

**JACKSONVILLE POLICE AND FIRE PENSION FUND  
BOARD OF TRUSTEES & FIAC  
SPECIAL MEETING AGENDA – JANUARY 18, 2017  
RICHARD “DICK” COHEE BOARD ROOM**

**PFPF MISSION STATEMENT:**

*To provide long term benefits to participants and their beneficiaries*

**NOTE:** Any person requiring a special accommodation to participate in the meeting because of disability shall contact the Executive Assistant at (904) 255-7373, at least five business days in advance of the meeting to make appropriate arrangements.

**BOARD OF TRUSTEES**

Lt. Richard Tuten III, Board Chairman  
Richard Patsy, Board Secretary  
Lt. Chris Brown, Trustee  
Willard Payne, Trustee  
William E. Scheu, Trustee

**FINANCIAL INVESTMENT AND ADVISORY COMMITTEE (FIAC)**

Brian Smith, FIAC Chairman  
Craig Lewis, FIAC Secretary  
Tracey Devine, *pending City Council approval*  
Rob Kowkabany  
Rodney VanPelt

**STAFF**

Timothy H. Johnson, Executive Director – Plan Administrator  
Jarmon Welch, Pension Board Consultants  
Bob Sugarman, Sugarman & Susskind – *via phone*  
Pete Strong, GRS  
Devin Carter, Controller  
Debbie Manning, Executive Assistant  
Denice Taylor, AAA Reporters

**EXCUSED**

**CITY REPRESENTATIVES INVITED**

Mayor Lenny Curry, City of Jacksonville  
Mike Weinstein, Director of Finance, City of Jacksonville  
Anna Brosche, City Council Liaison, City of Jacksonville  
Joey Greive, Treasurer, City of Jacksonville

## **GUESTS**

### **I. CALL TO ORDER**

### **II. PLEDGE OF ALLEGIANCE**

### **III. PUBLIC SPEAKING PERIOD**

### **IV. EXECUTIVE DIRECTOR'S INTRODUCTION** – *Timothy Johnson*

- Correspondence with Florida Division of Retirement

### **IV. NEW BUSINESS** – *Jarmon Welch*

- Draft of Actuarial Valuation as of October 1, 2016

### **V. ADJOURNMENT**

**NOTE:** If any person decides to appeal any decision made with respect to any matter considered at this public meeting such person will need a record of proceedings, and for such purpose such person may need to ensure that a verbatim record of the proceedings is made at their own expense and that such record includes the testimony and evidence on which the appeal is based. The public meeting may be continued to a date, time, and place to be specified on the record at the meeting.

**ADDITIONAL ITEMS MAY BE ADDED/CHANGED PRIOR TO MEETING**



## **Correspondence with State Division of Retirement Regarding PFPF Actuarial Assumptions**

December 19, 2016

Dear Mr. Beckendorf,

On Wednesday January 18, 2017 the PFPF Board will conduct a workshop with the plan sponsor (COJ) to discuss the attached DRAFT 10/1/2016 Actuarial Valuation. In preparation, the PFPF Board directed me to send an email to you regarding the actuarial assumptions that may be adjusted by the board and within the law. Specifically,

1. Would the Division of Retirement permit reducing the payroll increase assumption from the prior 10-1-15 valuation's 3.25% to the actual (near "0") over 3 years?
2. What other actuarial assumptions would the Division of Retirement permit the PFPF Board to adjust?

Your reply in writing as soon as possible would be appreciated so that the PFPF Board can be in a better position to understand its options before considering the 10/1/2016 DRAFT Actuarial Valuation.

If you have any questions; then feel free to call or email me or Jarmon Welch.

Sincerely,

Timothy H. Johnson, Executive Director  
Police and Fire Pension Fund

January 4, 2017

Dear Mr. Johnson,

The Division of Retirement does not prescribe assumptions but determines whether assumptions are reasonable based on plan experience and future expectations of plan assumptions. The PFPF Board must consider, with the assistance of the plan's actuary, whether the changes in the assumptions are reasonable. The assumptions should be based on the actuary's best estimation of future events related to the plan. The Division will permit changes to any plan assumptions as long as the changes can be supported. With regard to the payroll increase assumption, a 3-year phase-in may be permissible; however a final determination will require an actuarial review, to be performed in the first half of 2017.

