	16,945
10/1/2011	10.1	1.5	23.1	17,546
10/1/2012	14.9	1.3	28.0	19,033
10/1/2013	**10.1**	**1.3**	**31.3**	**19,724**

 # Prior to 1999 valuation, results include General, Police and Fire.

RETIRED MEMBERS AND BENEFICIARIES AS OF OCTOBER 1, 2013
BY TYPE OF PENSION BEING PAID*

New Plan Pensions

Type of Pension Being Paid	No.	Annual Pension	Average Pension	Actuarial Liability
Age and Service Pensions				
Regular	57	$ 1,039,273	$ 18,233	$ 8,981,520
Option I	15	181,303	12,087	1,488,836
Option II	32	643,601	20,113	7,021,688
Option III	19	497,382	26,178	5,077,471
Surviving Beneficiaries	12	125,597	10,466	963,407
DROP	17	591,642	34,802	6,191,710
Total Age and Service Pensions	152	3,078,799	20,255	29,724,632
Death-in-Service				
Surviving Beneficiaries	5	105,391	21,078	1,028,555
Disability Pensions				
Regular	2	37,074	18,537	340,545
Option I	1	13,158	13,158	51,557
Option II	1	12,908	12,908	151,022
Option III	1	22,402	22,402	197,180
Surviving Beneficiaries	3	26,416	8,805	259,685
Total Disability Pensions	8	111,958	13,995	999,989
Total New Plan Pensions	**165**	**$3,296,148**	**$19,977**	**$31,753,176**

* *Regular - benefit terminating upon death of retired member.*
Option I – 10-year certain.
Option II - 100% joint and survivor benefit.
Option III – 50/67/75% joint and survivor benefit.
Surviving Beneficiaries - benefit terminating upon death of beneficiary.

RETIRED MEMBERS AND BENEFICIARIES AS OF OCTOBER 1, 2013
BY TYPE OF PENSION BEING PAID*

Old Plan Pensions

Type of Pension Being Paid	No.	Annual Pension	Average Pension	Actuarial Liability
Age and Service Pensions				
Regular	1	$ 10,992	$ 10,992	$ 31,921
Option III	2	39,967	19,984	265,848
Survivor Beneficiaries	1	2,400	2,400	15,010
Total Age and Service Pensions	4	53,359	13,340	312,779
Disability Pensions				
Survivor Beneficiaries	1	3,600	3,600	17,140
Total Disability Pensions	1	3,600	3,600	17,140
Total Old Plan Pensions	**5**	**$ 56,959**	**$ 11,392**	**$ 329,919**
Total New & Old Plan **Pensions Being Paid**	**170**	**$ 3,353,107**	**$ 19,724**	**$ 32,083,095**

** Regular - benefit terminating upon death of retired member.*
Automatic Spouse Benefit - 75% joint and survivor benefit.
Surviving Beneficiaries - benefit terminating upon death of beneficiary.

RETIRED MEMBER AND BENEFICIARY DATA AS OF OCTOBER 1, 2013
BY ATTAINED AGES

Attained Ages	New Plan No.	New Plan Annual Benefits	Old Plan No.	Old Plan Annual Benefits	Totals No.	Totals Annual Benefits
46	1	$ 18,238			1	$ 18,238
48	2	21,106			2	21,106
50	1	41,792			1	41,792
51	1	7,822			1	7,822
53	1	42,206			1	42,206
54	3	142,415			3	142,415
55	6	161,390			6	161,390
56	5	189,500			5	189,500
57	2	66,379			2	66,379
58	4	161,786			4	161,786
59	7	273,682			7	273,682
60	4	131,956			4	131,956
61	7	223,939			7	223,939
62	2	30,774			2	30,774
63	9	148,439			9	148,439
64	4	87,394			4	87,394
65	9	259,752			9	259,752
66	11	218,511			11	218,511
67	4	83,275			4	83,275
68	2	16,834			2	16,834
69	9	113,039			9	113,039
70	9	131,065			9	131,065
71	5	65,895			5	65,895
72	1	23,066			1	23,066
73	3	36,454			3	36,454
74	7	79,807			7	79,807
75	4	85,871			4	85,871
76	6	53,203			6	53,203
77	4	57,930			4	57,930
78	1	13,989			1	13,989
79	3	46,635			3	46,635
80	4	45,564	1	$ 2,400	5	47,964
81	7	77,498			7	77,498
82	2	15,416	1	34,053	3	49,469
83	6	45,561			6	45,561
84	2	33,600			2	33,600
86	3	27,244	2	9,514	5	36,758
89	2	7,521			2	7,521
92	1	4,800			1	4,800
93			1	10,992	1	10,992
95	1	4,800			1	4,800
Totals	**165**	**$3,296,148**	**5**	**$56,959**	**170**	**$3,353,107**

