



CITY OF JACKSONVILLE BEACH GENERAL EMPLOYEES' RETIREMENT SYSTEM

Summary Plan Description for **Members hired before 11/25/2013**

To Current Employees of the City of Jacksonville Beach hired before 11/25/2013:

Following is a brief description of the General Employees' Retirement Plan. This handout is intended to be a plain language summary of the benefits provided by the City of Jacksonville Beach General Employees' Retirement Plan. On November 25, 2013, the City made changes to the General Employees' Retirement plan that impacted both new and existing employees. A separate summary plan description is available for all new employees hired on or after 11/25/2013. This summary plan description is applicable for employees employed by the City as of 11/24/2013 and references the plan provision which vary depending on the employee's years of service as the date the changes were adopted. Any questions you have regarding your rights or benefits under your pension plan should be directed to the Retirement System's pension plan administrator:

Duston Scott
Pension Plan Administrator
Human Resources
City Hall
11 North Third Street
Jacksonville Beach, FL 32250
Phone: (904) 247-6264
Fax: (904) 247-6169

(Please Note! - This handout is not the official pension plan document and your actual benefits are governed by the appropriate provisions of the state statutes and City ordinances. (Please refer to the City's code of Ordinances for the provisions of the pension plan.) If there is any conflict between those legislative provisions and this handout, the legislative provisions control. This handout is solely intended as a guide to your benefits and is not intended to create a contract or promise of any specific benefit. Nothing in this document is intended to, nor does it, create a contract for benefits greater than provided by law.)

CITY OF JACKSONVILLE BEACH GENERAL EMPLOYEES' RETIREMENT SYSTEM

The City of Jacksonville Beach General Employees' Retirement System was established November 1, 1951. It is a defined benefit plan. Under a defined benefit pension plan, your pension is designed to provide you with a lifetime of income once you retire. Your pension plan also provides disability and death benefits under certain circumstances. Some of the members of the Retirement System are covered by a Collective Bargaining Agreement between the City of Jacksonville Beach and the Northeast Florida Public Employees Local 630, Laborers International Union of North America. The pension plan uses a formula to determine the benefit to be paid to you at retirement. The Board of Trustees administers and manages the pension plan. A listing of the Board of Trustees is provided on page 10. Following are some of the general provisions of the pension plan. The full provisions of the plan can be found under the City's code of ordinances Part II Chapter 2 Division 5 – General Employees' Retirement System. To view the City's Code of Ordinances visit Municipal Codes at:

https://library.municode.com/fl/jacksonville_beach/codes/code_of_ordinances?nodeId=PTIICO_OR_CH2AD_ARTVEMBE_DIV5GEEMRESY

On November 25, 2013 the City of Jacksonville Beach amended the General Employees' Retirement System Ordinance. This amendment resulted in changes to various pension provisions depending on the number of years of service you had as of that date. On page 11 of this document is a matrix which outlines your benefit provisions based on your years of service as of 11/25/2013.

MEMBERSHIP:

Who is eligible to participate in the pension plan?

- If you are a full time employee of the City of Jacksonville Beach or a part time employee and you hold a position that regularly requires one thousand (1,000) or more hours per year, you are automatically enrolled in the pension plan on your date of hire. (Police Officers and Firefighters have their own separate pension plans.)

CONTRIBUTIONS:

Am I required to make contributions to the pension plan?

- Yes. - You will make pre –tax contributions equal to 7.95% of your compensation. (This amount is automatically deducted from your pay check each pay day.) You do not pay federal income tax on the contributions you make until you terminate your employment and take a refund of your contributions or begin receiving your pension benefits.

CONTRIBUTIONS (Continued):

The City of Jacksonville Beach also makes contributions to the pension plan. The amount contributed is an actuarial calculation which is updated annually.

NORMAL RETIRMENT AGE:

How long do I have to work and how old do I have to be to retire? (This is known as your normal retirement age.) - That depends on how many years of service you have as of 11/25/2013.

- For those employees with less than 10 years of service on 11/25/2013
 - You can retire at age 55 with 30 years of service or age 62 with 10 years of service.
- For those employees with 10 or more years of service on 11/25/2013
 - You can retire at any age with 30 years of service or age 60 with 5 years of service.
- For those employees who are age 60 with 5 years of service on 11/25/2013
 - You can retire at age 60.
- There is no mandatory retirement age.

BENEFIT FORMULA:

How is my pension benefit calculated?