Let us know if you have any questions regarding this response.

Mr. Douglas Beckendorf, Actuary  
Bureau of Local Retirement Systems, State of Florida -  
Division of Retirement





## JACKSONVILLE POLICE AND FIRE PENSION FUND

### Workshop Presentation

Jarmon Welch, ASA  
Pension Board Consultants, Inc.

January 18, 2017 2:00 PM – 4:00 PM

### Discussion Guide

#### A. Background

1. PBC has been Plan Actuary since 1982
2. How did \$1.832 billion unfunded arise?  
*PBC reply:*  
See attached letter to J. Keane dated December 5, 2012  
See attached letter to T. Johnson dated December 5, 2016  
Exhibits referred to in the letters are available in the Fund office
3. Why \$44 million City contribution increase in October 1, 2016 valuation?  
*PBC reply:*  
Primarily State requirements:
  - A. Use actual 0.067% ten year payroll increase in lieu of 3.25% increase previously used (Schedule I). City cost are spread over future City payroll; less payroll means greater current costs; and
  - B. Use FRS mortality table projecting greater longevity

PENSION BOARD CONSULTANTS, INC.  
CONSULTING, ACTUARIAL & ADMINISTRATIVE SERVICES

JARMON WELCH, A.S.A.  
PRESIDENT

195 FOURTEENTH ST. NE  
SUITE 2307  
ATLANTA, GEORGIA 30309  
404 892-9798  
FAX: 404 892-9794  
EMAIL: PENBRD@AOL.COM

December 5, 2012

Mr. John Keane, Executive Director  
Police and Fire Pension Fund  
One West Adams Street, Suite 100  
Jacksonville, Florida 32202-3616

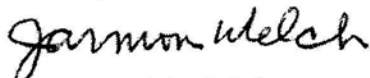
Dear John:

The Trustees asked us to break out the factors to explain the approximately \$1.6 billion increase in the Unfunded Actuarial Accrued Liability (UAAL) since 2000. These are as follows:

	Approximate Increase in UAAL (millions)
1. Shortfall in investment performance (Exhibit A)	\$735
2. Strengthening the actuarial assumptions (Exhibit B)	\$560
3. Not paying full interest on UAAL	\$150
4. One year delays in recognizing cost increases	\$90
5. Two plan improvements	\$50
a. Change in benefit accrual	
b. \$3 to \$5 health subsidy	
6. New members, salary and demographic experience deviations from expected (primarily DROPs and deaths)	<u>partly offsetting</u>
TOTAL	\$1,585

City costs would now be under 20 percent of payroll if prior assumptions had been realized. Best regards.

Cordially yours,



Jarmon Welch, A.S.A.  
President

Enclosure

cc: Pension Trustees  
Ms. Kelly Shelton

PENSION BOARD CONSULTANTS, INC.  
CONSULTING, ACTUARIAL & ADMINISTRATIVE SERVICES

JARMON WELCH, A.S.A.  
PRESIDENT

KELLY SHELTON  
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404-702-7802  
EMAIL: PENBRD@AOL.COM

December 5, 2016

Mr. Timothy Johnson, Executive Director  
Jacksonville Police and Fire Pension Fund  
One West Adams Street, Suite 100  
Jacksonville, Florida 32202-3616

Steep Cost Increases During the Last 10 Years

Dear Tim:

From 1992 until recent years, the Agreement drafted by the City actuary kept us issuing actuarial reports among the most liberal in Florida. Our periodic experience studies recommended more conservative assumptions but these were not adopted (nor mandated by the State).

However, after the market crash in the last decade, the City actuary was no longer involved and Council representatives started attending pension board meetings. The Trustees then adopted one of the most conservative set of assumptions in Florida while we continued clearing this ongoing with the State.

The Mayor's recent legislation was a substantial funding liberalization in that it raised the unfunded pay off period from 18 to 30 years. This upset our ongoing agreement with the State and called for an offsetting current funding increase.

