



April 24, 2015

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: Actuarial Valuation – Police Officers**

Dear Ricky:

As requested, we are pleased to enclose fifteen (15) copies of the October 1, 2014 Actuarial Valuation Report for the City of Starke Police Officers' Retirement System.

We appreciate the opportunity to work with the Board on this important project and look forward to presenting the key financial results of our Report at the April 29<sup>th</sup> Board Meeting.

As you are aware, a copy of the Report should be filed with the State at the following address upon approval by the Board.

Mr. Douglas E. Beckendorf, A.S.A.  
Bureau of Local Retirement Services  
Division of Retirement  
Building 8  
Post Office Box 9000  
Tallahassee, Florida 32315-9000

Ms. Sarah Carr  
Office of Municipal Police Officers'  
& Firefighters' Pension Fund  
Building 8  
Post Office Box 3010  
Tallahassee, Florida 32315-3010

If you should have any questions concerning the above, please do not hesitate to contact us.

Sincerest regards,

Lawrence F. Wilson, A.S.A.  
Senior Consultant and Actuary

Enclosures

cc: Mr. Rich Campbell (w/ enclosure)  
Ronald Cohen, Esq. (w/ enclosure)  
Mr. Brad Million (w/ enclosure)

**CITY OF STARKE POLICE OFFICERS' RETIREMENT SYSTEM**  
*ACTUARIAL VALUATION AS OF OCTOBER 1, 2014*

This Valuation Determines the Annual Contribution for the System Year October 1, 2015 through September 30, 2016 to be Paid in System Year October 1, 2015 to September 30, 2016

April 24, 2015



**City of Starke Police Officers’  
Retirement System**

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April 24, 2015

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

Dear Mr. Thompson:

### **October 1, 2014 Actuarial Valuation**

We are pleased to present our October 1, 2014 Actuarial Valuation Report for the City of Starke Police Officers' Retirement System. The purpose of this report is to indicate appropriate contribution levels, monitor minimum funding requirements, comment on the actuarial stability of the System and to satisfy State and accounting requirements. Gabriel, Roeder, Smith and Company (GRS), as System actuary, is authorized to prepare an annual Actuarial Valuation under Section 78-143 of the System. This Report is prepared for and at the request of the Board of Trustees.

This Report consists of this commentary, detailed Tables I through XVIII, and the State Required Exhibit on Table XIX. The Tables contain basic System cost figures plus significant details on the benefits, liabilities and experience of the System. We suggest you thoroughly review the report at your convenience and contact us with any questions that may arise.

### **Retirement System Costs**

Our Actuarial Valuation develops the required minimum Retirement System payment for fiscal year beginning **October 1, 2015** under the Florida Protection of Public Employee Retirement Benefits Act and Chapter 185. The minimum payment consists of payment of annual normal costs including expenses and amortization of the components of the unfunded actuarial accrued liability over various periods as prescribed by law. The minimum payment is **36.3% of covered payroll (\$188,026)**. The figure in parentheses is the System cost expressed as an estimated dollar amount based on projected covered annual payroll for fiscal year beginning October 1, 2015 (\$517,538).

This total cost is to be met by member, City and State contributions. We anticipate member contributions will be **1.0% of covered payroll** for fiscal year ending September 30, 2016 (**\$5,175**), member pick-up contributions will be **5.0% of covered payroll** for fiscal year ending September 30, 2016 (**\$25,877**) and allowable State contributions will be **9.9% of covered payroll** for fiscal year ending September 30, 2016 (**\$51,460**). This leaves a base City requirement of **20.4% of covered payroll** for fiscal year ending September 30, 2016 (**\$105,514**). The City contribution includes an interest adjustment and must be increased if fiscal year 2016 State contributions are less than \$51,460.

### **Changes in Actuarial Assumptions, Methods and System Benefits**

The System provisions are unchanged from the October 1, 2013 Actuarial Valuation and are summarized on Table X.

The actuarial assumptions and methods remain unchanged from the October 1, 2013 Actuarial Valuation. The actuarial assumptions and methods are outlined on Table XI.

The unfunded actuarial accrued liability bases have been combined in accordance with IRC 1.412(b)-1.

Government Accounting Standards Board Statement Number 68 (GASB No. 68) expense and projected disclosures are included. Excess State funds are included in assets and liabilities consistent with GASB No. 67 / 68 requirements.

### **Comparison of October 1, 2013 and October 1, 2014 Valuation Results**

Table II of our report provides information of a comparative nature. The left columns of the Table indicate the costs as calculated for October 1, 2013. The right columns indicate the costs as calculated for October 1, 2014.

Comparing the left and right columns of Table II shows the effect of System experience during the year. The number of active participants remains unchanged. Covered payroll decreased by approximately 3%. Total System membership increased by approximately 4%. Total normal cost increased as a percentage of covered payroll but decreased slightly as a dollar amount. The unfunded actuarial accrued liability decreased both as a percentage of covered payroll and as a dollar amount. The net Base City minimum funding requirement increased as a percentage of covered payroll but decreased slightly as a dollar amount.

The value of vested accrued benefits is less than System assets, resulting in a Vested Benefit Security Ratio (VBSR) of 127.9% which is an increase from 126.4% as of the October 1, 2013 Actuarial Valuation. The VBSR is measured on a market value of assets basis.

### **System Experience**

Table VII indicates net System experience resulted in an actuarial gain of \$22,914. This suggests actual overall experience was more favorable than expected.

Table XVII provides figures on recent System experience (salary, turnover and investment yield). The salary experience indicates actual salary increases averaged approximately 1.4%. This was less than the assumption for average salary increases of 7.1% and was generally a source of actuarial gain. Employee turnover this year was approximately 490% of the assumed. Employee turnover was generally an additional source of actuarial gain.

Mr. Ricky Thompson  
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The smoothed actuarial value investment return of 7.7% was less than the 8.0% assumption for investment return. Smoothed actuarial value investment return was an offsetting source of actuarial loss during the year. The three, five and ten year average annual smoothed actuarial value investment returns are 7.1%, 4.9% and 5.9%, respectively. The one, three, five and ten year average annual returns based upon market value are 8.4%, 10.9%, 7.8% and 6.2%, respectively.

### **Member Census and Financial Data**

The City submitted Member census data as of October 1, 2014 used for this actuarial valuation to us. This information contains name, Social Security number, date of birth, date of hire, employee contributions and actual salary paid for the previous year. Dates of termination and retirement are provided where applicable. The City updated information on inactive participants including retirees, beneficiaries, DROPs and vested terminations.

