

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

ARMON WELCH, A  
PRESIDENT

ATLANTA, GEC  
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December 14, 2007

Mr. John Keane, Executive Director  
Jacksonville Police & Fire Pension Fund  
P. O. Box 150  
Jacksonville, FL 32201-0150

PRESENTED AT POLICE AND FIRE  
PENSION TRUSTEES MEETING  
ON DEC 26 2007 AS ITEM # 2007-12-11  
FROM ADMINISTRATIVE REPORT  
 APPROVED  
 DENIED  
 REC'D AS INFORMATION

October 1, 2007 Actuarial Valuation Results

Dear John:

We have completed our annual actuarial valuation for the Jacksonville Police & Fire Pension Fund as of October 1, 2007. Our results are shown on the enclosed attachment.

The October 1, 2007 cost for the Plan under the current assumptions is 43.02%. This reconciles with the October 1, 2006 costs of 44.39% as follows:

1. Based on market value, the fund yielded 15.69% for the plan year ending September 30, 2007 compared to an assumed yield of 8.5% per annum. This decreased costs approximately 2.52% of covered payroll.
2. An increase in costs of approximately 1.15% of covered payroll was attributable to deviations of other experience factors from expected. This includes retirements (nearly always entering the DROP first) greater than expected and salary increases of 5.7% as compared to an expected 5.0%.

As noted, costs have decreased 1.37% from October 1, 2006 to October 1, 2007. However, we strongly recommend that the City not reduce its contribution rate from the budgeted 44.39% effective October 1, 2007. Retirement losses have been repetitive and should be addressed when the City's contribution rates are reset.

Please call if you wish to discuss this further. Best regards.

Cordially yours,

Jarmon Welch, A.S.A.  
President

Attachment:

cc: Mr. Richard Cohee, Deputy Executive Director  
Ms. Kelly Shelton

JACKSONVILLE POLICE AND FIRE PENSION FUND

	A	B
	10/1/2006 Report	10/1/2007 Valuation
1. Present Value of Future Benefits		
a. Active Participants		
(i) Retirement	\$641,092,248	\$685,471,263
(ii) Death	\$28,800,212	\$30,610,682
(iii) Disability	\$56,836,749	\$60,691,188
(iv) Withdrawal	\$6,488,308	\$6,612,177
(v) Return of Contributions	<u>\$1,529,233</u>	<u>\$1,608,541</u>
(vi) Total	\$734,746,750	\$784,993,851
b. Inactive Participants		
(i) Retirees and Beneficiaries	\$778,426,066	\$820,849,952
(ii) Disableds	\$21,444,758	\$20,860,449
(iii) Terminated Vested	\$5,867,094	\$6,206,937
(iv) DROP Participants	<u>\$167,814,598</u>	<u>\$180,842,477</u>
(v) Total	\$973,552,516	\$1,028,759,815
c. Total (a. + b.)	\$1,708,299,266	\$1,813,753,666
2. Actuarial Value of Assets		
a. Gross Actuarial Value	\$839,515,351	\$950,349,837
b. Reserve Accounts	<u>\$12,177,620</u>	<u>\$19,895,785</u>
c. Net Actuarial Value (a. - b.)	\$827,337,661	\$930,454,052
3. Unfunded Actuarial Accrued Liability	\$549,321,127	\$534,053,595
4. Present Value of Future Normal Costs	\$331,640,478	\$349,246,019
5. Ratio of Present Value of Future Salaries to Current Salaries		
a. 1% of PV of Future Salaries	\$16,634,608	\$17,510,981
b. Covered Payroll (no DROP)	\$134,694,392	\$143,006,154
c. Ratio (a. / b.)	12.349889	12.244914
d. DROP Payroll	\$15,644,085	\$17,257,579
6. Normal Actuarial Cost		
a. Dollar Amount (4. / 5.c.)	\$26,853,721	\$28,521,721
b. As % of Covered Payroll	19.94%	19.94%
c. Normal Cost with Expense Load	\$27,553,721	\$29,221,721
d. As % of Covered Payroll	20.46%	20.43%
7. Total Cost for the Year		
a. UAAL Amortization Payment	\$32,232,793	\$32,293,604
b. Total Cost (6.c. + 7.a.)	\$59,786,514	\$61,515,325
c. As % of Covered Payroll	44.39%	43.02%