The following exhibit shows the major City contribution increases in recent years. It also lists the economic and decrement strengthening of the assumptions. One other major factor increasing costs was the actual investment yields versus the assumptions. Considerable market losses were realized.

Please call me to discuss this. Best regards.

Cordially yours,



Jarmon Welch, ASA  
Consulting Actuary

cc: Ms. Kelly Shelton

## JACKSONVILLE POLICE AND FIRE PENSION FUND

Non DROP Employee Data from the October 1, 2016 Valuation10-year Average Increases (calculated below)

1. Pay 3.650%
2. Payroll 0.067%

\$1.832 billion unfunded payments (in \$ millions)

<u>Amortization Period</u>	<u>Annual Assumed Payroll Increase</u>		
	<u>3.25%</u>	<u>2.50%</u>	<u>0.067%</u>
18 years	\$135.5	\$143.0	<b>\$169.5</b>
30 years	<b>\$97.7</b>	\$106.3	\$137.1

*PBC comment:*

The "Curry Solution" produces \$97.7 million above in lieu of our \$169.5 million, thereby "kicking the can down the road" and substantially increasing the next two generations City pension contribution requirements. (Our report uses the individual 18 bases amortization periods and produces an actual \$164.4 payment). Please note the annual interest on the unfunded is \$128.2 million (.07 x \$1.832 billion).

The local discussions regarding pay and payroll increases have been confusing. We assume 3.5% annual increases in the **pay** of each employee. During the last 10 years this has actually averaged 3.65%, but only 2.5% in the most recent 5 years. The State requires amortization payments over a **payroll** increase assumption that is not larger than the actual 10 year average. Total non-DROP payroll has only increased 0.067% (\$135.6 / \$134.7) in the last 10 years due to DROPs and hiring freezes.

<u>Fiscal Year</u>	<u>Number</u>	<u>Continuing Actives Non DROP</u>	
		<u>Average Pay Increase</u>	<u>Payroll</u>
2006			\$134.7
2007	2,394	5.7%	143.0
2008	2,430	6.0%	148.2
2009	2,378	7.0%	155.5
2010	2,471	3.0%	158.0
2011	2,428	<u>2.5%</u> <i>average 4.8%</i>	148.9
2012	2,203	0.4%	133.6
2013	2,082	2.9%	130.9
2014	2,034	3.0%	134.5
2015	2,072	3.8%	132.7
2016	2,087	<u>2.2%</u> <i>average 2.5%</i>	135.6

DRAFT

January 4, 2017

Board of Trustees  
Jacksonville Police and Fire Pension Fund  
One West Adams Street, Suite 100  
Jacksonville, Florida 32202-3616

Actuarial Valuation as of October 1, 2016

Gentlemen:

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

The valuation results were based on participant data as of July 1, 2016, provided by the City. Fund assets and the Plan as of September 30, 2016, were reported by the Plan Administrator. Valuation Pay is the annualized sum of reported rate of pay, upgrade pay and shift pay as of July 1<sup>st</sup>. All of this data has been reviewed for consistency with prior data and for general reasonableness.

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

Statement by Actuary:

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

I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

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

Date

14 - 1108  
Enrollment Number

# JACKSONVILLE POLICE AND FIRE PENSION FUND

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

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# JACKSONVILLE POLICE AND FIRE PENSION FUND

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

**DRAFT**

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

### Reconciliation

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

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



# JACKSONVILLE POLICE AND FIRE PENSION FUND

## Amortization of the Unfunded Actuarial Accrued Liability

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

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

\* Ordinance 2015-304E Supplemental Payments

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

JACKSONVILLE POLICE AND FIRE PENSION FUND  
Development of UAAL by Components as of October 1, 2016

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

# JACKSONVILLE POLICE AND FIRE PENSION FUND

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

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

	<u>Sr Staff Retirement Plan</u>	<u>Share Plan</u>
Account Value, 10/1/2015	\$4,002,294	\$0
Contributions paid December 2, 2015	\$0	\$3,289,180
Annual Earnings (10%)	\$386,253 <sup>4</sup>	\$246,689 <sup>5</sup>
Payments	\$286,346	\$90,038
Account Value, 9/30/16	\$4,102,201	\$3,445,831