We received financial information as of September 30, 2014 concerning fund assets from the City. We do not audit the Member census data and asset information that is provided to us. However, we perform certain reasonableness checks and on this basis we believe that the information that we received is reliable.

### **Summary**

In our opinion the benefits provided for under the current System will be sufficiently funded through the payment of the amount as indicated in this and future Actuarial Valuation reports. We will continue to update you on the future payment requirements for the System through our actuarial reports. These reports will also continue to monitor the future experience of the System.

The actuarial assumptions used in this Actuarial Valuation are as adopted by the Board of Trustees. Each assumption represents an estimate of future System experience.

If all actuarial assumptions are met and if all 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 dollar amortization payment using a maximum amortization period of 20 years.

The VBSR may be appropriate for assessing the sufficiency of System assets to meet the estimated cost of settling benefit obligations based upon funding assumptions but may not be appropriate for assessing the need for or the amount of future contributions.

The GASB Plan Fiduciary Net Position as a Percentage of Total Pension Liability may not be appropriate for assessing the sufficiency of System assets to meet the estimated cost of settling benefit obligations but may be appropriate for assessing the need for or the amount of future contributions.

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Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: System 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); and changes in System provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

This report should not be relied on for any purpose other than the purpose described in the primary communication. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

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 fairly presents the actuarial position of the System as of the valuation date. 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.

This report may be provided to parties other than the Board only in its entirety and only with the permission of an approved representative of the Board.

The signing actuaries are independent of the System sponsor.

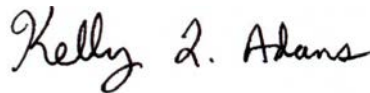
The undersigned are Members of the American Academy of Actuaries and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. We are available to respond to any questions with regards to matters covered in this report.

Very truly yours,



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Lawrence F. Wilson, A.S.A.  
Senior Consultant and Actuary



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Kelly L. Adams, A.S.A.  
Consultant and Actuary



Table I

**City of Starke Police Officers'  
Retirement System**

**Summary of Retirement Plan Costs as of October 1, 2014**

	<b><u>Cost Data</u></b>	<b><u>% of Payroll</u></b>
A. Participant Data Summary (Table III)		
1. Active employees	16	N/A
2. Terminated vested	3	N/A
3. Receiving benefits (including DROPs)	10	N/A
4. Annual payroll of active employees	\$ 517,538	100.0%
B. Total Normal Costs		
1. Age retirement benefits	\$ 124,470	24.1%
2. Termination benefits	6,292	1.2%
3. Death benefits	2,785	0.5%
4. Disability benefits	4,117	0.8%
5. Estimated expenses	43,000	8.3%
6. Total annual normal costs	<u>\$ 180,664</u>	34.9%
C. Total Actuarial Accrued Liability		
1. Age retirement benefits active employees	\$ 1,272,568	245.9%
2. Termination benefits active employees	22,782	4.4%
3. Death benefits active employees	31,020	6.0%
4. Disability benefits active employees	20,180	3.9%
5. Retired or terminated vested participants receiving benefits including DROP participants	1,790,879	346.0%
6. Terminated vested participants entitled to future benefits	314,944	60.9%
7. Deceased participants whose beneficiaries are receiving benefits	169,705	32.8%
8. Disabled participants receiving benefits	0	0.0%
9. Miscellaneous liability	3,068	0.6%
10. Reserve for excess State funds	45,498	8.8%
11. Total actuarial accrued liability	<u>\$ 3,670,644</u>	709.3%
D. Smoothed Actuarial Value of Assets (Table VI)	\$ 3,676,112	710.3%
E. Unfunded Actuarial Accrued Liability (C-D)	\$ (5,468)	(1.1%)

**City of Starke Police Officers'  
Retirement System**

**Summary of Retirement System Costs as of October 1, 2014**

	<b><u>Cost Data</u></b>	<b><u>% of Payroll</u></b>
F. Minimum Required Contribution		
1. Total normal cost	\$ 180,664	34.9%
2. Amortization of unfunded liability	(555)	(0.1%)
3. Interest adjustment	7,917	1.5%
4. Total required contribution	\$ 188,026	36.3%
G. Expected Payroll of Active Employees for 2015 / 2016 Year (\$517,538 x 1.000)	\$ 517,538	100.0%
H. Contribution Sources (percent of expected 2015 / 2016 payroll)		
1. Expected City		
a. Base	\$ 105,514	
b. Member pick-up	25,877	
c. Total expected City	\$ 131,391	25.4%
2. Expected State	51,460	9.9%
3. Expected Member	5,175	1.0%
4. Total expected minimum required contribution	\$ 188,026	36.3%
I. Actuarial Gains / (Losses) (Table VII)	\$ 22,914	4.4%
J. Actuarial Present Value of Vested Accrued Benefits		
1. Retired, terminated vested, beneficiaries and disabled receiving benefits including DROP participants	\$ 1,960,584	378.8%
2. Terminated vested participants entitled to future benefits and miscellaneous	318,012	61.4%
3. Active participants entitled to future benefits	603,707	116.6%
4. Reserve for excess State funds	45,498	8.8%
5. Total actuarial present value of vested accrued benefits	\$ 2,927,801	565.7%
K. Market Value of Assets (Table V)	\$ 3,744,711	723.6%
L. Unfunded Actuarial Present Value of Vested Accrued Benefits (J. - K., not less than zero)	\$ 0	0.0%
M. Vested Benefit Security Ratio (K. ÷ J.)	127.9%	N/A

Table II

**City of Starke Police Officers'  
Retirement System**

**Comparison of Cost Data of October 1, 2013 and October 1, 2014 Valuations**

	October 1, 2013		October 1, 2014	
	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation
A. Participants				
1. Active employees	16	N/A	16	N/A
2. Terminated vested	3	N/A	3	N/A
3. Receiving benefits (including DROPs)	9	N/A	10	N/A
4. Annual payroll of active employees	\$ 531,436	100.0%	\$ 517,538	100.0%
5. Projected annual payroll of active employees	\$ 531,436	100.0%	\$ 517,538	100.0%
B. Total Normal Costs	\$ 181,107	34.1%	\$ 180,664	34.9%
C. Total Actuarial Accrued Liability	\$ 3,440,840	647.5%	\$ 3,670,644	709.3%
D. Smoothed Actuarial Value of Assets	\$ 3,376,180	635.3%	\$ 3,676,112	710.3%
E. Unfunded Actuarial Accrued Liability	\$ 64,660	12.2%	\$ (5,468)	(1.1%)
F. Net Base City Cost	\$ 106,888	20.1%	\$ 105,514	20.4%
G. Actuarial Gain / (Loss)	\$ 34,093	6.4%	\$ 22,914	4.4%
H. Unfunded Actuarial Present Value of Vested Accrued Benefits	\$ 0	0.0%	\$ 0	0.0%
I. Vested Benefit Security Ratio	126.4%	N/A	127.9%	N/A

