FLA

FREIMAN LITTLE ACTUARIES

April 29, 2015

Via Email

Florida Division of Retirement
P.O. Box 9000
Tallahassee, FL 32315-9000
local_ret@dms.myflorida.com

To whom it may concern:

Re: 2014 Disclosure under F.S. 112.664

We understand that Florida Statutes (F.S.) 112.664(1) and F.S. 112.664(2)(b)2. require certain information to be disclosed to the Department of Management Services within 60 days of the April 29, 2015 effective date for Florida Administrative Code (F.A.C.) Rule 60T-1.0035, or June 28, 2015, since the Board of Trustees of the City of Rockledge Police Employees Retirement Plan (the Plan) has formally approved the October 1, 2014 actuarial valuation of the Plan.

An attachment provides information under F.S. 112.664(1) in the format described in F.A.C. Rule 60T-1.0035. We have uploaded the semi-colon delimited file described by the rule.

The disclosure requirements for F.S. 112.664(2)(b)2. are found on page 22 of our attached October 1, 2014 actuarial valuation of the Plan. The GASB 67 Supplement as of September 30, 2014 has also been attached.

Please let us know if you have any questions or need additional information. Please also confirm that the disclosure requirements have been satisfied for the Plan.

Sincerely,

Chad M. Little, ASA, EA
Partner, Consulting Actuary

cc: Karan Rounsavall

4105 SAVANNAHS TRAIL, MERRITT ISLAND, FL, 32953-8607 · OFFICE (321) 453-6542 · FAX (321) 453-6998 · MOBILE (321) 591-8265 · chad@flactuaries.com · www.flactuaries.com

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were 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, meet the requirements of Section 112.664(1), F.S., and Section 60T-1.0035, F.A.C.

(a)	City/District	City of Rockledge
(b)	Plan Name	Rockledge Police Employees Retirement Plan
(c)	Plan Type	Defined Benefit
(d)	Valuation Date	10/01/2014
(e)	Interest Rate:	
(e)(1)	Discount Rate, net of investment fees	8.00%
(e)(2)	Long-Term Expected Rate of Return, net of investment fees	8.00%
(f)	Certification Statement	
(f)(1)	Signature	
(f)(2)	Actuary's Name	Chad M. Little
(f)(3)	Enrollment Number	14-6619
(f)(4)	Signature Date	04/29/2015
(f)(5)	Cover letter attached (pdf)?	Y

Section 112.664(1)(a), F.S. Total pension liability
assuming mortality under the RP-2000 Combined Mortality Table for healthy participants (by gender) with fully generational projection using Scale AA

(g)	Total pension liability:	
(g)(1)	Service cost	$383,990
(g)(2)	Interest	828,134
(g)(3)	Benefit changes	0
(g)(4)	Difference between expected and actual experience	10,982
(g)(5)	Changes in assumptions	274,645
(g)(6)	Benefit payments	(241,507)
(g)(7)	Contribution refunds	(35,759)
(g)(8)	Net change in total pension liability	$1,220,485
(g)(9)	Total pension liability – beginning of year	$10,150,475
(g)(10)	Total pension liability – ending of year	$11,370,960
(h)	Plan fiduciary net position:	
(h)(1)	Contributions – Employer	$175,170
(h)(2)	Contributions – State	175,891
(h)(3)	Contributions – Member	158,054
(h)(4)	Net investment income	943,080
(h)(5)	Benefit payments	(241,507)
(h)(6)	Contributions refunds	(35,759)
(h)(7)	Administrative expense	(69,739)
(h)(8)	Other	0
(h)(9)	Net change in plan fiduciary net position	$1,105,190
(h)(10)	Plan fiduciary net position – beginning of year	$9,694,311
(h)(11)	Plan fiduciary net position – ending of year	$10,799,501
(i)	Net pension liability/(asset) [(g)(10) minus (h)(11)]	$571,459

Section 112.664(1)(b), F.S. Total pension liability
assumed interest rate that is 200 basis points lower than that assumed in the valuation of the Plan (as well as RP-2000 fully generational, Scale AA)

(j)	Total pension liability:	
(j)(1)	Service cost	$383,990
(j)(2)	Interest	828,134
(j)(3)	Benefit changes	0
(j)(4)	Difference between expected and actual experience	10,982
(j)(5)	Changes in assumptions	3,449,262
(j)(6)	Benefit payments	(241,507)
(j)(7)	Contribution refunds	(35,759)
(j)(8)	Net change in total pension liability	$4,395,102
(j)(9)	Total pension liability – beginning of year	$10,150,475
(j)(10)	Total pension liability – ending of year	$14,545,577
(k)	Plan fiduciary net position:	
(k)(1)	Contributions – Employer	$175,170
(k)(2)	Contributions – State	175,891
(k)(3)	Contributions – Member	158,054
(k)(4)	Net investment income	943,080
(k)(5)	Benefit payments	(241,507)
(k)(6)	Contributions refunds	(35,759)
(k)(7)	Administrative expense	(69,739)
(k)(8)	Other	0
(k)(9)	Net change in plan fiduciary net position	$1,105,190
(k)(10)	Plan fiduciary net position – beginning of year	$9,694,311
(k)(11)	Plan fiduciary net position – ending of year	$10,799,501
(l)	Net pension liability/(asset) [(j)(10) minus (k)(11)]	$3,746,076

Section 112.664(1)(c), F.S. (on last valuation basis)

(m)	Number of Years, and fractional parts of Years, for which the Market Value of Assets are adequate to sustain expected retirement benefits	22.00

Section 112.664(1)(c), F.S. (on Section 112.664(1)(a), F.S. basis)

(n)	Number of Years, and fractional parts of Years, for which the Market Value of Assets are adequate to sustain expected retirement benefits	21.79

Section 112.664(1)(c), F.S. (on Section 112.664(1)(b), F.S. basis)

(o)	Number of Years, and fractional parts of Years, for which the Market Value of Assets are adequate to sustain expected retirement benefits	17.35

Section 112.664(1)(d), F.S. (on last valuation basis)

(p)	Recommended Plan contributions in Annual Dollar Value	$394,880
(q)	Recommended Plan contributions as a Percentage of Valuation Payroll	17.04%

Section 112.664(1)(d), F.S. (on Section 112.664(1)(a), F.S. basis)

(r)	Recommended Plan contributions in Annual Dollar Value	$428,464
(s)	Recommended Plan contributions as a Percentage of Valuation Payroll	18.49%

Section 112.664(1)(d), F.S. (on Section 112.664(1)(b), F.S. basis)

(t)	Recommended Plan contributions in Annual Dollar Value	$847,967
(u)	Recommended Plan contributions as a Percentage of Valuation Payroll	36.61%

Freiman Little Actuaries, LLC
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Merritt Island, FL 32953

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City of Rockledge

Police Employees Retirement Plan

Actuarial Valuation as of October 1, 2014

February 19, 2015

REPORT TO DETERMINE MINIMUM FUNDING REQUIREMENTS
FOR THE PLAN AND FISCAL YEAR
BEGINNING OCTOBER 1, 2014

FLA

FREIMAN LITTLE ACTUARIES

February 19, 2015

Board of Trustees
City of Rockledge Police Employees Retirement Plan
Rockledge, Florida

RE: Actuarial Valuation as of October 1, 2014

Dear Board Members:

We are pleased to present the actuarial valuation as of October 1, 2014 for the City of Rockledge Police Employees Retirement Plan (the Plan). This report provides a review of the current funded status of the Plan, establishes the minimum funding requirements for the fiscal year ending September 30, 2015, and provides an analysis of experience since the last valuation. In addition to providing the summary and derivation of actuarial findings, this report describes the data, assumptions, and methods used to create these results.

Statement by Enrolled 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 which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation."

Please let us know when we may present these results to you in person and answer any questions you may have.

Sincerely,

Chad M. Little, ASA, EA
Partner, Consulting Actuary
Enrollment Number 14-6619

Paula C. Freiman, ASA, EA
Partner, Consulting Actuary
Enrollment Number 14-5796

Table of Contents

Section 1 Board Summary

This report presents the results of the October 1, 2014 actuarial valuation of the City of Rockledge Police Employees Retirement Plan (the Plan). A summary of the key valuation findings are compared with the results of the prior valuation below.

Summary of Principal Valuation Results

Minimum Funding Requirements

Fiscal Year Ending September 30,	**2014**	**2015**
Minimum Funding Requirement (Prior to Credit Balance Use)		
Minimum Required City Contribution	$209,574	$218,989
Estimated State Contribution	170,685	175,891
Total Minimum Funding Requirement (City plus State)	$380,259	$394,880
Minimum Required City Contribution	10.0%	9.4%
Estimated State Contribution	8.1%	7.6%
Total Minimum Funding Requirement (City plus State)	18.1%	17.0%
Minimum Funding Requirement (After Credit Balance Use)		
Minimum Required City Contribution	$163,301	$218,989
Estimated State Contribution	170,685	175,891
Total Minimum Funding Requirement (City plus State)	$333,986	$394,880
Minimum Required City Contribution	7.8%	9.4%
Estimated State Contribution	8.1%	7.6%
Total Minimum Funding Requirement (City plus State)	15.9%	17.0%

Note: $394,880 is the minimum funding requirement for fiscal 2015. We have estimated the City portion as $218,989 which should be deposited during fiscal 2015 on at least a quarterly basis.

Funded Status

Valuation as of October 1,	**2013**	**2014**
Accrued Liability (AL)	$10,150,475	$11,107,526
Actuarial Value of Assets	(9,402,198)	(10,643,865)
Unfunded Accrued Liability (UAL)	$748,277	$463,661
Funded Percentage	92.6%	95.8%

Key Assumptions

Valuation as of October 1,	**2013**	**2014**
Assumed Investment Return, Net of Expenses	8.0%	8.0%
Salary Increase Assumption	6.0%	6.0%

Summary of Significant Events

Determination of the funded status of the Plan and minimum funding requirements are based on funding policy, participant data, asset information, Plan provisions, actuarial methods and assumptions, as well as contributions made to the Plan by the State of Florida. Any significant events associated with these items are discussed in the following.

State Premium Tax Dollars Used Toward Minimum Funding

Upon review of a study performed to demonstrate additional premium tax revenues for fiscal 2012 were not sufficient to fund the minimum benefit provisions under F.S. Section 185, the State of Florida approved the use of the full premium tax revenues toward minimum funding for fiscal 2012. Fiscal 2013 through 2015 actuarial valuations have been performed assuming that the additional premium tax revenues are not sufficient to fund minimum benefit provisions as well.

City Policy Contribution

The City policy had been to contribute 7.5% of total payroll including the pay of DROP members. However, a contribution on this basis does not result in funding the minimum required contribution.

The minimum required contribution for fiscal 2015 is $394,880. We have estimated the City portion as $218,989 which should be deposited during fiscal 2015 on at least a quarterly basis. The final quarterly amount paid by the City should take into account the actual amount of premium tax revenues received from the State of Florida so that total minimum funding deposited to the Plan for fiscal 2015 is $394,880.

Also, we have noted there have been contribution receivables in the last four years as shown in the below table. The premium tax revenue received from the State of Florida at year is received and deposited right after the fiscal year end. However, there has been another $125,000 contribution receivable that has not been deposited to the fund as shown in the table below.

Fiscal Year	State Contribution Receivable	Other Contribution Receivable	Total Contribution Receivable
2014	175,891	125,000	300,891
2013	170,685	125,000	295,685
2012	174,478	125,000	299,478
2011	0	125,000	125,000

Pension plan receivables should be short term and consist of contributions due as of the end of the reporting period. Contribution receivables should be deposited as soon as possible after the fiscal year end. When the minimum required contribution is not actually deposited to the fund, the contributions cannot be invested. Underfunding on this basis will cause the level of future minimum required contributions to rise.

Participant Data

During the year active membership changed from 44 to 48 members due to 5 new hires and 1 vested termination. The following provides a summary comparing the actual and expected pay increases for the 12 month periods ending on the date specified.

Year Ended	Individual		Total Payroll
September 30,	Actual	Expected	Increase
2014	5.3%	6.0%	10.1%
2013	6.0%	6.0%	(7.5%)
2012	(6.7%)	6.0%	(5.7%)
2011	5.3%	6.0%	4.5%
2010	0.3%	6.0%	1.4%
2009	2.4%	6.0%	5.8%
2008	2.0%	6.0%	4.3%
2007	7.1%	6.0%	7.5%
2006	0.5%	6.0%	(0.8%)
2005	15.4%	6.0%	9.3%
Average:	3.6%	6.0%	2.7%

Pay increases were slightly less than expected with the actual average pay increase amongst continuing actives at 5.3% in comparison to the 6.0% salary increase assumption. In addition, total payroll increased 2.7% on average over the last 10 years. However, we have not increased the 1.5% average payroll growth assumption used to amortize unfunded accrued liability as a level percentage of pay in the prior valuation of the Plan.

Overall, there was a small demographic loss primarily due to termination less than expected. This demographic loss was offset by a demographic gain for pay increases less than expected. Should a pattern of consistent gains or losses develop, assumptions will be adjusted as needed. We recommend a review of actuarial experience be conducted.

Assets

The investment return on the Market Value of Assets was 9.65% and the return on the Actuarial Value of Assets was 7.59%, each in comparison to the 8.0% rate of return assumed in the valuation of the Plan. Because the return on the Actuarial Value of Assets was less than the assumed rate of net investment return, there was an actuarial investment loss for the year ending September 30, 2014.

The table below provides a comparison of the investment return on the Market Value of Assets and the Actuarial Value of Assets in comparison to the investment return assumed in the valuation of the Plan.

12-Month Period Ended September 30,	% Market Return	% Actuarial Return	% Assumed Return
2014	9.65 %	7.59 %	8.0 %
2013	8.84 %	5.84 %	8.0 %
2012	12.43 %	0.96 %	8.0 %
2011	(2.80) %	0.57 %	8.0 %
2010	7.44 %	2.13 %	8.0 %
2009	0.78 %	2.10 %	8.0 %
2008	(13.54)%	(13.79)%	8.0 %
2007	9.97 %	10.23 %	8.0 %
2006	8.82 %	9.11 %	8.0 %
2005	8.68 %	(1.36)%	8.0 %
Average	4.73 %	2.12 %	8.0 %

Investment returns less than the assumed rate of return result in increased annual minimum required contributions in the future.

