

June 22, 2016

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: City of Starke Police Officers' Retirement System

Dear Ricky:

As requested, we are pleased to enclose fifteen (15) copies of the October 1, 2015 Chapter 112.664 Compliance Report for the City of Starke Police Officers' Retirement System (System).

As required, we will timely upload the required data to the State's online portal prior to the filing deadline.

Please note we understand the following items must be posted on the System's website and must be posted on any website containing budget information relating to the City or actuarial or performance information relating to the System:

- this compliance report
- most recent financial statement
- most recent actuarial valuation report
- a link to the Division of Retirement Actuarial Summary Fact Sheet
http://www.dms.myflorida.com/workforce_operations/retirement/local_retirement_plans/local_retirement_section/actuarial_summary_fact_sheets
- for the previous five years - a side-by-side comparison of the System's assumed rate of return compared to the actual rate of return as well as the percentages of cash, equity, bond and alternative investments in the System portfolio
- the System's funded ratio as determined in the most recent actuarial valuation – 88.6% on a market value of assets basis as of October 1, 2015

We appreciate the opportunity to work with the Board on this important assignment.

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: Ronald Cohen, Esq. (w/ enclosure)

CITY OF STARKE POLICE OFFICERS' RETIREMENT SYSTEM

CHAPTER 112.664, F.S. COMPLIANCE REPORT

In Connection with the October 1, 2015 Funding Actuarial Valuation Report
and the System's Financial Reporting for the Year Ended September 30, 2015



June 22, 2016

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, 2015 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: 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 or additional cost or contribution requirements based on the System's funded status); and changes in System 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, 2015. 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 economic and demographic actuarial assumptions were last updated in 2015 and are based upon the results of an actuarial experience study for the period October 1, 2009 – September 30, 2014. Each assumption represents 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. The inclusion of the additional 2% higher assumption shows a more complete assessment of the range of potential 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 System's funded ratio as of October 1, 2015 is 88.6% defined as the ratio of the market value of System assets to the actuarial accrued liability.

The System's funded ratio and the GASB Net 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.

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.

Board of Trustees
June 22, 2016
Page 3


To the best of our knowledge, the results are complete and accurate, and in our 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 22, 2016

By 

Jennifer M. Borregard, M.A.A.A
Enrolled Actuary No. 14-07624
Consultant & Actuary

TABLE OF CONTENTS

<u>Section</u>	<u>Title</u>	<u>Page</u>
A	Chapter 112.664, F.S. Results	
	Net Pension Liability	
	1. Using financial reporting assumptions per GASB Statement No. 67 and No. 68	1
	2. Using assumptions required under Section 112.664(1)(a), F.S.	2
	3. Using assumptions required under Section 112.664(1)(b), F.S.	3
	4. Using assumptions required under Section 112.664(1)(a), F.S. plus 2%	4
	Asset and Benefit Payments Projection	
	1. Using financial reporting assumptions per GASB Statement No. 67 and No. 68	5
	2. Using assumptions required under Section 112.664(1)(a), F.S.	6
	3. Using assumptions required under Section 112.664(1)(b), F.S.	7
	4. Using assumptions required under Section 112.664(1)(a), F.S. plus 2%	8
	Actuarially Determined Contribution	9
	Unfunded Actuarial Accrued Liabilities Bases and Amortization Payments	10
B	Summary of System Provisions	11
C	Actuarial Assumptions and Cost Methods Used for Funding	15
	Glossary	22

SECTION A

CHAPTER 112.664, F.S. RESULTS

City of Starke Police Officers' Retirement System

Net Pension Liability

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

Measurement Date	<u>9/30/2015</u>
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 137,664
Interest	295,404
Benefit Changes	0
Difference Between Actual and Expected Experience	(20,659)
Assumption Changes	0
Benefit Payments	(147,624)
Contribution Refunds	(1,220)
Other	<u>0</u>
Net Change in Total Pension Liability	\$ 263,565
Total Pension Liability (TPL) - (beginning of year)	<u>3,690,817</u>
Total Pension Liability (TPL) - (end of year)	<u><u>\$ 3,954,382</u></u>
B. <u>System Fiduciary Net Position</u>	
Contributions - City	\$ 140,167
Contributions - State	56,496
Contributions - Member	5,784
Net Investment Income	(77,433)
Benefit Payments	(147,624)
Contribution Refunds	(1,220)
Administrative Expenses	(45,090)
Other	<u>0</u>
Net Change in System Fiduciary Net Position	\$ (68,920)
System Fiduciary Net Position - (beginning of year)	<u>3,744,711</u>
System Fiduciary Net Position - (end of year)	<u><u>\$ 3,675,791</u></u>
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ 278,591
Valuation Date	10/1/2014

Certain Key Assumptions

Investment Return Assumption 8.0%

Mortality Table:

For healthy participants, 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, 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.