VESTED TERMINATED MEMBERS AS OF OCTOBER 1, 2013
BY ATTAINED AGES

Attained Ages	No.	Annual Benefits
30	1	$ 4,019
43	1	5,996
45	1	37,774
47	1	17,401
51	1	12,705
53	1	33,991
55	2	10,417
56	2	20,435
57	2	52,866
58	2	21,977
59	1	20,292
60	1	9,218
Totals	**16**	**$247,091**

ACTIVE AND VESTED TERMINATED MEMBERS INCLUDED IN VALUATION (EXCLUDING DROP MEMBERS)

Valuation Date	Active Members	Vested Terminated Members	Valuation Payroll	Average Age	Average Service	Average Pay
10/1/2004	246	9	$ 9,696,860	46.0 yrs.	9.8 yrs.	$39,418
10/1/2005	249	11	10,714,287	45.6	10.3	43,029
10/1/2006	251	12	11,574,568	46.0	10.2	46,114
10/1/2007	250	14	11,699,741	45.2	10.1	46,799
10/1/2008	239	14	11,556,083	45.9	10.5	48,352
10/1/2009	239	11	11,676,911	47.0	11.0	48,857
10/1/2010	227	12	11,484,650	47.0	11.6	50,593
10/1/2011	219	11	11,449,082	47.3	11.7	52,279
10/1/2012	214	16	10,884,445	47.0	11.2	50,862
10/1/2013	**213** *	**16**	**10,713,988** *	**47.2**	**11.1**	**50,300**

** In 2013 there were 17 DROP members with a payroll of $1,059,519.*

NUMBER ADDED TO AND REMOVED FROM ACTIVE MEMBERSHIP

Year Ended September 30	Number Added During Year A	Number Added During Year E	Normal Retirement A	Normal Retirement E	Disability Retirement A	Disability Retirement E	Died-in-Service A	Died-in-Service E	Withdrawal Vested A	Withdrawal Other A	Withdrawal Total A	Withdrawal Total E	Active Members End of Year
2004	27	26	9	9.3	1	0.2	0	0.2	2	14	16	21.5	246
2005	28	25	4	6.1	0	0.3	0	0.2	2	19	21	21.0	249
2006	30	28	7	8.1	1	0.3	1	0.2	2	17	19	20.6	251
2007	27	28	3	10.3	1	0.3	0	0.2	2	22	24	20.6	250
2008	9	20	1	8.3	0	0.3	1	0.2	1	17	18	20.6	239
2009	16	16	4	10.3	0	0.3	0	0.2	0	12	12	15.7	239
2010	12	24	7	12.6	1	0.3	0	0.2	1	15	16	13.8	227
2011	18	26	12	11.0	0	0.3	0	0.2	1	13	14	12.2	219
2012	19	24	13	10.6	0	0.3	0	0.3	5	6	11	14.1	214
2013	**14**	**16**	**11**	**9.5**	**0**	**0.3**	**0**	**0.2**	**1**	**4**	**5**	**14.5**	**212**
5-yr. Totals 2009 - 2013	79	106	47	54.0	1	1.5	0	1.1	8	50	58	70.3	
Expected for 2014				9.5		0.3		0.2				14.2	

A Represents actual number.
E Represents expected number.

ACTIVE MEMBERS AS OF OCTOBER 1, 2013
BY NEAR AGE AND YEARS OF SERVICE
(EXCLUDING DROP MEMBERS)

Near Age	Years of Service to Valuation Date 0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	Totals No.	Valuation Payroll
20-24	6							6	$ 192,415
25-29	9	5	1					15	662,808
30-34	9	10	4					23	1,085,203
35-39	4	2	6					12	524,276
40-44	6	3	5	1	1			16	764,351
45-49	4	8	8	5	3	2		30	1,581,346
50-54	12	13	9	3	12	5		54	2,733,006
55-59	7	3	6	5	6	3	3	33	1,912,735
60	2		2		2	1		7	398,474
61	1							1	10,203
62		2	3	1		1		7	519,624
63		1						1	34,710
64	2		1					3	59,322
65			1					1	73,580
66	1							1	13,100
67			1	1				2	137,456
69	1							1	11,379
Totals	**64**	**47**	**47**	**16**	**24**	**12**	**3**	**213**	**$ 10,713,988**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age:	47.2 years
Service:	11.1 years
Annual Pay:	$50,300

SECTION C

ACTUARIAL COST METHOD, ACTUARIAL ASSUMPTIONS AND DEFINITIONS OF TECHNICAL TERMS

ACTUARIAL COST METHOD

The actuarial cost method is a procedure for allocating the actuarial present value of benefits and expenses to time periods. The method used for your valuation is known as the individual entry-age actuarial cost method, and has the following characteristics:

(i) The annual normal costs for each individual active member is sufficient to accumulate the value of the member's pension at time of retirement or DROP.

(ii) Each annual normal cost is a constant percentage of the member's year-by-year projected pensionable compensation.

The entry-age actuarial cost method allocates the actuarial present value of each member's projected benefits on a level basis over the member's pensionable compensation between the entry age of the member and the estimated active status exit ages. This was based on our understanding of the approach preferred by the Florida Division of Retirement.