Plan Provisions

Ordinance 1645-2014 was adopted February 19, 2014. This ordinance updated language to bring the Plan in compliance with Internal Revenue Code and was deemed to have no material impact on the valuation of Plan liabilities.

Ordinance 1662-2014 was adopted November 5, 2014. This ordinance removed wording pertaining to mandatory retirement at age 70 and was deemed to have no material impact on the valuation of Plan liabilities.

As of September 30, 2014 the $359,515 cumulative balance of State contributions available for benefit improvement has been released into the general assets of the Plan to pay for current benefits.

Methods

There have been no changes in methods used in the prior valuation. However, we recommend that all future changes to the Unfunded Accrued Liability be amortized over a 25 year period effective with the October 1, 2015 Actuarial Valuation.

Assumptions

The mortality table continues to be based on the RP-2000 Combined Mortality Table (where disabled tables are used for disabled lives). Scale AA has been applied to reflect mortality improvements to the valuation year.

State Contributions

The actual premium tax distribution for the fiscal ending September 30, 2015 is not yet known. The minimum required contribution for fiscal 2015 is $394,880. We have estimated the City portion as $218,989 by assuming the fiscal 2015 State contribution is in the same amount as that received for fiscal 2014. The contribution paid by the City should take into account the actual amount of premium tax revenues received from the State of Florida so that total minimum funding deposited to the Plan for fiscal 2015 is $394,880.

Section 2 Results Derivation

In this section, the assets and liabilities of the Plan are shown in detail. Assets and liabilities are then compared to determine the funded status and minimum funding requirements.

While asset information is based on the fair market value of assets, along with any techniques used to smooth out market fluctuations, liabilities are determined through a combination of the benefit provisions, participant census data which contains information for the members who will receive those benefits, and the methods and assumptions used with regard to how benefits will be paid to members. A summary of participant data, an outline of the benefit provisions, and a description of the methods and assumptions used in this valuation are described in Section 4.

Financial Information

Over the life of the Plan, the majority of assets are typically generated from investment return. In this section, we describe how the assets of the Plan are invested, show how the actuarial value of assets is derived, and review the investment results since the prior valuation.

Investment Allocation

Valuation Date	**October 1, 2013**		**October 1, 2014**	
Stocks	$5,470,334	57%	$7,185,562	66%
Fixed Income Securities	3,889,722	40%	3,113,318	29%
Cash and Cash Equivalents	12,300	0%	178,766	2%
Net Receivables	321,955	3%	321,855	3%
Fair Market Value of Assets	$9,694,311	100%	$10,799,501	100%

Reconciliation of Market Value of Assets

Year Ending September 30,		**2013**	**2014**
1.	**Market Value of Assets at Beginning of Year**	$8,762,060	$9,694,311
2.	Contributions		
	a. Employer	$170,374	$175,170
	b. State	170,685	175,891
	c. Plan Members	202,692	158,054
	d. Total Contributions	$543,751	$509,115
3.	Investment Income		
	a. Realized Appreciation (Depreciation)	$901,334	$17,292
	b. Unrealized Appreciation (Depreciation)	(336,661)	690,811
	c. Interest plus Dividends	264,008	266,339
	d. Investment Expense	(47,577)	(31,362)
	e. Net Investment Income	$781,104	$943,080
4.	Deductions		
	a. Benefits	$(241,507)	$(241,507)
	b. Refund of Contributions	(93,581)	(35,759)
	c. Administrative Expense	(57,516)	(69,739)
	d. Total Deductions	$(392,604)	$(347,005)
5.	Net Increase	$932,251	$1,105,190
6.	**Market Value of Assets at End of Year**	$9,694,311	$10,799,501
7.	**Return on Market Value of Assets = 2I / (A + B – I)**	8.84%	9.65%

Development of Actuarial Value of Assets

The Market Value of Assets is adjusted to recognize investment earnings greater than (or less than) the assumed net investment return over a five-year period. The Actuarial Value of Assets is no more than 120% and no less than 80% of the Market Value of Assets.

1.	Gross Market Value of Assets as of October 1, 2014				$10,799,501
2.	Phase-In Gains (Losses) Over Five Year Period				
		Year Ending	Original Gain (Loss)	Percent Unrecognized	Unrecognized Gain (Loss)
	a.	September 30, 2014	$168,086	80%	$134,469
	b.	September 30, 2013	80,921	60%	48,553
	c.	September 30, 2012	347,298	40%	138,919
	d.	September 30, 2011	(831,524)	20%	(166,305)
	e.	Total			$155,636
3.	Preliminary Gross Actuarial Value of Assets				$10,643,865
4.	Corridor Around Market Value				
	a.	Minimum = 80% of Market Value of Assets			$8,639,601
	b.	Maximum = 120% of Market Value of Assets			$12,959,401
	c.	Corridor Adjustment to Preliminary Actuarial Value			$0
5.	Gross Actuarial Value of Assets as of October 1, 2014				$10,643,865
6.	State Contribution Reserve				$359,515
7.	Actuarial Value of Assets as of October 1, 2014 – Before Reserve Release				$10,284,350
8.	Actuarial Value of Assets as of October 1, 2014 – After Reserve Release				$10,643,865

Development of Historical Gain or Loss on Market Value of Assets

Fiscal Year End		2014	2013
1.	Market Value of Assets - Beginning of Year	$9,694,311	$8,762,060
2.	Expected Interest on Assets	775,545	700,965
3.	Contributions	509,115	543,751
4.	Benefit Payments + Administrative Expenses	(347,005)	(392,604)
5.	Interest on items (3) and (4)	(551)	(782)
6.	Expected Value of Assets at End of Year	$10,631,415	$9,613,390
7.	Market Value of Assets - End of Year	$10,799,501	$9,694,311
8.	Gain (Loss) for Plan Year = (7) - (6)	$168,086	$80,921

Fiscal Year End		2012	2011
1.	Market Value of Assets - Beginning of Year	$7,566,604	$7,614,445
2.	Expected Interest on Assets	605,328	609,156
3.	Contributions	513,139	502,430
4.	Benefit Payments + Administrative Expenses	(272,938)	(334,616)
5.	Interest on items (3) and (4)	2,629	6,713
6.	Expected Value of Assets at End of Year	$8,414,762	$8,398,128
7.	Market Value of Assets - End of Year	$8,762,060	$7,566,604
8.	Gain (Loss) for Plan Year = (7) - (6)	$347,298	$(831,524)

Historical Asset Values

Value as of October 1,	Actuarial Value of Assets	Market Value of Assets	% Market Return	% Actuarial Return	% Assumed Return
2014	$10,643,865	$10,799,501	9.65 %	7.59 %	8.00 %
2013	9,402,198	9,694,311	8.84 %	5.84 %	8.00 %
2012	8,736,203	8,762,060	12.43 %	0.96 %	8.00 %
2011	8,414,417	7,566,604	(2.80)%	0.57 %	8.00 %
2010	8,262,345	7,614,445	7.44 %	2.13 %	8.00 %
2009	8,021,574	6,963,511	0.78 %	2.10 %	8.00 %
2008	7,682,097	6,671,261	(13.54)%	(13.79)%	8.00 %
2007	7,339,570	7,449,379	9.97 %	10.23 %	8.00 %
2006	6,378,390	6,614,964	8.82 %	9.11 %	8.00 %
2005	6,334,935	6,495,263	8.68 %	(1.36)%	8.00 %

Historical Contribution Amounts

Year Ending September 30,	Employer	State	Members	Total
2014	$175,170	$175,891	$158,054	$509,115
2013	170,374	170,685	202,692	543,751
2012	176,060	174,478	162,601	513,139
2011	167,856	166,718	167,856	502,430
2010	159,519	162,716	159,519	481,754
2009	161,204	167,324	161,204	489,732
2008	157,357	166,345	157,357	481,059
2007	139,993	169,433	139,993	449,419
2006	147,596	164,202	129,770	441,568
2005	133,375	155,180	134,263	422,818

Historical Deductions from Fund

Year Ending September 30,	Benefits	Refunds	Administrative Expense	Total
2014	$241,507	$35,759	$69,739	$347,005
2013	241,507	93,581	57,516	392,604
2012	242,060	2,045	28,833	272,938
2011	247,648	38,828	48,140	334,616
2010	247,648	61,665	44,177	353,490
2009	211,230	8,015	30,998	250,243
2008	180,589	17,654	35,844	234,087
2007	137,855	88,084	56,866	282,805
2006	804,017	50,257	21,277	875,551
2005	90,785	33,878	14,412	139,075

Derivation of State Contribution Funding Reserves

Year Ending 9/30	State Conts	One-time Use Benefit Imprvmnts	Recurring Cost Benefit Imprvmnts	Base Plus Benefit Imprvmnts	Recognized State Funding	Cumulative Balance Available for Benefit Imprvmnt
2014	$175,891	$0	$0	$103,196	$175,891	$359,515
2013	170,685	0	0	103,196	170,685	359,515
2012	174,478	0	0	103,196	174,478	359,515
2011	166,718	0	0	103,196	103,196	359,515
2010	162,716	665	26	103,196	103,196	295,993
2009	167,324	0	0	103,170	103,170	237,138
2008	166,345	0	0	103,170	103,170	172,984
2007	169,433	193,028	15,214	103,170	103,170	109,809
2006	164,202	0	0	87,956	87,956	236,574
2005	155,180	0	0	87,956	87,956	160,328
2004	144,978	0	0	87,956	87,956	93,104
2003	110,868	0	0	87,956	87,956	36,082
2002	101,126	0	0	87,956	87,956	13,170
2001	85,770	0	3,000	87,956	85,770	0
2000	78,865	0	4,085	84,956	78,865	0
1999	79,929	0	0	80,871	79,929	0
1998	80,871	0	0	80,871	80,871	0

Ordinance No. 1366-2005 was adopted on February 2, 2005. We understand no impact statement was completed for the benefit increases described in this ordinance at that time. As such, we created an impact statement on September 27, 2007 using data as of October 1, 2005. The one-time use benefit improvement and recurring cost benefit improvement amounts shown above for 2007 are based on this impact statement. Since inclusion of up to 300 hours of overtime was included in pensionable earnings commencing in June of 2007, overtime was reflected for the first time in the actuarial valuation as of October 1, 2007. The dollar increase in accrued liability and normal cost as stated in our impact statement has been increased with two years of assumed payroll growth to approximate the effect of the inclusion of up to 300 hours of overtime effective October 1, 2007. State reserves totaling $193,028 have been used towards paying for the increase in accrued liability. On an on-going basis, the annual contribution received from the State has been increased from $87,956 in the prior valuation of the plan to $103,170 for fiscal 2008 to reflect the increase in normal cost due to inclusion of overtime effective October 1, 2007.

Disability benefits were modified such that in no event will the benefit payable be less than the benefit required under section 185.18 of the Florida Statutes. The $665 one-time use and $26 recurring cost benefit improvements in fiscal 2010 were for this change in Plan provisions.

As of September 30, 2014 the $ $359,515 cumulative balance of State contributions available for benefit improvement has been released into the general assets of the Plan to pay for current benefits.

Present Value of Benefits

Valuation as of October 1,			2013	2014
1.	**Active Members**			
	a.	Retirement Benefits	$8,974,430	$9,716,972
	b.	Deferred Benefits	507,038	542,484
	c.	Survivor Benefits	164,747	168,768
	d.	Disability Retirement	319,596	335,738
	e.	Total for Active Members	$9,965,811	$10,763,962
2.	**Inactive Members**			
	a.	Retired Members	$3,413,113	$3,453,743
	b.	Terminated members	159,043	615,904
	c.	Beneficiaries	0	0
	d.	Disability Retirement	134,269	132,288
	e.	Total for Inactive Members	$3,706,425	$4,201,935
3.	**Present Value of Benefits**		$13,672,236	$14,965,897

Accrued Liability

Valuation as of October 1,			2013	2014
1.	**Active Members**			
	a.	Retirement Benefits	$6,179,175	$6,649,868
	b.	Deferred Benefits	33,349	26,440
	c.	Survivor Benefits	78,042	76,473
	d.	Disability Retirement	153,484	152,810
	e.	Total for Active Members	$6,444,050	$6,905,591
2.	**Inactive Members**			
	a.	Retired Members	$3,413,113	$3,453,743
	b.	Terminated members	159,043	615,904
	c.	Beneficiaries	0	0
	d.	Disability Retirement	134,269	132,288
	e.	Total for Inactive Members	$3,706,425	$4,201,935
3.	**Accrued Liability**		$10,150,475	$11,107,526

Normal Cost

Valuation as of October 1,			2013	2014
1.	**Preliminary Normal Cost**			
	a.	Retirement Benefits	$304,905	$337,740
	b.	Deferred Benefits	51,212	56,305
	c.	Survivor Benefits	9,377	10,085
	d.	Disability Retirement	18,496	20,608
	e.	Total	$383,990	$424,738
2.	**Total Normal Cost**			
	a.	Preliminary Normal Cost	$383,990	$424,738
	b.	Estimated Administrative Expense	57,516	69,739
	c.	Total Normal Cost	$441,506	$494,477
	d.	Total Normal Cost as a Percent of Pay	21.0%	21.3%
3.	**Employer Normal Cost**			
	a.	Preliminary Normal Cost	$383,990	
	b.	Actual Administrative Expense	69,739	
	c.	Actual Employee Contributions	(158,054)	
	d.	Employer Normal Cost	$295,675	
4.	**Valuation Payroll**		$2,103,443	$2,316,202

Unfunded Accrued Liability

Derivation of Unfunded Accrued Liability (UAL)

Unfunded Accrued Liability

1.	Accrued Liability	$11,107,526
2.	Actuarial Value of Assets	(10,643,865)
3.	Unfunded Accrued Liability	$463,661

Determination of Expected Unfunded Accrued Liability

1.	Unfunded Accrued Liability as of Prior Year	$748,277
2.	Interest for a full year on (1)	59,862
3.	Employer Normal Cost (Including Administrative Expenses) as of Prior Year	295,675
4.	Interest for a full year on (3)	23,654
5.	City Plus State Contribution	(351,061)
6.	Interest on Contribution for Time on Deposit	(7,007)
7.	Change in Plan, Methods or Assumptions	(348,304)
8.	Expected Unfunded Accrued Liability	$421,096

Calculation of (Gain) or Loss

1.	Actual Unfunded Accrued Liability	$463,661
2.	Expected Unfunded Accrued Liability	421,096
3.	Total (Gain) or Loss	$42,565

Reconciliation of Unfunded Accrued Liability

1.	Unfunded Accrued Liability as of Prior Year	$748,277
2.	Total Change in Unfunded Accrued Liability	
	a. Expected Change in Unfunded Accrued Liability	$21,123
	b. Change in Plan, Methods or Assumptions	(348,304)
	c. Change Due to (Gain) or Loss	
	i. Portion of (Gain) / Loss Due to Investments	$31,583
	ii. Portion of (Gain) / Loss Due to Demographic Experience	10,982
	iii. Total (Gain) or Loss	$42,565
	d. Total Change in Unfunded Accrued Liability	$(284,616)
3.	Unfunded Accrued Liability	$463,661

Amortization of Unfunded Liability

The Unfunded Actuarial Accrued Liability is being amortized as a level percentage of payroll based on the interest and payroll growth assumptions. Changes in the Unfunded Actuarial Accrued Liability due to plan changes, assumption changes, method changes, or gains and losses are all amortized over a 30-year period.

