

CITY OF JACKSONVILLE BEACH
GENERAL EMPLOYEES' RETIREMENT SYSTEM
SIXTY-FOURTH ANNUAL ACTUARIAL VALUATION
OCTOBER 1, 2014

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REPORT OF OCTOBER 1, 2014 ACTUARIAL VALUATION

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May 7, 2015

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

The results of the October 1, 2014 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, 2015 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. No adjustments have been made for events after October 1, 2014. Information required by Statement No. 67 of the GASB that is effective for fiscal year 2014 is provided in a separate report.

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. (We did not perform an analysis of the potential range of such future measurements under the scope of this assignment.)

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

The valuation was based upon information compiled during the fiscal year ending September 30, 2014, 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 are reasonable.

Brad Lee Armstrong and Jeff T. Tebeau 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, FCA, MAAA



Jeffrey T. Tebeau, ASA, MAAA

BLA/JTT:dj

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 achieve progress towards 100% funded status and 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, 2015 are shown on page A-2.

**CONTRIBUTIONS TO FINANCE BENEFITS OF THE RETIREMENT
SYSTEM FOR THE PLAN YEAR BEGINNING OCTOBER 1, 2015
TO BE CONTRIBUTED DURING THE FISCAL YEAR
BEGINNING OCTOBER 1, 2015**

Contributions for	Contributions Expressed as Percents of unDROPed Active Member Payroll
<i>Normal Cost</i>	
Service pensions	7.48 %
Disability pensions	0.33
Survivor pensions	
Pre-retirement	0.28
Termination benefits	
Deferred service pensions	1.23
Refunds of member contributions	<u>1.04</u>
Total Normal Cost	10.36
<i>Unfunded Actuarial Accrued Liability ⁽¹⁾</i>	
Retired members and beneficiaries	0.00
Active and vested terminated members	<u>6.43</u>
Total unfunded actuarial accrued liability	6.43
<i>Administrative Expenses</i>	0.96
<i>Total Calculated Contribution Requirement</i>	17.75
<i>Adjustments to Calculated Contribution Requirement</i>	
Temporary full funding credit	0.00
FS 112.64(5) compliance	<u>1.80</u>
Total adjustments	1.80
<i>Total Adjusted Contribution Requirement</i>	19.55 %
Member portion	7.95 %
City portion	11.60 %

⁽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, 2015

For any period of time, the percent-of-payroll contribution rate needs to be converted to dollar amounts. We recommend the following procedure.

Contribute the City amount indicated in the following schedule. 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 should not be used to reconcile actual member contributions.

Total Contribution Requirement	\$ 2,226,879
Less Member Contributions	905,559
City Contribution	\$ 1,321,320

The above contribution amounts are estimated to be contributed, on average, halfway through the fiscal year. If contributions are made on a later schedule, interest should be added at the rate of .64% (.0064) for each month of delay.

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. This ratio is the most appropriate of the three described here for assessing the need for future contributions above the amounts needed to fund the normal cost.

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)		Indicator (2)			Indicator (3)		
	Gain/(Loss)		Funding		Funded	Unfunded	Member	Ratio to
	Amount	% of AAL	Value of Assets	APVCPB ^	Ratio	APVCPB ^	Payroll	Payroll
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 (a)	602	1.1	45,066	53,927	83.6	8,861	10,714	82.70
10/1/2014	1,366	2.4	47,138	57,746	81.6	10,608	10,663	99.49

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

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

^ AAL starting with 2014.

* None of these funding progress indicators are appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations.

COMMENTS AND CONCLUSION

COMMENT A: For the fiscal year ended September 30, 2014, the General System had a \$1.4 million experience gain. The gain was primarily the result of lower than assumed salary increases, better than expected retiree experience, and greater than expected recognized investment return on the funding value of assets (9.4% recognized vs. 8.0% assumed) due to favorable market returns over the last three years. The experience gain caused a decrease in the City's contribution rate. Additional experience information is reported on pages B-6, B-12, C-4 and C-5. The funded ratio increased from 79.1% to 81.6% from 2013 to 2014 on a funding value of assets basis and from 82.5% to 86.0% on a market value of assets basis.

LOOKING FORWARD: Due to the Board's use of a four-year smoothed market asset valuation method, greater than expected market returns during 2012, 2013 and 2014 have only been partially recognized in developing the funding value of assets as of September 30, 2014. This means that investment gains are scheduled to be recognized in next year's report. This will help mitigate some of the impact of the new Florida Statutory Mortality Table requirement under HB 1309 that will be effective for the September 30, 2016 valuation determining City contributions for fiscal year ending September 30, 2018. An additional risk factor to the level of the contribution rate is the 10-year average payroll growth, which was 1.49% for the 10 years ending September 30, 2014. 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 is presented in separate correspondence.