- Your pension benefit is calculated by multiplying 2.5% times each year of your credited service times your final average compensation. (The maximum pension you can receive is \$90,000 or 75% of final average compensation whichever is less.)
 - *Note - Employees who are age 60 with 5 years of service as of 11/25/13 do not have a \$90,000 cap on their pensions.*
- Final Average Compensation is the average of your highest 5 years out of your last 10 years of compensation prior to your retirement. Compensation means base pay and longevity pay and excludes overtime pay and all other payments. (Overtime means pay for hours worked in excess of 40 hours in a workweek.)
 - *Note – For employees who are age 60 with 5 years of service as of 11/25/13, compensation means base pay, longevity pay, overtime pay, shift differential, and educational incentive pay but excludes leave payouts and all other compensation.*

BENEFIT FORMULA (Continued):

EXAMPLE:

- For example – Assume you are age 55 and have 30 years credited service and your final average compensation is \$50,000. Your annual pension benefit would be calculated as follows:

$$\begin{aligned} 2.5\% \times 30 \text{ years} &= 75\% \\ 75\% \times \$50,000 &= \$37,500 \text{ (Annual Pension Benefit)} \end{aligned}$$

BENEFIT OPTIONS:

How will I be paid my pension benefit?

Members must select one of the four benefit options at retirement.

Option I:

- 10 Year Certain and Life – The retiree is paid a pension benefit for life. This benefit has a guarantee period of 120 months. Upon the death of the retiree during the guaranteed period, the named survivor beneficiary is paid the full amount of the benefit payment for the remainder of the guarantee period.

Option II:

- 100% Joint and Survivor – The retiree is paid a reduced pension benefit for life. Upon the death of the retiree during the lifetime of the named survivor beneficiary, the named survivor beneficiary is paid 100% of reduced benefit paid to the retiree for the remainder of the survivor beneficiary's lifetime.

Option III: (You have one of three choices)

- 75% Joint and Survivor – The retiree is paid a reduced pension benefit for life. Upon the death of the retiree during the lifetime of the named survivor beneficiary, the named survivor beneficiary is paid 75% of the reduced benefit paid to the retiree for the remainder of the survivor beneficiary's lifetime.
- 66⅔% Joint and Survivor – The retiree is paid a reduced pension benefit for life. Upon the death of the retiree during the lifetime of the named survivor beneficiary, the named survivor beneficiary is paid 66⅔% of the reduced benefit paid to the retiree for the remainder of the survivor beneficiary's lifetime.
- 50% Joint and Survivor – The retiree is paid a reduced pension benefit for life. Upon the death of the retiree during the lifetime of the named survivor beneficiary, the named survivor beneficiary is paid 50% of the reduced benefit paid to the retiree for the remainder of the survivor beneficiary's lifetime.

BENEFIT OPTIONS (Continued)

Option IV:

- Straight Life – The retiree is paid a pension benefit for life. Upon the death of the retiree, the benefit ends.

VESTING:

How long do I have to work to become vested in the pension plan?

- If you had 5 or more years of service as of 11/25/13 you are vested in the pension plan. If you had less than 5 years of service as of 11/25/13 you must have 10 years of service to become vested in the pension plan.
- If you leave the City and are vested in the pension plan, you can remain vested in the pension plan. Your pension benefit amount is computed at your normal retirement age but based upon service and final average compensation at time of termination.

TERMINATION PRIOR TO VESTING:

What happens to the money I contributed to the pension plan if I should leave the City before I become vested?

- The pension contributions that you paid into the plan are reimbursed to you or may be rolled over to an IRA or another qualified plan.
- You may also leave your pension contributions in the plan for a period of not more than five years after leaving employment of the city, pending the possibility of being rehired by the City, without losing credit for the time you participated as a member of the plan.
- 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.

EARLY RETIREMENT:

Can I retire before my normal retirement date?

- You are eligible for early retirement if you complete 20 years of service, but have not reached your normal retirement date.
- Your Pension Benefit is computed like regular retirement, but reduced to take into account your early retirement as follows:

EARLY RETIREMENT (Continued):

- 7.5% per year reduction for the first five years prior to your normal retirement date.
- 5.5% per year reduction for all years in excess of five years prior your normal retirement date.

DISABILITY RETIREMENT:

Duty Disability:

What happens if I become disabled on the job?

If you should become disabled on the job you may qualify for duty disability retirement.

- There are no age or service requirements to be eligible.
- Your pension benefit is computed as a normal retirement to regular retirement age. Minimum benefit is not less than 50% of final average compensation. At regular retirement age you have 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:

What happens if I become disabled while not on the job?

If you should become disabled while not on the job you may qualify for non-duty disability retirement.

- You must have 10 or more years of service to be eligible.
- Your pension benefit is computed as a normal retirement. (Minimum benefit is not less than 25% of final average compensation.)

DEATH BENEFITS:

Duty Death Before Retirement:

What happens to my pension if I am killed on the job?