**Table III**

**City of Starke Police Officers'  
Retirement System**

**Characteristics of Participants in  
Actuarial Valuation as of October 1, 2014**

A. Active System Participants Summary

1. Active participants fully vested	5	
2. Active participants partially vested	0	
3. Active participants non-vested	11	
4. Total active participants	16	
5. Annual rate of pay of active participants	\$ 517,538	

B. Retired and Terminated Vested Participant Summary

1. Retired or terminated vested participants receiving benefits including DROP participants	8	
2. Terminated vested participants entitled to future benefits	3	
3. Deceased participants whose beneficiaries are receiving benefits	2	
4. Disabled participants receiving benefits	0	

C. Projected Annual Retirement Benefits

1. Retired or terminated vested receiving benefits including DROP participants	\$ 180,919	
2. Terminated vested entitled to future benefits	56,023	
3. Beneficiaries of deceased participants	19,990	
4. Disabled participants	0	

Table IV

**City of Starke Police Officers'  
Retirement System**

**Statement of System Assets as of October 1, 2014**

	<u>Market Value</u>
A. <u>Cash and cash equivalents</u>	\$ 221,333
B. <u>General Investments</u>	
1. U.S. Government Securities	\$ 238,676
2. Corporate Bonds	\$ 1,018,568
3. Common Stocks	\$ 2,271,331
4. Mutual Funds	\$ 0
C. <u>Receivables</u>	
1. Employee and City <i>Pick-Up</i> Contribution Receivable	\$ 0
2. Other Receivables	\$ 0
3. Accrued Interest	\$ 2
D. <u>Accounts Payable</u>	\$ 5,199
E. <u>Total System Assets</u> (A + B + C - D)	\$ 3,744,711

**City of Starke Police Officers'  
Retirement System**

**Reconciliation of Plan Assets**

A.	<u>Total Market Value of Assets as of October 1, 2013</u>		\$ 3,415,817
B.	<u>Receipts During Period</u>		
1.	Contributions		
a.	Employee	\$ 5,525	
b.	Employee (picked up by City)	26,674	
c.	City	153,873	
d.	State	57,971	
e.	Total	\$ 244,043	
2.	Investment Income		
a.	Interest, dividends and other	\$ 70,982	
b.	Investment expenses	(12,660)	
c.	Net investment income	\$ 58,322	
3.	Net realized gains / (losses)	281,044	
4.	Net unrealized gains / (losses)	(49,528)	
5.	Total receipts during period		\$ 533,881
C.	<u>Disbursements During Period</u>		
1.	Pension payments	\$ 168,676	
2.	DROP distributions	0	
3.	Contribution refunds	2,054	
4.	Administrative expenses	34,257	
5.	Total disbursements during period		\$ 204,987
D.	<u>Total Market Value of Assets as of September 30, 2014</u>		\$ 3,744,711
E.	<u>Excess State Funds</u>		
1.	Balance as of October 1, 2013	\$ 78,987	
2.	Increase for current year	6,511	
3.	Purchase of additional benefits	(40,000)	
4.	Balance as of September 30, 2014		\$ 45,498
F.	<u>Reconciliation of DROP Account Balances</u>		
1.	DROP account balances as of October 1, 2013	\$ 8,524	
2.	Benefit payments into DROP accounts during year	72,034	
3.	Investment gains / (losses) during year	2,165	
4.	Distributions from DROP accounts during year	0	
5.	DROP account balances as of September 30, 2014		\$ 82,723

**City of Starke Police Officers'  
Retirement System**

**Development of Smoothed Actuarial Value of Assets as of September 30**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
A. Preliminary smoothed actuarial value from prior year	\$ 3,106,010	\$ 3,376,180	\$ 3,676,112		
B. Market value beginning of year	3,116,869	3,415,817	3,744,711		
C. Market value end of year	3,415,817	3,744,711			
D. Non-investment net cash flow	38,659	39,056			
E. Investment return					
1. Total market value return: C. - B. - D.	260,289	289,838			
2. Amount for immediate recognition (8.0%)	250,027	271,657			
3. Amount for phased-in recognition: E.1. - E.2.	10,262	18,181			
F. Phased-in recognition of investment return					
1. Current year: 25% of E.3.	2,566	4,545			
2. First prior year	49,833	2,566	4,545		
3. Second prior year	(67,726)	49,833	2,566	4,545	
4. Third prior year	(3,189)	(67,725)	49,833	2,564	4,546
5. Total phased-in recognition of investment return	<u>(18,516)</u>	<u>(10,781)</u>	<u>56,944</u>	<u>7,109</u>	<u>4,546</u>
G. Total smoothed actuarial value end of year					
1. Preliminary total smoothed actuarial value end of year:					
A. + D. + E.2. + F.5.	3,376,180	3,676,112			
2. Upper corridor limit: 120% of C.	4,098,980	4,493,653			
3. Lower corridor limit: 80% of C.	2,732,654	2,995,769			
4. Total smoothed actuarial value end of year:					
G.1., not more than G.2., nor less than G.3.	3,376,180	3,676,112			
H. Difference between total market value and total smoothed actuarial value	39,637	68,599			
I. Smoothed actuarial value rate of return	7.4%	7.7%			
J. Market value rate of return	8.3%	8.4%			

Table VII

**City of Starke Police Officers'  
Retirement System**  
**Actuarial Gains / (Losses) for**  
**System Year Ended September 30, 2014\***

A. Derivation of Actuarial Gain / (Loss)

1. City and State net normal cost previous valuation	\$	149,221
2. Unfunded actuarial accrued liability previous valuation		64,660
3. City and State net contributions previous year		205,333
4. Interest on:		
(a) City and State net normal cost	\$	11,938
(b) Unfunded actuarial accrued liability		5,173
(c) City and State net contributions		8,213
(d) Net total: (a) + (b) - (c)	\$	8,898
5. Expected unfunded actuarial accrued liability current year: (1. + 2. - 3. + 4.)	\$	17,446
6. Actual unfunded actuarial accrued liability current year		(5,468)
7. Actuarial gain / (loss): (5. - 6.)	\$	22,914