RISKS TO FUTURE EMPLOYER CONTRIBUTION REQUIREMENTS: There are ongoing risks to future employer contribution requirements to which the Retirement System is exposed, such as:

- Actual and Assumed Investment Rate of Return
- Actual and Assumed Mortality Rates
- Amortization Policy
- F.S. 112.64(5) Compliance Regarding Payroll Growth

We are recommending the Retirement System perform an experience study, as discussed in our April 8, 2015 correspondence.

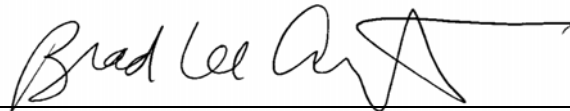
CONCLUSION: It is the actuary's opinion that the required contribution rates determined by the most recent actuarial valuation are sufficient to meet the Retirement System's funding objective, presuming continued timely receipt of required contributions.

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.”

5/7/2015

Date



Brad Lee Armstrong, ASA, EA, FCA, MAAA [14-5614]

**EXPERIENCE GAIN/(LOSS)
YEAR ENDED OCTOBER 1, 2014**

DERIVATION

(1) UAAL* at start of year	\$11,904,047
(2) Normal cost for year (ER normal cost & expenses from the prior corresponding valuation x current valuation pay)	368,936
(3) Actual City contribution	1,216,994
(4) Interest accrual .08 x [(1) + 1/2 [(2)-(3)]]	918,401
(5) Expected UAAL before changes	11,974,390
(6) Effect of timing/accounting	0
(7) Effect of assumption/cost method changes	0
(8) Effect of benefit changes	0
(9) Expected UAAL after changes	11,974,390
(10) Actual UAAL at end of year	10,608,521
(11) Gain/(loss): (9) - (10)	\$ 1,365,869
(12) % of AAL at start of year	2.4%

* UAAL represents Unfunded Actuarial Accrued Liability.

Valuation Date October 1	Actuarial Gain/(Loss) as a % of Beginning Accrued Liabilities
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
2014	2.4

SOURCES AND FINANCING OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

Source of Unfunded Act. Accrued Liab.	Unf'd. Act. Acc. Liab.		Current Amount	Financing Period 9/30/2014	Amort. Factor	Contribution		FS112.64(5) Compliance
	Initial Amount	Fin. Per.				Dollar	% of Payroll	
Initial Unf'd. Actuarial Accrued Liability								
			\$ (209,596)	5 yrs.	4.609906	\$ (45,466)	(0.43)%	(0.03)%
Changes from experience deviations								
Pre-2002	\$(6,179,182)	15 yrs.	\$(1,922,391)	5 yrs.	4.609906	\$ (417,015)	(3.91)%	(0.28)%
9/30/2002	830,757	25	977,066	13	10.574465	92,399	0.87%	0.16%
9/30/2003	3,620,586	25	4,304,051	14	11.215479	383,760	3.60%	0.72%
9/30/2004	2,816,885	25	3,369,533	15	11.835720	284,692	2.67%	0.57%
9/30/2005	2,079,169	25	2,492,544	16	12.435860	200,432	1.88%	0.43%
9/30/2006	313,554	25	375,413	17	13.016551	28,841	0.27%	0.07%
9/30/2007	(818,787)	25	(976,025)	18	13.578424	(71,881)	(0.67)%	(0.17)%
9/30/2008	796,288	25	942,457	19	14.122087	66,736	0.63%	0.16%
9/30/2009	949,402	25	1,112,942	20	14.648132	75,978	0.71%	0.20%
9/30/2010	960,943	25	1,078,745	21	15.157129	71,171	0.67%	0.19%
9/30/2011	2,280,449	25	2,449,577	22	15.649630	156,526	1.47%	0.45%
9/30/2012	155,825	25	161,057	23	16.126171	9,987	0.09%	0.03%
9/30/2013	(602,138)	25	(607,842)	24	16.587268	(36,645)	(0.34)%	(0.12)%
9/30/2014	(1,365,869)	25	(1,365,869)	25	17.033422	(80,188)	(0.75)%	(0.26)%
Changes from actuarial assumption and actuarial cost method revisions.								
9/30/1995	\$ (203,286)	25 yrs.	\$ (267,279)	6 yrs.	5.444217	\$ (49,094)	(0.46)%	(0.04)%
9/30/2002	306,659	25	360,665	13	10.574465	34,107	0.32%	0.06%
Changes from amendments to benefit provisions.								
9/30/1997	\$ 814,818	25	\$ 830,343	8	7.032602	\$ 118,071	1.11%	0.13%
9/30/2000	226,722	25	257,437	11	9.227308	27,899	0.26%	0.04%
9/30/2013	(2,728,463)	25	(2,754,307)	24	16.587268	(166,049)	(1.56)%	(0.51)%
Totals			<u>\$10,608,521</u>			<u>\$ 684,261</u>	<u>6.43%</u>	<u>1.80%</u>