Amortization Bases

	Effective 10/1	Source	Original Balance	Remaining Balance	Adjusted Remaining Balance	Years Remain	1.5% Amort
1.	2005	Method Change	$(129,220)	$(142,413)	$(72,400)	21	$(5,982)
2.	2006	Actuarial Gain	(154,247)	(168,964)	(85,897)	22	(6,941)
3.	2007	Actuarial Gain	(538,306)	(584,945)	(297,373)	23	(23,545)
4.	2008	Actuarial Loss	1,693,799	1,814,925	922,666	23	73,054
5.	2008	Method Change	7,606	8,184	4,161	24	323
6.	2008	Method Change	(1,183,820)	(1,273,874)	(647,608)	24	(50,320)
7.	2009	Actuarial Loss	449,531	478,259	243,136	25	18,567
8.	2010	Actuarial Loss	46,391	48,725	24,771	26	1,861
9.	2011	Actuarial Loss	489,026	506,424	257,454	27	19,062
10.	2012	Actuarial Gain	(278,260)	(283,758)	(144,256)	28	(10,535)
11.	2012	Asmp/Method Chg	363,487	370,670	188,440	28	13,761
12.	2013	Actuarial Loss	22,767	22,837	11,610	29	837
13.	2013	Update Mortality	10,161	10,192	5,181	29	374
14.	2014	Actuarial Loss	42,565	42,565	42,565	30	3,033
15.	2014	Update Mortality	11,211	11,211	11,211	30	799
	Scheduled Amortization Payment						$34,348
	Outstanding Bases			$860,038	$463,661		
	Unfunded Accrued Liability				$463,661		

Credit Balance

As of September 30, 2014 the $359,515 cumulative balance of State contributions available for benefit improvement has been released into the general assets of the Plan to pay for current benefits.

Along with the above change, any remaining the credit balance has also been used to pay down the unfunded accrued liability.

Projected Unfunded Accrued Liability and Amortization Payments

Plan Year Beginning October 1	Total Outstanding Bases	Total Amortization Payment
2014	$463,661	$34,348
2015	463,658	34,862
2016	463,100	35,386
2017	461,931	35,917
2018	460,095	36,457
2019	457,529	37,002
2020	454,169	37,558
2021	449,940	38,121
2022	444,765	38,694
2023	438,556	39,274
2024	431,225	39,863
2025	422,671	40,460
2026	412,788	41,069
2027	401,456	41,682
2028	388,556	42,310
2029	373,946	42,944
2030	357,482	43,587
2031	339,006	44,240
2032	318,348	44,904
2033	295,319	45,579
2034	269,719	46,262
2035	241,334	55,135
2036	201,094	65,593
2037	146,341	(3,151)
2038	161,452	68,273
2039	100,633	42,359
2040	62,936	40,250
2041	24,500	12,359
2042	13,113	7,651
2043	5,899	5,899

Actions Taken to Reduce Unfunded Actuarial Accrued Liability

The required contributions calculated each year include a payment for the amortization of the unfunded actuarial accrued liability. This payment is designed to reduce the unfunded actuarial accrued liability in an orderly fashion over the next 30 years. However, we recommend that all future changes to the Unfunded Accrued Liability be amortized over a 25 year period effective with the October 1, 2015 Actuarial Valuation.

Minimum Funding Requirements

Determination of Required Contribution

Valuation as of October 1, Funding for Year Ending September 30,	2013 2014	2014 2015
1. Determination of Minimum Required Contribution		
a. Total Normal Cost	$441,506	$494,477
b. Amortization of Unfunded Accrued Liability	59,141	34,348
c. Beginning of Year Contribution	$500,647	$528,825
d. Credit Balance Applied BOY	44,494	0
e. Beginning of Year Contribution - Credit Balance	$456,153	$528,825
f. Interest for Monthly Payments	25,074	28,189
g. Minimum Required Contribution Payable Monthly	$481,227	$557,014
h. Percent of Pay	22.9%	24.0%
2. Computation of Expected Member Contributions		
a. Expected Member Contributions	$147,241	$162,134
b. Percent of Pay	7.0%	7.0%
3. Expected Contributions from State		
a. Expected State Contribution	$170,685	$175,891
b. Percent of Pay	8.1%	7.6%
4. City Policy Contribution		
a. City Policy Contribution	$163,301	$218,989
b. Percent of Valuation Payroll	7.8%	9.4%
5. Valuation Payroll	$2,103,443	$2,316,202

Note: The State of Florida approved the use of the full premium tax revenues toward minimum funding beginning with fiscal 2012.

Reconciliations

Reconciliation of Funded Status

Change in Funded Percentage

	Unfunded Actuarial Accrued Liability	Funded Percentage	Change in Unfunded Actuarial Accrued Liability	Change in Funded Percentage
As of Prior Valuation	**$748,277**	**92.6 %**		
Changes in due to:				
Normal Operation of Plan	769,400	93.1 %	$21,123	0.5 %
Investment Loss	800,983	92.8 %	31,583	(0.3)%
Demographic Loss	811,965	92.7 %	10,982	(0.1)%
Mortality Improvement	823,176	92.6 %	11,211	(0.1)%
Release State Reserve	463,661	95.8 %	(359,515)	3.2 %
Total Changes			$(284,616)	3.2 %
As of Current Valuation	**$463,661**	**95.8 %**		

Reconciliation of City Minimum Funding Requirement

	Dollar Amount	% of Pay
As of Prior Valuation (Before Credit Balance)	**$209,574**	**10.0 %**
Changes in Contribution due to:		
Normal Operation of Plan	$5,602	0.1 %
Change in State $	(4,998)	(0.2)%
Change in Expenses	12,712	0.6 %
Investment Loss	2,340	0.1 %
Demographic Loss	20,340	0.0 %
Update Mortality Improvements from '13 to '14	1,254	0.1 %
Release State Reserve	(27,835)	(1.3)%
Total Changes	$9,415	(0.6)%
As of Current Valuation (Before Credit Balance)	**$218,989**	**9.4 %**
As of Current Valuation (After Credit Balance)	**$218,989**	**9.4 %**

Section 3 Accounting Information

Information Required by GASB 67

A supplemental report provides information under the Governmental Accounting Standards Board No. 67.

Information Required by GASB 27

Annual Pension Cost and Net Pension Obligation

Fiscal Year Ending September 30,	**2014**	**2013**	**2012**	**2011**	**2010**
1. Beginning of year NPO	$(417,463)	$(408,793)	$(399,909)	$(385,928)	$(377,417)
2. Contributions Made	175,170	170,374	176,060	167,856	159,519
3. Pension Cost	172,267	161,704	167,176	153,875	151,008
4. End of year NPO (1. - 2. + 3.)	$(420,366)	$(417,463)	$(408,793)	$(399,909)	$(385,928)
1. Annual Required Contribution	$175,170	$170,374	$176,060	$162,448	$159,391
2. Interest on NPO	(33,397)	(32,703)	(31,993)	(30,874)	(30,193)
3. Amortization of NPO	30,494	24,033	23,109	22,301	21,810
4. Pension Cost	$172,267	$161,704	$167,176	$153,875	$151,008

Note: Assumptions used can be found in the “Description of Assumptions and Methods” in Section 4 of this report.

Statement of Accumulated Plan Benefits (FASB 35)

The present value of accrued benefits is an estimate of the liability for all benefits accrued to date.

Valuation as of October 1,			**2013**	**2014**
1.	Actuarial present value of accumulated benefits			
	a.	Participants currently receiving benefits	$3,547,382	$3,586,031
	b.	Other participants	4,731,736	5,537,589
	c.	Vested participants	$8,279,118	$9,123,620
	d.	Nonvested participants	569,481	615,782
	e.	Total	$8,848,599	$9,739,402
2.	Change in actuarial present value of accumulated benefits			
	a.	Actuarial present value of accumulated benefits beginning of year		$8,848,599
	b.	Increase (decrease) during year attributable to:		
		i. Plan amendment		$0
		ii. Change in assumptions or methods		9,367
		iii. Increase for interest and probability of payment due to decrease in discount period and benefits accrued		1,158,702
		iv. Benefits paid		(277,266)
		v. Other		0
		vi. Net increase (decrease)		$890,803
	c.	Actuarial present value of accumulated benefits end of year		$9,739,402

Other Disclosures Required by the State of Florida

Valuation as of October 1,	**2013**	**2014**
Present value of active member:		
Future salaries (attained age)	$19,840,603	$21,750,051
Future contributions (attained age)	$1,388,842	$1,522,504
Balance of contributions with interest for actives	$1,932,259	$2,066,901

Required Disclosure Under F.S. 112.664(1)

As required under F.S. Section 112.664(1) we have produced the following information:

(a) Total pension liability calculated assuming mortality under the RP-2000 Combined Mortality Table for healthy participants (by gender) with fully generational projection using Scale AA.

(b) Total pension liability calculated using an assumed interest rate that is 200 basis points lower than that assumed in the valuation of the Plan.

(c) Determination of the number of months or years for which the current market value of assets is adequate to sustain the payment of expected retirement benefits.

(d) Recommended contribution to the Plan using the most recent valuation and the contributions necessary prepared pursuant to (a) and (b) stated as a dollar amount and % of payroll.

	2% Decrease (6.000%)	Actual Valuation Current Discount Rate (8.000%)	2% Increase (10.000%)	Actual Valuation Results - 8.0% and RP-2000 Projected to 2014 Using Scale AA
Total pension liability	$14,545,577	$11,370,960	$9,121,042	$11,107,526
Plan fiduciary net position	(10,799,501)	(10,799,501)	(10,799,501)	(10,799,501)
Net pension liability	$3,746,076	$571,459	$(1,678,459)	$308,025
Plan fiduciary net position as a percentage of the total pension liability	74.2%	95.0%	118.4%	97.2%
Years of benefit payments:				
Expected for current members:	95	95	95	N/A
Paid for with current assets:	17	21	33	N/A
City Plus State Contribution Requirement				
Dollar Amount	$847,967	$428,464	$227,519	$394,880
Percent of Payroll	36.6%	18.5%	9.8%	17.0%

Required Disclosure Under F.S. 112.664(2)(b)2.

F.S. Section 112.664(2)(b)2. - For the previous five years, beginning with 2013, a side-by-side comparison of the plan's assumed rate of return compared to the actual rate of return, as well as the percentages of cash, equity, bond and alternative investments in the plan portfolio.

Year Ending September 30,	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Assumed rate of return	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Actual rate of return	9.6%	8.8%	12.4%	(2.8%)	7.4%	0.8%
Percentages of assets in:						
Cash	2%	0%	4%	4%	5%	3%
Equity	66%	57%	57%	55%	57%	58%
Bond	29%	40%	35%	39%	34%	34%
Alternative	3%	3%	4%	2%	4%	5%
Total	100%	100%	100%	100%	100%	100%

Section 4 Supplementary Information

Summary of Participant Data

Member Statistics

Valuation as of October 1,	**2013**	**2014**
Active Participants		
Number	44	48
Average Age	40.5	40.1
Average Credited Service	11.5	11.0
Percent Male	88.6	85.4
Average Valuation Salary	$47,806	$48,254
Total Valuation Salary	$2,103,443	$2,316,202
Payroll Covered in Valuation	$2,103,443	$2,316,202
Terminated With Rights to Deferred Benefits		
Number	1	2
Average Age	41.5	45.9
Percent Male	100.0	100.0
Average Monthly Benefit	$1,179	$2,645
DROP Participants		
Number	1	1
Average Age	55.5	56.5
Percent Male	100.0	100.0
Average Monthly Benefit	$6,126	$6,126
Total of DROP Account Balances September 30	$24,506	$98,864

Valuation as of October 1,	2013	2014
Service Retirements		
Number	7	7
Average Age	62.5	63.5
Percent Male	100.0	100.0
Average Monthly Benefit	$2,698	$2,698
Disability Retirements		
Number	1	1
Average Age	52.1	53.1
Percent Male	100.0	100.0
Average Monthly Benefit	$1,239	$1,239
Total In Payment Status		
Number	8	8
Average Age	61.2	62.2
Percent Male	100.0	100.0
Average Monthly Benefit	$2,516	$2,516

Number of Active Members by Age and Service as of October 1, 2014

Age	< 1	< 5	< 10	< 15	< 20	< 25	< 30	< 35	Total
< 20									
< 25		1							1
< 30	4	1	1						6
< 35		2	8	1					11
< 40		2	3	1					6
< 45			1	1	1	1			4
< 50		3		3	4	3	1		14
< 55					2	1	2		5
< 60					1				1
< 65									
Total	4	9	13	6	8	5	3		48

Active Valuation Pay by Age and Service as of October 1, 2014

Age	< 1	< 5	< 10	< 15	< 20	< 25	< 30	< 35	Total
< 20									
< 25		36,551							36,551
< 30	35,390	36,000	39,900						36,243
< 35		37,598	44,032	43,970					42,857
< 40		37,055	41,563	49,757					41,426
< 45			41,483	45,146	53,589	60,953			50,293
< 50		53,747		48,463	57,662	60,186	65,531		55,955
< 55					60,457	55,624	64,500		61,108
< 60					52,135				52,135
< 65									
Total	35,390	42,567	42,948	47,377	57,161	59,427	64,844		48,254

Reconciliation of Plan Participants

	Active	Retired	DROP	Deferred Vested	Disabled	Survivor	Total
October 1, 2010	**50**	**8**	**0**	**0**	**1**	**0**	**59**
Active							
To Refund of Contribs	(3)						(3)
Additions	3						3
October 1, 2011	**50**	**8**	**0**	**0**	**1**	**0**	**59**
Active							
To Terminated Vested	(1)			1			0
To Refund of Contribs	(1)						(1)
Retired							
To Death		(1)					(1)
Additions	2						2
October 1, 2012	**50**	**7**	**0**	**1**	**1**	**0**	**59**
Active							
To DROP	(1)		1				0
To Refund of Contribs	(8)						(8)
Additions	3	0	0	0	0	0	3
October 1, 2013	**44**	**7**	**1**	**1**	**1**	**0**	**54**
Active							
To Terminated Vested	(1)			1			0
Additions	5	0	0	0	0	0	5
October 1, 2014	**48**	**7**	**1**	**2**	**1**	**0**	**59**

Outline of Plan Provisions

Plan Type: Single-employer Defined Benefit Pension Plan

Effective Date: November 1, 1969. Amended and restated effective October 1, 1999 and subsequently amended by Ordinance No. 1222-2000, 1262-2001, 1336-2004, 1366-2005, 1492-2008, 1509-2008, 1520-2009, 1545-2010, 1546-2010, 1570-2010, 1588-2011, 1589-2011, 1630-2013, 1645-2014 and 1662-2014.