- There are no age or service requirements to be eligible.
- If you are married, your spouse will receive 100% of your normal retirement benefit for the remainder of his or her life. This benefit is calculated using the Straight Life form of payment. The minimum benefit is not less than 35% of your final average compensation.
- If you do not have a spouse, your unmarried child (or children on a pro rata share) will receive 100% of your normal retirement benefit until they reach the age of 18. This benefit is calculated using the Straight Life form of payment. The minimum benefit is not less than 50% of your final average compensation.
- If you do not have a spouse or children, then your contingent survivor beneficiary will receive your normal retirement benefit calculated using the 100% Joint and Survivor payment option.

Non-Duty Death Before Retirement:

What happens if I die before I retire?

- You must have 10 or more years of service to be eligible.
- If you are married, your spouse will receive 100% of your normal retirement benefit for the remainder of his or her life. This benefit is calculated using the Straight Life form of payment. However, there is no minimum benefit.
- If you do not have a spouse, your unmarried child (or children on a pro rata share) will receive 100% of your normal retirement benefit until they reach the age of 18. This benefit is calculated using the Straight Life form of payment. However, there is no minimum benefit.
- If you do not have a spouse or children then your contingent survivor beneficiary will receive your normal retirement benefit (calculated using the 100% Joint and Survivor payment option).

BACK DROP:

When am I eligible for DROP?

The DROP program was replaced with a Back DROP program effective November 25, 2013. The Back DROP works as follows:

- A pension plan member, who reaches normal retirement eligibility and continues to work beyond their normal retirement date, is eligible to elect Back DROP. A member's Back-DROP date shall be a date that is selected by the member that is on or after the member's normal retirement date but no more than 36 months prior to their separation date.

A member who elects the Back-DROP shall be entitled to a monthly pension determined as of the member's Back-DROP date, plus a lump sum payment equal to the pension benefits the member would have received had he/she retired on the Back-DROP date, with interest at the rate of 3% per annum. The lump sum Back-DROP benefit, less applicable withholding taxes, shall be distributed to the member within 60 days following separation from employment. Alternatively, a member may elect to roll some or all of the lump sum Back-DROP benefit into an IRA or other qualified retirement plan, in accordance with applicable law.

RETIREMENT:

What do I need to do when I am ready to retire?

- Contact the Pension Plan Administrator to set up an appointment to come in and complete your retirement application and supporting documents.

Duston Scott
Pension Plan Administrator
Phone: (904) 247-6264
dscott@jaxbchfl.net

Who is the agent for service of legal process?

Robert Sugarman
Sugarman & Susskind, P.A.
100 Miracle Mile, Suite 300
Coral Gables, Florida 33134
(385) 529-2801

FINANCIAL AND ACTUARIAL INFORMATION:

How do I find out about the financial or actuarial condition of the plan?

- The financial records of the Plan are maintained on a fiscal year basis ending each September 30th. An audit is conducted each fiscal year by a firm of independent auditors in accordance with the provisions of the City Charter. In addition thereto, the Plan is legally required to prepare an annual report to the State of Florida and an actuarial valuation on a frequency no less often than once every three years. Each of these periodic reports contains financial and actuarial information that may be of interest to you.
- Copies of the following reports are available for review in the Pension Plan Administrator's Office.
 - Annual Financial Statement and Independent Auditor's Report on the Jacksonville Beach General Employees Retirement System.
 - Annual Report to the State of Florida, Department of Management Services, Division of Retirement for the Jacksonville Beach General Employee Retirement System.
 - Most recent Actuarial Valuation for the Jacksonville Beach General Employees Retirement System.
 - Attached on pages 12- 18 is an excerpt from the audited financial statements for fiscal year end 9/30/2018 which summarizes the financial condition of the plan.

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.

**CITY OF JACKSONVILLE BEACH
GENERAL EMPLOYEES' PENSION BOARD**

MEMBER	TERM BEGINS	TERM EXPIRES
<p>Council Appointee Christine Hoffman, <u>Chair Pro-Tem</u> 1026 North 13th Street Jacksonville Beach, FL 32250 904-476-6153 CHoffman@jaxbchfl.net</p>	<p><i>Appointed by Council</i> 01/22/13</p>	<p><i>Serves at pleasure of Council</i></p>
<p>Council Appointee Georgette Dumont, Ph.D. c/o Human Resources 11 North 3rd Street Jacksonville Beach, FL 32250 904-247-6263 gdumont@jaxbchfl.net</p>	<p><i>Appointed by Council</i> 01/22/2019</p>	<p><i>Serves at pleasure of Council</i></p>
<p>Employees' Representative Nick Currie - BES 1460 Shetter Avenue Jacksonville Beach, FL 32250 W – 247-6258 NCurrie@jaxbchfl.net</p>	<p><i>Re-elected by Member Employees – 11/13/2018 4 yr. term</i></p>	<p>10/31/2022</p>
<p>Employees' Representative Eddie Vergara - Finance 11 N 3rd Street Jacksonville Beach, FL 32250 W – 247-6139 EVergara@jaxbchfl.net</p>	<p><i>Re-elected by Member Employees - 10/05/2016 4 yr. term</i></p>	<p>10/31/2020</p>
<p>Fifth Member Brandon Maresma, <u>Chairperson</u> 324 North 6th Avenue Jacksonville Beach, FL 32250 W – 222-0204 x307 Brandon@postilliontax.com</p>	<p><i>Selected by Board - 02/09/2016 Reappointed by Council - 12/04/2017 2 yr. term</i></p>	<p>12/31/2019</p>
<p><i>Pension Administrator- Duston Scott, Payroll/Benefits Administrator</i> <i>Plan Treasurer – Ashlie Gossett, Chief Financial Officer</i></p>		
<p>GENERAL EMPLOYEES' RETIREMENT SYSTEM</p>		

