

CITY OF STARKE POLICE OFFICERS' RETIREMENT SYSTEM

CHAPTER 112.664, F.S. COMPLIANCE REPORT

In Connection with the October 1, 2014 Funding Actuarial Valuation Report
and the Plan's Financial Reporting for the Year Ended September 30, 2014



June 26, 2015

Board of Trustees
c/o Mr. Ricky Thompson
City Clerk
City of Starke Police Officers' Retirement System
P.O. Box C – 209 N. Thompson Street
Starke, Florida 32091-1278

Re: October 1, 2014 Chapter 112.664 Compliance Report

Dear Board Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the Board of Trustees (Board) of the City of Starke Police Officers' Retirement System (System) to prepare a disclosure report to satisfy the requirements set forth in Chapter 112.664, F.S. and as further required pursuant to Chapter 60T-1.0035, F.A.C.

This report was prepared at the request of the Board and is intended for use by the Board and those designated or approved by the Board. This report may be provided to parties other than the Board only in its entirety and only with the permission of the Board.

The purpose of the report is to provide the required information specified in Chapter 112.664, F.S. and to supplement this information with additional exhibits. This report should not be relied on for any purpose other than the purpose described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. The scope of this engagement does not include an analysis of the potential range of such measurements.

This report was based upon information furnished by the City and the Board concerning System benefits, System provisions and System members as used in the corresponding Actuarial Valuation Reports for the Valuation Dates indicated. Financial information was provided by the City and Board as of September 30, 2014. We reviewed the information provided for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the City and Board.

Except where specific assumptions are required by Chapter 112.664, F.S, this report was prepared using actuarial assumptions adopted by the Board as described in Section C. The Board's assumptions are based on past and expected future System experience and represent an

estimate of future System experience. The investment return assumption of 2% higher than the investment return assumption utilized in the Actuarial Valuation Report does not represent an estimate of future System experience nor observation of the estimates inherent in market data. This assumption is provided as a counterpart to the Chapter 112.664, F.S. requirement to utilize an investment return assumption of 2% lower than the investment return assumption utilized in the Actuarial Valuation Report. Inclusion of an investment return 2% higher than the investment return assumption utilized in the Actuarial Valuation Report shows a more complete assessment of the range of results as opposed to the one-sided range required by statute.

If all actuarial assumptions are met and if all current and future minimum required contributions are paid System assets will be sufficient to pay all System benefits. System minimum required contributions are determined in compliance with the requirements of the Florida Protection of Public Employee Retirement Benefits Act and Police Officers Retirement Chapter 185 with normal cost determined as a level percent of covered payroll and a level percent of pay amortization payment using a maximum amortization period of 20 years.


The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the System sponsor.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and presents the actuarial position of the System as of the valuation date as required by statute. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

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.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By 
Lawrence F. Wilson, M.A.A.A
Enrolled Actuary No. 14-02802
Senior Consultant & Actuary
Date: June 26, 2015

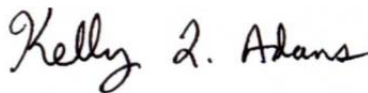
By 
Kelly L. Adams, M.A.A.A
Enrolled Actuary No. 14-06857
Consultant & Actuary

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SECTION A
CHAPTER 112.664, F.S. RESULTS

Net Pension Liability
Using Financial Reporting Assumptions per GASB Statements No. 67 and No. 68

Measurement Date	9/30/2014
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 142,107
Interest	273,487
Benefit Changes	0
Difference Between Actual and Expected Experience	74,610
Assumption Changes	0
Benefit Payments	(168,676)
Contribution Refunds	(2,054)
Other	0
Net Change in Total Pension Liability	319,474
Total Pension Liability - (beginning of year)	3,371,343
Total Pension Liability - (end of year)	\$ 3,690,817
 B. <u>Plan Fiduciary Net Position</u>	
Contributions - Employer	\$ 180,547
Contributions - State	57,971
Contributions - Member	5,525
Net Investment Income	289,838
Benefit Payments	(168,676)
Contribution Refunds	(2,054)
Administrative Expenses	(34,257)
Other	0
Net Change in Plan Fiduciary Net Position	328,894
Plan Fiduciary Net Position - (beginning of year)	3,415,817
Plan Fiduciary Net Position - (end of year)	\$ 3,744,711
 C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	
	\$ (53,894)
 Valuation Date	 10/1/2013

Certain Key Assumptions

Investment Return Assumption 8.0%

Mortality Table:

Healthy Members: RP 2000 Combined Healthy Participant Mortality Tables, separate rates for males and females with Blue Collar Adjustment and fully generational mortality improvements projected to each future valuation date with Scale AA. Disabled Members: RP 2000 Disabled Mortality Tables, separate rates for males and females, and fully generational mortality improvements projected to each future payment date with Scale AA.