Plan Administrator: The Board of Trustees

Board Composition: Two members are elected from among the police employees of the City, who are members of the plan, two city residents appointed by the Commission and one person is chosen by a majority of the previous four members.

Funding Requirements: Employer contributions are actuarially determined and subject to State statute. Employee contributions are as described below and may be amended by ordinance.

Plan Year: The 12-month period from October 1^{st} to the next September 30^{th}.

Member: Full-time police officers participate in the Plan immediately upon hire.

Credited Service: Employee service computed in years and completed calendar months. Military service purchases up to five years are allowed.

Vesting: Members become 100% vested after earning 10 years of Credited Service.

Basic Compensation: Total compensation actually paid in a Plan Year by the City including tax deferred compensation, as well as educational incentive monies, and excluding overtime in excess of 300 hours, commissions, bonuses, expense allowances and payment for accrued annual leave, accrued sick leave, and accrued compensatory leave.

Employee Contributions: 7.0% of Basic Compensation credited with 5% interest compounded annually. Members receive benefits under the Plan no less than the value of their accumulated Employee Contributions with interest.

Members who terminate non-vested are entitled to the return of Employee Contributions accumulated with interest at 5% to the first day of the month in which termination occurs.

Average Monthly Compensation: The sum of the highest five successive Plan Years of Basic Compensation in the last ten Plan Years of employment divided by 60.

Normal Retirement Date: The first day of the month coincident with or next following attainment of age 52 and 10 years of Credited Service.

Accrued Benefit: For Members hired before January 2, 2013, the amount of monthly retirement income payable at the Normal Retirement Date is determined according to the following formula:

3% x Average Monthly Compensation x Credited Service up to 25 years

Plus

1.5% x Average Monthly Compensation x Credited Service between 25 and 35 years

For Members hired on or after January 2, 2013, the amount of monthly retirement income payable at the Normal Retirement Date is determined according to the following formula:

3% x Average Monthly Compensation x Credited Service up to 25 years

The Accrued Benefit is payable in the form of a 10-year certain and continuous annuity. However, any member with a spouse shall receive an actuarially equivalent 50% joint and survivor annuity unless the member chooses another Optional Form of Retirement Income with spousal consent.

Members who terminate employment 100% vested prior the Normal Retirement Date are eligible to receive their Accrued Benefit once the age requirements for the Normal Retirement Date are met, provided Employee Contributions remain in the Plan.

Late Retirement Benefit: The amount of monthly retirement income payable to a Member who retires after the Normal Retirement Date is the greater of (i) the monthly retirement income which can be provided by the single-sum value of the Accrued Benefit payable if he had retired at the Normal Retirement Date, accumulated with interest from the Normal Retirement Date to the date the monthly retirement income payments are to commence, and (ii) the monthly retirement income computed as described for the Accrued Benefit using Credited Service and Average Monthly Compensation determined at the Member's actual retirement date.

Early Retirement Date: The first day of the month coincident with or next following the date an employee retires prior to the Normal Retirement Date after the earlier of attainment of age 44 and 25 years of Credited Service or age 50 and 10 years of Credited Service.

Early Retirement Benefit: The Accrued Benefit is reduced for commencement earlier than the Normal Retirement Date at a rate of 3/12% per month. However, the minimum monthly retirement income for a Member who retires before the Normal Retirement Date with 25 years Credited Service is 50% x Average Monthly Compensation.

Members who terminate employment 100% vested prior to reaching the Early Retirement Date age requirements may elect to receive an Early Retirement Benefit once the age requirements are met, provided Employee Contributions remain in the Plan.

Members who terminate employment 100% vested prior the Normal Retirement Date but on or after their Early Retirement Date but do not commence receipt of an Early Retirement Benefit at that time will receive a monthly retirement income not less than the monthly retirement income which can be provided by the single-sum value of the monthly early retirement income which would have been payable if he had retired immediately upon termination, accumulated with interest from termination to the date the monthly retirement income payments are to commence.

Members who recover from Disability Retirement and who were eligible for an Early Retirement Benefit at the date of disability may elect to receive this benefit upon recovery from disability.

Disability Retirement: This benefit is payable from the first day of the month coincident with or next following the date the Retirement Committee approves the Member's Disability Retirement. The benefit is payable in the form of a 10 year certain and continuous annuity. The last payment is that due next preceding the earlier of (1) the date of recovery prior to the Normal Retirement Date and (2) the later of the date of death or the 120th payment. The amount of monthly retirement income is determined as follows:

(a) Non-Line of Duty: Members with less than 10 years of Credited Service upon disability receive a monthly retirement income which can be provided by the greater of (i) the single-sum value of the Accrued Benefit and (ii) 2 x Basic Compensation paid in the Plan Year immediately preceding disability. The monthly retirement income which can be provided by (ii) is limited to 60% x Anticipated Monthly Retirement Income at the Normal Retirement Date. Effective with this valuation, the benefit has been modified such that in no event shall the benefit payable be less than the benefit required under section 185.18 of the Florida Statutes.

(b) Non-Line of Duty: Members with 10 years of Credited Service or more upon disability receive a monthly retirement income which is the greater of (i) the monthly retirement income which can be provided by the single-sum value of the Accrued Benefit and (ii) 30% x Basic Compensation paid in the Plan Year immediately preceding disability where the single-sum value of this monthly amount does not exceed 100 x the Anticipated Monthly Retirement Income at the Normal Retirement Date. Effective with this valuation, the benefit has been modified such that in no event shall the benefit payable be less than the benefit required under section 185.18 of the Florida Statutes.

(c) Line of Duty: Members receive a monthly retirement income which is 50% x Basic Compensation paid in the Plan Year immediately preceding disability where the single-sum value of this monthly amount does not exceed 100 x the Anticipated Monthly Retirement Income at the Normal Retirement Date. Effective with this valuation, the benefit has been modified such that in no event shall the benefit payable be less than the benefit required under section 185.18 of the Florida Statutes.

Members who recover from disability and re-enter the service of the City within 30 days of recovery will be deemed to have continuous service except that the period beginning with the first month for which Disability Retirement income was received and ending with the date of service re-entry is not considered as Credited Service.

Anticipated Monthly Retirement Income at the Normal Retirement Date: Determined as described for the Accrued Benefit, but instead using Anticipated Credited Service and Anticipated Average Monthly Compensation. Anticipated Credited Service is employee service computed in years and completed calendar months as if the member remains employed to the Normal Retirement Date. Anticipated Average Monthly Compensation is computed assuming that the last complete Plan Year of Basic Compensation is paid in each Plan Year, without change, to the Normal Retirement Date.

Survivor Benefit at Death of Disabled Member Prior to Disability Retirement: The designated beneficiary of a disabled Member who dies prior to receipt of Disability Retirement benefits is eligible to receive a monthly retirement income payable in the form of a 10 year certain and continuous annuity payable commencing on the first of the month coincident with or next following the date of the disabled Member's death. The designated beneficiary will receive a monthly retirement income which can be provided by the greater of (i) the single-sum value of the Accrued Benefit and (ii) 2 x Basic Compensation paid in the Plan Year immediately preceding disability not more than 100 x Anticipated Monthly Retirement Income at the Normal Retirement Date.

Survivor Benefit at Death of Vested Terminated Members: The designated beneficiary of vested Member who dies prior to retirement is eligible to receive a monthly retirement income payable in the form of a 10 year certain and continuous annuity payable commencing on the first of the month coincident with or next following the Member's death, which can be provided by the single-sum value of the Member's Accrued Benefit or Early Retirement Benefit.

Survivor Benefit at Death of Active Employee Prior to Normal Retirement Date: The designated beneficiary of a Member who dies while in active service prior to the Normal Retirement Date is eligible to receive, commencing on the first of the month coincident with or next following the Member's death, a monthly retirement income (payable in the form of a 10 year certain and continuous annuity) which can be provided by the greater of (i) the single-sum value of the Accrued Benefit as of the date of death, not less than the single-sum value of the Early Retirement Benefit which would have been payable if the Member had retired early on the date of death, and (ii) 2 x Basic Compensation paid in the Plan Year immediately preceding death not more than 100 x Anticipated Monthly Retirement Income at the Normal Retirement Date.

Survivor Benefit at Death of Active Employee After Normal Retirement Date: The designated beneficiary of a Member who dies while in active service after the Normal Retirement Date is eligible to receive, commencing on the first of the month coincident with or next following the Member's death, a monthly retirement income (payable in the form of a 10 year certain and continuous annuity) which can be provided by the single-sum value of the Late Retirement Benefit.

Optional Forms of Retirement Income: In addition to the 10 year certain and continuous form of annuity, also available under the terms of the Plan are the life only annuity and the joint and 50%, 66 2/3%, 75%, or 100% survivor annuity. With the joint and survivor options, the member may also elect the pop-up feature. The Plan also allows for other amounts and forms of retirement income that will meet the circumstances of the Participant, in the opinion of the Retirement Committee, and will not substantially affect the actuarial soundness of the Plan.

Deferred Retirement Option Program (DROP): Members are eligible to enter the DROP at the Normal Retirement Date. The Accrued Benefit is frozen and no further Employee Contributions are payable at DROP entry. The Accrued Benefit accumulates with interest in the DROP account and is payable as a single-lump sum (or as an actuarially equivalent annuity) upon DROP exit. The DROP account earns interest at a rate equal to the funds net rate of investment return minus 1% in administration fees, unless the DROP participant, as a one-time irrevocable option, elects a self-directed DROP as approved by the board of trustees. The maximum DROP participation duration is 5 years and participation will end if the employee resigns, dies or is terminated with cause prior to completion of the 5 years.

Description of Assumptions and Methods

Assumed Rate of Investment Return: 8.0% per year net of investment expenses

Salary Increase – Individual: 6.0% per year (It is assumed that overtime hours are not increased at the end of the member's career.)

Salary Increase – Total Payroll:

Florida Statues 112.64(5)(a) requires that the payroll growth assumption not exceed the average payroll growth for the prior ten years. The assumed total payroll increase assumption has been set at 1.5% for this valuation.

Inflation: 2.5% per year

Mortality: RP-2000 Combined Mortality Table projected to the valuation year using Scale AA. Disabled tables are used for disabled lives.

Retirement: Unisex rates based on the experience of the Rockledge police officers from 1999 through 2005 (and expectations of the future), as follows:

Age	Rate	Age	Rate
52	0.250	57	0.350
53	0.300	58	0.400
54	0.300	59	0.500
55	0.300	60	1.000
56	0.300		

Termination: Unisex rates based on the experience of the Rockledge police officers from 1999 through 2005, as follows:

Service	Rate	Service	Rate	Service	Rate	Service	Rate
0	0.0600	7	0.0425	14	0.0250	21	0.0150
1	0.0575	8	0.0400	15	0.0200	22	0.0150
2	0.0550	9	0.0375	16	0.0175	23	0.0150
3	0.0525	10	0.0350	17	0.0150	24	0.0150
4	0.0500	11	0.0325	18	0.0150	>=25	0.0000
5	0.0475	12	0.0300	19	0.0150		
6	0.0450	13	0.0275	20	0.0150		

Disability: Sex distinct rates as used for special risk employees in the Florida Retirement System actuarial valuation report as of July 1, 2005. Linear interpolation has been used between the rates shown in five year age increments, as follows:

	Line-of-Duty			Not Line-of-Duty	
Age	Male	Female	Age	Male	Female
20	0.012%	0.008%	20	0.037%	0.036%
25	0.012%	0.008%	25	0.037%	0.036%
30	0.017%	0.016%	30	0.043%	0.046%
35	0.029%	0.037%	35	0.055%	0.075%
40	0.051%	0.068%	40	0.087%	0.118%
45	0.087%	0.106%	45	0.140%	0.259%
50	0.138%	0.153%	50	0.292%	0.318%
55	0.215%	0.230%	55	0.446%	0.492%
60	0.301%	0.285%	60	0.628%	0.597%
65+	0.231%	0.143%	65+	0.698%	0.380%

Funding Method: Entry Age Normal (level percent of salary)

Glossary of Actuarial Terms

Present Value of Benefits (PVB): The present value, as of the valuation date, of all benefits that will become payable by the Plan for the current group of members in the census.

Normal Cost (NC): The value of the portion of the total benefit for active members which accrues in the year following the valuation date. Under the Entry Age Normal (Level Percent of Salary) funding method, the NC is a constant fraction of salary from the member's date of entry into the Plan to the member's assumed date of termination, retirement, disability or death.

Accrued Liability (AL): This is the portion of the PVB attributable to the past at the valuation date. For active members, AL is the annual NC accumulated from date of entry to the valuation date for each member. For retired and terminated members, the PVB and the AL are equal. The AL is the estimated liability owed by the pension fund at the valuation date.