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

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

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

<sup>4</sup> 10.00%

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

## JACKSONVILLE POLICE AND FIRE PENSION FUND

### Actuarial Assumptions and Methods

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

#### Economic Assumptions

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

#### Demographic Assumptions

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

#### Actuarial Methods

Cost: Individual Entry Age      Assets: Market Value

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

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

## JACKSONVILLE POLICE AND FIRE PENSION FUND

### Plan Outline

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

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

## JACKSONVILLE POLICE AND FIRE PENSION FUND

### Plan Outline

#### **GROUP II**

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

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

Changes Since the October 1, 2015 Valuation: None

# JACKSONVILLE POLICE AND FIRE PENSION FUND

## Historical Key Statistics

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

JACKSONVILLE POLICE AND FIRE PENSION FUND

Reconciliation of Number of Participants by Status

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



# JACKSONVILLE POLICE AND FIRE PENSION FUND

## Active Age and Service Distribution as of October 1, 2016

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

Service		Both Sexes Included												ALL
Age		>=1	>=2	>=3	>=4	>=5	>=10	>=15	>=20	>=25	>=30	>=35	>=40	
		<1	<2	<3	<4	<5	<10	<15	<20	<25	<30	<35	<40	
<25		23	29	7	3	1	0	0	0	0	0	0	0	63
		22.93	23.78	23.86	24.02	24.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	23.50
		0.51	1.38	2.41	3.33	4.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.31
		36,187	38,556	41,503	39,719	37,266	0	0	0	0	0	0	0	38,054
>=25		44	50	83	28	4	41	0	0	0	0	0	0	250
		27.62	27.22	27.52	27.90	28.00	28.39	0.00	0.00	0.00	0.00	0.00	0.00	27.67
		0.60	1.49	2.50	3.45	4.31	6.87	0.00	0.00	0.00	0.00	0.00	0.00	2.82
		37,021	38,792	42,343	47,012	44,488	51,249	0	0	0	0	0	0	42,714
>=30		31	27	53	27	7	175	79	0	0	0	0	0	399
		32.05	32.36	32.05	32.26	33.11	32.66	33.31	0.00	0.00	0.00	0.00	0.00	32.62
		0.57	1.52	2.56	3.43	4.29	7.99	11.47	0.00	0.00	0.00	0.00	0.00	6.57
		37,095	39,743	42,513	46,022	42,234	57,172	64,709	0	0	0	0	0	52,961
>=35		12	19	34	13	3	118	219	32	0	0	0	0	450
		36.96	36.91	37.44	37.25	36.58	37.15	37.47	38.47	0.00	0.00	0.00	0.00	37.40
		0.67	1.31	2.56	3.39	4.38	8.21	12.45	16.31	0.00	0.00	0.00	0.00	9.76
		37,337	38,120	41,761	45,026	43,357	57,896	64,410	72,336	0	0	0	0	59,022
>=40		5	13	7	3	1	65	207	153	31	1	0	0	486
		42.58	42.55	42.94	41.67	42.49	42.19	42.34	42.72	43.62	44.89	0.00	0.00	42.54
		0.45	1.47	2.45	3.57	4.50	8.31	12.85	17.46	20.76	25.79	0.00	0.00	13.57
		36,629	38,765	42,507	44,335	45,000	56,038	63,475	69,904	71,365	147,300	0	0	63,785
>=45		0	1	5	4	0	38	101	139	98	13	0	0	399
		0.00	49.82	46.53	46.58	0.00	47.13	47.08	47.18	47.54	47.93	0.00	0.00	47.26
		0.00	1.16	2.69	3.40	0.00	8.07	12.66	18.00	21.24	26.46	0.00	0.00	16.39
		0	36,449	38,996	43,097	0	56,287	62,034	71,365	80,691	89,201	0	0	69,662
>=50		0	0	0	0	0	23	62	72	28	7	0	0	192
		0.00	0.00	0.00	0.00	0.00	52.32	52.29	52.12	52.01	51.96	0.00	0.00	52.18
		0.00	0.00	0.00	0.00	0.00	8.08	12.55	18.19	20.69	26.89	0.00	0.00	15.84
		0	0	0	0	0	57,437	60,493	69,535	73,441	83,256	0	0	66,236
>=55		0	0	0	0	0	5	11	21	6	4	0	0	47
		0.00	0.00	0.00	0.00	0.00	55.91	57.72	56.56	57.17	58.25	0.00	0.00	56.98
		0.00	0.00	0.00	0.00	0.00	8.29	13.28	17.99	20.51	27.16	0.00	0.00	16.96
		0	0	0	0	0	56,727	60,668	68,416	77,448	84,274	0	0	67,862
>=60		0	0	0	0	0	1	2	5	0	0	0	0	8
		0.00	0.00	0.00	0.00	0.00	62.41	62.18	61.32	0.00	0.00	0.00	0.00	61.67
		0.00	0.00	0.00	0.00	0.00	6.74	13.31	19.11	0.00	0.00	0.00	0.00	16.11
		0	0	0	0	0	56,302	60,120	63,956	0	0	0	0	62,040
>=65		0	0	0	0	0	0	0	0	0	0	0	0	0
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		0	0	0	0	0	0	0	0	0	0	0	0	0
ALL		115	139	189	78	16	466	681	422	163	25	0	0	2,294
		29.50	30.42	31.51	32.31	32.51	37.21	41.64	46.38	47.92	50.59	0.00	0.00	39.65
		0.57	1.45	2.53	3.43	4.31	8.00	12.51	17.72	21.03	26.66	0.00	0.00	10.86
		36,890	38,816	42,172	45,754	42,870	56,610	63,379	70,362	77,553	89,072	0	0	59,270