The portion of the actuarial present value allocated to the valuation year is called the normal cost. The portion of the actuarial present value not provided for by the actuarial present value of future normal costs is called the actuarial accrued liability. Deducting accrued assets from the actuarial accrued liability determines the unfunded actuarial accrued liability. The unfunded actuarial accrued liability was financed as a level percent of member payroll. Please refer to page A-9 for a schedule of financing periods.

The characteristics of this method of financing the unfunded actuarial accrued liability are shown on page C-2.

The sum of active & DROP member payroll was assumed to increase 4.5% a year for the purpose of determining the level percent contributions, except to the extent needed for FS 112.64(5) compliance. This assumption is consistent with the base rate of increase in salaries used to calculate actuarial present values. Expressing contributions, as on page A-2, as a percent of active member payroll excluding DROP members may cause fluctuations due to the level of participation in the DROP.

LEVEL PERCENT OF ACTIVE PARTICIPANT PAYROLL AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY* (AMORTIZATION SCHEDULE $ AMOUNTS IN THOUSANDS)

	Payroll		Unfunded		Contribution	
Year Ended September 30	**Inflated Dollars**	**Constant Value**	**Inflated Dollars**	**Constant Value**	**Inflated Dollars**	**Constant Value**
2013	$10,714	$10,714	$ 11,904	$ 11,904	$ 806	$ 806
2014	11,196	10,714	12,000	11,483	842	806
2015	11,700	10,714	12,065	11,048	880	806
2016	12,226	10,714	12,095	10,598	473	414
2017	12,777	10,714	12,560	10,532	494	414
2022	15,922	10,714	10,075	6,780	1,660	1,117
2027	19,842	10,714	3,663	1,978	1,793	968
2032	24,726	10,714	(122)	(53)	396	171
2036	29,487	10,714	(1,016)	(369)	(512)	(186)
2037	30,814	10,714	(553)	(192)	(562)	(196)
2038	32,200	10,714	0	0	0	0

* $(3,330,601) over 25 years		**$ 3,415,106** over 16 years
159,797 over 24 years		4,381,647 over 15 years
2,434,968 over 23 years		1,368,621 over 14 years
1,074,430 over 22 years		266,766 over 12 years
1,110,905 over 21 years		887,059 over 9 years
942,974 over 20 years		(296,046) over 7 years
(979,184) over 19 years		(3,546,457) over 5 years
377,756 over 18 years		1,119,665 over 3 years
2,516,641 over 17 years		
		$11,904,047

Level percent-of-payroll financing of unfunded actuarial accrued liability treats each generation of taxpayers equally during the financing period. The alternative, level dollar financing, produces declining percent-of-payroll contributions and places a greater relative burden on current taxpayers.

The annual rate of increase in participant payroll used to compute the level percent-of-payroll contribution is the same rate of payroll growth used to compute actuarial liability and costs. It reflects across-the-board salary increases, not group size increases.

If future payroll growth is less than the assumed rate due to smaller than projected salary increases, the percent-of-payroll contribution rate for unfunded actuarial accrued liability will tend to decline.

If future payroll growth is less than the assumed rate due to decreases in the number of participants, the percent-of-payroll contribution rate for unfunded actuarial accrued liability will tend to increase but dollar contributions will be less than indicated in the preceding schedule.

ACTUARIAL ASSUMPTIONS USED FOR THE VALUATION

Funding objective contribution requirements and actuarial present values are calculated by applying estimates of future plan activities (actuarial assumptions) to the benefit provisions and people information of the system, using the actuarial cost method described on page C-1.

The principal areas of risk which require estimates of future plan activities are:

(i) long-term rates of investment return to be generated by the assets of the system
(ii) patterns of pay increases to active members
(iii) rates of mortality among active members, retired members and beneficiaries
(iv) rates of withdrawal of active members
(v) rates of disability among active members
(vi) the age patterns of actual retirements

In making a valuation, the monetary effect of each activity is calculated for as long as a present covered person survives - - - a period of time which can be as long as a century.

Actual activities of the system will not coincide exactly with estimated activities, due to their nature. Each valuation provides a complete recalculation of estimated future activities and takes into account the effect of differences between estimated and actual activity to date. The result is a continual series of adjustments (usually small) to the computed contribution rate. From time to time one or more of the assumptions are modified to reflect experience trends (but not random or temporary year-to-year fluctuations).

The actuarial assumptions regarding the INFLATION rate, REAL INVESTMENT RETURN rate and SALARY INCREASE rates were adopted effective October 1, 2002. These actuarial assumptions are used, in combination with the other actuarial assumptions, to (i) determine the present value of amounts expected to be paid in the future and (ii) establish rates of contribution which are expected to remain relatively level as a percent of covered payroll.

The annual interest rate used in making this valuation was 8.0%. It is composed of inflation and real investment return.