Weighted average remaining financing period: 15.9

UNFUNDED ACTUARIAL ACCRUED LIABILITY

	<u>October 1, 2014</u>	<u>October 1, 2013</u>
A. Actuarial present value of future benefits	\$65,607,026	\$64,983,263
B. Actuarial present value of future normal costs	<u>7,860,904</u>	<u>8,013,180</u>
C. Actuarial accrued liability	57,746,122	56,970,082
D. Funding value of assets	<u>47,137,601</u>	<u>45,066,035</u>
E. Unfunded actuarial accrued liability	<u><u>\$10,608,521</u></u>	<u><u>\$11,904,047</u></u>

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. The funded status and the funding progress indicators would be different if based on the market value of assets instead of the funding value of assets.

RECOMMENDED AND ACTUAL CONTRIBUTIONS COMPARATIVE STATEMENT

Fiscal Year	Valuation Date	City/Chapter Dollar Contributions#		Recommended City % of Payroll Contributions
		Recommended	Actual	
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 (a)	1,205,756	1,216,994	10.37
14/15	10/1/2013 (a)	1,387,165		12.12
15/16	10/1/2014	1,321,320		11.60

(a) After 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, 2014

PRESENT RESOURCES AND EXPECTED FUTURE RESOURCES

A. Funding value of system assets:	
1. Net assets from system financial statements (market value)	\$49,635,813
2. Funding value adjustment	<u>(2,498,212)</u>
3. Funding value of assets	47,137,601
B. Actuarial present value of expected future employer contributions:	
1. For normal costs	1,607,733
2. For unfunded actuarial accrued liability	<u>10,608,521</u>
3. Totals	12,216,254
C. Actuarial present value of expected future member contributions	<u>6,253,171</u>
D. Total Present and Expected Future Resources	<u><u>\$65,607,026</u></u>

ACTUARIAL PRESENT VALUE OF EXPECTED FUTURE BENEFIT PAYMENTS AND RESERVES

A. To retired members and beneficiaries	\$33,807,312
B. To vested terminated members	1,733,246
C. To present active members:	
1. Allocated to service rendered prior to valuation date	21,390,043
2. Allocated to service likely to be rendered after valuation date	<u>7,860,904</u>
3. Totals	29,250,947
D. Total Actuarial Present Value of Expected Future Benefit Payments	64,791,505
E. Reserve for DROP balances	815,521
F. Total actuarial present value of expected future payments and reserves	<u><u>\$65,607,026</u></u>

**5-YEAR PROJECTIONS OF FUNDED RATIOS AND FUTURE EMPLOYER CONTRIBUTIONS
(DOES NOT REFLECT ANY CHANGE IN MORTALITY UNDER HB 1309)**

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
2014	218	\$ 10,662,900	\$ 3,574,720	\$ 57,746,122	\$ 47,137,601	81.6%	2016	11.60%	\$ 1,321,320
2015	218	11,158,009	3,767,026	59,579,890	50,831,595	85.3%	2017	11.14%	1,327,998
2016	218	11,595,678	4,025,682	61,348,653	53,812,017	87.7%	2018	11.08%	1,372,064
2017	218	12,075,146	4,263,522	63,070,513	56,440,962	89.5%	2019	11.28%	1,454,947
2018	218	12,560,817	4,468,108	64,781,080	58,903,640	90.9%	2020	11.65%	1,563,167
2019	218	13,089,712	4,678,215	66,476,320	61,448,404	92.4%	2021	11.98%	1,674,794

Uses 4.5% wage growth assumption.

We have reflected compliance with F.S. 112.64(5) to remain constant with year ended 9/30/2014.

We have not determined any additional possible impact due to F.S. 112.64(5).

Actuarial assumptions were those used for the 9/30/2014 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, 2014)

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 participating in the DROP on November 25, 2013 and must continue employment beyond the normal retirement date. The member may elect a BackDROP period for the number of months worked beyond their normal retirement date, up to a maximum of 36 months.

Amount of Pension – Computed as if the member had chosen to terminate on a day chosen by the member but not before the member's normal retirement date, using credited service and final average salary at the BackDROP date. In addition to the pension, there will be a lump sum payment equal to the pension benefits the member would have received had he/she retired on the BackDROP date with interest at the rate of 3.0% per year.