Net Pension Liability
Using Assumptions Required Under 112.664(1)(a), F.S.

Measurement Date	9/30/2014
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 143,919
Interest	277,051
Benefit Changes	0
Difference Between Actual and Expected Experience	65,468
Assumption Changes	0
Benefit Payments	(168,676)
Contribution Refunds	(2,054)
Other	0
Net Change in Total Pension Liability	315,708
Total Pension Liability - (beginning of year)	3,423,213
Total Pension Liability - (end of year)	\$ 3,738,921
 B. <u>Plan Fiduciary Net Position</u>	
Contributions - Employer	\$ 180,547
Contributions - State	57,971
Contributions - Member	5,525
Net Investment Income	289,838
Benefit Payments	(168,676)
Contribution Refunds	(2,054)
Administrative Expenses	(34,257)
Other	0
Net Change in Plan Fiduciary Net Position	328,894
Plan Fiduciary Net Position - (beginning of year)	3,415,817
Plan Fiduciary Net Position - (end of year)	\$ 3,744,711
 C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	 \$ (5,790)
 Valuation Date	 10/1/2013

Certain Key Assumptions

Investment Return Assumption 8.0%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Net Pension Liability
Using Assumptions Required Under 112.664(1)(b), F.S.

Measurement Date	9/30/2014
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 220,949
Interest	269,894
Benefit Changes	0
Difference Between Actual and Expected Experience	66,623
Assumption Changes	0
Benefit Payments	(168,676)
Contribution Refunds	(2,054)
Other	0
Net Change in Total Pension Liability	386,736
Total Pension Liability - (beginning of year)	4,381,022
Total Pension Liability - (end of year)	\$ 4,767,758
 B. <u>Plan Fiduciary Net Position</u>	
Contributions - Employer	\$ 180,547
Contributions - State	57,971
Contributions - Member	5,525
Net Investment Income	289,838
Benefit Payments	(168,676)
Contribution Refunds	(2,054)
Administrative Expenses	(34,257)
Other	0
Net Change in Plan Fiduciary Net Position	328,894
Plan Fiduciary Net Position - (beginning of year)	3,415,817
Plan Fiduciary Net Position - (end of year)	\$ 3,744,711
 C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	 \$ 1,023,047
 Valuation Date	 10/1/2013

Certain Key Assumptions

Investment Return Assumption 6.0%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Net Pension Liability
Using Assumptions Required Under 112.664(1)(a), F.S. Plus 2% on Investment Return Assumption

Measurement Date	9/30/2014
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 96,190
Interest	274,785
Benefit Changes	0
Difference Between Actual and Expected Experience	72,767
Assumption Changes	0
Benefit Payments	(168,676)
Contribution Refunds	(2,054)
Other	0
Net Change in Total Pension Liability	273,012
Total Pension Liability - (beginning of year)	2,747,467
Total Pension Liability - (end of year)	\$ 3,020,479
 B. <u>Plan Fiduciary Net Position</u>	
Contributions - Employer	\$ 180,547
Contributions - State	57,971
Contributions - Member	5,525
Net Investment Income	289,838
Benefit Payments	(168,676)
Contribution Refunds	(2,054)
Administrative Expenses	(34,257)
Other	0
Net Change in Plan Fiduciary Net Position	328,894
Plan Fiduciary Net Position - (beginning of year)	3,415,817
Plan Fiduciary Net Position - (end of year)	\$ 3,744,711
 C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	
	\$ (724,232)

Valuation Date 10/1/2013

Certain Key Assumptions

Investment Return Assumption 10.0%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions
Using Financial Reporting Assumptions per GASB Statements No. 67 and No. 68