City of Starke Police Officers' Retirement System

Net Pension Liability

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

Measurement Date	<u>9/30/2015</u>
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 139,334
Interest	298,856
Benefit Changes	0
Difference Between Actual and Expected Experience	(27,281)
Assumption Changes	0
Benefit Payments	(147,624)
Contribution Refunds	(1,220)
Other	0
Net Change in Total Pension Liability	<u>\$ 262,065</u>
Total Pension Liability (TPL) - (beginning of year)	<u>3,738,921</u>
Total Pension Liability (TPL) - (end of year)	<u><u>\$ 4,000,986</u></u>
B. <u>System Fiduciary Net Position</u>	
Contributions - City	\$ 140,167
Contributions - State	56,496
Contributions - Member	5,784
Net Investment Income	(77,433)
Benefit Payments	(147,624)
Contribution Refunds	(1,220)
Administrative Expenses	(45,090)
Other	0
Net Change in System Fiduciary Net Position	<u>\$ (68,920)</u>
System Fiduciary Net Position - (beginning of year)	<u>3,744,711</u>
System Fiduciary Net Position - (end of year)	<u><u>\$ 3,675,791</u></u>
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ 325,195
Valuation Date	10/1/2014

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.

City of Starke Police Officers' Retirement System

Net Pension Liability

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

Measurement Date	9/30/2015
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 216,986
Interest	288,845
Benefit Changes	0
Difference Between Actual and Expected Experience	(50,837)
Assumption Changes	0
Benefit Payments	(147,624)
Contribution Refunds	(1,220)
Other	0
Net Change in Total Pension Liability	\$ 306,150
Total Pension Liability (TPL) - (beginning of year)	4,767,758
Total Pension Liability (TPL) - (end of year)	\$ 5,073,908
B. <u>System Fiduciary Net Position</u>	
Contributions - City	\$ 140,167
Contributions - State	56,496
Contributions - Member	5,784
Net Investment Income	(77,433)
Benefit Payments	(147,624)
Contribution Refunds	(1,220)
Administrative Expenses	(45,090)
Other	0
Net Change in System Fiduciary Net Position	\$ (68,920)
System Fiduciary Net Position - (beginning of year)	3,744,711
System Fiduciary Net Position - (end of year)	\$ 3,675,791
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ 1,398,117
Valuation Date	10/1/2014

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.

City of Starke Police Officers' Retirement System

Net Pension Liability

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

Measurement Date	<u>9/30/2015</u>
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 91,710
Interest	299,241
Benefit Changes	0
Difference Between Actual and Expected Experience	(8,189)
Assumption Changes	0
Benefit Payments	(147,624)
Contribution Refunds	(1,220)
Other	0
Net Change in Total Pension Liability	<u>\$ 233,918</u>
Total Pension Liability (TPL) - (beginning of year)	<u>3,020,479</u>
Total Pension Liability (TPL) - (end of year)	<u><u>\$ 3,254,397</u></u>
B. <u>System Fiduciary Net Position</u>	
Contributions - City	\$ 140,167
Contributions - State	56,496
Contributions - Member	5,784
Net Investment Income	(77,433)
Benefit Payments	(147,624)
Contribution Refunds	(1,220)
Administrative Expenses	(45,090)
Other	0
Net Change in System Fiduciary Net Position	<u>\$ (68,920)</u>
System Fiduciary Net Position - (beginning of year)	<u>3,744,711</u>
System Fiduciary Net Position - (end of year)	<u><u>\$ 3,675,791</u></u>
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ (421,394)

Valuation Date 10/1/2014

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.