Unfunded Accrued Liability (UAL): Any excess of the Accrued Liability over the fund assets. A negative UAL indicates fund assets are greater than the Accrued Liability, otherwise known as a surplus.

Actuarial Value of Assets: The value of assets used in the actuarial valuation of the Plan which is compared to the AL to determine the UAL and minimum funding requirements. A method may be used to smooth out short term volatility in the fair market value of assets.

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City of Rockledge

Police Employees Retirement Plan

GASB 67 Supplement
As of September 30, 2014

REPORT TO PROVIDE DISCLOSURES UNDER GASB STATEMENT NO. 67
FOR THE FISCAL YEAR ENDING
SEPTEMBER 30, 2014

FLA

FREIMAN LITTLE ACTUARIES

February 19, 2015

Board of Trustees
City of Rockledge Police Employees Retirement Plan
Rockledge, Florida

RE: GASB 67 Supplement as of September 30, 2014

Dear Board Members:

We are pleased to present the Governmental Accounting Standards Board Statement No. 67 (GASB 67) Supplement as of September 30, 2014 for the City of Rockledge Police Employees Retirement Plan (the Plan).

This report provides information required to be disclosed under GASB 67 as described in the statement and the implementation guide. The total pension liability, net pension liability and discount rate sensitivity information are based on asset information supplied as of September 30, 2014, census data as of October 1, 2014 and assumptions as used in the actuarial valuation of the Plan as of October 1, 2014.

We look forward to the presentation of these results to you in person and we are always available to answer any questions you may have.

Sincerely,

Chad M. Little, ASA, EA
Partner, Consulting Actuary
Enrollment Number 14-6619

Paula C. Freiman, ASA, EA
Partner, Consulting Actuary
Enrollment Number 14-5796

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Statement of Fiduciary Net Position

As of September 30,	**2013**	**2014**
Assets		
Receivables:		
Due from other plan	1,266	1,266
Contributions	295,685	300,891
Accrued interest and dividends	25,004	19,698
Total receivables	321,955	321,855
Investments, at fair value:		
U.S. Government obligations	752,684	1,429,735
Domestic corporate bonds	1,271,771	286,826
Government agency notes	1,865,267	1,396,757
Domestic stocks	5,470,334	7,185,562
Total investments	9,360,056	10,298,880
Cash and short term investments	12,300	178,766
Total assets	9,694,311	10,799,501
Liabilities		
Due to other plan	0	0
Total liabilities	0	0
Net position restricted for pensions	$9,694,311	$10,799,501

Note: This statement of fiduciary net position is as supplied by the Plan auditor as of September 30, 2014. No deferred outflows or inflows of resources have been identified by the auditor.

Statement of Changes in Fiduciary Net Position

As of September 30,	**2014**
Additions	
Contributions:	
Employer	$175,170
State of Florida	175,891
Member	158,054
Total contributions	509,115
Investment income (loss):	
Net appreciation in fair value of investments	708,103
Interest and dividends	266,339
Other income	0
Total investment income	974,442
Less investment expenses:	
Investment expense	31,362
Net investment income	943,080
Total additions	1,452,195
Deductions	
Benefit payments	241,507
Refunds of contributions	35,759
Administrative expenses	69,739
Total deductions	347,005
Net increase in net position	1,105,190
Net position restricted for pensions	
Beginning of year	9,694,311
End of year	$10,799,501

Note: Information in this statement of changes in fiduciary net position is as supplied by the Plan auditor.

Investments

The following response was provided by the investment monitor regarding procedures and authority for establishing and amending investment policy decisions (paragraph 30 b.(1)(a)):

"Please refer to Attached IPS documents."

The following response was provided by the investment monitor regarding policies pertaining to asset allocation (paragraph 30 b.(1)(b)) along with the following target allocation:

"Please refer to Attached IPS documents."

The investment monitor has provided the following response regarding whether there were significant changes to the investment policy in fiscal 2014 (paragraph 30 b.(1)(c)).

"Please refer to Attached IPS documents."

The following is a brief description of how the fair value of investments is determined, including the methods and significant assumptions used to estimate the fair value of investments if that fair value is based on other than quoted market prices (paragraph 30 b.(2)):

"The plans assets are priced by an independent custodian consistent with State Requirements and valuation requirements in the plans internal IPS."

The investment monitor provided the following response with regard to whether any organization represents 5 percent or more of the fiduciary net position (paragraph 30 b.(3)).

"The only investment owned (other than those issued or explicitly guaranteed by the U.S. government) in any one organization that represent 5 percent or more of the pension plan's fiduciary net position would be held through a diversified pooled fund vehicle consistent with the authorized investments section of the IPS."

The money-weighed rate of return for the fiscal year ending September 30, 2014 was 9.1% as supplied by the investment monitor (paragraph 30 b.(4)).

Net Pension Liability

The components of the net pension liability at September 30, 2014 were as follows:

Total pension liability	$11,107,526
Plan fiduciary net position	(10,799,501)
Net pension liability	$308,025
Plan fiduciary net position as a percentage of the total pension liability	97.2%

The total pension liability was determined by an actuarial valuation as of October 1, 2014 using the following actuarial assumptions applied to all periods included in the measurement.

Inflation	2.5%
Salary increases	6.0%, including inflation
Investment rate of return	8.0% net of investment expense, including inflation
Mortality	RP-00 Projected to 2014 using Scale AA

Assumptions are based on the results of an actuarial experience study for the period October 1, 1999 to September 30, 2005.

Further information regarding the calculation of the discount rate is found in the following section entitled "Calculation of the Discount Rate".

Sensitivity of the net pension liability to changes in the discount rate follows.

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Net pension liability	$1,674,524	$308,025	$(850,386)

Note: See "Actuarial Assumptions and Methods" for a full description of the assumptions used in the determination of the total pension liability.

Calculation of the Discount Rate

The long-term expected net rate of return on investments was determined using a building-block method. Best-estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. The long-term expected net rate of return on investments is the best-estimate ranges weighted by the asset allocation plus expected inflation. Best estimates of arithmetic real rates of return for each major asset class as provided by the investment monitor are shown in the following table as of September 30, 2014:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	7.5%
International Equity	8.5%
Domestic Bonds	2.5%
International Bonds	3.5%
Real Estate	4.5%

The discount rate used to measure the total pension liability was 8.0%. This is the single rate that reflects the long-term expected net rate of return on pension plan investments expected to be used to finance the payment of benefits, including inflation. We have found that that the fiduciary net position is projected to be sufficient to make projected benefit payments. For purposes of this determination we understand pension plan assets are expected to be invested using a strategy to achieve the net discount rate.

A projection of contributions has been included as Table 1. The projection of cash flows used to determine the discount rate assumed member contributions are made at 7.0% of pay and City contributions will be made in an amount equal to the difference between actuarially determined contributions and member contributions.

A projection of the fiduciary net position has been included as Table 2. This table includes a projection of benefit payments, administrative expenses and investment earnings.

The actuarial present value of projected benefit payments has been included as Table 3. The benefit payments that are projected to occur are discounted using the long-term expected net rate of return on investments because the beginning fiduciary net position is projected to be sufficient to make the benefit payments in every period.

Note: See "Actuarial Assumptions and Methods" for a full description of the assumptions used in the determination of the projections shown on Tables 1, 2, and 3.

Table 1: Projection of Contributions

Year	Payroll for Current Employees In Year After Valuation Date (a)	Contribs from Current Employees in Year After Valuation Date (b)=(a)x7%	Employer Service Cost in Year After Valuation Date (c)	Admin Expense[(2)] (d)	UAL Contribs[(3)] (e)	Interest for Periodic Payments (f)	Expected State Contribution[(4)] (g)	Expected City Contribs for Funding Year[(5)] (h)	Expected Total Contribs for Funding Year (i) = sum ((b):(f))
1	2,316,202	162,134	262,604	69,739	34,348	28,189	175,891	218,989	557,014
2	2,305,068	161,355	259,438	69,403	34,862	28,004	175,045	216,662	553,062
3	2,289,618	160,273	255,747	68,938	35,386	27,769	173,871	213,969	548,113
4	2,267,213	158,705	251,136	68,264	35,917	27,448	172,170	210,595	541,470
5	2,200,397	154,028	241,780	66,252	36,457	26,625	167,096	204,018	525,142
6	2,114,216	147,995	230,622	63,657	37,002	25,593	160,551	196,323	504,869
7	2,042,951	143,007	221,012	61,511	37,558	24,729	155,140	189,670	487,817
8	1,965,969	137,618	210,997	59,193	33,258	23,614	149,294	177,768	464,680
9	1,873,210	131,125	199,313	56,400	0	21,164	142,250	134,627	408,002
10	1,786,748	125,072	189,002	53,797	0	20,142	135,684	127,257	388,013
11	1,698,707	118,909	178,170	51,146	0	19,089	128,998	119,407	367,314
12	1,584,787	110,935	163,932	47,716	0	17,717	120,347	109,018	340,300
13	1,553,786	108,765	160,169	46,783	0	17,348	117,993	106,307	333,065
14	1,533,858	107,370	157,304	46,183	0	17,093	116,480	104,100	327,950
15	1,476,025	103,322	150,213	44,442	0	16,403	112,088	98,970	314,380
16	1,410,897	98,763	141,961	42,481	0	15,614	107,142	92,914	298,819
17	1,361,958	95,337	135,700	41,007	0	15,019	103,426	88,300	287,063
18	1,343,789	94,065	132,687	40,460	0	14,770	102,046	85,871	281,982
19	1,324,833	92,738	129,620	39,889	0	14,514	100,606	83,417	276,761
20	1,282,101	89,747	124,176	38,603	0	13,995	97,361	79,413	266,521
21	1,192,100	83,447	114,433	35,893	0	12,972	90,527	72,771	246,745
22	1,072,096	75,047	102,038	32,280	0	11,631	81,414	64,535	220,996
23	924,341	64,704	87,540	27,831	0	10,011	70,194	55,188	190,086
24	794,722	55,631	74,865	23,928	0	8,591	60,350	47,034	163,015
25	689,831	48,288	64,350	20,770	0	7,432	52,385	40,167	140,840
26	591,875	41,431	54,338	17,821	0	6,341	44,946	33,554	119,931
27	472,047	33,043	42,667	14,213	0	5,031	35,847	26,064	94,954
28	371,102	25,977	32,942	11,174	0	3,931	28,181	19,866	74,024
29	263,635	18,454	23,240	7,938	0	2,786	20,020	13,944	52,418
30	173,367	12,136	15,157	5,220	0	1,827	13,165	9,039	34,340
31	121,116	8,478	10,468	3,647	0	1,272	9,197	6,190	23,865
32	81,679	5,718	6,924	2,459	0	852	6,203	4,032	15,953
33	52,663	3,686	4,373	1,586	0	546	3,999	2,506	10,191
34	24,987	1,749	2,016	752	0	257	1,897	1,128	4,774
35	15,695	1,099	1,266	473	0	161	1,192	708	2,999
36-100	0	0	0	0	0	0	0	0	0

Notes:

(1) This projection should not be used for budgeting purposes because of simplifying assumptions and because there are no future entrants assumed as required under GASB 67.

(2) Projected Administrative Expense is based on the actual administrative expense in year 1 as a percent of payroll.

(3) UAL Contributions have been reduced to bring the fiduciary net position in year 100 to as close as possible to $0.

(4) Projected State Contributions are based on the actual State Contribution in year 1 as a percent of payroll.

(5) Year 1 is the October 1, 2014 actuarial valuation of the Plan which determines required minimum funding for the fiscal year ending September 30, 2015.

Table 2: Projection of Fiduciary Net Position

Year	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments* (c)	Projected Administrative Expense (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
1	10,799,501	557,014	484,132	69,739	857,050	11,659,694
2	11,659,694	553,062	432,133	69,403	927,835	12,639,055
3	12,639,055	548,113	480,809	68,938	1,004,104	13,641,525
4	13,641,525	541,470	614,457	68,264	1,078,785	14,579,059
5	14,579,059	525,142	710,059	66,252	1,149,594	15,477,484
6	15,477,484	504,869	794,501	63,657	1,217,645	16,341,840
7	16,341,840	487,817	885,769	61,511	1,282,763	17,165,140
8	17,165,140	464,680	976,568	59,193	1,344,396	17,938,455
9	17,938,455	408,002	1,072,976	56,400	1,400,531	18,617,612
10	18,617,612	388,013	1,150,773	53,797	1,451,319	19,252,374
11	19,252,374	367,314	1,225,649	51,146	1,498,651	19,841,544
12	19,841,544	340,300	1,297,592	47,716	1,542,310	20,378,846
13	20,378,846	333,065	1,352,147	46,783	1,582,954	20,895,935
14	20,895,935	327,950	1,420,008	46,183	1,621,486	21,379,180
15	21,379,180	314,380	1,487,901	44,442	1,657,132	21,818,349
16	21,818,349	298,819	1,546,445	42,481	1,689,578	22,217,820
17	22,217,820	287,063	1,582,626	41,007	1,719,826	22,601,076
18	22,601,076	281,982	1,620,148	40,460	1,748,859	22,971,309
19	22,971,309	276,761	1,680,018	39,889	1,775,955	23,304,118
20	23,304,118	266,521	1,771,150	38,603	1,798,705	23,559,591
21	23,559,591	246,745	1,869,687	35,893	1,814,793	23,715,549
22	23,715,549	220,996	1,993,620	32,280	1,821,791	23,732,436
23	23,732,436	190,086	2,085,059	27,831	1,818,875	23,628,507
24	23,628,507	163,015	2,153,813	23,928	1,807,278	23,421,059
25	23,421,059	140,840	2,208,421	20,770	1,788,056	23,120,764
26	23,120,764	119,931	2,278,584	17,821	1,760,804	22,705,094
27	22,705,094	94,954	2,318,066	14,213	1,725,481	22,193,250
28	22,193,250	74,024	2,369,423	11,174	1,682,070	21,568,747
29	21,568,747	52,418	2,384,764	7,938	1,631,088	20,859,551
30	20,859,551	34,340	2,377,097	5,220	1,574,318	20,085,892
31	20,085,892	23,865	2,348,130	3,647	1,513,387	19,271,367
32	19,271,367	15,953	2,305,778	2,459	1,449,770	18,428,853
33	18,428,853	10,191	2,255,848	1,586	1,384,258	17,565,868
34	17,565,868	4,774	2,199,249	752	1,317,384	16,688,025
35	16,688,025	2,999	2,132,371	473	1,249,801	15,807,981
36	15,807,981	0	2,061,692	0	1,182,170	14,928,459
37	14,928,459	0	1,983,805	0	1,114,925	14,059,579
38	14,059,579	0	1,903,083	0	1,048,643	13,205,139
39	13,205,139	0	1,821,735	0	983,542	12,366,946
40	12,366,946	0	1,739,522	0	919,775	11,547,199
41	11,547,199	0	1,657,313	0	857,483	10,747,369
42	10,747,369	0	1,574,938	0	796,792	9,969,223
43	9,969,223	0	1,492,583	0	737,835	9,214,475
44	9,214,475	0	1,410,615	0	680,733	8,484,593
45	8,484,593	0	1,329,786	0	625,576	7,780,383
46	7,780,383	0	1,249,687	0	572,444	7,103,140
47	7,103,140	0	1,171,073	0	521,408	6,453,475
48	6,453,475	0	1,093,573	0	472,535	5,832,437
49	5,832,437	0	1,017,215	0	425,906	5,241,128
50	5,241,128	0	941,979	0	381,611	4,680,760