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2015	3,616,490	280,665	202,085	3,695,070
2016	3,695,070	287,082	199,047	3,783,105
2017	3,783,105	294,107	199,464	3,877,748
2018	3,877,748	301,553	202,380	3,976,921
2019	3,976,921	309,383	204,819	4,081,485
2020	4,081,485	317,416	212,558	4,186,343
2021	4,186,343	325,594	217,490	4,294,447
2022	4,294,447	332,453	259,256	4,367,644
2023	4,367,644	338,291	259,689	4,446,246
2024	4,446,246	344,657	257,868	4,533,036
2025	4,533,036	351,599	257,892	4,626,742
2026	4,626,742	359,023	259,586	4,726,179
2027	4,726,179	366,910	261,172	4,831,918
2028	4,831,918	375,281	263,239	4,943,960
2029	4,943,960	384,112	266,319	5,061,753
2030	5,061,753	393,429	268,792	5,186,390
2031	5,186,390	403,048	277,012	5,312,426
2032	5,312,426	412,953	281,183	5,444,196
2033	5,444,196	423,561	279,635	5,588,122
2034	5,588,122	435,168	277,463	5,745,827
2035	5,745,827	447,883	275,145	5,918,565
2036	5,918,565	461,766	273,670	6,106,660
2037	6,106,660	476,873	272,282	6,311,251
2038	6,311,251	493,371	269,233	6,535,389
2039	6,535,389	511,417	266,538	6,780,268
2040	6,780,268	531,110	264,146	7,047,232
2041	7,047,232	552,609	260,833	7,339,007
2042	7,339,007	576,147	256,255	7,658,899
2043	7,658,899	601,929	251,791	8,009,037
2044	8,009,037	630,123	247,536	8,391,624
2045	8,391,624	660,939	242,640	8,809,923
2046	8,809,923	694,630	237,351	9,267,202
2047	9,267,202	731,468	231,364	9,767,306
2048	9,767,306	771,762	224,688	10,314,380
2049	10,314,380	815,805	218,236	10,911,949

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: N/A

Certain Key Assumptions

Investment return assumption 8.0%

Mortality Table:

Healthy Members: RP 2000 Combined Healthy Participant Mortality Tables, separate rates for males and females with Blue Collar Adjustment and fully generational mortality improvements projected to each future valuation date with Scale AA. Disabled Members: RP 2000 Disabled Mortality Tables, separate rates for males and females, and fully generational mortality improvements projected to each future payment date with Scale AA.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include future contributions from the City, Member or State. For this reason, this projection should not be viewed as representative of the amount of time the System can sustain benefit payments. Under the Government Accounting Standards Board standards which include City, Member and State contributions, the System is expected to be able to pay all future benefit payments.

Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions
Using Assumptions Required Under 112.664(1)(a), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2015	3,616,490	280,662	202,170	3,694,982
2016	3,694,982	287,063	199,315	3,782,730
2017	3,782,730	294,058	199,904	3,876,884
2018	3,876,884	301,457	203,019	3,975,321
2019	3,975,321	309,209	205,890	4,078,639
2020	4,078,639	317,131	213,896	4,181,875
2021	4,181,875	325,167	219,095	4,287,947
2022	4,287,947	331,853	261,143	4,358,656
2023	4,358,656	337,484	261,739	4,434,401
2024	4,434,401	343,616	260,040	4,517,977
2025	4,517,977	350,295	260,208	4,608,064
2026	4,608,064	357,421	262,093	4,703,392
2027	4,703,392	364,972	263,867	4,804,497
2028	4,804,497	372,963	266,121	4,911,339
2029	4,911,339	381,370	269,413	5,023,296
2030	5,023,296	390,208	272,184	5,141,320
2031	5,141,320	399,285	280,706	5,259,898
2032	5,259,898	408,565	285,514	5,382,948
2033	5,382,948	418,464	284,240	5,517,172
2034	5,517,172	429,284	282,319	5,664,136
2035	5,664,136	441,130	280,244	5,825,022
2036	5,825,022	454,054	279,007	6,000,068
2037	6,000,068	468,107	277,854	6,190,321
2038	6,190,321	483,449	275,012	6,398,758
2039	6,398,758	500,230	272,525	6,626,463
2040	6,626,463	518,539	270,363	6,874,639
2041	6,874,639	538,523	267,332	7,145,831
2042	7,145,831	560,402	263,047	7,443,185
2043	7,443,185	584,371	258,826	7,768,730
2044	7,768,730	610,587	254,808	8,124,508
2045	8,124,508	639,248	250,158	8,513,598
2046	8,513,598	670,590	245,136	8,939,052
2047	8,939,052	704,871	239,420	9,404,503
2048	9,404,503	742,383	232,982	9,913,904
2049	9,913,904	783,402	226,739	10,470,568

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: N/A

Certain Key Assumptions

Investment return assumption 8.0%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include future contributions from the City, Member or State. For this reason, this projection should not be viewed as representative of the amount of time the System can sustain benefit payments. Under the Government Accounting Standards Board standards which include City, Member and State contributions, the System is expected to be able to pay all future benefit payments.

Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions
Using Assumptions Required Under 112.664(1)(b), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2015	3,616,490	210,477	202,170	3,624,798
2016	3,624,798	211,068	199,315	3,636,550
2017	3,636,550	211,754	199,904	3,648,400
2018	3,648,400	212,365	203,019	3,657,746
2019	3,657,746	212,833	205,890	3,664,688
2020	3,664,688	212,992	213,896	3,663,784
2021	3,663,784	212,770	219,095	3,657,458
2022	3,657,458	211,036	261,143	3,607,351
2023	3,607,351	208,010	261,739	3,553,622
2024	3,553,622	204,841	260,040	3,498,424
2025	3,498,424	201,524	260,208	3,439,739
2026	3,439,739	197,942	262,093	3,375,588
2027	3,375,588	194,036	263,867	3,305,757
2028	3,305,757	189,773	266,121	3,229,410
2029	3,229,410	185,087	269,413	3,145,083
2030	3,145,083	179,938	272,184	3,052,837
2031	3,052,837	174,128	280,706	2,946,259
2032	2,946,259	167,579	285,514	2,828,324
2033	2,828,324	160,544	284,240	2,704,627
2034	2,704,627	153,184	282,319	2,575,492
2035	2,575,492	145,503	280,244	2,440,751
2036	2,440,751	137,458	279,007	2,299,202
2037	2,299,202	129,002	277,854	2,150,350
2038	2,150,350	120,163	275,012	1,995,501
2039	1,995,501	110,952	272,525	1,833,928
2040	1,833,928	101,327	270,363	1,664,892
2041	1,664,892	91,283	267,332	1,488,843
2042	1,488,843	80,858	263,047	1,306,654
2043	1,306,654	70,062	258,826	1,117,890
2044	1,117,890	58,866	254,808	921,947
2045	921,947	47,259	250,158	719,049
2046	719,049	35,247	245,136	509,159
2047	509,159	22,838	239,420	292,577
2048	292,577	10,050	232,982	69,645
2049	69,645	468	226,739	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: 34.25

Certain Key Assumptions

Investment return assumption 6.0%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include future contributions from the City, Member or State. For this reason, this projection should not be viewed as representative of the amount of time the System can sustain benefit payments. Under the Government Accounting Standards Board standards which include City, Member and State contributions, the System is expected to be able to pay all future benefit payments.

Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions
Using Assumptions Required Under 112.664(1)(a), F.S. Plus 2% on Investment Return Assumption

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2015	3,616,490	350,858	202,170	3,765,178
2016	3,765,178	365,879	199,315	3,931,741
2017	3,931,741	382,504	199,904	4,114,341
2018	4,114,341	400,597	203,019	4,311,919
2019	4,311,919	420,202	205,890	4,526,231
2020	4,526,231	441,206	213,896	4,753,541
2021	4,753,541	463,659	219,095	4,998,105
2022	4,998,105	485,871	261,143	5,222,833
2023	5,222,833	508,312	261,739	5,469,406
2024	5,469,406	533,060	260,040	5,742,426
2025	5,742,426	560,353	260,208	6,042,571
2026	6,042,571	590,267	262,093	6,370,744
2027	6,370,744	622,990	263,867	6,729,867
2028	6,729,867	658,782	266,121	7,122,528
2029	7,122,528	697,872	269,413	7,550,987
2030	7,550,987	740,570	272,184	8,019,373
2031	8,019,373	786,954	280,706	8,525,621
2032	8,525,621	837,322	285,514	9,077,428
2033	9,077,428	892,571	284,240	9,685,758
2034	9,685,758	953,506	282,319	10,356,945
2035	10,356,945	1,020,736	280,244	11,097,437
2036	11,097,437	1,094,851	279,007	11,913,281
2037	11,913,281	1,176,497	277,854	12,811,923
2038	12,811,923	1,266,513	275,012	13,803,424
2039	13,803,424	1,365,796	272,525	14,896,695
2040	14,896,695	1,475,238	270,363	16,101,570
2041	16,101,570	1,595,887	267,332	17,430,126
2042	17,430,126	1,728,972	263,047	18,896,051
2043	18,896,051	1,875,789	258,826	20,513,014
2044	20,513,014	2,037,700	254,808	22,295,906
2045	22,295,906	2,216,238	250,158	24,261,986
2046	24,261,986	2,413,114	245,136	26,429,963
2047	26,429,963	2,630,217	239,420	28,820,760
2048	28,820,760	2,869,640	232,982	31,457,418
2049	31,457,418	3,133,639	226,739	34,364,317

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: N/A

Certain Key Assumptions

Investment return assumption 10.0%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include future contributions from the City, Member or State. For this reason, this projection should not be viewed as representative of the amount of time the System can sustain benefit payments. Under the Government Accounting Standards Board standards which include City, Member and State contributions, the System is expected to be able to pay all future benefit payments.