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, 2014	Year Ended September 30, 2013
Revenues:		
a. Member contributions	\$ 771,553	\$ 706,996
b. City contributions	1,216,994	1,490,902
c. Total contributions to System	\$1,988,547	\$2,197,898
d. Investment income		
1. Interest and dividends	1,103,791	1,011,145
2. Realized gain on investments	3,619,102	2,757,841
3. Unrealized gain on investments	121,067	1,488,622
4. Investment expense	(146,696)	(150,570)
e. Total investment income	4,697,264	5,107,038
f. Total revenues	\$6,685,811	\$7,304,936
Expenditures:		
a. Refunds of member contributions	301,456	55,979
b. Benefits paid	3,669,967	2,902,166
c. Administrative expenses	102,359	82,678
d. Total expenditures	4,073,782	3,040,823
Reserve Increase		
Total revenues minus total expenditures	\$2,612,029	\$4,264,113

Summary of Assets (Market Value)

	September 30, 2014	September 30, 2013
Cash and equivalents	\$ 948,990	\$ 1,082,622
Receivables less payables	(1,553)	78,007
Certificates of deposit & savings	none	none
U.S. Government Securities	8,168,562	6,798,122
Bonds: - government	none	none
- corporate	8,740,137	9,051,975
Stocks: - common	none	none
- preferred	none	none
Other (Equity, Mutual Funds)	31,779,677	30,013,058
Total Assets	\$49,635,813	\$47,023,784

DERIVATION OF FUNDING VALUE OF RETIREMENT SYSTEM ASSETS

	2013	2014	2015	2016	2017
<u>Beginning of Year Values</u>					
(1) Market Value	\$42,759,671	\$47,023,784			
(2) Funding Value	42,287,997	45,066,035			
<u>End of Year</u>					
(3) Market Value	47,023,784	49,635,813			
(4) Net Addition to Assets Excluding Investment Income#	(842,925)	(2,085,235)			
(5) Total Net Investment Income# =(3)-(1)-(4)	5,107,038	4,697,264			
(6) Projected Net Rate of Return#	8.00%	8.00%			
(7) Projected Investment Income =(6) x [(2)+0.5 x (4)]	3,349,323	3,521,873			
(8) Investment Income in Excess of Projected	1,757,715	1,175,391			
Excess Investment Income Recognized					
(9a) From Current Year = .25 x (8)	439,429	293,848			
(9b) From One Year Prior	737,814	439,429	\$ 293,848		
(9c) From Two Years Prior	(836,164)	737,814	439,429	\$293,848	
(9d) From Three Years Prior	(69,439)	(836,163)	737,812	439,428	\$293,847
(9e) Total Cap. Val. Change Recogn. = (9a)+(9b)+(9c)+(9d)	271,640	634,928	1,471,089	733,276	293,847
(10) Increase(Decr.) in Funding Value = (4) + (7) + (9e)	2,778,038	2,071,566			
<u>End of Year</u>					
(11) Market Value	47,023,784	49,635,813			
(12) Funding Value = (2)+(10)	45,066,035	47,137,601			
(13) Market Value Rate of Return	12.1%	10.2%			
(14) Funding Value Rate of Return	8.6%	9.4%			
(15) Ratio of Market to Funding Value	104.3%	105.3%			
<i># Net of expenses paid from investment income.</i>					

**ACCOUNTING INFORMATION SUBMITTED FOR VALUATION
RECONCILIATION TO MARKET VALUE OF ASSETS**

Reserve Accounts

	<u>9/30/2014</u>	<u>9/30/2013</u>
Member Contributions (Members' Savings Reserve Fund)	\$ 9,222,234	\$ 9,443,001
City Contributions (Pension Reserve Fund)	0	0
Retired Members and Beneficiaries (Retirement Reserve Fund)	39,598,058	36,794,774
DROP Balances (Pension Payments Fund)	<u>815,521</u>	<u>786,009</u>
Total Reserve Accounts	49,635,813	47,023,784
Funding Value Adjustment	<u>(2,498,212)</u>	<u>(1,957,749)</u>
Funding Value of Assets	\$47,137,601	\$45,066,035

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

	<u>9/30/2014</u>	<u>9/30/2013</u>
DROP Reconciliation		
Beginning of Period	\$ 786,009	\$ 459,309
Accrual of Monthly Benefits	725,147	548,154
Interest	29,778	22,428
Actual Disbursements	(719,034)	(239,076)
Administrative Expenses	<u>(6,379)</u>	<u>(4,806)</u>
End of Period	\$ 815,521	\$ 786,009

RETIRED MEMBER AND BENEFICIARY DATA HISTORICAL SCHEDULE

Year Ended	Added		Removed		Net Increase		End of Year		Expected Removals	
	No.	Annual Pensions	No.	Annual Pensions	No.	Annual Pensions	No.	Annual Pensions	No.	Pensions
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
9/30/2014	19	484,768	11	263,155	8	221,613	178	3,574,720	5.3	70,395
Expected for 9/30/2015									5.7	76,746