Year	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments* (c)	Projected Administrative Expense (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
51	4,680,760	0	868,003	0	339,741	4,152,498
52	4,152,498	0	795,456	0	300,382	3,657,424
53	3,657,424	0	724,631	0	263,609	3,196,402
54	3,196,402	0	655,751	0	229,482	2,770,133
55	2,770,133	0	589,036	0	198,050	2,379,147
56	2,379,147	0	524,782	0	169,341	2,023,706
57	2,023,706	0	463,271	0	143,365	1,703,800
58	1,703,800	0	404,809	0	120,112	1,419,103
59	1,419,103	0	349,923	0	99,531	1,168,711
60	1,168,711	0	299,085	0	81,534	951,160
61	951,160	0	252,566	0	65,990	764,584
62	764,584	0	210,616	0	52,742	606,710
63	606,710	0	173,318	0	41,604	474,996
64	474,996	0	140,623	0	32,375	366,748
65	366,748	0	112,421	0	24,843	279,170
66	279,170	0	88,498	0	18,794	209,466
67	209,466	0	68,578	0	14,014	154,902
68	154,902	0	52,322	0	10,299	112,879
69	112,879	0	39,258	0	7,460	81,081
70	81,081	0	28,987	0	5,327	57,421
71	57,421	0	21,069	0	3,751	40,103
72	40,103	0	15,066	0	2,605	27,642
73	27,642	0	10,616	0	1,786	18,812
74	18,812	0	7,373	0	1,210	12,649
75	12,649	0	5,043	0	810	8,416
76	8,416	0	3,403	0	537	5,550
77	5,550	0	2,267	0	353	3,636
78	3,636	0	1,491	0	231	2,376
79	2,376	0	971	0	151	1,556
80	1,556	0	627	0	99	1,028
81	1,028	0	402	0	66	692
82	692	0	257	0	45	480
83	480	0	163	0	31	348
84	348	0	103	0	24	269
85	269	0	65	0	19	223
86	223	0	40	0	16	199
87	199	0	25	0	15	189
88	189	0	15	0	14	188
89	188	0	9	0	15	194
90	194	0	6	0	16	204
91	204	0	3	0	16	217
92	217	0	2	0	17	232
93	232	0	1	0	19	250
94	250	0	1	0	20	269
95	269	0	0	0	22	291
96	291	0	0	0	23	314
97	314	0	0	0	25	339
98	339	0	0	0	27	366
99	366	0	0	0	29	395
100	395	0	0	0	32	427

*DROP balances are assumed paid out in year 1 for purposes of this projection.

Table 3: Actuarial Present Value of Projected Benefit Payments

Year (a)	Projected Beginning Fiduciary Net Position (b)	Projected Benefit Payments (c)	Projected Benefit Payments: "Funded" Portion of Benefit Payments (d)	Projected Benefit Payments: "Unfunded" Portion of Benefit Payments (e)	Actuarial Present Value of Projected Benefit Payments: Present Value of "Funded" Benefit Payments (f)=(d)*v^((a)-.5)	Present Value of "Unfunded" Benefit Payments (g)=(e)*vf^((a)-.5)	Present Value of Benefit Payments Using the Single Discount Rate (h)=((c)/(l+sdr)^((a)-.5)
1	10,799,501	484,132	484,132	0	465,856	0	465,856
2	11,659,694	432,133	432,133	0	385,019	0	385,019
3	12,639,055	480,809	480,809	0	396,655	0	396,655
4	13,641,525	614,457	614,457	0	469,362	0	469,362
5	14,579,059	710,059	710,059	0	502,213	0	502,213
6	15,477,484	794,501	794,501	0	520,312	0	520,312
7	16,341,840	885,769	885,769	0	537,113	0	537,113
8	17,165,140	976,568	976,568	0	548,308	0	548,308
9	17,938,455	1,072,976	1,072,976	0	557,812	0	557,812
10	18,617,612	1,150,773	1,150,773	0	553,942	0	553,942
11	19,252,374	1,225,649	1,225,649	0	546,282	0	546,282
12	19,841,544	1,297,592	1,297,592	0	535,507	0	535,507
13	20,378,846	1,352,147	1,352,147	0	516,686	0	516,686
14	20,895,935	1,420,008	1,420,008	0	502,424	0	502,424
15	21,379,180	1,487,901	1,487,901	0	487,449	0	487,449
16	21,818,349	1,546,445	1,546,445	0	469,101	0	469,101
17	22,217,820	1,582,626	1,582,626	0	444,515	0	444,515
18	22,601,076	1,620,148	1,620,148	0	421,346	0	421,346
19	22,971,309	1,680,018	1,680,018	0	404,552	0	404,552
20	23,304,118	1,771,150	1,771,150	0	394,905	0	394,905
21	23,559,591	1,869,687	1,869,687	0	385,995	0	385,995
22	23,715,549	1,993,620	1,993,620	0	381,094	0	381,094
23	23,732,436	2,085,059	2,085,059	0	369,049	0	369,049
24	23,628,507	2,153,813	2,153,813	0	352,980	0	352,980
25	23,421,059	2,208,421	2,208,421	0	335,120	0	335,120
26	23,120,764	2,278,584	2,278,584	0	320,154	0	320,154
27	22,705,094	2,318,066	2,318,066	0	301,576	0	301,576
28	22,193,250	2,369,423	2,369,423	0	285,423	0	285,423
29	21,568,747	2,384,764	2,384,764	0	265,992	0	265,992
30	20,859,551	2,377,097	2,377,097	0	245,497	0	245,497
31	20,085,892	2,348,130	2,348,130	0	224,542	0	224,542
32	19,271,367	2,305,778	2,305,778	0	204,159	0	204,159
33	18,428,853	2,255,848	2,255,848	0	184,943	0	184,943
34	17,565,868	2,199,249	2,199,249	0	166,947	0	166,947
35	16,688,025	2,132,371	2,132,371	0	149,880	0	149,880
36	15,807,981	2,061,692	2,061,692	0	134,178	0	134,178
37	14,928,459	1,983,805	1,983,805	0	119,545	0	119,545
38	14,059,579	1,903,083	1,903,083	0	106,186	0	106,186
39	13,205,139	1,821,735	1,821,735	0	94,118	0	94,118
40	12,366,946	1,739,522	1,739,522	0	83,213	0	83,213
41	11,547,199	1,657,313	1,657,313	0	73,408	0	73,408
42	10,747,369	1,574,938	1,574,938	0	64,592	0	64,592
43	9,969,223	1,492,583	1,492,583	0	56,680	0	56,680
44	9,214,475	1,410,615	1,410,615	0	49,599	0	49,599
45	8,484,593	1,329,786	1,329,786	0	43,294	0	43,294
46	7,780,383	1,249,687	1,249,687	0	37,672	0	37,672
47	7,103,140	1,171,073	1,171,073	0	32,687	0	32,687
48	6,453,475	1,093,573	1,093,573	0	28,263	0	28,263
49	5,832,437	1,017,215	1,017,215	0	24,342	0	24,342
50	5,241,128	941,979	941,979	0	20,872	0	20,872

Year (a)	Projected Beginning Fiduciary Net Position (b)	Projected Benefit Payments (c)	Projected Benefit Payments: "Funded" Portion of Benefit Payments (d)	Projected Benefit Payments: "Unfunded" Portion of Benefit Payments (e)	Actuarial Present Value of Projected Benefit Payments: Present Value of "Funded" Benefit Payments (f)=(d)*v^((a)-.5)	Present Value of "Unfunded" Benefit Payments (g)=(e)*vf^((a)-.5)	Present Value of Benefit Payments Using the Single Discount Rate (h)=((c)/(l+sdr)^((a)-.5)
51	4,680,760	868,003	868,003	0	17,808	0	17,808
52	4,152,498	795,456	795,456	0	15,111	0	15,111
53	3,657,424	724,631	724,631	0	12,746	0	12,746
54	3,196,402	655,751	655,751	0	10,680	0	10,680
55	2,770,133	589,036	589,036	0	8,883	0	8,883
56	2,379,147	524,782	524,782	0	7,328	0	7,328
57	2,023,706	463,271	463,271	0	5,990	0	5,990
58	1,703,800	404,809	404,809	0	4,846	0	4,846
59	1,419,103	349,923	349,923	0	3,879	0	3,879
60	1,168,711	299,085	299,085	0	3,070	0	3,070
61	951,160	252,566	252,566	0	2,400	0	2,400
62	764,584	210,616	210,616	0	1,853	0	1,853
63	606,710	173,318	173,318	0	1,412	0	1,412
64	474,996	140,623	140,623	0	1,061	0	1,061
65	366,748	112,421	112,421	0	785	0	785
66	279,170	88,498	88,498	0	572	0	572
67	209,466	68,578	68,578	0	411	0	411
68	154,902	52,322	52,322	0	290	0	290
69	112,879	39,258	39,258	0	202	0	202
70	81,081	28,987	28,987	0	138	0	138
71	57,421	21,069	21,069	0	93	0	93
72	40,103	15,066	15,066	0	61	0	61
73	27,642	10,616	10,616	0	40	0	40
74	18,812	7,373	7,373	0	26	0	26
75	12,649	5,043	5,043	0	16	0	16
76	8,416	3,403	3,403	0	10	0	10
77	5,550	2,267	2,267	0	6	0	6
78	3,636	1,491	1,491	0	4	0	4
79	2,376	971	971	0	2	0	2
80	1,556	627	627	0	1	0	1
81	1,028	402	402	0	1	0	1
82	692	257	257	0	0	0	0
83	480	163	163	0	0	0	0
84	348	103	103	0	0	0	0
85	269	65	65	0	0	0	0
86	223	40	40	0	0	0	0
87	199	25	25	0	0	0	0
88	189	15	15	0	0	0	0
89	188	9	9	0	0	0	0
90	194	6	6	0	0	0	0
91	204	3	3	0	0	0	0
92	217	2	2	0	0	0	0
93	232	1	1	0	0	0	0
94	250	1	1	0	0	0	0
95	269	0	0	0	0	0	0
96	291	0	0	0	0	0	0
97	314	0	0	0	0	0	0
98	339	0	0	0	0	0	0
99	366	0	0	0	0	0	0
100	395	0	0	0	0	0	0
					$ 14,901,084	$ 0	$ 14,901,084

Notes: The total present value of projected benefit payments (PVB) shown in the total of column (f) and (h) are estimates of the actual value. For example, the actual PVB would take into account benefit payments are due monthly rather than using the approximation that they are paid in the middle of the year. In addition, the DROP balances are also assumed to be paid in the middle of the year although they are assumed to be paid on the valuation date in the October 1, 2014 actuarial valuation of the Plan.

Schedule of Changes in Net Pension Liability and Related Ratios

This schedule will be updated each year until a 10-year history is accumulated.

Year Ending September 30,	**2014**
Total pension liability	
Service cost	$383,990
Interest	828,134
Changes of benefit terms	0
Differences between expected and actual experience	10,982
Changes of assumptions	11,211
Benefit payments, including refunds of member contributions	(277,266)
Net change in total pension liability	957,051
Total pension liability - beginning	10,150,475
Total pension liability - ending (a)	$11,107,526
Plan fiduciary net position	
Contributions - employer	$175,170
Contributions - State of Florida	175,891
Contributions - employee	158,054
Net investment income	943,080
Benefit payments, including refunds of member contributions	(277,266)
Administrative expense	(69,739)
Other	0
Net change in plan fiduciary net position	1,105,190
Plan fiduciary net position - beginning	9,694,311
Plan fiduciary net position - ending (b)	$10,799,501
Net pension liability - ending (a) - (b)	$308,025
Plan fiduciary net position as a percentage of the total pension liability	97.2 %
Covered employee payroll	$2,253,905
Net pension liability as a percentage of covered employee payroll	13.7 %

Notes to Schedule:
The beginning total pension liability includes mortality improvements to 2013. The ending total pension liability includes mortality improvements to 2014.

Schedule of Contributions

Year Ending September 30,	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Actuarially determined contribution	$175,170	$170,374	$176,060	$162,448	$159,391	$151,732	$124,425	$119,349	$127,163	$134,485
Contributions in relation to the actuarially determined contribution	$175,170	$170,374	$176,060	$167,856	$159,519	$161,204	$157,357	$139,993	$147,596	$133,375
Contribution deficiency (excess)	$0	$0	$0	$(5,408)	$(128)	$(9,472)	$(32,932)	$(20,644)	$(20,433)	$1,110
Covered employee payroll	$2,253,905	$2,255,905	$2,224,741	$2,342,893	$2,249,420	$2,224,505	$2,186,172	$1,993,074	$1,886,337	$1,920,788
Contributions as a percentage of covered-employee payroll	7.8 %	7.6 %	7.9 %	6.9 %	7.1 %	6.8 %	5.7 %	6.0 %	6.7 %	7.0 %

Notes to Schedule

Mortality is based on the RP-2000 Combined Mortality Table projected to the valuation year using Scale AA effective with the October 1, 2012 actuarial valuation of the Plan.