ACTUARIAL DETERMINED CONTRIBUTION

	<u>Valuation Assumptions</u>	<u>112.664(1)(a), F.S. Assumptions</u>	<u>112.664(1)(b), F.S. Assumptions</u>	<u>112.664(1)(a), F.S. Assumptions Plus 2% on Investment Return Assumption</u>
A. Valuation Date	October 1, 2014	October 1, 2014	October 1, 2014	October 1, 2014
B. Actuarial Determined Contribution to Be Paid During Fiscal Year Ending	9/30/2016	9/30/2016	9/30/2016	9/30/2016
C. Annual payroll of Active Employees	\$ 517,538	\$ 517,538	\$ 517,538	\$ 517,538
D. Total Minimum Funding Requirement				
1. Total Normal Cost	\$ 180,664	\$ 182,334	\$ 259,986	\$ 134,710
2. Annual Payment to Amortize Unfunded Actuarial Liability	(555)	3,357	85,408	(70,615)
3. Interest Adjustment	7,917	8,132	10,809	4,277
4. Total Minimum Funding Requirement	<u>\$ 188,026</u>	<u>\$ 193,823</u>	<u>\$ 356,203</u>	<u>\$ 68,372</u>
E. Expected Payroll of Active Employees for Following Plan Year (\$ / % of pay) (C x 1.000)	\$ 517,538 100.00%	\$ 517,538 100.00%	\$ 517,538 100.00%	\$ 517,538 100.00%
F. Expected Contribution Sources (\$ / % of pay)				
1. City	\$ 131,391 25.39%	\$ 137,188 26.51%	\$ 299,568 57.88%	\$ 11,737 2.27%
2. Member	5,175 1.00%	5,175 1.00%	5,175 1.00%	5,175 1.00%
3. State	51,460 9.94%	51,460 9.94%	51,460 9.94%	51,460 9.94%
4. Total	<u>\$ 188,026 36.33%</u>	<u>\$ 193,823 37.45%</u>	<u>\$ 356,203 68.83%</u>	<u>\$ 68,372 13.21%</u>

Unfunded Actuarial Accrued Liabilities Bases and Amortization Payments

<u>Amortization Base</u>	<u>Amortization Payment</u>					<u>Remaining Funding Period</u>
	<u>Current Unfunded Liabilities</u>	<u>Valuation Assumptions</u>	<u>112.664(1)(a), F.S. Assumptions</u>	<u>112.664(1)(b), F.S. Assumptions</u>	<u>112.664(1)(a), F.S. Assumptions Plus 2%</u>	
10/01/2014 Combined Bases *	\$ (5,468)	\$ (555)	\$ (555)	\$ (492)	\$ (620)	17 years
10/01/2014 Assumption Change - 112.664(1)(a), F.S. Assumptions	41,482	N/A	3,912	N/A	N/A	20 years
10/01/2014 Assumption Change - 112.664(1)(b), F.S. Assumptions	1,044,388	N/A	N/A	85,900	N/A	20 years
10/01/2014 Assumption Change - 112.664(1)(a), F.S. Assumptions Plus 2%	(655,493)	N/A	N/A	N/A	(69,995)	20 years

* Combined per Internal Revenue Code Regulation 1.412(b)-1

SECTION B
SUMMARY OF PLAN PROVISIONS

City of Starke Police Officers' Retirement System

Outline of Principal Provisions of the Retirement System
(as of October 1, 2014)

A. Normal Retirement:

1. Eligibility:

Earlier of:

- (a) Attainment of age 55 with completion of 10 years of credited service.
- (b) Completion of 25 years of credited service.

2. Mandatory Retirement Age

Age 60. Extensions granted with employer consent.

3. Amount of Pension

Total credited service times 3.75% of Final Average Salary. Maximum 100% of Final Average Salary.

4. Normal Form

The normal form of pension is a 10 year Certain and Life. Upon his or her death, 100% of the reduced benefit is continued for the remainder of the Certain period, if any. Optional forms are available on an actuarial equivalent basis.