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

NORMAL (AGE AND SERVICE) RETIREMENTS**

Valuation Year	Average				Newly Retired During Year			
	No.	Attained Age	Retirement Age	Annual Pensions	No.	Retirement Age	Service Averages	Annual Pensions
2000	59	68.7 yrs.	61.2 yrs.	\$14,447	6	61.7 yrs.	19.9 yrs.	\$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
2014	144	69.3	60.0	21,460	11	64.2	17.4	30,863

** Includes DROP members.

RETIRED MEMBERS AND BENEFICIARIES HISTORICAL COMPARISON

Valuation Date	% Incr. in	No. of Active Per Retired	Pension	Average Pension
	Annual Pensions		Payroll as % of Active Payroll	
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
10/1/2014	6.6	1.2	33.5	20,083

**RETIRED MEMBERS AND BENEFICIARIES AS OF OCTOBER 1, 2014
BY TYPE OF PENSION BEING PAID***

New Plan Pensions

Type of Pension Being Paid	No.	Annual Pension	Average Pension	Actuarial Liability
<i>Age and Service Pensions</i>				
Regular	56	\$1,049,987	\$18,750	\$ 8,887,351
Option I	15	195,843	13,056	1,632,695
Option II	32	693,844	21,683	7,693,198
Option III	21	565,014	26,905	5,758,399
Surviving Beneficiaries	18	246,264	13,681	1,826,021
DROP	17	534,647	31,450	5,523,906
Total Age and Service Pensions	159	3,285,600	20,664	31,321,570
<i>Death-in-Service</i>				
Surviving Beneficiaries	5	105,391	21,078	1,011,287
<i>Disability Pensions</i>				
Regular	2	37,074	18,537	333,371
Option I	1	13,158	13,158	48,846
Option II	2	27,720	13,860	327,414
Option III	1	22,402	22,402	192,838
Surviving Beneficiaries	3	26,416	8,805	255,280
Total Disability Pensions	9	126,770	14,086	1,157,749
Total New Plan Pensions	173	\$3,517,761	\$20,334	\$33,490,606

* 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, 2014
BY TYPE OF PENSION BEING PAID***

Old Plan Pensions

Type of Pension Being Paid	No.	Annual Pension	Average Pension	Actuarial Liability
<i>Age and Service Pensions</i>				
Regular	1	\$ 10,992	\$10,992	\$ 30,199
Option III	2	39,967	19,984	255,845
Survivor Beneficiaries	1	2,400	2,400	14,398
Total Age and Service Pensions	4	53,359	13,340	300,442
<i>Disability Pensions</i>				
Survivor Beneficiaries	1	3,600	3,600	16,264
Total Disability Pensions	1	3,600	3,600	16,264
Total Old Plan Pensions	5	\$ 56,959	\$11,392	\$ 316,706
<i>Total New & Old Plan</i>				
Pensions Being Paid	178	\$3,574,720	\$20,083	\$33,807,312

* 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, 2014
BY ATTAINED AGES**

Attained Ages	New Plan		Old Plan		Totals	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
47	1	\$ 18,238			1	\$ 18,238
49	2	21,106			2	21,106
51	2	56,603			2	56,603
52	1	7,822			1	7,822
54	1	42,206			1	42,206
55	3	142,415			3	142,415
56	8	264,027			8	264,027
57	4	159,606			4	159,606
58	3	83,855			3	83,855
59	3	100,823			3	100,823
60	8	291,315			8	291,315
61	7	189,902			7	189,902
62	11	322,444			11	322,444
63	2	30,774			2	30,774
64	10	159,466			10	159,466
65	5	102,877			5	102,877
66	10	289,647			10	289,647
67	10	201,034			10	201,034
68	4	83,275			4	83,275
69	2	16,834			2	16,834
70	9	113,039			9	113,039
71	8	127,238			8	127,238
72	4	55,547			4	55,547
73	1	23,066			1	23,066
74	3	36,454			3	36,454
75	7	79,807			7	79,807
76	4	85,871			4	85,871
77	6	53,203			6	53,203
78	4	57,930			4	57,930
79	1	13,989			1	13,989
80	3	46,635			3	46,635
81	3	36,186	1	\$ 2,400	4	38,586
82	6	65,585			6	65,585
83	3	23,882	1	34,053	4	57,935
84	7	57,811			7	57,811
85	1	21,350			1	21,350
87	2	18,778	2	9,514	4	28,292
90	2	7,521			2	7,521
93	1	4,800			1	4,800
94			1	10,992	1	10,992
96	1	4,800			1	4,800
Totals	173	\$3,517,761	5	\$56,959	178	\$3,574,720

**VESTED TERMINATED MEMBERS AS OF OCTOBER 1, 2014
BY ATTAINED AGES**

Attained Ages	No.	Annual Benefits
44	1	\$ 5,996
45	1	7,327
46	1	37,774
48	1	17,401
51	1	10,961
52	1	12,705
54	1	33,991
56	2	10,417
57	2	20,435
58	2	52,866
59	2	21,976
60	1	20,292
Totals	16	\$252,141

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

Valuation Date	Active Members	Vested Terminated Members	Valuation Payroll	Average		
				Age	Service	Pay
10/1/2005	249	11	\$ 10,714,287	45.6 yrs.	10.3 yrs.	\$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
10/1/2014	218 *	16	10,662,900 *	46.6	10.3	48,912

* In 2014 there were 17 DROP members with an estimated payroll of \$980,399.