Methods and assumptions used to determine contributions:

Actuarial cost method	Entry age
Amortization method	Level percent of payroll assuming 1.5% annual total payroll increases. Differences in employee contributions adjust amortization bases.
Remaining amortization period	New amortizations bases are set up over 30 years. There is an equivalent single amortization period of 27 years as of October 1, 2014.
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	6%, including inflation
Investment rate of return	8.0% net of investment expenses, including inflation
Retirement age	See "Description of Assumptions and Methods" for the assumed retirement age assumption
Mortality	RP-2000 Combined Mortality Table Projected to the Valuation Year Using Scale AA

Schedule of Investment Returns

This schedule will be updated each year until a 10-year history is accumulated.

The following is as provided by the investment monitor.

Year Ending September 30,	Annual money-weighted rate of return net of investment expense
2014	9.1 %
2013	8.5 %
2012	12.5 %

Plan Membership Statistics

Valuation as of October 1,	2013	2014
Inactive members or beneficiaries currently receiving benefits	9	9
Inactive members entitled to but not yet receiving benefits	1	2
Active members	44	48
Total	54	59

Plan Description

Plan Type: Single-employer Defined Benefit Pension Plan

Effective Date: November 1, 1969. Amended and restated effective October 1, 1999 and subsequently amended by Ordinance No. 1222-2000, 1262-2001, 1336-2004, 1366-2005, 1492-2008, 1509-2008, 1520-2009, 1545-2010, 1546-2010, 1570-2010, 1588-2011, 1589-2011, 1630-2013, 1645-2014 and 1662-2014.

Plan Administrator: The Board of Trustees

Board Composition: Two members are elected from among the police employees of the City, who are members of the plan, two city residents appointed by the Commission and one person is chosen by a majority of the previous four members.

Funding Requirements: Employer contributions are actuarially determined and subject to State statute. Employee contributions are as described below and may be amended by ordinance.

Plan Year: The 12-month period from October 1st to the next September 30th.

Member: Full-time police officers participate in the Plan immediately upon hire.

Credited Service: Employee service computed in years and completed calendar months. Military service purchases up to five years are allowed.

Vesting: Members become 100% vested after earning 10 years of Credited Service.

Basic Compensation: Total compensation actually paid in a Plan Year by the City including tax deferred compensation, as well as educational incentive monies, and excluding overtime in excess of 300 hours, commissions, bonuses, expense allowances and payment for accrued annual leave, accrued sick leave, and accrued compensatory leave.

Employee Contributions: 7.0% of Basic Compensation credited with 5% interest compounded annually. Members receive benefits under the Plan no less than the value of their accumulated Employee Contributions with interest.

Members who terminate non-vested are entitled to the return of Employee Contributions accumulated with interest at 5% to the first day of the month in which termination occurs.

Average Monthly Compensation: The sum of the highest five successive Plan Years of Basic Compensation in the last ten Plan Years of employment divided by 60.

Normal Retirement Date: The first day of the month coincident with or next following attainment of age 52 and 10 years of Credited Service.

Accrued Benefit: For Members hired before January 2, 2013, the amount of monthly retirement income payable at the Normal Retirement Date is determined according to the following formula:

3% x Average Monthly Compensation x Credited Service up to 25 years

Plus

1.5% x Average Monthly Compensation x Credited Service between 25 and 35 years

For Members hired on or after January 2, 2013, the amount of monthly retirement income payable at the Normal Retirement Date is determined according to the following formula:

3% x Average Monthly Compensation x Credited Service up to 25 years

The Accrued Benefit is payable in the form of a 10-year certain and continuous annuity. However, any member with a spouse shall receive an actuarially equivalent 50% joint and survivor annuity unless the member chooses another Optional Form of Retirement Income with spousal consent.

Members who terminate employment 100% vested prior the Normal Retirement Date are eligible to receive their Accrued Benefit once the age requirements for the Normal Retirement Date are met, provided Employee Contributions remain in the Plan.

<u>Late Retirement Benefit:</u> The amount of monthly retirement income payable to a Member who retires after the Normal Retirement Date is the greater of (i) the monthly retirement income which can be provided by the single-sum value of the Accrued Benefit payable if he had retired at the Normal Retirement Date, accumulated with interest from the Normal Retirement Date to the date the monthly retirement income payments are to commence, and (ii) the monthly retirement income computed as described for the Accrued Benefit using Credited Service and Average Monthly Compensation determined at the Member's actual retirement date.

<u>Early Retirement Date:</u> The first day of the month coincident with or next following the date an employee retires prior to the Normal Retirement Date after the earlier of attainment of age 44 and 25 years of Credited Service or age 50 and 10 years of Credited Service.

<u>Early Retirement Benefit:</u> The Accrued Benefit is reduced for commencement earlier than the Normal Retirement Date at a rate of 3/12% per month. However, the minimum monthly retirement income for a Member who retires before the Normal Retirement Date with 25 years Credited Service is 50% x Average Monthly Compensation.

Members who terminate employment 100% vested prior to reaching the Early Retirement Date age requirements may elect to receive an Early Retirement Benefit once the age requirements are met, provided Employee Contributions remain in the Plan.

Members who terminate employment 100% vested prior the Normal Retirement Date but on or after their Early Retirement Date but do not commence receipt of an Early Retirement Benefit at that time will receive a monthly retirement income not less than the monthly retirement income which can be provided by the single-sum value of the monthly early retirement income which would have been payable if he had retired immediately upon termination, accumulated with interest from termination to the date the monthly retirement income payments are to commence.

Members who recover from Disability Retirement and who were eligible for an Early Retirement Benefit at the date of disability may elect to receive this benefit upon recovery from disability.

<u>Disability Retirement:</u> This benefit is payable from the first day of the month coincident with or next following the date the Retirement Committee approves the Member's Disability Retirement. The benefit is payable in the form of a 10 year certain and continuous annuity. The last payment is that due next preceding the earlier of (1) the date of recovery prior to the Normal Retirement Date and (2) the later of the date of death or the 120^{th} payment. The amount of monthly retirement income is determined as follows:

(a) <u>Non-Line of Duty: Members with less than 10 years of Credited Service</u> upon disability receive a monthly retirement income which can be provided by the greater of (i) the single-sum value of the Accrued Benefit and (ii) 2 x Basic Compensation paid in the Plan Year immediately preceding disability. The monthly retirement income which can be provided by (ii) is limited to 60% x Anticipated Monthly Retirement Income at the Normal Retirement

Date. Effective with this valuation, the benefit has been modified such that in no event shall the benefit payable be less than the benefit required under section 185.18 of the Florida Statutes.

(b) Non-Line of Duty: Members with 10 years of Credited Service or more upon disability receive a monthly retirement income which is the greater of (i) the monthly retirement income which can be provided by the single-sum value of the Accrued Benefit and (ii) 30% x Basic Compensation paid in the Plan Year immediately preceding disability where the single-sum value of this monthly amount does not exceed 100 x the Anticipated Monthly Retirement Income at the Normal Retirement Date. Effective with this valuation, the benefit has been modified such that in no event shall the benefit payable be less than the benefit required under section 185.18 of the Florida Statutes.

(c) Line of Duty: Members receive a monthly retirement income which is 50% x Basic Compensation paid in the Plan Year immediately preceding disability where the single-sum value of this monthly amount does not exceed 100 x the Anticipated Monthly Retirement Income at the Normal Retirement Date. Effective with this valuation, the benefit has been modified such that in no event shall the benefit payable be less than the benefit required under section 185.18 of the Florida Statutes.

Members who recover from disability and re-enter the service of the City within 30 days of recovery will be deemed to have continuous service except that the period beginning with the first month for which Disability Retirement income was received and ending with the date of service re-entry is not considered as Credited Service.

Anticipated Monthly Retirement Income at the Normal Retirement Date: Determined as described for the Accrued Benefit, but instead using Anticipated Credited Service and Anticipated Average Monthly Compensation. Anticipated Credited Service is employee service computed in years and completed calendar months as if the member remains employed to the Normal Retirement Date. Anticipated Average Monthly Compensation is computed assuming that the last complete Plan Year of Basic Compensation is paid in each Plan Year, without change, to the Normal Retirement Date.

Survivor Benefit at Death of Disabled Member Prior to Disability Retirement: The designated beneficiary of a disabled Member who dies prior to receipt of Disability Retirement benefits is eligible to receive a monthly retirement income payable in the form of a 10 year certain and continuous annuity payable commencing on the first of the month coincident with or next following the date of the disabled Member's death. The designated beneficiary will receive a monthly retirement income which can be provided by the greater of (i) the single-sum value of the Accrued Benefit and (ii) 2 x Basic Compensation paid in the Plan Year immediately preceding disability not more than 100 x Anticipated Monthly Retirement Income at the Normal Retirement Date.

Survivor Benefit at Death of Vested Terminated Members: The designated beneficiary of vested Member who dies prior to retirement is eligible to receive a monthly retirement income payable in the form of a 10 year certain and continuous annuity payable commencing on the first of the month coincident with or next following the Member's death, which can be provided by the single-sum value of the Member's Accrued Benefit or Early Retirement Benefit.

Survivor Benefit at Death of Active Employee Prior to Normal Retirement Date: The designated beneficiary of a Member who dies while in active service prior to the Normal Retirement Date is eligible to receive, commencing on the first of the month coincident with or next following the Member's death, a monthly retirement income (payable in the form of a 10 year certain and continuous annuity) which can be provided by the greater of (i) the single-sum value of the Accrued Benefit as of the date of death, not less than the single-sum value of the Early Retirement Benefit which would have been payable if the Member had retired early on the date of death, and (ii) 2 x Basic Compensation paid in the Plan Year immediately preceding death not more than 100 x Anticipated Monthly Retirement Income at the Normal Retirement Date.

Survivor Benefit at Death of Active Employee After Normal Retirement Date: The designated beneficiary of a Member who dies while in active service after the Normal Retirement Date is eligible to receive, commencing on the first of the month coincident with or next following the Member's death, a monthly retirement income (payable in the form of a 10 year certain and continuous annuity) which can be provided by the single-sum value of the Late Retirement Benefit.

Optional Forms of Retirement Income: In addition to the 10 year certain and continuous form of annuity, also available under the terms of the Plan are the life only annuity and the joint and 50%, 66 2/3%, 75%, or 100% survivor annuity. With the joint and survivor options, the member may also elect the pop-up feature. The Plan also allows for other amounts and forms of retirement income that will meet the circumstances of the Participant, in the opinion of the Retirement Committee, and will not substantially affect the actuarial soundness of the Plan.

Deferred Retirement Option Program (DROP): Members are eligible to enter the DROP at the Normal Retirement Date. The Accrued Benefit is frozen and no further Employee Contributions are payable at DROP entry. The Accrued Benefit accumulates with interest in the DROP account and is payable as a single-lump sum (or as an actuarially equivalent annuity) upon DROP exit. The DROP account earns interest at a rate equal to the funds net rate of investment return minus 1% in administration fees, unless the DROP participant, as a one-time irrevocable option, elects a self-directed DROP as approved by the board of trustees. The maximum DROP participation duration is 5 years and participation will end if the employee resigns, dies or is terminated with cause prior to completion of the 5 years.

Actuarial Assumptions and Methods

Assumed Rate of Investment Return: 8.0% per year net of investment expenses

Salary Increase – Individual: 6.0% per year (It is assumed that overtime hours are not increased at the end of the member's career.)

Salary Increase – Total Payroll:

Florida Statues 112.64(5)(a) requires that the payroll growth assumption not exceed the average payroll growth for the prior ten years. The assumed total payroll increase assumption has been set at 1.5% for this valuation.

Inflation: 2.5% per year

Mortality: RP-2000 Combined Mortality Table projected to the valuation year using Scale AA. Disabled tables are used for disabled lives.

Retirement: Unisex rates based on the experience of the Rockledge police officers from 1999 through 2005 (and expectations of the future), as follows:

Age	Rate	Age	Rate
52	0.250	57	0.350
53	0.300	58	0.400
54	0.300	59	0.500
55	0.300	60	1.000
56	0.300		

Termination: Unisex rates based on the experience of the Rockledge police officers from 1999 through 2005, as follows:

Service	Rate	Service	Rate	Service	Rate	Service	Rate
0	0.0600	7	0.0425	14	0.0250	21	0.0150
1	0.0575	8	0.0400	15	0.0200	22	0.0150
2	0.0550	9	0.0375	16	0.0175	23	0.0150
3	0.0525	10	0.0350	17	0.0150	24	0.0150
4	0.0500	11	0.0325	18	0.0150	>=25	0.0000
5	0.0475	12	0.0300	19	0.0150		
6	0.0450	13	0.0275	20	0.0150		

Disability: Sex distinct rates as used for special risk employees in the Florida Retirement System actuarial valuation report as of July 1, 2005. Linear interpolation has been used between the rates shown in five year age increments, as follows:

	Line-of-Duty			Not Line-of-Duty	
Age	Male	Female	Age	Male	Female
20	0.012%	0.008%	20	0.037%	0.036%
25	0.012%	0.008%	25	0.037%	0.036%
30	0.017%	0.016%	30	0.043%	0.046%
35	0.029%	0.037%	35	0.055%	0.075%
40	0.051%	0.068%	40	0.087%	0.118%
45	0.087%	0.106%	45	0.140%	0.259%
50	0.138%	0.153%	50	0.292%	0.318%
55	0.215%	0.230%	55	0.446%	0.492%
60	0.301%	0.285%	60	0.628%	0.597%
65+	0.231%	0.143%	65+	0.698%	0.380%

Funding Method: Entry Age Normal (level percent of salary)

CITY OF ROCKLEDGE
(PLAN SPONSOR)
POLICE EMPLOYEES' RETIREMENT PLAN

Investment Policy Statement

I. PURPOSE OF INVESTMENT POLICY STATEMENT

The Pension Board of Trustees (Board) maintains that an important determinant of future investment returns is the expression and periodic review of the City of Rockledge Police Employees' Retirement Plan (the Plan) investment objectives. To that end, the Board has adopted this statement of Investment Policy and directs that it apply to all assets under their control.