5. Final Average Salary

Highest 3 consecutive years out of last 10. Salary includes base pay plus longevity pay and up to 42 hours of overtime per calendar year. Lump sum payments paid at the time of retirement are not included in the determination of final average salary.

B. Early Retirement:

1. Eligibility:

Attainment of age 50 with completion of 10 years of credited service.

2. Amount of Pension

Computed as a normal retirement but reduced 3.0% for each year (0.25% for each month) that early retirement precedes the date the member would have been eligible for normal retirement.

City of Starke Police Officers' Retirement System

Outline of Principal Provisions of the Retirement System
(as of October 1, 2014)

C. Deferred Retirement:

1. Eligibility:

10 or more years of credited service. Pension begins at age 55 or reduced benefits at age 50.

2. Benefit:

Computed as a normal retirement pension but based upon credited service and Final Average Salary at time of termination.

D. Duty Disability Retirement:

1. Eligibility:

No age or service requirement. Must be in receipt of worker's compensation.

2. Benefit:

Computed as a normal retirement pension. Minimum benefit shall be 42% of Final Average Salary. Worker's compensation payments are offset, to the extent permitted by law.

E. Non-Duty Disability Retirement:

1. Eligibility:

10 or more years of credited service.

2. Benefit:

Computed as a normal retirement pension. Minimum benefit shall be 42% of Final Average Salary. Worker's compensation payments are offset, to the extent permitted by law.

F. Death Before Retirement:

1. Eligibility:

10 or more years of credited service.

2. Benefit:

Computed as a normal retirement pension but actuarially reduced in accordance with a 100% joint and survivor election.

City of Starke Police Officers' Retirement System

Outline of Principal Provisions of the Retirement System

(as of October 1, 2014)

G. Deferred Retirement Option Plan (DROP):

Effective February 1, 2013, members may elect to freeze their retirement benefit at normal eligibility, and continue working for a maximum of 5 years. The retirement benefit will be calculated as of the date the member elects the DROP. This retirement benefit will be accumulated with interest in an amount equal to 50% of the net investment return for the System for the preceding fiscal year up to a maximum of 4% during the DROP period in a DROP account. At actual termination, the member can rollover the DROP account balance or receive the balance directly with appropriate tax consequences. The retirement benefit calculated as of the date the DROP election becomes payable directly to the retiree or beneficiary thereafter. Member pick-up contributions will cease at the date of DROP election. Disability and death before retirement provisions will no longer apply to members who enter the DROP. Members will be assessed administrative fees.

H. Post-Retirement Cost-of-Living Adjustments:

Effective October 1, 1994 all current retired members and beneficiaries received an increase in their pension of \$75/month. Effective October 1, 2001 all current retired members and beneficiaries received an increase in their pension. The increase was based on their original benefit, using a multiplier of 3.75% rather than their original multiplier.

I. Annual Holiday Bonus:

\$100

J. Member Contributions:

1.00% of annual salary. This amount is refunded upon termination. The City currently picks-up the former 5.00% member contribution. For all employees hired prior to December 31, 1999, this amount is refunded upon termination of membership with 3 or more years of credited service in the absence of a pension. For all employees hired after December 31, 1999, this amount is refunded upon termination of membership with 10 or more years of credited service in the absence of a pension. Should a member die and no pension becomes or will become available, picked-up member contributions will be refunded even if the required years of service have not been attained.

If you terminate employment and receive a refund of contributions, you forfeit any rights to future benefits from the Retirement System. The taxable portion of any refund you receive is subject to an automatic 20% withholding for Federal income tax purposes, and a possible 10% excise tax. These taxes can be avoided, however, if you roll the taxable portion over to an Individual Retirement Account (IRA) or another qualified employer plan. This rollover will result in no tax being due until you begin withdrawing funds from the IRA or other qualified employer plan. The rollover of the distribution, however, MUST be made directly by the System to your chosen IRA or other qualified employer plan.

City of Starke Police Officers' Retirement System

Outline of Principal Provisions of the Retirement System
(as of October 1, 2014)

K. City Contributions:

Actuarially determined amounts which together with member contributions and premium tax monies are sufficient to at least cover the requirements of the funding objective.

L. Premium Tax Monies:

A distribution of casualty insurance premium tax monies collected by the State pursuant to Chapter 185, Florida Statutes.

M. Forfeiture of Retirement Benefits:

Retirement benefits granted by the Retirement System are subject to forfeiture if an employee is convicted of an offense specified in Section 112.3173 and 185.185, Florida Statutes, pursuant to the procedures set forth in the cited statutes.