B. Approximate Portion of Gain / (Loss)  
due to Investments

1. Smoothed actuarial value of net assets previous year	\$	3,297,193
2. Net contributions during period		277,532
3. Benefits and admin expenses during period		204,987
4. Expected net appreciation for period		266,677
5. Expected smoothed actuarial value of assets current year: (1. + 2. - 3. + 4.)	\$	3,636,415
6. Actual smoothed actuarial value of net assets current year	\$	3,630,614
7. Approximate gain / (loss) due to investments: (6. - 5.)	\$	(5,801)

C. Approximate Portion of Gain / (Loss)  
due to Liabilities: A. - B.

\$ 28,715

\* Net of reserve for excess State funds



**City of Starke Police Officers'  
Retirement System**

**Amortization of Unfunded Actuarial Accrued Liability**

A. Actuarial Accrued Liability Remaining Unfunded

<u>Date</u>	<u>Unfunded Liability</u>	<u>Amortization Payment</u>
October 1, 2014	\$ (5,468)	\$ (555)
October 1, 2015	\$ (5,306)	\$ (555)
October 1, 2016	\$ (5,131)	\$ (555)
October 1, 2017	\$ (4,942)	\$ (555)
October 1, 2018	\$ (4,738)	\$ (555)
...		
...		
October 1, 2034	\$ 0	\$ 0

B. Covered Payroll History

<u>Date</u>	<u>Covered Payroll *</u>	<u>Annual Increase</u>
October 1, 2014	\$ 517,538	(2.6%)
October 1, 2013	\$ 531,436	(6.9%)
October 1, 2012	\$ 571,086	4.1%
October 1, 2011	\$ 548,492	(8.1%)
October 1, 2010	\$ 597,067	8.3%
October 1, 2009	\$ 551,289	(15.4%)
October 1, 2008	\$ 651,699	(0.1%)
October 1, 2007	\$ 652,314	5.7%
October 1, 2006	\$ 617,045	1.8%
October 1, 2005	\$ 605,982	5.5%
October 1, 2004	\$ 574,479	N/A

Ten-Year Average Annual Increase (1.0%)

\* Excludes DROP payroll

Table IX

**City of Starke Police Officers'  
Retirement System  
Accounting Disclosure Exhibit**

	<b>10/01/2013</b>	<b>10/01/2014</b>
<b>I. <u>Number of System Members</u></b>		
a. Receiving benefits including DROPs	9	10
b. Terminated due deferred benefits	3	3
c. Active system members	16	16
d. Total	28	29
<b>II. <u>Financial Accounting Standards Board Allocation</u></b> <u>As of October 1, 2014</u>		
<b>A. <u>Statement of Accumulated Plan Benefits</u></b>		
1. Actuarial present value of accumulated vested system benefits		
a. Participants currently receiving benefits including DROP participants	\$ 1,645,151	\$ 1,960,584
b. Other participants (including reserve for excess State funds)	1,057,278	967,217
c. Total	\$ 2,702,429	\$ 2,927,801
2. Actuarial present value of accumulated non-vested system benefits	162,662	179,226
3. Total actuarial present value of accumulated system benefits	\$ 2,865,091	\$ 3,107,027
<b>B. <u>Statement of Change in Accumulated System Benefits</u></b>		
1. Actuarial present value of accumulated system benefits as of October 1, 2013		\$ 2,865,091
2. Increase (decrease) during year attributable to:		
a. System amendment		\$ 0
b. Change in actuarial assumptions		0
c. Benefits paid including refunds		(170,730)
d. Other, including benefits accumulated, increase for interest due to decrease in the discount period		412,666
e. Net increase		\$ 241,936
3. Actuarial present value of accumulated system benefits as of October 1, 2014		\$ 3,107,027
<b>C. <u>Significant Matters Affecting Calculations</u></b>		
1. Assumed rate of return used in determining actuarial present values		8%
2. Change in system provisions		None
3. Change in actuarial assumptions		None

**Table IX  
(Cont'd)**

**City of Starke Police Officers'  
Retirement System**

**Accounting Disclosure Exhibit**

III. Net Pension Liability and Related Ratios (GASB No. 67 & No. 68)

Measurement date	Actual 9/30/2014	Projected 9/30/2015*
<b>A. <u>Total Pension Liability (TPL)</u></b>		
Service Cost	\$ 142,107	\$ 137,664
Interest	273,487	299,468
Benefit Changes	0	0
Difference Between Actual and Expected Experience	74,610	(20,173)
Assumption Changes	0	0
Benefit Payments, including Refunds of Member Contributions	(170,730)	(129,917)
Net Change in Total Pension Liability	319,474	287,042
Total Pension Liability (TPL) - (beginning of year)	3,371,343	3,690,817
Total Pension Liability (TPL) - (end of year)	<u>\$ 3,690,817</u>	<u>\$ 3,977,859</u>
<b>B. <u>Plan Fiduciary Net Position</u></b>		
Contributions - City and State	\$ 211,844	\$ 154,226
Contributions - Member Pick-up	26,674	25,877
Contributions - Member	5,525	5,175
Net Investment Income	289,838	300,071
Benefit Payments, including Refunds of Member Contributions	(170,730)	(129,917)
Administrative Expenses	(34,257)	(43,000)
Other	0	0
Net Change in Plan Fiduciary Net Position	328,894	312,432
Plan Fiduciary Net Position - (beginning of year)	3,415,817	3,744,711
Plan Fiduciary Net Position - (end of year)	<u>\$ 3,744,711</u>	<u>\$ 4,057,143</u>
<b>C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u></b>	(53,894)	(79,284)
<b>D. <u>Plan Fiduciary Net Position as a Percentage of TPL: (B) / (A)</u></b>	101.46 %	101.99 %
<b>E. <u>Covered Employee Payroll</u></b>	\$ 631,107	\$ 618,359
<b>F. <u>NPL as a Percentage of Covered Employee Payroll: (C) / (E)</u></b>	(8.54)%	(12.82)%
<b>G. <u>Notes to Schedule:</u></b>		
Valuation Date	10/1/2013	10/01/2014
Update procedures used to roll forward TPL excluding DROP account balances and reserve for excess State funds to the measurement dates - actual DROP account balances and reserve for excess State funds as of measurement dates included in TPL		
No assumption changes or benefit changes during 2014 or 2015.		