City of Starke Police Officers' Retirement System

**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)
2016	3,488,392	245,754	184,145	3,550,001
2017	3,550,001	250,013	189,499	3,610,515
2018	3,610,515	254,091	197,459	3,667,147
2019	3,667,147	257,930	204,335	3,720,742
2020	3,720,742	261,364	215,950	3,766,156
2021	3,766,156	264,355	223,708	3,806,803
2022	3,806,803	265,614	267,146	3,805,271
2023	3,805,271	265,419	269,325	3,801,365
2024	3,801,365	265,187	268,003	3,798,549
2025	3,798,549	264,940	269,090	3,794,399
2026	3,794,399	264,490	272,935	3,785,954
2027	3,785,954	263,759	275,998	3,773,715
2028	3,773,715	262,754	279,025	3,757,444
2029	3,757,444	261,441	282,462	3,736,423
2030	3,736,423	259,831	284,678	3,711,576
2031	3,711,576	257,732	292,331	3,676,977
2032	3,676,977	255,147	294,310	3,637,814
2033	3,637,814	252,390	292,173	3,598,031
2034	3,598,031	249,586	290,121	3,557,496
2035	3,557,496	246,739	287,764	3,516,471
2036	3,516,471	243,795	286,972	3,473,294
2037	3,473,294	240,704	285,959	3,428,039
2038	3,428,039	237,568	282,219	3,383,388
2039	3,383,388	234,462	278,841	3,339,009
2040	3,339,009	231,381	275,330	3,295,060
2041	3,295,060	228,388	270,374	3,253,074
2042	3,253,074	225,554	264,954	3,213,674
2043	3,213,674	222,902	259,698	3,176,878
2044	3,176,878	220,421	254,877	3,142,422
2045	3,142,422	218,121	249,778	3,110,765

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 City, Members or State: 99.99

Certain Key Assumptions

Investment return assumption 7.25%

Mortality Table:

For healthy male participants, RP 2000 Annuitant Male Mortality Table with 10% White Collar / 90% Blue Collar Adjustment, with fully generational mortality improvements projected to each future decrement date with Scale BB. For healthy female participants, RP 2000 Annuitant Female Mortality Table with White Collar Adjustment, with fully generational mortality improvements projected to each future decrement date with Scale BB. For disabled male participants, 60% RP 2000 Disabled Male Mortality Table setback four years / 40% RP 2000 Annuitant Male Mortality Table with White Collar Adjustment with no setback, without projected mortality improvements. For disabled female participants, 60% RP 2000 Disabled Female Mortality Table set forward two years / 40% RP 2000 Annuitant Female Mortality Table with White Collar Adjustment, without projected mortality improvements.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of System 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.

City of Starke Police Officers' Retirement System

**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)
2016	3,488,392	245,766	183,846	3,550,312
2017	3,550,312	250,059	188,885	3,611,486
2018	3,611,486	254,196	196,558	3,669,124
2019	3,669,124	258,104	203,523	3,723,705
2020	3,723,705	261,617	214,962	3,770,360
2021	3,770,360	264,705	222,553	3,812,512
2022	3,812,512	266,043	266,762	3,811,793
2023	3,811,793	265,917	268,664	3,809,046
2024	3,809,046	265,781	267,050	3,807,777
2025	3,807,777	265,656	267,884	3,805,549
2026	3,805,549	265,349	271,626	3,799,272
2027	3,799,272	264,767	274,890	3,789,149
2028	3,789,149	263,900	278,330	3,774,719
2029	3,774,719	262,697	282,369	3,755,047
2030	3,755,047	261,154	285,363	3,730,838
2031	3,730,838	259,064	293,990	3,695,912
2032	3,695,912	256,374	298,047	3,654,239
2033	3,654,239	253,422	296,271	3,611,390
2034	3,611,390	250,387	294,431	3,567,346
2035	3,567,346	247,277	292,278	3,522,345
2036	3,522,345	244,028	291,926	3,474,447
2037	3,474,447	240,577	291,368	3,423,656
2038	3,423,656	237,029	287,913	3,372,772
2039	3,372,772	233,459	284,851	3,321,380
2040	3,321,380	229,857	281,668	3,269,569
2041	3,269,569	226,273	277,236	3,218,606
2042	3,218,606	222,773	272,215	3,169,164
2043	3,169,164	219,390	267,018	3,121,536
2044	3,121,536	216,124	262,221	3,075,439
2045	3,075,439	212,984	257,011	3,031,412

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 City, Members or State: 99.99

Certain Key Assumptions

Investment return assumption 7.25%

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 System 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.