## JACKSONVILLE POLICE AND FIRE PENSION FUND

### Accounting for Pension Costs and Liabilities

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

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

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

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

##### **Plan Description**

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

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

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

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

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

## JACKSONVILLE POLICE AND FIRE PENSION FUND

### Accounting for Pension Costs and Liabilities

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

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

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

### **Investments**

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

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

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

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

## JACKSONVILLE POLICE AND FIRE PENSION FUND

### Accounting for Pension Costs and Liabilities

#### **Reserve Accounts**

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

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

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

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

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

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

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

## JACKSONVILLE POLICE AND FIRE PENSION FUND

### Accounting for Pension Costs and Liabilities

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

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

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

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

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

#### **Changes**

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

# JACKSONVILLE POLICE AND FIRE PENSION FUND

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

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

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

# JACKSONVILLE POLICE AND FIRE PENSION FUND

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

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

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

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



JACKSONVILLE POLICE AND FIRE PENSION FUND

Schedule of Changes in Net Pension Liability and Related Ratios

	2016	2015	2014	2013	2012
<b>Total pension liability</b>					
Service Cost (BOY)	\$44,087,089	\$46,662,780	\$47,915,012	\$46,109,290	\$47,569,761
Interest on total pension liability	\$217,546,212	\$210,942,612	\$203,577,435	\$195,519,742	\$190,343,631
Changes of benefit terms	\$0	(\$28,684,960)	\$0	\$0	\$0
Experience deviations including buybacks	\$3,566,449	\$24,831,339	\$22,671,112	(\$4,675,994)	(\$12,512,641)
Changes due to assumptions (reallocation in FY2015)	\$97,813,304	\$24,514,349	\$0	\$5,332,605	\$227,333,255
Benefit payments, including refunds of member contributions	(\$159,726,007)	(\$148,628,476)	(\$138,179,183)	(\$128,655,957)	(\$116,955,126)
<b>Net change in total pension liability</b>	<b>\$203,287,047</b>	<b>\$129,637,644</b>	<b>\$135,984,376</b>	<b>\$113,629,686</b>	<b>\$335,778,880</b>