NUMBER ADDED TO AND REMOVED FROM ACTIVE MEMBERSHIP

Year Ended September 30	Number Added During Year		Terminations During Year										Active Members End of Year
			Normal Retirement		Disability Retirement		Died-in-Service		Withdrawal				
	A	E	A	E	A	E	A	E	Vested	Other	Total		
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	15	16	11	9.5	0	0.3	0	0.2	1	4	5	14.5	213
2014	35	30	11	9.5	1	0.3	0	0.3	2	16	18	14.2	218
5-yr. Totals													
2010 - 2014	99	120	54	53.2	2	1.5	0	1.2	10	54	64	68.8	
Expected for 2015				7.1		0.3		0.2				19.9	

A Represents actual number.

E Represents expected number.

**ACTIVE MEMBERS AS OF OCTOBER 1, 2014
BY NEAR AGE AND YEARS OF SERVICE
(EXCLUDING DROP MEMBERS)**

Near Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
15-19	1							1	\$ 11,958
20-24	8							8	221,596
25-29	9	6						15	572,301
30-34	10	8	4					22	1,092,037
35-39	9	3	6					18	870,789
40-44	6	2	4	2	1			15	704,768
45-49	6	7	7	4	4	1		29	1,542,358
50-54	11	12	9	1	9	6	2	50	2,546,877
55-59	8	6	5	6	6	5	1	37	1,945,692
60			3	1				4	199,951
61	2		1		1	1		5	306,859
63	2	2	1	1				6	406,300
64			1					1	35,283
65	1							1	10,222
66	1							1	14,552
67	2							2	24,511
68			1	1				2	147,759
70	1							1	9,087
Totals	77	46	42	16	21	13	3	218	\$10,662,900

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

Age: 46.6 years
Service: 10.3 years
Annual Pay: \$48,912

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)**

Year Ended September 30	Payroll		Unfunded		Contribution	
	Inflated Dollars	Constant Value	Inflated Dollars	Constant Value	Inflated Dollars	Constant Value
2014	\$10,663	\$10,663	\$ 10,609	\$ 10,609	\$ 684	\$ 684
2015	11,143	10,663	10,730	10,268	715	684
2016	11,644	10,663	10,829	9,916	747	684
2017	12,168	10,663	10,901	9,553	781	684
2018	12,716	10,663	10,944	9,177	816	684
2023	15,846	10,663	7,563	5,089	1,602	1,078
2028	19,747	10,663	665	359	999	540
2033	24,608	10,663	(1,555)	(674)	71	31
2037	29,346	10,663	(976)	(355)	(779)	(283)
2038	30,667	10,663	(227)	(79)	(231)	(80)
2039	32,047	10,663	0	0	0	0
* \$ (1,365,869) over 25 years			\$ 2,492,544 over 16 years			
(3,362,149) over 24 years			3,369,533 over 15 years			
161,057 over 23 years			4,304,051 over 14 years			
2,449,577 over 22 years			1,337,731 over 13 years			
1,078,745 over 21 years			257,437 over 11 years			
1,112,942 over 20 years			830,343 over 8 years			
942,457 over 19 years			(267,279) over 6 years			
(976,025) over 18 years			(2,131,987) over 5 years			
375,413 over 17 years						
			\$10,608,521			

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. All actuarial assumptions used in this report are estimates of future experience.

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	
	2014	2013	2012	2011	2010	3-Year	5-Year
Actual	1.7%	1.2%	2.0%	3.9%	1.1%	1.6%	2.0%
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	
	2014	2013	2012	2011	2010	3-Year	5-Year
Net Rate	9.4%	8.6%	6.1%	0.4%	3.6%	8.0%	5.6%
Less Inflation Rate	<u>1.7%</u>	<u>1.2%</u>	<u>2.0%</u>	<u>3.9%</u>	<u>1.1%</u>	<u>1.6%</u>	<u>2.0%</u>
Net Real Rate	7.8%	7.5%	4.1%	-3.5%	2.4%	6.4%	3.6%
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:

Attributable to:	Annual Rates for Salary Increase for Sample Ages				
	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	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
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		
	2014	2013	2012	2011	2010	3-Year	5-Year	10-Year
% Change:								
Actual (1)	3.8%	2.0%	2.5%	4.0%	4.1%	2.8%	3.3%	4.7%
Assumed	5.5%	5.6%	5.5%	5.6%	5.6%	5.6%	5.6%	5.7%
% Change in Total Payroll (2)	(1.1)%	0.1%	(3.8)%	(1.2)%	(2.1)%	(1.6)%	(1.6)%	1.5%