\* Projected - actual amounts will be available after fiscal year end

**City of Starke Police Officers'  
Retirement System**

**Accounting Disclosure Exhibit**

**IV. Schedule of Employer Contributions (GASB No. 67 & No. 68)**

<u>Fiscal Year End 9/30</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll <sup>1,2</sup></u>	<u>Actual Contribution as a % of Covered Payroll</u>
2005	\$ 26,014	\$ 70,830	\$ (44,816)	\$ 574,479	12.33%
2006	29,107	73,923	(44,816)	605,982	12.20%
2007	35,573	80,389	(44,816)	617,045	13.03%
2008	31,252	76,068	(44,816)	652,314	11.66%
2009	29,618	71,647	(42,029)	651,699	10.99%
2010	75,619	83,131	(7,512)	551,289	15.08%
2011	145,325	145,365	(40)	597,067	24.35%
2012	180,374	188,261	(7,887)	548,492	34.32%
2013	165,835	169,837	(4,002)	571,086	29.74%
2014	162,286	211,844	(49,558)	631,107	33.57%
2015 <sup>3</sup>	154,226	154,226	0	618,359	24.94%

<sup>1</sup> Projected prior to fiscal year ended September 30, 2014

<sup>2</sup> As reported for actuarial valuation, excludes DROP payroll, if any, prior to fiscal year ended September 30, 2014

<sup>3</sup> Projected - actual amounts will be available after fiscal year end

**City of Starke Police Officers'  
Retirement System**

**Accounting Disclosure Exhibit**

V. Notes to Schedule of Contributions (GASB No. 67 & No. 68)

**Valuation Date:** Actuarially determined contributions are calculated as of October 1st - two year(s) prior the fiscal year end in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Pay, Closed
Amortization Period	20 years
Asset Valuation Method	4-year smoothed market value
Inflation	5.0%
Payroll Growth Assumption	5.0% per annum - not greater than historical 10-year average (-1.0%) but not less than 0.0%.
Salary Increases	5.0% - 9.0%
Investment Rate of Return	8.0%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	For healthy participants, the RP 2000 Combined Mortality Table was used, with 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 Table was used, with separate rates for males and females, and fully generational mortality improvements projected to each future payment date with Scale AA.

**Other Information:**

**Benefit Changes**

2013: DROP plan added effective February 1, 2013, added early retirement upon attainment of age 50 with completion of 10 years of credited service, maximum of 42 hours of overtime included in pensionable salary.

**Assumption Changes**

2012: Administrative expenses updated to average of the preceding three fiscal years; 2009: mortality assumption for healthy lives updated to RP 2000 Combined Mortality Table with Blue Collar Adjustment with separate rates for males and females and fully generational mortality improvements projected by Scale AA to each future decrement date; mortality assumption for disabled lives updated to the RP 2000 Disabled Mortality Table with separate rates for males and females and fully generational mortality improvements projected by Scale AA to each future decrement date.

**City of Starke Police Officers'  
Retirement System**

**Accounting Disclosure Exhibit**

**VI. Discount Rate (GASB No. 67 & No. 68)**

A discount rate of 8.0% was used to measure the TPL. This discount rate was based on the expected rate of return on System investments of 8.0%. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current member contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member contribution rate. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current System members. Therefore, the long-term expected rate of return on System investments was applied to all periods of projected benefit payments to determine the TPL.

**VII. Sensitivity of the NPL to the Discount Rate Assumption (GASB No. 67 & No. 68)**

Measurement date: 9/30/2014

	Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Discount Rate	7.0%	8.0%	9.0%
NPL	\$ 361,618	\$ (53,894)	\$ (475,412)

Measurement date: 9/30/2015 \*

	Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Discount Rate	7.0%	8.0%	9.0%
NPL	\$ 394,290	\$ (79,284)	\$ (475,007)

\* Projected - actual amounts will be available after fiscal year end

**City of Starke Police Officers'  
Retirement System**

**Accounting Disclosure Exhibit**

**VIII. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (GASB No. 68)**

Pension Expense for Fiscal Year Ending September 30, 2015 \$ 149,266

Summary of Outstanding Deferred Inflows and Outflows of Resources as of September 30, 2015

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience on liabilities	65,166	0
Changes of assumptions or other inputs	0	0
Net difference between projected and actual earnings on pension plan investments	<u>0</u>	<u>12,008</u>
Total	<u>\$ 65,166</u>	<u>\$ 12,008</u>

Summary of Deferred Outflows and Inflows of Resources that will be Recognized in Pension Expense in Future Years.

<u>Year Ending 30-Sep</u>	<u>Amount</u>
2016	\$ 6,442
2017	6,442
2018	6,442
2019	6,442
2020	9,444
Thereafter	17,946

**Table IX  
(Cont'd)**

**City of Starke Police Officers'  
Retirement System**

**Accounting Disclosure Exhibit**

The following information is not required to be disclosed but is provided for informational purposes.

**IX. Components of Pension Expense (GASB No. 68)**

Measurement Date	<u>9/30/2014</u>	<u>Projected 9/30/2015*</u>
Service Cost	\$ 142,107	\$ 137,664
Interest on Total Pension Liability	273,487	299,468
Current-Period Benefit Changes	0	0
Contributions - Member	(32,199)	(31,052)
Projected Earnings on Plan Investments	(274,828)	(300,071)
Administrative Expenses	34,257	43,000
Other Changes in Plan Fiduciary Net Position	0	0
Recognition of Beginning Deferred Outflows / (Inflows) due to Liabilities	9,444	6,922
Recognition of Beginning Deferred Outflows / (Inflows) due to Assets	(3,002)	(3,002)
Total Pension Expense	<u>\$ 149,266</u>	<u>\$ 152,929</u>

\* Projected - actual amounts will be available after measurement date



**City of Starke Police Officers'  
Retirement System**

**Accounting Disclosure Exhibit**

The following information is not required to be disclosed but is provided for informational purposes.