PRICE INFLATION. 3.5% per annum, compounded annually. This is the rate at which growth in the supply of money and credit is estimated to exceed growth in the supply of goods and services. It may be thought of as the rate of depreciation of the purchasing power of the dollar. There are a number of indices for measuring the inflation rate. The recent inflation rate, as measured by the Consumer Price Index, has been:

	Year Ended September 30					Average	
	2013	**2012**	**2011**	**2010**	**2009**	**3-Year**	**5-Year**
Actual	**1.2%**	2.0%	3.9%	1.1%	-1.3%	2.3%	1.4%
Assumed	**3.5%**	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

REAL INVESTMENT RETURN. 4.5% per annum, compounded annually. This is the rate of return estimated to be produced by investing a pool of assets in an inflation-free environment. Recent real investment return for the Retirement System has been:

	Year Ended September 30					Average	
	2013	**2012**	**2011**	**2010**	**2009**	**3-Year**	**5-Year**
Net Rate	**8.6%**	6.1%	0.4%	3.6%	3.9%	4.9%	4.5%
Less Inflation Rate	**1.2%**	2.0%	3.9%	1.1%	-1.3%	2.3%	1.4%
Net Real Rate	**7.5%**	4.1%	-3.5%	2.4%	5.2%	2.6%	3.1%
Target Real Rate	**4.5%**	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%

The total investment return rate was computed using the approximate *formula i = I divided by 1/2 (A + B - I)*, where I is actual realized investment income plus market value adjustments, A is the beginning of year funding asset value and B is the end of year funding value of assets.

The preceding investment return rates reflect the particular characteristics of this retirement system and should not be used to measure an investment advisor's performance or for comparison with other retirement systems. Such use will usually mislead.

SALARY INCREASES. Employee salaries are estimated to increase between the date of hire and date of retirement. Salary increases occur in recognition of (i) individual merit and seniority, (ii) inflation-related depreciation of the purchasing power of salaries, and (iii) competition from other employers for personnel.

A schedule of estimated rates of increases in individual salaries for sample ages follows:

	Annual Rates for Salary Increase for Sample Ages				
Attributable to:	**20**	**30**	**40**	**50**	**60**
Merit & Seniority	7.6%	2.7%	1.7%	0.6%	0.0%
General Increase in Wage Level Due to:					
Price Inflation	3.5	3.5	3.5	3.5	3.5
Other Factors	1.0	1.0	1.0	1.0	1.0
Total	12.1%	7.2%	6.2%	5.1%	4.5%

The valuation is based on a constant group size and total payroll increasing at the rate of the general increase in wage levels due to inflation and other causes, which in this case is 4.5% a year.

A schedule of recent salary change experience, as measured by average reported pay, follows:

	Year Ended September 30					Average		
	2013	**2012**	**2011**	**2010**	**2009**	**3-Year**	**5-Year**	**10-Year**
% Change:								
Actual (1)	2.0%	2.5%	4.0%	4.1%	3.1%	2.9%	3.2%	5.0%
Assumed	5.6%	5.5%	5.6%	5.6%	5.6%	5.6%	5.6%	5.8%
% Change in Total Payroll (2)	0.1%	(3.8)%	(1.2)%	(2.1)%	0.0%	(1.6)%	(1.4)%	2.1%

(1) *Excluding terminations and new members.*

(2) *Including pays of members electing DROP participation but still working.*

In order to achieve the funding objective of a contribution rate which remains level as a percent of payroll, the total rate of investment return must exceed the rate of average increase in salaries by an amount equal to the estimated real investment return rate. The following schedule illustrates the recent history of the relationship between total investment return and average pay changes.

	Year Ended September 30					Average	
	2013	**2012**	**2011**	**2010**	**2009**	**3-Year**	**5-Year**
Net Investment Return Rate	8.6%	6.1%	0.4%	3.6%	3.9%	4.9%	4.5%
Rate of Change in Average Pay	2.0%	2.5%	4.0%	4.1%	3.1%	2.8%	3.1%
Difference: Actual	6.6%	3.6%	(3.6)%	(0.5)%	0.8%	2.1%	1.3%
Target	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%

RATES OF MORTALITY. The 1994 Group Annuity Mortality Tables (1994 GAM and 1994 GAF), set back 0 years for men and 0 years for women. This table was first used for the October 1, 2002 valuation. No margin for future mortality improvements is included in these tables.

	1994 GAM Table			
	Value of $1 Monthly for Life		Future Life Expectancy (Years)	
Ages	**Men**	**Women**	**Men**	**Women**
50	$134.63	$140.32	30.69	34.89
55	127.16	134.40	26.15	30.17
60	117.78	126.60	21.83	25.59
65	106.80	117.13	17.84	21.28
70	94.73	106.11	14.29	17.30
75	81.36	92.79	11.12	13.60
80	67.17	77.98	8.37	10.31

This assumption is used to measure the probabilities of members dying before retirement and the probabilities of each benefit payment being made after retirement. The rates before retirement assume 25% will be duty related and have been multiplied by 50%.

Rates of Withdrawal from Active Membership. The rates do not apply to members eligible to retire and do not include separation on account of death or disability. This assumption measures the probabilities of members remaining in employment.