Provision	Employees with <5 years of service on November 25, 2013	Employees with at least 5 but less than 10 years of service on November 25, 2013	Employees with 10+ years of service on November 25, 2013	Employees with 30 Years of service or age 60 with 5 years of service on November 25, 2013
Benefit Formula	2.5% x final avg. comp. x service (\$90,000 or 75% maximum, whichever is less)	2.5% x final avg. comp. x service (\$90,000 or 75% maximum, whichever is less)	2.5% x final avg. comp. x service (\$90,000 or 75% maximum, whichever is less)	2.5% x final avg. comp. x service (75% maximum)
Normal Retirement Date	Age 62 with 10 years of service or Age 55 with 30 years of service	Age 62 with 10 years of service or Age 55 with 30 years of service	Age 60 with 5 years of service or 30 years of service regardless of age	Age 60 with 5 years of service or 30 years of service regardless of age
Early Retirement	After 20 years of service – reduced benefit (<i>no change</i>)	After 20 years of service – reduced benefit (<i>no change</i>)	After 20 years of service – reduced benefit (<i>no change</i>)	After 20 years of service – reduced benefit (<i>no change</i>)
Pensionable Pay	Base pay + longevity, but <u>excluding overtime, shift diff, incentive pay, leave payouts</u> and all other compensation	Base pay + longevity, but <u>excluding overtime, shift diff, incentive pay, leave payouts</u> and all other compensation	Base pay + longevity, but <u>excluding overtime, shift diff, incentive pay, leave payouts</u> and all other compensation	Base pay + overtime + longevity + shift diff. + ed. incentive pay, but excluding leave payouts and all other compensation
Vesting	10 years - Deferred benefit begins at: Age 55 with 30 years of service; or Age 62 with 10 years of service	Currently Vested Deferred benefit begins at: Age 55 with 30 years of service; or Age 62 with 10 years of service; or Age 65 with 5 years of service	Currently Vested Deferred benefit begins at: Age 60	Currently Vested Deferred benefit begins at: Age 60
Disability	42% min. – duty 25% min. – non-duty (<i>no change</i>)	42% min. – duty 25% min. – non-duty (<i>no change</i>)	42% min. – duty 25% min. – non-duty (<i>no change</i>)	42% min. – dut 25% min. – non-duty (<i>no change</i>)
DROP	Replace with 3 year Back DROP 3% interest	Replace with 3 year Back DROP 3% interest	Replace with 3 year Back DROP 3% interest	Replace with 3 year Back DROP 3% interest
Employee Contribution	7.95%	7.95%	7.95%	7.95%

**CITY OF JACKSONVILLE BEACH GENERAL EMPLOYEES RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Excerpt from the audited financial statements for fiscal year end 9/30/2018)**

The discussion and analysis of the City of Jacksonville Beach, Florida, General Employees' Retirement System (the Plan) provides an overview of the financial activities and funding conditions for the fiscal year ended September 30, 2018.

Financial Highlights

- The Plan's total net position held in trust for the payment of benefits and to meet the Plan's future obligations to its members and their beneficiaries was \$55,646,916. The Plan's position increased by \$2,875,061, a 5.45% increase for the year.
- Employer contributions to the Plan increased \$307,144 over the previous year. The actual employer contributions were \$1,591,545 for 2017, and \$1,898,689 for 2018. The increase is attributable to an increase in the actuarially calculated contribution requirement.
- Employee contributions to the Plan increased by \$11,135 over the previous year. The actual employee contributions were \$1,018,627 for 2017, and \$1,029,762 for 2018. The increase in employee contributions is attributable to an increase in covered payroll dollars.
- The net investment income decreased by \$1,065,995 compared to 2017. The actual results were \$5,827,579 for 2017, and \$4,761,584 for 2018. Investment income decreased due to a decrease in performance compared to the previous year.
- Benefit payments and refund of contributions increased by \$16,982 compared to 2017. The benefit payments and refund of contributions were \$4,697,563 for 2017, and \$4,714,545 for 2016. The increase is attributable to more employees receiving refunds compared to the previous year.