**X. Recognition of Deferred Outflows and (Inflows) Due to Liabilities (GASB No. 68)**

Recognition of Deferred Outflows due to Differences Between Actual and Expected Experience on Liabilities

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2014	Recognition Amount for 2013 / 2014	Balance as of 9/30/2014
2013 / 2014	\$ 74,610	7.9	6.9	\$ 9,444	\$ 65,166
			TOTAL	\$ 9,444	\$ 65,166

Recognition of Deferred (Inflows) due to Differences Between Actual and Expected Experience on Liabilities

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2014	Recognition Amount for 2013 / 2014	Balance as of 9/30/2014
2013 / 2014	\$ 0	7.9	6.9	\$ 0	\$ 0
			TOTAL	\$ 0	\$ 0

Recognition of Deferred Outflows due to Changes of Assumptions or Other Inputs

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2014	Recognition Amount for 2013 / 2014	Balance as of 9/30/2014
2013 / 2014	\$ 0	7.9	6.9	\$ 0	\$ 0
			TOTAL	\$ 0	\$ 0

Recognition of Deferred (Inflows) due to Changes of Assumptions or Other Inputs

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2014	Recognition Amount for 2013 / 2014	Balance as of 9/30/2014
2013 / 2014	\$ 0	7.9	6.9	\$ 0	\$ 0
			TOTAL	\$ 0	\$ 0

**City of Starke Police Officers'  
Retirement System**

**Accounting Disclosure Exhibit**

The following information is not required to be disclosed but is provided for informational purposes.

**XI. Recognition of Deferred Outflows and (Inflows) Due to Assets (GASB No. 68)**

Recognition of Deferred Outflows / (Inflows) due to Difference Between Projected and Actual Earnings on Pension Plan Investments

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2014	Recognition Amount for 2013 / 2014	Balance as of 9/30/2014
2013 / 2014	\$ (15,010)	5	4	\$ (3,002)	\$ (12,008)
			<b>TOTAL</b>	<b>\$ (3,002)</b>	<b>\$ (12,008)</b>

**City of Starke Police Officers'  
Retirement System**

**Outline of Principal Provisions of the Retirement System**

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**

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**

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**

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.

**City of Starke Police Officers'  
Retirement System**

**Actuarial Assumptions and Actuarial Cost Methods  
Used in the Valuation**

A. Mortality

For healthy participants, the RP 2000 Combined Mortality Table was used, with 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 Table was used, with 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

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

H. Retirement Rates

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

<b>Normal Retirement</b>	<b>Percent</b>	<b>Normal Retirement</b>	<b>Percent</b>
<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

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

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.

Table XII

**City of Starke Police Officers'  
Retirement System  
Distribution by Attained Age Groups  
and Service Groups as of October 1, 2014**

<u>Attained Age Group</u>	-----COMPLETED YEARS OF SERVICE-----							<u>Total</u>
	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30 &amp; Over</u>	
Under 25	1	-	-	-	-	-	-	1
25-29	3	-	-	-	-	-	-	3
30-34	3	-	1	-	-	-	-	4
35-39	-	1	2	-	-	-	-	3
40-44	-	-	-	-	-	-	-	0
45-49	-	1	1	-	1	-	-	3
50-54	-	1	-	-	-	-	-	1
55-59	-	1	-	-	-	-	-	1
60-64	-	-	-	-	-	-	-	0
65 & Over	-	-	-	-	-	-	-	0
<b>TOTAL</b>	<b>7</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>16</b>
				<u>10/01/2013</u>		<u>10/01/2014</u>		
				39.11 years		36.91 years		
				31.92 years		30.15 years		
				\$ 33,215		\$ 32,346		
				6.3%		12.5%		

**City of Starke Police Officers'  
Retirement System**

**Statistics for Participants Entitled to Deferred Benefits  
and Participants Receiving Benefits**

A. Entitled to Deferred Benefits

<b><u>Current Age Group</u></b>	<b><u>Count</u></b>	<b><u>Total Annual Benefit</u></b>	<b><u>Average Annual Benefit</u></b>
<b>Less than 40</b>	1	\$ 13,306	\$ 13,306
40-44	-	-	-
45-49	2	42,717	\$ 21,359
50-54	-	-	-
55-59	-	-	-
60-64	-	-	-
65 & Over	-	-	-
<b>TOTAL</b>	<u>3</u>	<u>\$ 56,023</u>	<u>\$ 18,674</u>

B. Receiving Benefits (including DROPs)

<b><u>Current Age Group</u></b>	<b><u>Count</u></b>	<b><u>Total Annual Benefit</u></b>	<b><u>Average Annual Benefit</u></b>
<b>Less than 50</b>	1	\$ 50,736	50,736
50-54	-	-	-
55-59	1	21,498	21,498
60-64	2	38,862	19,431
65-69	-	-	-
70-74	4	57,936	14,484
75 & Over	2	31,877	15,939
<b>TOTAL</b>	<u>10</u>	<u>\$ 200,909</u>	<u>\$ 20,091</u>

**City of Starke Police Officers'  
Retirement System**

**Reconciliation of Employee Data**

<b>A. <u>Active Participants</u></b>	
1. Active participants previous year	16
2. Retired during year	0
3. Entered DROP	(1)
4. Died during year	0
5. Disabled during year	0
6. Vested terminated during year	0
7. Non-vested terminated during year	(3)
8. New active participants	4
9. Re-instated during year	0
10. Active participants current year	<u>16</u>
<b>B. <u>Participants Receiving Benefits</u></b>	
1. Participants receiving benefits previous year	8
2. New retired participants	0
3. Former DROPs now receiving benefits	0
4. New terminated vested receiving benefits	0
5. New disabled receiving benefits	0
6. New beneficiaries receiving benefits	0
7. Died or ceased payment during year	0
8. Retired or terminated vested receiving benefits current year	<u>8</u>
<b>C. <u>DROP Participants</u></b>	
1. DROP participants previous year	1
2. Died during year	0
3. Became disabled during year	0
4. Employment terminated and retired during year	0
5. Entered DROP during year	1
6. DROP participants current year	<u>2</u>
<b>D. <u>Terminated Vested Participants Entitled to Future Benefits</u></b>	
1. Terminated vested entitled previous year	3
2. Died during year	0
3. Commenced receiving benefits during year	0
4. New terminated vested	0
5. Terminated vested paid lump sum	0
6. Adjustment	0
7. Terminated vested entitled current year	<u>3</u>

**City of Starke Police Officers'  
Retirement System**

**Projected Retirement Benefits**

<b><u>Fiscal Year</u></b>	<b><u>Projected Total Annual Payout</u></b>
2015	\$ 202,151
2016	\$ 199,375
2017	\$ 201,124
2018	\$ 206,634
2019	\$ 215,045
2020	\$ 234,319
2021	\$ 249,675
2022	\$ 298,156
2023	\$ 304,875
2024	\$ 308,822

The above projected payout of System benefits during the next ten years is based on assumptions involving all decrements. The actual payouts may differ from the above estimates depending upon the death, salary and retirement experience of the System. However, since the projected payment is recomputed each valuation date, there is an automatic correction to the extent that actual experience varies from expected experience.

