

Police Officers' and Fire Fighters' Retirement System

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Description	FY 2004 Actual	FY 2005 Approved	FY 2006 Proposed	% Change from FY 2005
Operating Budget	\$96,700,000	\$112,100,000	\$117,500,000	4.8

The Police Officers' and Fire Fighters' Retirement System provides the District's required contribution as the employer to this pension fund, which is administered by the District of Columbia Retirement Board.

District Code (2001 edition) Division I, Title 1, Chapter 9, Subchapter IV, Section 1-907.03 sets forth the procedure to determine the annual contribution that is required through a prescribed actuarial study that is certified by the D.C. Retirement Board and submitted to the Mayor. Pursuant to section 1-907.02(a), the District is required by law to budget an amount at least equal to the certified contribution amount.

Based on the certified actuarial report approved by the Retirement Board and submitted to the Mayor on December 17, 2004, a District contribution to the Police Officers' and Firefighters' Retirement System in the amount of \$117,500,000 will be required for FY 2006.

Gross Funds

The proposed budget is \$117,500,000, representing an increase of \$5,400,000 or 4.8 percent above the FY 2005 approved budget of \$112,100,000. The budget is comprised totally of Local funds. No FTEs are supported by this budget, which represents the District's contribution to a pension plan.

General Fund

Local Funds. The proposed budget is \$117,500,000, representing an increase of \$5,400,000 or 4.8 percent above the FY 2005 approved budget of \$112,100,000. The contribution is comprised of \$86,900,000 for the police officers' pension plan, and \$30,600,000 for the firefighters' pension plan.

Changes from the FY 2005 approved budget are:

- An increase of \$5,400,000 to fully fund the required minimum contribution as certified by the D.C. Retirement Board. The increased contribution is due to a number of factors, including: the impact of increased salaries pursuant to collective bargaining agreements with the workforce; increased actual staffing in the departments since the contribution is based on actual employment payroll not the departmental salary budgets; refined actuarial assumptions; plan benefit changes enacted through law by the Mayor and Council that were in effect on the date of the actuarial study, and market performance of the pension investments. It is also noted

Funding by Source

Table FD0-1 shows the source of funding for the Police Officers and Fire Fighters' Retirement System.

Table FD0-1

FY 2006 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2003	Actual FY 2004	Approved FY 2005	Proposed FY 2006	Change from FY 2005	Percent Change
Local Fund	68,900	96,700	112,100	117,500	5,400	4.8
Total for General Fund	68,900	96,700	112,100	117,500	5,400	4.8
Gross Funds	68,900	96,700	112,100	117,500	5,400	4.8

Expenditure by Comptroller Source Group

Table FD0-2 show the FY 2006 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table FD0-2

FY 2006 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2003	Actual FY 2004	Approved FY 2005	Proposed FY 2006	Change from FY 2005	Percent Change
50 Subsidies and Transfers	68,900	96,700	112,100	117,500	5,400	4.8
Subtotal Nonpersonal Services (NPS)	68,900	96,700	112,100	117,500	5,400	4.8
Total Proposed Operating Budget	68,900	96,700	112,100	117,500	5,400	4.8

that at the time the contribution was calculated, the Metropolitan Police Department remained in negotiation with the union for a new collective bargaining agreement. The impact on the contribution of salary increases awarded retroactively under the finalized agreement will be reflected in the contribution beginning in FY 2007.

Programs

Under the National Capital Revitalization and Self-Government Improvement Act of 1997, the federal government assumed the District's unfunded pension liability for the retirement plans of teachers, police officers, firefighters, and judges. Pursuant to the Act, the federal government pays the future retirement and death bene-

fits, and a share of disability benefits, for employees for service accrued prior to June 30, 1997. Benefits earned subsequently are the responsibility of the Government of the District of Columbia. The actuarial report estimates the required District contribution to fund these earned benefits.

Further information on the financing and administration of the District retirement plans for police officers and firefighters can be obtained in the D.C. Code, Division I, Title I, Chapter 9 and by contacting the D.C. Retirement Board [see agency (DY0), Enterprise and Other Funds appropriations title in this volume].