<b>Total pension liability -- beginning</b>	<b>\$3,142,228,212</b>	<b>\$3,012,590,568</b>	<b>\$2,876,606,192</b>	<b>\$2,762,976,506</b>	<b>\$2,427,197,626</b>
<b>Total pension liability -- ending(a)</b>	<b>\$3,345,515,259</b>	<b>\$3,142,228,212</b>	<b>\$3,012,590,568</b>	<b>\$2,876,606,192</b>	<b>\$2,762,976,506</b>
<b>Plan fiduciary net position</b>					
Contributions--employer	\$154,499,492	\$153,014,791	\$148,277,368	\$121,822,333	\$69,828,557
Contributions--member	\$11,633,724	\$10,469,643	\$10,067,765	\$9,682,998	\$11,204,317
Buybacks and transfers--employer	\$2,994,879	\$1,649,732	\$2,242,902	\$0	\$2,814,296
Buybacks and transfers--member	\$1,197,137	\$1,591,678	\$1,515,800	\$1,070,503	\$406,553
Net investment income	\$153,879,649	(\$63,531,293)	\$146,950,776	\$169,202,439	\$181,653,432
Securities Lending	\$433,493	\$646,659	\$382,022		
Benefit payments, including refunds of member contributions	(\$159,726,007)	(\$148,628,476)	(\$138,179,183)	(\$128,655,957)	(\$116,955,126)
Administrative expense	(\$3,519,224)	(\$2,228,452)	(\$2,224,248)	(\$2,505,985)	(\$2,351,598)
Chapter 175/185	\$10,680,624	\$10,577,853	\$10,110,493	\$9,667,185	\$9,275,728
Court Fines	\$832,536	\$920,774	\$881,291	\$757,984	\$770,125
Other	\$122,886	\$327,418	\$141,855	\$1,187,289	\$55,383
<b>Net change in plan fiduciary net position</b>	<b>\$173,029,189</b>	<b>(\$35,189,673)</b>	<b>\$180,166,841</b>	<b>\$182,228,789</b>	<b>\$156,701,667</b>
<b>Cummulative effect of change in accounting principle</b>	<b>\$2,238,000</b>				
<b>Plan fiduciary net position -- beginning (adjusted)</b>	<b>\$1,437,776,634</b>	<b>\$1,473,097,052</b>	<b>\$1,292,930,211</b>	<b>\$1,110,737,208</b>	<b>\$954,035,541</b>
<b>Plan fiduciary net position -- ending</b>	<b>\$1,613,043,823</b>	<b>\$1,437,907,379</b>	<b>\$1,473,097,052</b>	<b>\$1,292,965,997</b>	<b>\$1,110,737,208</b>
less Reserve Accounts and Sr. Staff Assets	(\$99,645,357)	(\$83,502,014)	(\$83,349,437)	(\$64,834,813)	(\$31,830,621)
<b>Total Plan fiduciary net position -- ending(b)</b>	<b>\$1,513,398,466</b>	<b>\$1,354,405,365</b>	<b>\$1,389,747,615</b>	<b>\$1,228,131,184</b>	<b>\$1,078,906,587</b>
<b>City's net pension liability--ending(a)-(b)</b>	<b>\$1,832,116,793</b>	<b>\$1,787,822,847</b>	<b>\$1,622,842,953</b>	<b>\$1,648,475,008</b>	<b>\$1,684,069,919</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>45.24%</b>	<b>43.10%</b>	<b>46.13%</b>	<b>42.69%</b>	<b>39.05%</b>
<b>Covered-employee payroll</b>	<b>\$135,599,741</b>	<b>\$132,735,243</b>	<b>\$134,521,216</b>	<b>\$130,972,174</b>	<b>\$133,611,459</b>
<b>City's net pension liability as a percentage of covered-employee payroll</b>	<b>1351.12%</b>	<b>1346.91%</b>	<b>1206.38%</b>	<b>1258.65%</b>	<b>1260.42%</b>



# JACKSONVILLE POLICE AND FIRE PENSION FUND

## Schedule of City Contributions

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

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

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

### Notes to Schedule

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

Methods used to determine contributions rates:

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

JACKSONVILLE POLICE AND FIRE PENSION FUND

Schedule of Investment Returns

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

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

# JACKSONVILLE POLICE AND FIRE PENSION FUND

## GASB 68 Pension Expense

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

## Future fiscal years outflows(inflows) to be recognized

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