In fulfilling their fiduciary responsibility, as named fiduciaries, the Board recognizes that the retirement system is an essential vehicle for providing income benefits to retired participants or their beneficiaries. The Board also recognizes that the obligations of the Plan are long-term and that investment policy should be made with a view toward performance and return over a number of years. The general investment objective is to obtain a reasonable total rate of return - defined as interest and dividend income plus realized and unrealized capital gains or losses - commensurate with the Prudent Investor Rule and any other applicable ordinances and statutes.

Reasonable consistency of return and protection of assets against the inroads of inflation are paramount. However, interest rate fluctuations and volatility of securities markets make it necessary to judge results within the context of several years rather than over short periods of five years or less.

The Board will employ investment professionals to oversee and invest the assets of the Plan. Within the parameters allowed in this document and their agreements with the Board, the investment management professionals shall have investment discretion over their mandates, including security selection, sector weightings and investment style.

The Board, in performing their investment duties, shall comply with the fiduciary standards set forth in Employee Retirement Income Security Act of 1974 (ERISA) at 29 U.S.C. s. 1104(a) (1) (A) – (C). In case of conflict with other provisions of law authorizing investments, the investment and fiduciary standards set forth in this section shall prevail.

II. TARGET ALLOCATIONS

In order to provide for a diversified portfolio, the Board has engaged investment professional(s) to manage and administer the fund. The investment manager(s) are responsible for the assets and allocation of their mandate only and may be provided an addendum to this policy with their specific performance objectives and investment criteria. The Board has established the following asset allocation targets for the total fund:

Asset Class	Target	Range	Benchmark Index**
Domestic Equity	50%	45% – 60%	Russell 3000
International Equity	15%	0% - 20%	MSCI-ACWI ex. US
Total Equity	*65%*	*55% - 75%*	
Broad Market Fixed Income	25%	15% - 35%	Barclays Int. Aggregate
Non-Core Fixed Income*	5%	0% - 10%	Barclays Multiverse Index
Total Fixed Income	*30%*	*20% - 40%*	
Real Estate*	5%	0% - 10%	NCREIF Property Index
*Total Alternatives Investment**	*5%*	*0% -15%*	

*Benchmark will default to "broad market fixed income" if these portfolios are not funded. Targets and ranges above are based on market value of total Plan assets.
**Portfolio Benchmark Index component will reflect the appropriate measurement index to correspond to the asset class that is funded within the Plan.

The Board will monitor the aggregate asset allocation of the portfolio, and will rebalance to the target asset allocation based on market conditions. If at the end of any calendar quarter, the allocation of an asset class falls outside of its allowable range, barring extenuating circumstances such as pending cash flows or allocation levels viewed as temporary, the asset allocation will be rebalanced into the allowable range. To the extent possible, contributions and withdrawals from the portfolio will be executed proportionally based on the most current market values available. The Board does not intend to exercise short-term changes to the target allocation.

III. INVESTMENT PERFORMANCE OBJECTIVES

The following performance measures will be used as objective criteria for evaluating the effectiveness of the Investment Managers.

A. Total Portfolio Performance

1. The performance of the total portfolio will be measured for rolling three and five year periods. The performance of the portfolio will be compared to the return of the policy indexes comprised of 50% Russell 3000, 15% MSCI ACWI ex. US, 25% Barclays Capital U.S. Intermediate Aggregate Bond Index, 5% Barclays Multiverse Index*, and 5% NCREIF Property Index*.

2. On a relative basis, it is expected that the total portfolio performance will rank in the top 40^{th} percentile of the appropriate peer universe over three and five-year time periods.

3. On an absolute basis, the objective is that the return of the total portfolio will equal or exceed the actuarial earnings assumption (8%), and provide inflation protection by meeting Consumer Price Index plus 5%.

B. Equity Performance

The combined equity portion of the portfolio, defined as common stocks and convertible bonds, is expected to perform at a rate at least equal to the 75% Russell 3000 Index and 25% MSCI-ACWI ex US. Individual components of the equity portfolio will be compared to the specific benchmarks defined in each Investment Manager addendum. All portfolios are expected to rank in the top 40th percentile of the appropriate peer universe over three and five-year time periods.

C. Fixed Income Performance

The overall objective of the fixed income portion of the portfolio is to add stability and liquidity to the total portfolio. The fixed income portion of the portfolio is expected to perform at a rate at least equal to the Barclays Capital U.S. Aggregate Bond Index. All portfolios are expected to rank in the top 40th percentile of the appropriate peer universe over three and five-year time periods. Non-Core Fixed Income, if utilized, is expected to perform at a rate at least equal to the Barclays Multiverse Bond Index.

D. Real Estate Performance

The overall objective of the real estate portfolio of the portfolio, if utilized, is to add diversification and another stable income stream to the total fund. The real estate portion of the total fund, defined as core, open ended private real estate, is expected to perform at a rate at least equal to the NCREIF Index and rank in the top 40th percentile of the appropriate peer universe over three and five-year time periods.

IV. INVESTMENT GUIDELINES

A. Authorized Investments

Pursuant to the investment powers of the Board of Trustees as set forth in the Florida Statutes and local ordinances, the Board of Trustees sets forth the following investment guidelines and limitations:

1. Equities:

   a. Must be traded on a national exchange or electronic network; and

   b. Not more than 5% of the Plan's assets, at the time of purchase, shall be invested in the common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company; and

   c. Additional criteria may be outlined in the manager's addendum.

2. Fixed Income:

   a. All fixed income investments held in a separately managed account shall have a minimum rating of investment grade or higher as reported by a major credit rating service; and

   b. The value of bonds issued by any single corporation shall not exceed 5% of the total fund; and

   c. Additional criteria may be outlined in the manager's addendum.

3. Money Market:

   a. The money market fund or STIF options provided by the Plan's custodian; and

   b. Have a minimum rating of Standard & Poor's A1 or Moody's P1.

4. Pooled Funds:

Investments made by the Board may include pooled funds. For purposes of this policy pooled funds may include, but are not limited to, mutual funds, commingled funds, exchange-traded funds, limited partnerships and private equity. Pooled funds may be governed by separate documents which may include investments not expressly permitted in this Investment Policy Statement. In the event of investment by the Plan into a pooled fund, the Board will adopt the prospectus or governing policy of that fund as the stated addendum to this Investment Policy Statement. The asset classification of the fund will be based upon its investment objective.

B. Trading Parameters

When feasible and appropriate, all securities shall be competitively bid. Except as otherwise required by law, the most economically advantageous bid shall be selected. Commissions paid for purchase of securities must meet the prevailing best-execution rates. The responsibility of monitoring best price and execution of trades placed by each manager on behalf of the Plan will be governed by the Portfolio Management Agreement between the Plan and the Investment Managers.

C. Limitations

1. Investments in corporate common stock and convertible bonds shall not exceed seventy-five percent (75%) of the Plan assets at market.

2. Foreign securities shall not exceed twenty-five percent (25%) of Plan's value at market value.

3. All equity and fixed income securities must be readily marketable. Commingled funds must be independently appraised at least annually.

D. <u>Absolute Restrictions</u>

No investments shall be permitted in;

1. Any investment not specifically allowed as part of this policy.

2. Illiquid investments, as described in Chapter 215.47, Florida Statutes.

3. Direct investment in 'Scrutinized Companies' identified in the periodic publication by the State Board of Administration ("SBA list", updated on their website www.sbafla.com/fsb/), is prohibited. Any security identified as non-compliant on or before January 1, 2010 must be divested by September 1, 2010. Securities identified after January 1, 2010, are subject to the provisions of section V. (c) below. However, if divestiture of business activities is accomplished and the company is subsequently removed from the SBA list, the manager can continue to hold that security. Indirect investment in 'Scrutinized Companies' (through pooled funds) are governed by the provisions of Section V(G) below.

V. COMMUNICATIONS

A. On a monthly basis, the custodian shall supply an accounting statement that will include a summary of all receipts and disbursements and the cost and the market value of all assets.

B. On a quarterly basis, the Investment Managers shall provide a written report affirming compliance with the security restrictions of Section IV (as well as any provisions outlined in the Investment Manager's addendum). In addition, the Investment Managers shall deliver a report each quarter detailing the Plan's performance, forecast of the market and economy, portfolio analysis and current assets of the Plan. Written reports shall be delivered to the Board within 30 days of the end of the quarter. A copy of the written report shall be submitted to the person designated by the City, and shall be available for public inspection. The Investment Managers will provide immediate written and telephone notice to the Board of any significant market related or non-market related event, specifically including, but not limited to, any deviation from the standards set forth in Section IV or their Investment Manager addendum.

C. If the Fund owns investments, that complied with section IV at the time of purchase, which subsequently exceed the applicable limit or do not satisfy the applicable investment standard, such excess or noncompliant investments may be continued until it is economically feasible to dispose of such investment in accordance with the prudent man standard of care, but no additional investment may be made unless authorized by law or ordinance. An action plan outlining the investment 'hold or sell' strategy shall be provided to the Board immediately.

D. The Investment Consultant shall evaluate and report on a quarterly basis the rate of return net of investment fees and relative performance of the Plan.

E. The Board will meet periodically to review the Investment Consultant performance report. The Board will meet with the investment manager and appropriate outside consultants to discuss performance results, economic outlook, investment strategy and tactics and other pertinent matters affecting the Plan on a periodic basis.

F. At least annually, the Board shall provide the Investment Managers with projected disbursement needs of the Plan so that the investment portfolio can be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To this end the Investment Managers should, to the extent possible, attempt to match investment maturities with known cash needs and anticipated cash-flow requirements.

G. The Investment Consultant, on behalf of the Plan, shall send a letter to any pooled fund referring the investment manager to the listing of 'Scrutinized Companies' by the State Board of Administration ('SBA list'), on their website www.sbafla.com/fsb/. This letter shall request that they consider removing such companies from the fund or create a similar actively managed fund having indirect holdings devoid of such companies. If the manager creates a similar fund, the Plan shall replace all applicable investments with investments in the similar fund in an expedited timeframe consistent with prudent investing standards. For the purposes of this section, a private equity fund is deemed to be an actively managed investment fund. However, after sending the required correspondence, the Plan is not required to sell the pooled fund.

VI. COMPLIANCE

A. It is the direction of the Board that the plan assets are held by a third party custodian, and that all securities purchased by, and all collateral obtained by the plan shall be properly designated as Plan assets. No withdrawal of assets, in whole or in part, shall be made from safekeeping except by an authorized member of the Board or their designee. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis to insure that the custodian will have the security or money in hand at conclusion of the transaction.

B. The investment policy shall require all approved institutions and dealers transacting repurchase agreements to execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement.

C. At the direction of the Board operations of the Plan shall be reviewed by independent certified public accountants as part of any financial audit periodically required. Compliance with the Board's internal controls shall be verified. These controls have been designed to prevent losses of assets that might arise from fraud, error, or misrepresentation by third parties or imprudent actions by the Board or employees of the plan sponsor, to the extent possible.

D. Each member of the Board shall participate in a continuing education program relating to investments and the Board's responsibilities to the Plan. It is suggested that this education process begin during each Trustee's first term.

E. With each actuarial valuation, the Board shall determine the total expected annual rate of return for the current year, for each of the next several years and for the long term thereafter. This determination shall be filed promptly with the Department of Management Services, the plan's sponsor and the consulting actuary.

F. The proxy votes must be exercised for the exclusive benefit of the participants of the Plan. Each Investment Manager shall provide the Board with a copy of their proxy voting policy for approval. On a regular basis, at least annually, each manager shall report a record of their proxy vote.

G. Investments for which there is no generally recognized market or consistent accepted pricing mechanism shall be valued at 50% cost. Assets without a fair market value shall be excluded from determination of annual funding cost. The board will disclose to the Department of Management Services and the plan's sponsor each such investment for which the fair market value is not provided.

VII. CRITERIA FOR INVESTMENT MANAGER REVIEW

The Board wishes to adopt standards by which judgments of the ongoing performance of a portfolio manager may be made. If, at any time, any three of the following is breached, the portfolio manager may be warned of the Board's serious concern for the Plan's continued safety and performance. If any five of these are violated the consultant may recommend a manager search for that mandate.

- Four (4) consecutive quarters of relative under-performance verses the benchmark.
- Three (3) year trailing return below the top 40th percentile within the appropriate peer group and under performance verses the benchmark.
- Five (5) year trailing return below the top 40th percentile and under performance verses the benchmark.
- Three (3) year downside volatility greater than the index (greater than 100), as measured by down market capture ratio.
- Five (5) year downside volatility greater than the index (greater than 100), as measured by down market capture ratio.
- Style consistency or purity drift from the mandate.
- Management turnover in portfolio team or senior management.
- Investment process change, including varying the index or benchmark.
- Failure to adhere to the IPS or other compliance issues.
- Investigation of the firm by the Securities and Exchange Commission (SEC).
- Significant asset flows into or out of the company.
- Merger or sale of firm.
- Fee increases outside of the competitive range.
- Servicing issues – key personnel stop servicing the account without proper notification.
- Failure to attain a 60% vote of confidence by the Board.

Nothing in this section shall limit or diminish the Board's right to terminate the manager at any time for any reason.

VIII. APPLICABLE CITY ORDINANCES

If at any time this document is found to be in conflict with the Plan Document, City Ordinances or applicable Florida Statutes, the Plan Document, Ordinances and Statutes shall prevail.

IX. REVIEW AND AMENDMENTS

It is the Board's intention to review this document at least annually subsequent to the actuarial report and to amend this statement to reflect any changes in philosophy, objectives, or guidelines. In this regard, the Investment Manager's interest in consistency in these matters is recognized and will be taken into account when changes are being considered. If, at any time, the Investment Manager feels that the specific objectives defined herein cannot be met, or the guidelines constrict performance, the Board should be notified in writing. By initialing and continuing acceptance of this Investment Policy Statement, the Investment Managers concur with the provisions of this document. By signing this document, the Chairman attests that this policy has been recommended by the Investment Consultant, reviewed by the plan's legal counsel for compliance with applicable law, and approved by the Board of Trustees.

X. FILING OF THE INVESTMENT POLICY

Upon adoption by the Board, the investment policy shall be promptly filed with the Florida Department of Management Services, the City, and the plan's actuary. The effective date of the Investment Policy shall be the 31 days following the filing date with the City.

CITY OF ROCKLEDGE POLICE EMPLOYEES' RETIREMENT PLAN

Chairman, Board of Trustees

5/22/2014
Date