Pension Plan provisions for the General Employees' Retirement System were modified significantly in Fiscal Year 2014 to improve the Plan's financial sustainability. The modifications included increasing the employee's contribution rate, changing the vesting periods, modifying pensionable pay exclusions, and modifying the Deferred Retirement Option Program (DROP). Details of the changes can be found in the Notes to the Financial Statements beginning on page 12. The funding objective of the General Employees' Retirement System is to meet its long-term pension benefit obligations through employer and employee contributions and investment returns. The Plan fiduciary net position as a percentage of total pension liability was 77.14% as of September 30, 2018.

Financial Analysis

The following discussion and analysis are intended to serve as an introduction to the City of Jacksonville Beach, Florida, General Employees' Retirement System financial statements, which are comprised of the Statement of Fiduciary Net Position, the Statement of Changes in Fiduciary Net Position, Notes to Financial Statements, and certain required supplementary information.

The financial statements reflect the activities of the General Employees' pension plan and are reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. These statements are presented on a full accrual basis and reflect all trust activities as incurred.

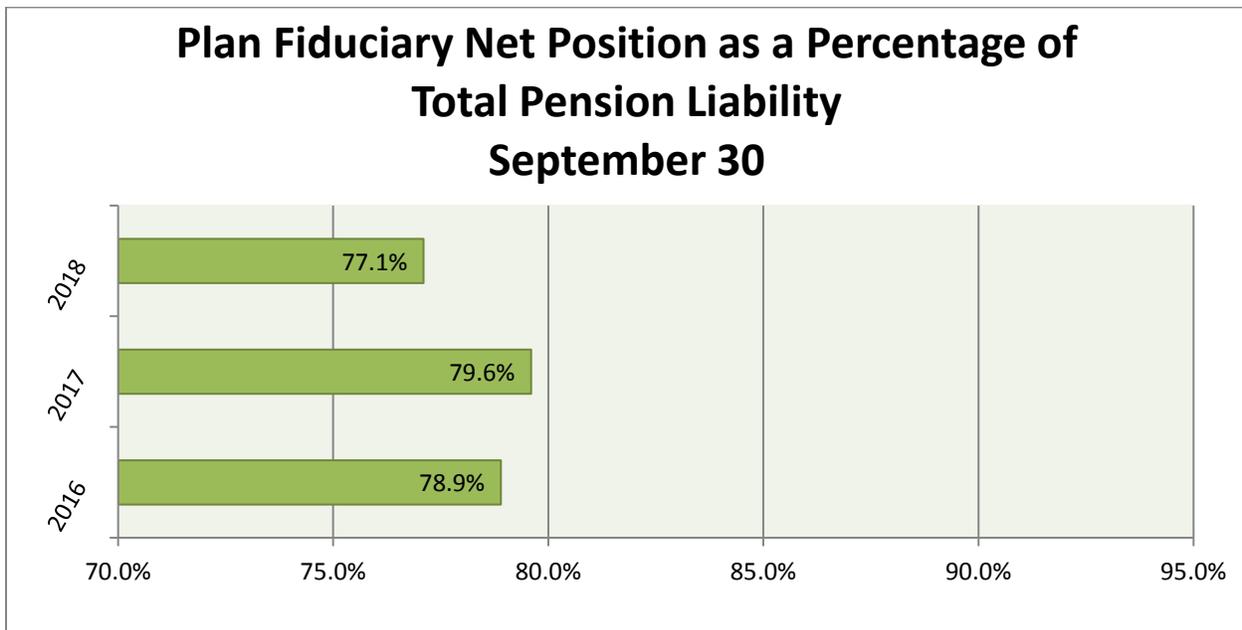
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Financial Analysis (Continued)

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Jacksonville Beach's progress in funding its obligation to provide pension benefits to its employees.

In 2014, the City implemented Governmental Accounting Standards Board Statement No. 67 & 68 (GASB 67 & 68) as required for the General Employees' Retirement System. This statement requires additional disclosures in the Plan's financial statements. The statement also requires the net pension liability to be measured as of the Plan's most recent fiscal year-end using methods prescribed by GASB that differ significantly from previous methods. The required disclosures for the General Employees' Retirement System can be found in the Notes to the financial statements beginning on page 12 and the Required Supplementary Information beginning on page 22.