**City of Starke Police Officers'  
Retirement System**

**Summary of Transaction Information**

<u>Valuation Date</u>	<u>Benefits Paid <sup>1</sup></u>	<u>Administrative Expenses</u>	<u>Employee Contributions</u>	<u>City Contributions</u>	<u>City Contributions (Member Pick-up)</u>	<u>Total State Contributions</u>	<u>Smoothed Actuarial Value <sup>2,3</sup></u>
10/01/2014	\$ 170,730	\$ 34,257	\$ 5,525	\$ 153,873	\$ 26,674	\$ 57,971	\$ 3,676,112
10/01/2013	129,795	37,002	6,078	108,390	29,295	61,447	3,376,180
10/01/2012	129,255	58,821	5,766	115,876	28,831	72,385	2,863,552
10/01/2011	130,078	20,881	6,191	86,187	30,878	59,178	2,674,491
10/01/2010	128,309	24,576	5,893	14,906	29,464	68,225	2,657,104
10/01/2009	127,082	21,060	6,193	0	30,967	71,647	2,621,033
10/01/2008	107,387	26,743	6,806	0	34,029	76,068	2,740,047
10/01/2007	106,732	11,180	6,573	0	32,868	80,389	2,632,673
10/01/2006	90,050	16,081	6,154	0	30,770	73,923	2,393,700
10/01/2005	97,329	23,103	6,039	0	30,197	70,830	2,179,343
10/01/2004	101,336	25,137	5,891	0	29,453	55,475	2,048,693
10/01/2003	86,784	38,090	5,656	0	35,076	43,160	2,010,037
10/01/2002	86,059	27,088	5,386	0	26,927	38,590	1,989,717
10/01/2001	48,847	33,174	6,322	0	25,110	39,015	2,020,284
10/01/2000	53,355	18,215	6,831	0	23,324	40,694	1,981,584
10/01/1999	42,353	6,882	4,442	0	22,209	36,800	1,867,124

<sup>1</sup> Includes DROP distributions and contribution refunds

<sup>2</sup> Effective for year ending September 30, 2013, includes DROP account balances

<sup>3</sup> Prior to October 1, 2009 and effective for fiscal year ended September 30, 2013, actuarial value includes the excess State contribution reserve



Table XVII

**City of Starke Police Officers'  
Retirement System**

**Recent Compensation, Termination and Investment Return Experience**

Valuation Date	Compensation		Termination	Investment Return <sup>1</sup>		
	% Increase (Decrease)	Assumed Increase	Ratio of Actual to Expected	Market Value	Actuarial Value	Assumed
10/01/2014	1.4%	7.1%	4.9	8.4%	7.7%	8.0%
10/01/2013	0.8%	7.1%	1.3	8.3%	7.4%	8.0%
10/01/2012	0.6%	6.9%	1.3	16.2%	6.3%	8.0%
10/01/2011	2.5%	6.9%	4.3	(1.5%)	0.0%	8.0%
10/01/2010	7.2%	6.9%	3.0	8.5%	3.4%	8.0%
10/01/2009	7.4%	7.1%	12.2	4.4%	3.3%	8.0%
10/01/2008	6.6%	7.3%	N/A	(11.4%)	4.7%	8.0%
10/01/2007	5.4%	7.3%	N/A	13.4%	9.9%	8.0%
10/01/2006	1.8%	7.2%	N/A	7.5%	9.6%	8.0%
10/01/2005	5.8%	7.3%	N/A	10.7%	7.1%	8.0%
Last 3 Periods	0.9%	7.0%	2.0	10.9%	7.1%	8.0%
Last 5 Periods	2.5%	7.0%	2.5	7.8%	4.9%	8.0%
Last 10 Periods	3.9%	7.1%	N/A	6.2%	5.9%	8.0%

<sup>1</sup> Computed as  $2I/(A+B-I)$ , where A is beginning value, B is ending value and I is investment return.

**City of Starke Police Officers'  
Retirement System**

**Employer Contribution Information**

Valuation Date	Contribution Fiscal Year End	Minimum Required Employer Contributions		Actual City Contributions	Actual State Contributions	Actual Employer Contributions
10/01/2014	09/30/2016	\$ 156,974	<sup>1</sup>	N/A	N/A	N/A
10/01/2013	09/30/2015	\$ 154,226	<sup>1</sup>	N/A	N/A	N/A
10/01/2012	09/30/2014	\$ 162,286	<sup>2</sup>	\$ 153,873	\$ 57,971	\$ 211,844
10/01/2011	09/30/2013	\$ 165,835	<sup>2</sup>	\$ 108,390	\$ 61,447	\$ 169,837
10/01/2010	09/30/2012	\$ 180,374	<sup>2</sup>	\$ 115,876	\$ 72,385	\$ 188,261
10/01/2009	09/30/2011	\$ 145,325	<sup>2</sup>	\$ 86,187	\$ 59,178	\$ 145,365
10/01/2008	09/30/2010	\$ 75,619	<sup>2</sup>	\$ 14,906	\$ 68,225	\$ 83,131
10/01/2007	09/30/2009	\$ 29,618	<sup>2</sup>	\$ 0	\$ 71,647	\$ 71,647
10/01/2006	09/30/2008	\$ 31,252		\$ 0	\$ 76,068	\$ 76,068
10/01/2005	09/30/2007	\$ 35,573		\$ 0	\$ 80,389	\$ 80,389
10/01/2004	09/30/2006	\$ 29,107		\$ 0	\$ 73,923	\$ 73,923
10/01/2003	09/30/2005	\$ 26,014		\$ 0	\$ 70,830	\$ 70,830
10/01/2002	09/30/2004	\$ 10,659		\$ 0	\$ 55,475	\$ 55,475
10/01/2001	09/30/2003	\$ 0		\$ 0	\$ 43,160	\$ 43,160
10/01/2000	09/30/2002	\$ 4,650		\$ 0	\$ 38,590	\$ 38,590
10/01/1999	09/30/2001	\$ 5,075		\$ 0	\$ 39,015	\$ 39,015
10/01/1998	09/30/2000	\$ 6,754		\$ 0	\$ 40,694	\$ 40,694
10/01/1997	09/30/1999	\$ 2,860		\$ 0	\$ 36,800	\$ 36,800
10/01/1996	09/30/1998	\$ 0		\$ 0	\$ 33,940	\$ 33,940