Sample Ages	Years of Service	% of Active Members Separating During Next Year
ALL	0	37.00%
	1	23.50%
	2	14.10%
	3	9.40%
	4	6.58%
25	5 & Over	11.01%
30		8.90%
35		6.15%
40		4.23%
45		2.98%
50		2.22%
55		1.78%
60		1.50%

These rates were first used for the October 1, 2002.

Rates of Disability. These rates represent the probabilities of active members becoming disabled.

Sample Ages	% of Active Members Becoming Diabled During Next Year
20	0.04%
25	0.04%
30	0.04%
35	0.08%
40	0.12%
45	0.16%
50	0.23%
55	0.42%
60	0.61%
65	0.77%

The mortality table was set forward ten years from the age at disability for projecting disability costs, of which 25% were assumed to be duty related.

These rates were first used for the October 1, 1995 valuation.

Rates of Retirement. These rates are used to measure the probabilities of an eligible member retiring during the next year.

Retirement Ages	Age Based	Yrs. of Service	Service Based	Early Retirement Ages	Early Retirement Rates
60	40%	30	75%	45	5%
61	10%	31	30%	46	5%
62	20%	32	30%	47	5%
63	20%	33	30%	48	5%
64	20%	34	30%	49	5%
65	20%	35	30%	50	5%
66	20%	36	30%	51	5%
67	25%	37	30%	52	5%
68	25%	38	30%	53	5%
69	25%	39	30%	54	5%
70	100%	40	100%	55-59	5%

A General member is eligible for normal retirement after 30 years of service or after attaining age 60 with 5 years of service.

A General member is eligible for early retirement after 20 years of service.

These rates were first used for the October 1, 2002 valuation.

Administrative Expenses. Administrative expenses are projected to continue at the same percent of payroll as experienced during the preceding fiscal year.

Investment Expenses. Investment expenses are offset against gross investment income.

Active Member Group Size. The valuation was based on a constant active member group size. This is unchanged from previous valuations.

Vested Members who terminate with a benefit worth less than 100% of their own accumulated contributions were assumed to forfeit their vested benefit.

Compensation reported for the actuarial valuation includes all amounts included in final average compensation for benefit purposes.

Pensions in an Inflationary Environment

Value of $1,000/month Retirement Benefit
To an Individual Who Retires at Age 60
In an Environment of 3.5% Inflation

Age	Value
60	$1,000
61	966
62	933
63	901
64	871
65	842
70	708
75	596
80	502
85	423
90	357
95	300

The life expectancy of a 60 year old male retiree is age 82. The life expectancy for a 60 year old female retiree is age 86. Half of the people will outlive their life expectancy. The effects of even moderate amounts of inflation can be significant for those who live to an advanced age.

SUMMARY OF ASSUMPTIONS USED
MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

Marriage Assumption. 100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits.

Pay Increase Timing. Beginning of (Fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.

Decrement Timing. Decrements of all types are assumed to occur mid-year.

Eligibility Testing. Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

Benefit Service. Exact fractional service is used to determine the amount of benefit payable.

Decrement Relativity. Decrement rates are used without adjustment for multiple decrement table effects.

Decrement Operation. Disability and mortality decrements do not operate during the first 5 years of service. Disability and withdrawal do not operate during retirement eligibility.

Normal Form of Benefit. The assumed normal form of benefit is the straight life form. Optional benefit forms are available on an actuarial equivalent basis.

Loads. A load of 93% of active liabilities and normal costs were used to account for the prospective change in the definition of compensation.

Incidence of Contributions. Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made. New entrant normal cost contributions are applied to the funding of new entrant benefits.

DEFINITIONS OF TECHNICAL TERMS

Accrued Service. Service credited under the system which was rendered before the date of the actuarial valuation.

Actuarial Accrued Liability. The difference between the actuarial present value of future benefit payments and the actuarial present value of future normal costs. Also referred to as "accrued liability" or "past service liability".

Actuarial Assumptions. Estimates of expected future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement estimates (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic estimates (salary increases and investment income) consist of the underlying rates in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future benefit payments" between future normal costs and actuarial accrued liabilities. Sometimes referred to as the "actuarial valuation cost method".

Actuarial Equivalent. A single amount or series of amounts of equal actuarial present value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.

Actuarial Present Value. The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payment. Also referred to as "present value".

Amortization. Paying off an interest-discounted amount with periodic payments of interest and principal -- as opposed to paying off with a lump sum payment.

DEFINITIONS OF TECHNICAL TERMS

Experience Gain (Loss). The difference between actual actuarial costs and assumed actuarial costs -- during the period between two valuation dates.

Funding Value of Assets. Also referred to as actuarial value of assets, smoothed market value of assets, or valuation assets.

Valuation assets recognize assumed investment return fully each year. Differences between actual and assumed investment return are phased-in over a closed 4-year period. During periods when - investment performance exceeds the assumed rate, valuation assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, valuation assets will tend to be greater than market value. If assumed rates are exactly realized for 3 consecutive years, valuation assets will become equal to market value.