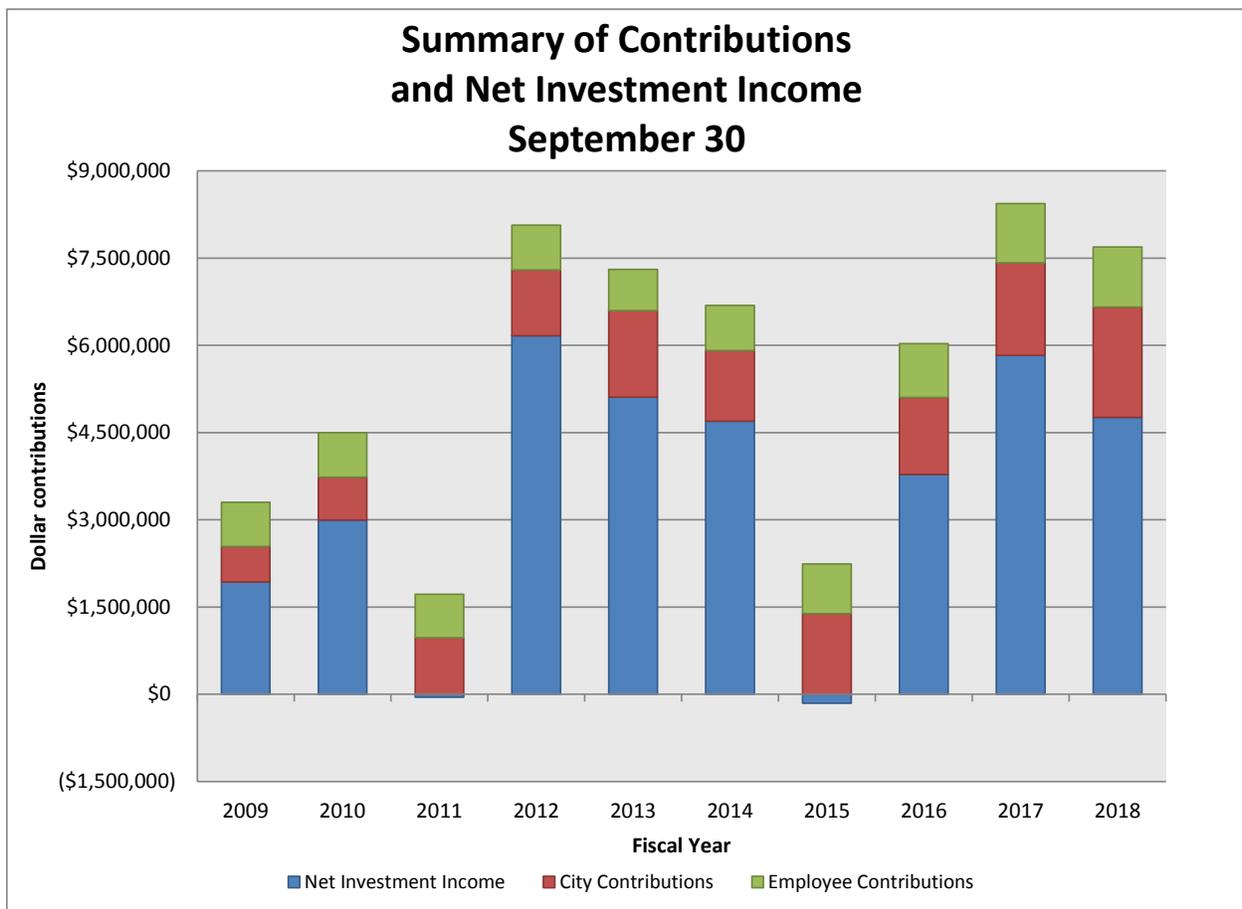
There are several ways to measure the Plan's financial status. One means is to determine the Plan's net position available to pay benefits. This is the difference between total assets and total liabilities. Another way is to refer to the Plan's Net Pension Liability, which takes into account the total pension liability and the Plan fiduciary net position. The chart below displays the Plan fiduciary net position as a percentage of total pension liability for the past three years.



MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Financial Analysis (Continued)

The funding objective of the Retirement System is to establish and receive contributions (expressed as a percent of active member payroll) which should remain level from year-to-year and not have to be increased for future generations of citizens in the absence of benefit improvements. The Retirement System is supported by member contributions, City contributions, and investment income from the Retirement System assets as displayed on the chart below.



MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Financial Analysis (Continued)

Actuarial differences between actual and assumed investment return are phased-in over a closed four-year period. Therefore, during periods when investment performance exceeds the assumed rate, asset values will tend to be less than market value. Conversely, during periods when investment performance is less than the assumed rate, valuation assets will tend to be greater than market value. As of October 1, 2017, the date of the last actuarial valuation, the Plan had a market value of \$52,771,855 and a funding value of \$52,342,244 as shown in the chart below.