<sup>1</sup> Projected

<sup>2</sup> Based upon percentage of payroll

Table XIX

**City of Starke Police Officers'  
Retirement System**

**Actuarial Valuation as of October 1, 2014**

**State Required Exhibit**

	<u>10/01/2013</u>	<u>10/01/2014</u>
<b>A. <u>Participant Data</u></b>		
1. Active participants	16	16
2. Retired participants and beneficiaries receiving benefits (including DROPs)	9	10
3. Disabled participants receiving benefits	0	0
4. Terminated vested participants	3	3
5. Annual payroll of active participants	\$ 531,436	\$ 517,538
6. Projected payroll of active participants	\$ 531,436	\$ 517,538
7. Annual benefits payable to those currently receiving benefits including DROP participants	\$ 179,411	\$ 200,909
<b>B. <u>Value of Assets</u></b>		
1. Smoothed Actuarial Value of Assets	\$ 3,376,180	\$ 3,676,112
2. Market Value of Assets	\$ 3,415,817	\$ 3,744,711
<b>C. <u>Liabilities</u></b>		
1. Actuarial present value of future expected benefit payments for active members		
a. Retirement benefits	\$ 2,763,362	\$ 2,700,123
b. Vesting benefits	99,198	103,201
c. Death benefits	68,328	62,258
d. Disability benefits	66,143	68,877
e. Total	<u>\$ 2,997,031</u>	<u>\$ 2,934,459</u>
2. Actuarial present value of future expected benefit payments for terminated vested members	\$ 291,154	\$ 314,944
3. Actuarial present value of future expected benefit payments for members currently receiving benefits		
a. Service retired including DROP participants	\$ 1,471,527	\$ 1,790,879
b. Disability retired	0	0
c. Beneficiaries	173,624	169,705
d. Miscellaneous	3,068	3,068
e. Total	<u>\$ 1,648,219</u>	<u>\$ 1,963,652</u>

**Table XIX  
(Cont'd)**

**City of Starke Police Officers'  
Retirement System**

**Actuarial Valuation as of October 1, 2014**

**State Required Exhibit**

	<u>10/01/2013</u>	<u>10/01/2014</u>
4. Reserve for excess State funds	\$ 78,987	\$ 45,498
5. Total actuarial present value of future expected benefit payments	\$ 5,015,391	\$ 5,258,553
6. Actuarial accrued liabilities	\$ 3,440,840	\$ 3,670,644
7. Unfunded actuarial accrued liabilities	\$ 64,660	\$ (5,468)

**D. Statement of Accumulated Plan Benefits**

1. Actuarial present value of accumulated vested benefits		
a. Participants currently receiving benefits including DROP participants	\$ 1,645,151	\$ 1,960,584
b. Other participants (including reserve for excess State funds)	1,057,278	967,217
c. Total	<u>\$ 2,702,429</u>	<u>\$ 2,927,801</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>162,662</u>	<u>179,226</u>
3. Total actuarial present value of accumulated plan benefits	\$ 2,865,091	\$ 3,107,027

**E. Statement of Change in Accumulated System Benefits**

1. Actuarial present value of accumulated system benefits as of October 1, 2013	\$ 2,865,091
2. Increase (decrease) during year attributable to:	
a. System amendment	\$ 0
b. Change in actuarial assumptions	0
c. Benefits paid including refunds	(170,730)
d. Other, including benefits accumulated and increase for interest due to decrease in the discount period	<u>412,666</u>
e. Net increase	\$ 241,936
3. Actuarial present value of accumulated system benefits as of October 1, 2014	\$ 3,107,027

City of Starke Police Officers'  
Retirement System

Actuarial Valuation as of October 1, 2014

State Required Exhibit

	<u>10/01/2013</u>	<u>10/01/2014</u>
<b>F. <u>Pension Cost</u></b>		
1. Total normal cost	\$ 181,107	\$ 180,664
2. Payment required to amortize unfunded liability	1,128	(555)
3. Interest adjustment	7,999	7,917
4. Total required contribution	<u>\$ 190,234</u>	<u>\$ 188,026</u>
5. Item 4 as a percentage of payroll	35.8%	36.3%
6. Estimated employee contributions	\$ 5,314	\$ 5,175
7. Item 6 as a percentage of projected payroll	1.0%	1.0%
8. Estimated State contributions	\$ 51,460	\$ 51,460
9. Item 8 as a percentage of projected payroll	9.7%	9.9%
10. Estimated pick-up employee contributions by City	\$ 26,572	\$ 25,877
11. Item 10 as a percentage of projected payroll	5.0%	5.0%
12. Net amount payable by City	\$ 106,888	\$ 105,514
13. Item 12 as a percentage of projected payroll	20.1%	20.4%
<b>G. <u>Past Contributions</u></b>		
1. Total contribution required (prior valuation % of pay)	\$ 187,783	\$ 190,234
2. Actual contributions made:		
a. Employees	\$ 5,525	N/A
b. State (net)	51,460	N/A
c. City (Member Pick-Up)	26,674	N/A
d. City	153,873	N/A
e. Total	<u>\$ 237,532</u>	N/A
<b>H. <u>Net Actuarial Gain (Loss)</u></b>	\$ 34,093	\$ 22,914
<b>I. <u>Disclosure of Following Items:</u></b>		
1. Actuarial present value of future salaries - attained age	\$ 5,935,273	\$ 6,055,450
2. Actuarial present value of future employee contributions - attained age	\$ 356,116	\$ 363,327
3. Actuarial present value of future contributions from other sources	N/A	N/A
4. Amount of active members' accumulated contributions	\$ 245,905	\$ 233,621
5. Actuarial present value of future salaries and future benefits at entry age	N/A	N/A
6. Actuarial present value of future employee contributions at entry age	N/A	N/A

**City of Starke Police Officers'  
Retirement System**

**State Required Exhibit**


	<u>Unfunded Actuarial Accrued Liabilities</u>	<u>Current Unfunded Liabilities</u>	<u>Amortization Payment</u>	<u>Remaining Funding Period</u>
10/01/2014	Combined Bases *	\$ (5,468)	\$ (555)	17 years
	TOTAL	\$ (5,468)	\$ (555)	

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

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 system and / or paid from the system's assets for which liabilities or current costs have not been established or other wise provided for in the valuation. All known events or trends which may require material increase in system costs or required contribution rates have been taken into account in the valuation.

Enrollment Number: 14-02802

Dated: April 24, 2015

  
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Lawrence F. Wilson, A.S.A.