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Rick Scott, Governor

Chad Poppell, Secretary

January 27, 2015

Mr. John Keane, Administrator
Jacksonville Police Officers' & Firefighters' Pension Fund
One West Adams Street, Suite 100
Jacksonville, FL 32202-3616

Dear Mr. Keane:

The Florida Department of Management Services' (DMS) Division of Retirement is responsible for reviewing Florida's local government retirement systems for compliance with applicable statutes and rules. This review consists of assessing each plan's conformance to Part VII of Chapter 112, Florida Statutes, which provides that plans are to be operated and funded in an actuarially sound manner.

Despite routine communication from DMS regarding your plan's actuarial compliance, the most recent actuarial valuation of the City of Jacksonville Police Officers' and Firefighters' Pension Fund (the plan) on file shows your GASB 25 funded status is below 50 percent. Your unfunded actuarial liability is \$1,648.5 million and the plan's assets are sufficient to pay no more than 37.3 cents for every dollar of pension benefits owed to its retirees and current employees. Absent any improvements in funded status, the plan's ability to meet its future obligations is doubtful and your members' benefits will be negatively affected.

As a result, your plan should consider taking action to prevent future taxpayers from having to incur costs. Section 112.61, F.S., states in part, "Inherent in this intent is the recognition that the pension liabilities attributable to the benefits promised public employees be fairly, orderly, and equitably funded by the current, as well as future, taxpayers. Accordingly, except as herein provided, it is the intent of this act to prohibit the use of any procedure, methodology, or assumptions the effect of which is to **transfer to future taxpayers any portion of the costs which may reasonably have been expected to be paid by the current taxpayers** (emphasis added)."

As DMS is aware, the City of Jacksonville Police Officers' and Firefighters' Pension Fund is working with city leaders toward pension reform. These pension reforms are not yet realized. In addition, positive market returns in recent years have not had the effect of funding the expected costs of the plan.

The Department of Management Services requests you immediately notify all active and retired members of the plan regarding the plan's conditions and what actions will be taken to improve it. Based on these concerns, DMS is prepared to offer you any technical assistance that is necessary to address the funding status of your plan. Thank you for your prompt attention to these matters.

Sincerely,

A handwritten signature in black ink, appearing to read "Chad Poppell", written in a cursive style.

Chad Poppell
Secretary

cc: C. Ronald Belton, CFO