Market/Funding Value of Assets

<u>Plan Year Ended 9-30</u>	<u>Market Value</u>	<u>Funding Value</u>
2008	\$ 36,348,335	\$ 40,974,530
2009	37,248,523	41,537,752
2010	39,014,957	41,770,590
2011	37,834,361	40,808,666
2012	42,759,671	42,287,997
2013	47,023,784	45,066,035
2014	49,635,814	47,137,601
2015	47,301,861	49,152,702
2016	49,137,471	50,816,076
2017	52,771,855	52,342,244

The Statement of Fiduciary Net Position is a snapshot of account balances at year-end. It indicates the assets available for future payments to retirees and any current liabilities that are owed at this time.

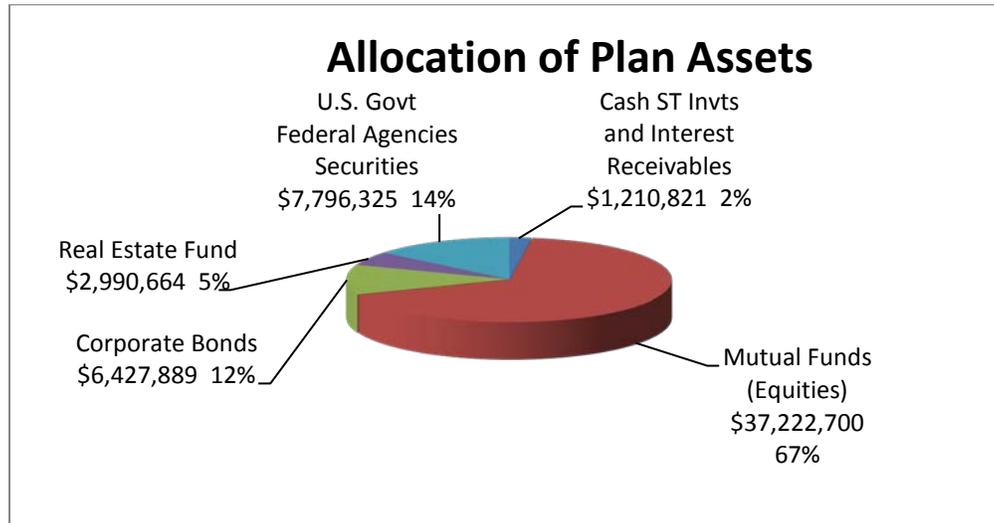
Fiduciary Net Position Restricted for Pension Benefits as of September 30

	<u>2018</u>	<u>2017</u>	<u>Increase/ (Decrease)</u>
Cash and Short-term Investments	\$ 1,121,251	\$ 818,309	\$ 302,942
Interest Receivable	89,570	97,201	(7,631)
Investments	54,437,578	51,859,895	2,577,683
Total Assets	<u>55,648,399</u>	<u>52,775,405</u>	<u>2,872,994</u>
Accounts Payable	850	3,004	(2,154)
Other Accrued Liabilities	633	546	87
Total Liabilities	<u>1,483</u>	<u>3,550</u>	<u>(2,067)</u>
Net Position Restricted for Pension Benefits	<u>\$ 55,646,916</u>	<u>\$ 52,771,855</u>	<u>\$ 2,875,061</u>

The total net position of the General Employees' Retirement System as of September 30, 2018, was \$55,646,916. The allocation of the Plan's total assets as of September 30, 2018, is shown on the pie chart on the following page.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Financial Analysis (Continued)



Revenues essential to funding the Plan are obtained from member contributions, City contributions, and investment income from the retirement system assets. For the Plan year ended September 30, 2018, plan participants were required to pay 7.95% of their annual pensionable salary to the pension plan. The City makes periodic contributions totaling 100% of the annual actuarially determined amount to the Plan.

The Statement of Changes in Fiduciary Net Position provides a view of current year additions to and deductions from the Plan's net position. The sum of net investment earnings and contributions were higher than deductions resulting in an overall 5.45% increase in plan net position for the year. Earnings or losses on investments are reported net of investment expenses. The following table shows a comparative summary of the changes in net position and reflects the Plan's activities for the fiscal years ended September 30:

Changes in Fiduciary Net Position for the Year Ended September 30

	<u>2018</u>	<u>2017</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
Additions:				
Contributions	\$ 2,928,451	\$ 2,610,172	\$ 318,279	12.19%
Net Investment Income (Loss)	4,761,584	5,827,579	(1,065,995)	-18.29%
Transfers	0	729,535	(729,535)	-100%
Total Additions, Net	<u>7,690,035</u>	<u>9,167,286</u>	<u>(1,477,251)</u>	-16.11%
Deductions:				
Benefits and Refunds	4,714,545	4,697,563	16,982	0.36%
Administrative Expenses	100,429	105,804	(5,375)	-5.08%
Transfers	0	729,535	(729,535)	-100%
Total Deductions	<u>4,814,974</u>	<u>5,532,902</u>	<u>(717,928)</u>	-12.98%
Change in Net Position	2,875,061	3,634,384	(759,323)	-20.89%
Beginning of Year Net Position	<u>52,771,855</u>	<u>49,137,471</u>	<u>3,634,384</u>	7.40%
End of Year Net Position	<u>\$ 55,646,916</u>	<u>\$ 52,771,855</u>	<u>\$ 2,875,061</u>	5.45%
End of Year Net Position	<u>\$ 52,771,855</u>	<u>\$ 49,137,471</u>	<u>\$ 3,634,384</u>	7.40%

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Financial Analysis (Concluded)

The Plan's investment earnings result from market gains and losses on investments during the year as well as dividend and interest earnings.