(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	
	2014	2013	2012	2011	2010	3-Year	5-Year
Net Investment Return Rate	9.4%	8.6%	6.1%	0.4%	3.6%	7.9%	5.6%
Rate of Change in Average Pay	3.8%	2.0%	2.5%	4.0%	4.1%	2.7%	3.3%
Difference: Actual	5.6%	6.6%	3.6%	(3.6)%	(0.5)%	5.2%	2.3%
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				
Ages	Value of \$1 Monthly for Life		Future Life Expectancy (Years)	
	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 Disabled 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
	With 10 Years of Service at 11/25/2013	With Less Than 10 Years of Service at 11/25/2013				
55		75%	30	75%	45	5%
56		75%	31	30%	46	5%
57		75%	32	30%	47	5%
58		75%	33	30%	48	5%
59		75%	34	30%	49	5%
60	40%	75%	35	30%	50	5%
61	10%	75%	36	30%	51	5%
62	20%	40%	37	30%	52	5%
63	20%	20%	38	30%	53	5%
64	20%	20%	39	30%	54	5%
65	20%	20%	40	100%	55-59	5%
66	20%	20%				
67	25%	25%				
68	25%	25%				
69	25%	25%				
70	100%	100%				

A General member with at least 10 years of service at November 25, 2013 is eligible for normal retirement after 30 years of service or after attaining age 60 with 5 years of service. Members with less than 10 years of service at November 25, 2013 are eligible for normal retirement at age 55 with 30 years of service or age 62 with 10 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, 2013 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.

**SUMMARY OF ASSUMPTIONS USED
SEPTEMBER 30, 2014**

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**

<u>Age</u>	<u>Value</u>
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 5 to 25 years.

During the year ended September 30, 2014 contributions totaling \$1,988,547 -- \$1,216,994 employer and \$771,553 employee -- were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of October 1, 2012. The employer contributions consisted of \$368,936 for normal cost and administrative expenses and \$848,058 for amortization of the unfunded actuarial accrued liability. Employer contributions represented 11.41% 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
2006	10/1/2005	3.4	\$ 10,714,287	\$ 389,150	\$ 389,150
2007	10/1/2006	4.9	11,574,568	612,047	623,377
2008	10/1/2007	4.9	11,699,741	612,416	612,416
2009	10/1/2008	6.0	11,556,083	749,331	737,532
2010	10/1/2009	7.8	11,676,911	971,717	971,717
2011	10/1/2010	9.2	11,484,650	1,132,385	1,132,385
2012	10/1/2011	12.2	11,449,082	1,490,901	1,490,902
2013	10/1/2012	10.4	10,884,445	1,205,756	1,216,994
2014	10/1/2013 *	12.1	10,713,988	1,387,166	
2015	10/1/2014	11.6	10,662,900	1,321,320	

*After changes in benefit provisions and/or actuarial assumptions.

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, 2014. 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, 2014, the unfunded actuarial accrued liability was \$10,608,521 determined as follows:

Actuarial Accrued Liability:	
Active participants (139 vested and 79 non-vested)	\$21,390,043
Retired participants and beneficiaries currently receiving benefits (178 vested)	33,807,312
Vested terminated participants not yet receiving benefits (16 vested)	1,733,246
DROP balances	<u>815,521</u>
Total Actuarial Accrued Liability	57,746,122
Actuarial Value of Assets (market value was \$49,635,813)	<u>47,137,601</u>
Unfunded Actuarial Accrued Liability	<u><u>\$10,608,521</u></u>

During the year ended September 30, 2014, the Plan experienced a net change of \$776,039 in the actuarial accrued liability. 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)
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	56,970	11,904	79.1	10,714	111.1
2014	47,138	57,746	10,608	81.6	10,663	99.5

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.

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, 2014	October 1, 2013
(a) Participant Data		
(i) Active members	218	213
- number		
- annual payroll	\$10,663	\$10,714
(ii) Retired members & beneficiaries (excl. disability)		
- number	168	161
- annualized benefit payroll	3,444	3,238
(iii) Disabled members & beneficiaries		
- number	10	9
- annualized benefit payroll	130	116
(iv) Terminated vested members		
- number	16	16
- annualized deferred benefit payroll	252	247
(b) Assets		
(i) Actuarial value for funding	47,138	45,066
(ii) Market value	49,636	47,024
(c) Actuarial Liability		
(i) Actuarial present value of active member benefits:		
service retirement	25,495	26,645
termination benefits - pension	2,116	2,208
disability retirement	639	651
survivor benefits (pre-retirement)	709	739
termination benefits - refunds	292	211
Total	29,251	30,454
(ii) Actuarial present value of terminated vested member benefits	1,733	1,660
(iii) Actuarial present value of retired member benefits:		
total service retirement & survivors	32,633	31,066
DROP reserve	816	786
disability retirement & survivors	1,174	1,017
Total	34,623	32,869
(iv) Total actuarial present value of future benefit payments	65,607	64,983
(v) Payables	0	0
(vi) Actuarial accrued liability	57,746	56,970
(vii) Unfunded actuarial accrued liability(1)	\$ 10,609	\$ 11,904