Normal Cost. The actuarial cost allocated to the current year by the actuarial cost method. Sometimes referred to as "current service cost".

Pension Benefit Obligation. A standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The PBO is independent of the actuarial funding method used to determine contributions.

Unfunded Actuarial Accrued Liability. The difference between actuarial accrued liability and the funding value of system assets. Sometimes referred to as "unfunded past service liability", "unfunded accrued liability" or "unfunded supplemental present value".

Most retirement systems have unfunded actuarial accrued liability. An amount arises each time new benefits are added and each time an experience loss occurs.

The existence of unfunded actuarial accrued liability is not in itself bad, any more than a mortgage on a house is bad. Unfunded actuarial accrued liability does not represent a debt that is payable today. What is important is the ability to control the amount of unfunded actuarial accrued liability and the trend in the amount (after due allowance for devaluation of the dollar).

SECTION D

CERTAIN DISCLOSURES REQUIRED BY STATEMENT NO. 25 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

This information is presented in draft form for review by the System's auditor. Please let us know if there are any items that the auditor changes so that we may maintain consistency with the System's financial statements.

CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an entry-age actuarial funding method. Unfunded actuarial accrued liability is being amortized as a level percent of payroll over periods of 3 to 25 years. The periods are in compliance with Florida Statutes and Actuarial Standards of Practice, but do not produce an Annual Required Contribution with an equivalent single amortization period of the UAAL under 30 years.

During the year ended September 30, 2013 contributions totaling $2,197,898 -- $1,490,902 employer and $706,996 employee -- were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of October 1, 2011. The employer contributions consisted of $633,197 for normal cost and administrative expenses and $857,705 for amortization of the unfunded actuarial accrued liability. Employer contributions represented 13.92% of covered payroll.

Significant actuarial assumptions used to compute contribution requirements were the same as those used to compute the standardized measure of the actuarial accrued liability.

COMPUTED EMPLOYER CONTRIBUTION COMPARATIVE SCHEDULE

Fiscal Year Beginning October 1	Valuation Date	Contribution Rates As Percents of Valuation Payroll	Valuation Payroll	Dollar Contribution For Fiscal Year	
				Computed	Actual
2005	10/01/2004	2.5	$ 9,696,860	$ 241,358	$ 241,358
2006	10/01/2005	3.4	10,714,287	389,150	389,150
2007	10/01/2006	4.9	11,574,568	612,047	623,377
2008	10/01/2007	4.9	11,699,741	612,416	612,416
2009	10/01/2008	6.0	11,556,083	749,331	737,532
2010	10/01/2009	7.8	11,676,911	971,717	971,717
2011	10/01/2010	9.2	11,484,650	1,132,385	1,132,385
2012	10/01/2011	12.2	11,449,082	1,490,901	1,490,902
2013	10/01/2012	14.6	10,884,445	1,699,919	
2014	**10/01/2013**	**12.1**	**10,713,988**	**1,387,166**	

ACTUARIAL ACCRUED LIABILITY

The actuarial accrued liability is a measure intended to help users assess (i) a pension fund's funded status on a going-concern basis, and (ii) progress being made toward accumulating the assets needed to pay benefits as due. Allocation of the actuarial present value of projected benefits between past and future service was based on service using the individual entry-age actuarial cost method. Assumptions, including projected pay increases, were the same as used to determine the Fund's level percent of payroll annual required contribution between entry-age and assumed exit age. Entry-age was established by subtracting credited service from current age on the valuation date.

The preceding methods comply with the financial reporting standards established by the Governmental Accounting Standards Board.

The entry age actuarial accrued liability was determined as part of an actuarial valuation of the plan as of October 1, 2013. Significant actuarial assumptions used in determining the entry age actuarial accrued liability include (a) a rate of return on the investment of present and future assets of 8% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, 3.5% attributable to inflation and 1.0% attributable to other causes, (c) additional projected salary increases of 7.6% to 0.0% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will not increase after retirement.

As of October 1, 2013, the unfunded actuarial accrued liability was $11,904,047 determined as follows:

Actuarial Accrued Liability:	
Active participants (149 vested and 64 non-vested)	$22,441,013
Retired participants and beneficiaries currently receiving benefits (170 vested)	32,083,095
Vested terminated participants not yet receiving benefits (16 vested)	1,659,965
DROP balances	786,009
Total Actuarial Accrued Liability	56,970,082
Actuarial Value of Assets (market value was $47,023,784)	45,066,035
Unfunded Actuarial Accrued Liability	$11,904,047