Additions to the Plan Net Position

The monies to pay benefits are accumulated from the contributions made from employers, employees, and income generated from the Plan's investments. Earnings or losses on investments are reported net of investment expenses.

	<u>2018</u>	<u>2017</u>	<u>Increase/ (Decrease)</u>
Additions:			
Employee Contributions	\$ 1,029,762	\$ 1,018,627	\$ 11,135
Employer Contributions	1,898,689	1,591,545	307,144
Net Investment Income (Loss)	4,761,584	5,827,579	(1,065,995)
Transfers In	<u>0</u>	<u>729,535</u>	<u>(729,535)</u>
Total Additions	<u>\$ 7,690,035</u>	<u>\$ 9,167,286</u>	<u>\$ (1,477,251)</u>

Deductions from the Plan Net Position

The Plan provides a lifetime pension benefit to its retired members, as well as survivor, and disability benefits. Annual expenses to the Plan include retirement benefits, refunds of employee contributions, and administrative expenses.

	<u>2018</u>	<u>2017</u>	<u>Increase/ (Decrease)</u>
Deductions:			
Benefits	\$ 4,555,656	\$ 4,599,574	\$ (43,918)
Refund of Contributions	158,889	97,989	60,900
Administrative Expenses	100,429	105,804	(5,375)
Transfers Out	<u>0</u>	<u>729,535</u>	<u>(729,535)</u>
Total Deductions	<u>\$ 4,814,974</u>	<u>\$ 5,532,902</u>	<u>\$ (717,928)</u>

The benefit payments are payments to retirees, or their beneficiaries (if the retiree is deceased). The refund of contribution amounts are refunds of employee contributions plus interest distributed to terminated employees who are not vested or who are vested but elect to not receive plan benefits. Administrative expenses include all expenses necessary to administer the retirement plan.

Notes to Financial Statements and Required Supplementary Information

Notes to financial statements provide additional information that is essential to a full understanding of the data provided. They begin on page 12 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Concluded)

Notes to Financial Statements and Required Supplementary Information (Concluded)

GASB 67 requires several schedules of historical trend information to be presented as required supplementary information immediately after the notes to the financial statements. The required schedules are: (a) a schedule of changes in the net pension liability and related ratios multi-year that presents the beginning and ending balances of the total pension liability, the pension plan's fiduciary net position, the net pension liability and the effects on those items; (b) a schedule of net pension liability multi-year; (c) a schedule of the City's contributions; and (d) a schedule of investment returns that provides information about the annual money-weighted rate of return on pension plan investments.

These schedules contain information pertaining to the City of Jacksonville Beach, Florida, General Employees' Retirement System's actuarial methods and assumptions, including data on the investment returns of the Plan. They can be found on pages 22-25.

Plan Membership

The table below reflects the Plan membership as of September 30 for active participants, retirees, beneficiaries, disabled members, and terminated vested members:

	September 30, 2018	September 30, 2017	Change
Vested	101	109	(8)
Nonvested	137	140	(3)
Total Active Participants	238	249	(11)
Retirees Receiving Benefits	156	155	1
Beneficiaries Receiving Benefits	28	27	1
Disability Benefits	7	7	0
Total Receiving Benefits	191	189	2
Terminated Vested Members	12	11	1
Total Members Currently Receiving Benefits and Terminated Employees Entitled to Benefits, But Not Yet Receiving Them	203	200	3

Funding Status

Of primary concern to most pension plan participants is the amount of money available to pay benefits. Historically, defined benefit pension plans have been under-funded when the employer failed to make annual actuarially required contributions to the Plan. The City's defined benefit pension plan has been subject to the minimum funding standards since the adoption of the *Florida Protection of Public Employee Retirement Benefits Act* (Part VII of Chapter 112, Florida Statutes) in 1980. Accordingly, the City has funded the actuarially determined contribution for each year as required.

Requests for Information

The financial report is designed to provide users with an overview of the Plan's finances and the prudent exercise of the Board's oversight. Questions concerning this report should be addressed to the City's Finance Officer, 11 North Third Street, Jacksonville Beach, Florida 32250.