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

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

	October 1, 2014	October 1, 2013
(d) Actuarial Present Value of Accrued Benefits (calculated in accordance with FASB Statement No. 35)		
(i) Vested accrued benefits		
Retired members and beneficiaries	\$34,623	\$32,083
Terminated members	1,733	1,660
Active members (includes non-forfeitable accum. member contributions of \$8,478 for 2014 and \$8,682 for 2013)	16,630	17,671
Total	52,986	51,414
(ii) Non-vested accrued benefits	1,002	824
(iii) Total actuarial p.v. of accrued benefits	53,988	52,238
(iv) Actuarial p.v. of accrued benefits at begin. of year	52,238	50,474
(v) Changes attributable to:		
Amendments	0	(951)
Assumption change	0	0
Operation of decrements	5,721	5,673
Benefit payments	(3,971)	(2,958)
Other	none	none
(vi) Net change	1,750	1,764
(vii) Actuarial p.v. of accr. benefits at end of year	\$53,988	\$52,238
(e) Plan costs for fiscal year beginning October 1, 2015 and October 1, 2014 (EANC)		
(i) Normal costs		
Service pensions	7.48%	7.55%
Disability pensions	0.33%	0.31%
Survivor pensions (pre-retirement)	0.28%	0.28%
Deferred service pensions	1.23%	1.25%
Refunds of member contributions	1.04%	1.01%
Total normal cost	10.36%	10.40%
(ii) Payment to amortize unf'd. act. accr. liab.	6.43%	7.52%
(iii) FS112.64(5) Compliance	1.80%	1.38%
(iv) Administrative expenses	0.96%	0.77%
(v) Amount to be paid by members	7.95%	7.95%
(vi) Expected plan sponsor	11.60%	12.12%
- dollars	\$ 1,321	\$ 1,387

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

	October 1, 2014	October 1, 2013
(f) Past Contributions (fiscal year ending 9/30/2014 & 2013)		
(i) Required minimum:		
Plan sponsor	\$ 1,206	\$ 1,491
Members	895	789
Total	2,101	2,280
(ii) Actual:		
Plan sponsor	1,217	1,491
Members	772	707
Total	1,989	2,198
(g) Net Experience Gain (Loss)	1,366	602
(h) Other Disclosures		
(i) Present value of active member future salaries		
from attained age	\$78,656	\$79,762
from entry age	not applicable to individual EANC method	
(ii) Present value of active member future contribs.		
from attained age	\$ 6,253	\$ 6,341
from entry age	not applicable to individual EANC method	
(i) Actuarial Present Value of Accrued Benefits Using FRS Interest Rate		
(i) Vested	\$54,211	\$53,425
(ii) Non-Vested	1,061	880
(iii) Total	55,271	54,305
(iv) Market Value of Assets (MVA)	49,636	47,024
(v) Funded Ratio Using FRS Interest Rate and MVA	89.80 %	86.59 %

**RECONCILIATION OF MEMBERSHIP
FOR THE PLAN YEAR ENDED SEPTEMBER 30, 2014**

	Active Members	Vested Terminated Members	Pension Recipients			
			Active DROP	Service Retired	Disability Retired	All Beneficiaries
No. at Start of Year	213	16	17	126	5	22
Increase (Decrease) From						
Service Retirement	(5)	(1)	(6)	12		
DROP Retirement	(6)		6			
Disability Retirement	(1)				1	
Deaths				(11)		6
Other Pension Terminations		(1)				
Vested Terminations	(2)	2				
Non-Vested Terminations	(16)					
Transfer to another division						
New Entrants/Rehires	35					
No. at End of Year	218	16	17	127	6	28

DROP ACTIVITY

Age	Year Ended 9/30/2014		
	Eligible*	Elected to DROP	Elected to Retire
56	2	2	
60	2		2
61	2	1	1
62	6	2	1
63	2		
64	1	1	
65	1		1
67	1		
68	1		
Totals	18	6	5

**The DROP was closed to new members on November 25, 2013.*

May 7, 2015

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

Dear Ann:

Enclosed are 15 copies of the report of the Sixty-Fourth 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

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

Sincerely,



Brad Lee Armstrong, ASA, EA, FCA, MAAA

BLA:dj
Enclosures

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

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