

**POLICE AND FIRE PENSION FUND**

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**JACKSONVILLE, FLORIDA 32202-3616**

*"We Serve...and We Protect"*



**2014-07-2**  
*attachment*

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July 21, 2014

**John Keane**  
Executive Director -  
Administrator

Mr. Brian Parks, C.P.A.  
Office of the City Council Auditor  
117 W. Duval Street  
Jacksonville, FL 32202

RE: 2015 Budget Language

Dear Mr. Parks:

This communication is in response to our telephone discussion last week in which we discussed the difference in language from the current Section 8.4. of the 2014 Budget Ordinance, to the proposed language contained in Section 8.4 of the 2015 proposed Budget.

As discussed, Ordinance 2013-464, contains the following language on Page 25:

**"Section 8.4 Pension Contributions.**

The employer's contribution to the pension funds as a percentage of covered payroll is hereby set as follows:

- (a) for the 1937 City Employees Pension Fund, the percentage shall be 28.21%, which includes 0.3% for Disability.
- (b) for the Corrections Officer's Pension Fund, the percentage shall be 49.93%.
- (c) The October 1, 2012 Actuarial Valuation Report for the 1937 Jacksonville Police and Fire Pension Fund (using the active payroll as of October 2012) computes the contribution to be \$148,108,302 based on a City contribution percentage of 110.85% of covered payroll. **To assist in reducing the Unfunded Actuarial Accrued Liability of the Police and Fire Pension Fund, the City will contribute the greater of \$148,108,302 or 110.85% of the covered payroll".**

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Upon further review, we note Ordinance 2014-466, contains the following language on page 22:

## **“Section 8.4 Pension Contributions.**

The employer's contribution to the pension funds as a percentage of covered payroll is hereby set as follows:

- (a) for the 1937 City Employees Pension Fund, the percentage shall be 31.90%, which includes 0.3% for Disability.
- (b) for the Corrections Officer's Pension Fund, the percentage all be 62.81%.
- (c) The October 1, 2012 Actuarial Valuation Report for the 1937 Jacksonville Police and Fire Pension Fund (using the active payroll as of October 2013) computes the contribution to be \$153,014,791 based on a City contribution percentage of 116.83% of covered payroll. **To assist in reducing the Unfunded Actuarial Accrued Liability of the Police and Fire Pension Fund, the City will contribute \$153,014,791”.**

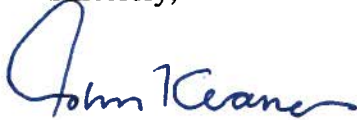
I discussed this very subtle, but fiscally, very important change in the language with the Fund Actuary. We recommend from a funding policy standpoint the following language for the last sentence in Section 8.4 (c):

Strike the last sentence in 8(c), and insert the following sentence:

**To assist in reducing the Unfunded Actuarial Accrued Liability of the Police and Fire Pension Fund, the City will contribute the greater of \$153,014,791 or 116.83% of the covered payroll.**

Thank you for your time reviewing this important issue.

Sincerely,



John Keane  
Executive Director – Administrator

cc: Karen Bowling, Chief Administrative Officer  
Ronnie Belton, Chief Financial Officer/Director of Finance  
Glenn Hansen, Chief, Budget Division  
Joey Greive, City and Fund Treasurer  
Kirk Sherman, C.P.A., Council Auditor