During the year ended September 30, 2013, the Plan experienced a net change of $(250,009) in the actuarial accrued liability, of which $(2,728,463) was attributable to benefit changes. There were no changes in assumptions or methods.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date October 1	Actuarial Value of Assets# (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (b)-(a)	Funded Ratio (a)/(b)	Active Participant Covered Payroll (c)	Unfunded AAL as a Percentage of Active Member Covered Payroll ((b-a)/c)
1999 @	$29,669	$24,737	$ (4,933)	119.9 %	$ 7,408	(66.6) %
2000 *	32,832	27,040	(5,793)	121.4	7,975	(72.6)
2001	34,200	28,401	(5,799)	120.4	8,266	(70.2)
2002 *	34,361	30,057	(4,304)	114.3	8,405	(51.2)
2003	33,997	33,590	(407)	101.2	9,259	(4.4)
2004	33,674	36,614	2,940	92.0	9,697	30.3
2005	34,445	40,242	5,797	85.6	10,714	54.1
2006	36,644	43,650	7,006	83.9	11,575	60.5
2007	39,424	46,208	6,785	85.3	11,700	58.0
2008	40,975	49,110	8,135	83.4	11,556	70.4
2009	41,538	51,118	9,580	81.3	11,677	82.0
2010	41,771	53,050	11,279	78.7	11,485	98.2
2011	40,809	54,975	14,166	74.2	11,449	123.7
2012	42,288	57,220	14,932	73.9	10,884	137.2
2013	**45,066**	**59,699**	**14,633**	**75.5**	**10,714**	**136.6**
2013 *	**45,066**	**56,970**	**11,904**	**79.1**	**10,714**	**111.1**

Dollar amounts are in thousands.

** After changes in benefits and/or actuarial assumptions and/or actuarial cost methods.*
 # The actuarial value of assets is four year smoothed market value.
@ Prior to 1999 valuation, results include General, Police and Fire.

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability, or unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the System's funded status on a going-concern basis. Analysis of this percentage over time indicates whether the System is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. The unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

SECTION E

SUMMARY OF VALUATION RESULTS IN STATE FORMAT

SUMMARY OF VALUATION RESULTS IN STATE FORMAT
($ AMOUNTS IN THOUSANDS)

		October 1, 2013		October 1, 2012
		After	Before	
(a) Participant Data				
(i) Active members	- number	213	213	214
	- annual payroll	$10,714	$10,714	$10,884
(ii) Retired members & beneficiaries (excl. disability)				
	- number	161	161	150
	- annualized benefit payroll	3,238	3,238	2,901
(iii) Disabled members & beneficiaries				
	- number	9	9	10
	- annualized benefit payroll	116	116	144
(iv) Terminated vested members				
	- number	16	16	16
	- annualized deferred benefit payroll	247	247	238
(b) Assets				
(i) Actuarial value for funding		45,066	45,066	42,288
(ii) Market value		47,024	47,024	42,760
(c) Actuarial Liability				
(i) Actuarial present value of active member benefits:				
service retirement		26,645	30,249	31,124
termination benefits - pension		2,208	2,364	2,424
disability retirement		651	608	630
survivor benefits (pre-retirement)		739	715	758
termination benefits - refunds		211	94	85
Total		30,454	34,030	35,021
(ii) Actuarial present value of terminated vested member benefits		1,660	1,660	1,443
(iii) Actuarial present value of retired member benefits:				
total service retirement & survivors		31,066	31,066	28,004
DROP reserve		786	786	459
disability retirement & survivors		1,017	1,017	1,287
Total		32,869	32,869	29,750
(iv) Total actuarial present value of future benefit payments		64,983	68,559	66,215
(v) Payables		0	0	0
(vi) Actuarial accrued liability		56,970	59,699	57,220
(vii) Unfunded actuarial accrued liability(1)		$ 11,904	$ 14,633	$ 14,932

(1) Please refer to page A-9 for requested detail.

SUMMARY OF VALUATION RESULTS IN STATE FORMAT
($ AMOUNTS IN THOUSANDS)

		October 1, 2013 After	October 1, 2013 Before	October 1, 2012
(d)	Actuarial Present Value of Accrued Benefits (calculated in accordance with FASB Statement No. 35)			
	(i) Vested accrued benefits			
	Retired members and beneficiaries	$ 32,083	$ 32,083	$ 29,291
	Terminated members	1,660	1,660	1,443
	Active members (includes non-forfeitable accum. member contributions of $8,682 for 2013 and $8,712 for 2012)	17,671	18,822	19,263
	Total	51,414	52,565	49,997
	(ii) Non-vested accrued benefits	824	623	477
	(iii) Total actuarial p.v. of accrued benefits	52,238	53,188	50,474
	(iv) Actuarial p.v. of accrued benefits at begin. of year	50,474	50,474	47,599
	(v) Changes attributable to:			
	Amendments	(951)	0	0
	Assumption change	0	0	0
	Operation of decrements	5,673	5,672	5,934
	Benefit payments	(2,958)	(2,958)	(3,059)
	Other	none	none	none
	(vi) Net change	1,764	2,714	2,875
	(vii) Actuarial p.v. of accr. benefits at end of year	$ 52,238	$ 53,188	$ 50,474
(e)	Plan costs for fiscal year beginning October 1, 2014 and October 1, 2013 (EANC)			
	(i) Normal costs			
	Service pensions	7.55%	8.83%	8.77%
	Disability pensions	0.31%	0.32%	0.32%
	Survivor pensions (pre-retirement)	0.28%	0.28%	0.29%
	Deferred service pensions	1.25%	1.46%	1.48%
	Refunds of member contributions	1.01%	0.83%	0.82%
	Total normal cost	10.40%	11.72%	11.68%
	(ii) Payment to amortize unf'd. act. accr. liab.	7.52%	9.02%	7.55%
	(iii) FS112.64(5) Compliance	1.38%	1.78%	1.09%
	(iv) Administrative expenses	0.77%	0.77%	0.75%
	(v) Amount to be paid by members	7.95%	6.45%	6.45%
	(vi) Expected plan sponsor	12.12%	16.84%	14.62%
	- dollars	$ 1,387	$ 1,927	$ 1,700