N. Claims Procedure:

Claims for benefits should be filed with the Board of Trustees at the City Clerk's office. If the claim is denied, you will be notified and informed of the procedure to request a hearing before the Board of Trustees. An applicant for benefits must appeal said denial within 60 days of being informed of the denial by filing an appeal with the Board at the City Clerk's office. If no appeal is filed within the time period then the denial shall be final.

O. Disclaimer:

The preceding summary briefly describes the principal benefits of the Retirement System. Detailed benefit conditions and limitations are contained in the Retirement Ordinance which established the System. The Internal Revenue Code, Florida Statutes, and the Ordinance all govern the operation of the System and should be consulted before you take any action concerning your participation or benefits. In the case of any conflict between this summary and the provisions of the Ordinance or other applicable law, the Ordinance or other applicable law will prevail. Copies of the Ordinance are available at the City Clerk's office.

P. Change From Previous Valuation

None.

SECTION C
ACTUARIAL ASSUMPTIONS AND COST METHODS
USED FOR FUNDING

City of Starke Police Officers' Retirement System

Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation (as of October 1, 2014)

A. Mortality

For healthy participants, the RP 2000 Combined Healthy Participant Mortality Tables, separate rates for males and females with Blue Collar Adjustment and fully generational mortality improvements projected to each future valuation date with Scale AA.

For disabled participants, the RP 2000 Disabled Mortality Tables, separate rates for males and females, and fully generational mortality improvements projected to each future payment date with Scale AA.

B. Interest to be Earned by Fund

8.0%, compounded annually, net of investment expenses.

C. Allowances for Expenses or Contingencies

Administrative expenses are projected to continue at the same dollar amount as the average of the preceding three fiscal years.

D. Employee Withdrawal Rates

The rates do not apply to members eligible to retire and do not include separation on account of death or disability. This estimate measures the probabilities of members remaining in employment. These rates were first used for the September 30, 1983 valuation.

<u>Sample Ages</u>	<u>Years of Service</u>	<u>Withdrawal Rates Per 100 Employees</u>
ALL	0	15.00
	1	10.00
	2	8.00
	3	7.00
	4	6.00
25	5 & Over	5.00
30		4.50
35		3.55
40		1.45
45		0.75
50		0.75
55		0.75
60		0.75

City of Starke Police Officers' Retirement System

Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation
(as of October 1, 2014)

E. Disability Rates

These estimates represent the probabilities of active members becoming disabled.

<u>Sample Ages</u>	<u>Percent Becoming Disabled Within Next Year</u>	
	<u>Male</u>	<u>Female</u>
20	0.07%	0.03%
25	0.09%	0.05%
30	0.10%	0.07%
35	0.14%	0.13%
40	0.21%	0.19%
45	0.32%	0.28%
50	0.52%	0.45%
55	0.92%	0.76%
60	1.53%	1.10%

F. Salary Increase Factors

Employee salaries are estimated to increase between the date of hire and date of retirement. Salary increases occur in recognition of (i) individual merit and seniority, (ii) inflation-related depreciation of the purchasing power of salaries, and (iii) competition from other employers for personnel.

<u>Sample Age</u>	<u>Salary Increase</u>
20	9.0%
30	7.8%
40	7.2%
50	6.2%
60	5.2%

General increase in wage level due to inflation is 5%.

G. Payroll Growth Assumption

5.0% per annum - not greater than historical 10-year average (-1.0%) but not less than 0.0%.

City of Starke Police Officers' Retirement System

Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation
(as of October 1, 2014)

H. Retirement Rates

These rates are used to measure the probabilities of an eligible member retiring during the next year.

Normal Retirement	Percent	Normal Retirement	Percent
<u>Ages</u>	<u>Retiring</u>	<u>Ages</u>	<u>Retiring</u>
45	20%	55	20%
46	20%	56	15%
47	20%	57	10%
48	20%	58	10%
49	20%	59	10%
50	20%	60	10%
51	20%	61	10%
52	20%	62	10%
53	20%	63	10%
54	20%	64	20%
		65	100%

A Police Officer is eligible for retirement after 25 years of credited service or after attaining age 55 with 10 or more years of credited service.

A Police Officer is eligible for early retirement after attaining age 50 with 10 or more years of credited service.

Benefits accruing after age 65 are offset by actuarial gains from the deferred retirement.

The above rates for normal retirement were first used for the September 30, 1984 valuation.