SUMMARY OF VALUATION RESULTS IN STATE FORMAT
($ AMOUNTS IN THOUSANDS)

		October 1, 2013 After	October 1, 2013 Before	October 1, 2012
(f)	Past Contributions (fiscal year ending 9/30/2013 & 2012)			
	(i) Required minimum:			
	Plan sponsor	$ 1,491	$ 1,491	$ 1,132
	Members	789	789	791
	Total	2,280	2,280	1,924
	(ii) Actual:			
	Plan sponsor	1,491	1,491	1,132
	Members	707	707	768
	Total	2,198	2,198	1,900
(g)	Net Experience Gain (Loss)	602	602	(156)
(h)	Other Disclosures			
	(i) Present value of active member future salaries			
	from attained age	$79,762	$77,423	$78,625
	from entry age	not applicable to individual EANC method		
	(ii) Present value of active member future contribs.			
	from attained age	$6,341	$4,994	$5,071
	from entry age	not applicable to individual EANC method		
(i)	Actuarial Present Value of Accrued Benefits Using FRS Interest Rate			
	(i) Vested	$ 53,425	$ 54,611	$ 51,227
	(ii) Non-Vested	880	677	516
	(iii) Total	54,305	55,288	51,743
	(iv) Market Value of Assets (MVA)	47,024	47,024	42,760
	(v) Funded Ratio Using FRS Interest Rate and MVA	86.59 %	85.05 %	82.64 %

RECONCILIATION OF MEMBERSHIP
FOR THE PLAN YEAR ENDED SEPTEMBER 30, 2013

	Active Members	Vested Terminated Members	Pension Recipients			
			Active DROP	Service Retired	Disability Retired	All Beneficiaries
No. at Start of Year	**214**	**16**	**16**	**115**	**6**	**23**
Increase (Decrease) From						
Service Retirement	(5)	(1)	(5)	13	(1)	
DROP Retirement	(6)		6			
Disability Retirement						
Deaths				(1)		(1)
Other Pension Terminations	(4)			(1)		
Vested Terminations	(1)	1				
Non-Vested Terminations						
Transfer to another division						
New Entrants/Rehires	15					
No. at End of Year	**213**	**16**	**17**	**126**	**5**	**22**

DROP ACTIVITY

Age	Year Ended 9/30/2013		
	Eligible	Elected to DROP	Elected to Retire
54	1	1	
55	2		1
56	1		1
58	1	1	
59	2	1	
60	4		1
61	7	1	
62	2		
63	1		
64	1		
65	1	1	
66	3	1	1
67	1		
69	1		1
Totals	**28**	**6**	**5**

GRS

Gabriel Roeder Smith & Company
Consultants & Actuaries

One Towne Square
Suite 800
Southfield, MI 48076-3723

248.799.9000 phone
248.799.9020 fax
www.gabrielroeder.com

May 2, 2014

Ms. Ann Meuse
Pension Administrator
City of Jacksonville Beach
11 North Third Street
Jacksonville Beach, Florida 32250

Dear Ann:

Enclosed are 18 copies of the report of the Sixty-Third Annual Actuarial Valuation of the City of Jacksonville Beach General Employees' Retirement System. As directed, copies have been sent directly to:

Purvis, Gray and Company
Attention: Mr. Joe Welch
222 N.E. 1st Street
Gainesville, FL 32602

Attention: Ms. Sarah Carr, Benefits Administrator
Municipal Police Officers' and Firefighters'
Retirement Trust Funds Office
Division of Retirement
P.O. Box 3010
Tallahassee, FL 32315-3010

Mr. Douglas E. Beckendorf, Actuary
Local Retirement Section
Division of Retirement
P.O. Box 9000
Tallahassee, FL 32315-9000

Sincerely,

Brad Lee Armstrong, ASA, EA, MAAA

BLA:dj
Enclosures

Purvis, Gray and Company
Attention: Mr. Joe Welch
P.O. Box 23999
222 N. E. 1^{st} Street
Gainesville, FL 32602
Fax (941-365-0238)

Mr. Douglas E. Beckendorf, Actuary
Local Retirement Section
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