I. Smoothed Asset Valuation Method

The method used for determining the smoothed actuarial value of assets phases in the deviation between the expected and actual return on assets at the rate of 25% per year. The smoothed actuarial value of assets is further adjusted to the extent necessary to remain within the corridor whose lower and upper limits are 80% and 120%, respectively, of the fair market value of system assets.

City of Starke Police Officers' Retirement System

Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation
(as of October 1, 2014)

J. Cost Method

Normal Retirement, Termination, Disability, and Death Benefits: Entry-Age-Normal Cost Method.

Under this method the normal cost for each active employee is the amount which is calculated to be a level percentage of pay that would be required annually from his entry age to his assumed retirement age to fund his estimated benefits, assuming the System had always been in effect. The normal cost for the System is the sum of such amounts for all employees. The actuarial accrued liability as of any valuation date for each active employee or inactive employee who is eligible to receive benefits under the System is the excess of the actuarial present value of estimated future benefits over the actuarial present value of current and future normal costs. The unfunded actuarial accrued liability as of any valuation date is the excess of the actuarial accrued liability over System assets.

K. Change From Previous Valuation

None.

L. Technical Assumptions

1. Pay Increase Timing:

Beginning of (Fiscal) year.

2. Decrement Timing:

Decrements are assumed to occur mid-year.

3. Eligibility Testing:

Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

4. Benefit Service:

Exact fractional service is used to determine the amount of benefit payable.

5. Decrement Relativity:

Decrement rates are used directly from tabular rates - no adjustment for multiple decrement table effects.

City of Starke Police Officers' Retirement System

Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation
(as of October 1, 2014)

L. Technical Assumptions (cont'd)

6. Decrement Operation:

Disability and mortality decrements do not operate during the first 5 years of service. Disability and withdrawal do not operate during years of retirement eligibility.

7. Incidence of Contributions:

Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report and the actual payroll payable at the time contributions are made. New entrant normal cost contributions are applied to the funding of new entrant benefits.

8. Marriage Assumption:

100% of members are assumed to be married. Male spouses are assumed to be three years older than female spouses.

9. Actuarial Equivalence Basis for Optional Forms of Payment:

7.5% interest and the RP 2000 Combined Healthy Male Mortality Table with Blue Collar adjustment projected to the fiscal year that contains the benefit commencement date for participants and the RP 2000 Combined Healthy Female Mortality Table projected to the fiscal year that contains the benefit commencement date for beneficiaries. Disabled lives are set forward 5 years.

10. Duty and Non-Duty Related Assumption

50% are assumed in-service and 50% are assumed non-service for pre-retirement death and disability benefits.

11. Vested members

Vested members who terminate with a benefit worth less than 100% of their accumulated member contribution balance were assumed to withdraw the balance and forfeit their vested benefit.

12. Salary

Salary reported for the actuarial valuation includes all amounts included in the final average compensation for benefit purposes.

GLOSSARY

<i>Actuarial Accrued Liability</i>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<i>Actuarial Assumptions</i>	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members and other items.
<i>Actuarial Cost Method</i>	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.
<i>Actuarial Equivalent</i>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<i>Actuarial Present Value</i>	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
<i>Actuarial Present Value of Future Benefits</i>	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits and inactive, non-retired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
<i>Actuarial Valuation</i>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB No. 67.
<i>Actuarial Value of Assets</i>	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially required contribution.

<i>Amortization Method</i>	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
<i>Amortization Payment</i>	That portion of the plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<i>Amortization Period</i>	The period used in calculating the Amortization Payment.
<i>Annual Required Contribution</i>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The annual required contribution consists of the Employer Normal Cost and Amortization Payment plus interest adjustment.
<i>Closed Amortization Period</i>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<i>Employer Normal Cost</i>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<i>Equivalent Single Amortization Period</i>	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
<i>Experience Gain/Loss</i>	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. Losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.
<i>Funded Ratio</i>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
<i>GASB</i>	Governmental Accounting Standards Board.

***GASB No. 67 and
GASB No. 68***

These are the governmental accounting standards that set the accounting rules for public retirement plans and the employers that sponsor or contribute to them. Statement No. 67 sets the accounting rules for the plans themselves, while Statement No. 68 sets the accounting rules for the employers that sponsor or contribute to public retirement plans.

Normal Cost

The annual cost assigned, under the Actuarial Cost Method, to the current plan year.

Open Amortization Period

An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.

Unfunded Actuarial Accrued Liability

The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.

Valuation Date

The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.