City of Starke Police Officers' Retirement System

**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)
2016	3,488,392	177,953	183,846	3,482,499
2017	3,482,499	177,502	188,885	3,471,116
2018	3,471,116	176,688	196,558	3,451,246
2019	3,451,246	175,448	203,523	3,423,171
2020	3,423,171	173,651	214,962	3,381,860
2021	3,381,860	171,268	222,553	3,330,575
2022	3,330,575	167,328	266,762	3,231,141
2023	3,231,141	162,054	268,664	3,124,531
2024	3,124,531	156,503	267,050	3,013,984
2025	3,013,984	150,676	267,884	2,896,776
2026	2,896,776	144,417	271,626	2,769,567
2027	2,769,567	137,646	274,890	2,632,323
2028	2,632,323	130,344	278,330	2,484,337
2029	2,484,337	122,461	282,369	2,324,429
2030	2,324,429	113,981	285,363	2,153,047
2031	2,153,047	104,740	293,990	1,963,797
2032	1,963,797	94,690	298,047	1,760,440
2033	1,760,440	84,064	296,271	1,548,233
2034	1,548,233	72,975	294,431	1,326,777
2035	1,326,777	61,409	292,278	1,095,908
2036	1,095,908	49,298	291,926	853,280
2037	853,280	36,576	291,368	598,488
2038	598,488	23,297	287,913	333,872
2039	333,872	9,491	284,851	58,512
2040	58,512	200	281,668	-
2041	-	-	277,236	-
2042	-	-	272,215	-
2043	-	-	267,018	-
2044	-	-	262,221	-
2045	-	-	257,011	-

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 City, Members or State: 24.17

Certain Key Assumptions

Investment return assumption 5.25%

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 System 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.

City of Starke Police Officers' Retirement System

**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)
2016	3,488,392	313,589	183,846	3,618,135
2017	3,618,135	325,341	188,885	3,754,591
2018	3,754,591	337,584	196,558	3,895,617
2019	3,895,617	350,285	203,523	4,042,379
2020	4,042,379	363,295	214,962	4,190,712
2021	4,190,712	376,641	222,553	4,344,800
2022	4,344,800	388,709	266,762	4,466,747
2023	4,466,747	399,895	268,664	4,597,978
2024	4,597,978	412,113	267,050	4,743,041
2025	4,743,041	425,491	267,884	4,900,648
2026	4,900,648	439,884	271,626	5,068,906
2027	5,068,906	455,287	274,890	5,249,303
2028	5,249,303	471,803	278,330	5,442,776
2029	5,442,776	489,500	282,369	5,649,907
2030	5,649,907	508,512	285,363	5,873,056
2031	5,873,056	528,727	293,990	6,107,793
2032	6,107,793	550,239	298,047	6,359,985
2033	6,359,985	573,655	296,271	6,637,369
2034	6,637,369	599,404	294,431	6,942,342
2035	6,942,342	627,720	292,278	7,277,784
2036	7,277,784	658,766	291,926	7,644,624
2037	7,644,624	692,726	291,368	8,045,982
2038	8,045,982	730,023	287,913	8,488,092
2039	8,488,092	771,069	284,851	8,974,310
2040	8,974,310	816,202	281,668	9,508,844
2041	9,508,844	865,865	277,236	10,097,473
2042	10,097,473	920,561	272,215	10,745,819
2043	10,745,819	980,790	267,018	11,459,591
2044	11,459,591	1,047,051	262,221	12,244,421
2045	12,244,421	1,119,906	257,011	13,107,316

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 City, Members or State: 99.99

Certain Key Assumptions

Investment return assumption 9.25%

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 System 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.

City of Starke Police Officers' Retirement System

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, 2015	October 1, 2015	October 1, 2015	October 1, 2015
B. Actuarial Determined Contribution to Be Paid During Fiscal Year Ending	9/30/2017	9/30/2017	9/30/2017	9/30/2017
C. Annual Payroll of Active Employees	\$ 535,576	\$ 535,576	\$ 535,576	\$ 535,576
D. Total Minimum Funding Requirement				
1. Total Normal Cost	\$ 157,012	\$ 158,530	\$ 229,654	\$ 116,652
2. Annual Payment to Amortize Unfunded Actuarial Liability	18,186	19,284	111,242	(62,011)
3. Interest Adjustment	<u>7,029</u>	<u>7,120</u>	<u>9,378</u>	<u>3,553</u>
4. Total Minimum Funding Requirement	\$ <u>182,227</u>	\$ <u>184,934</u>	\$ <u>350,274</u>	\$ <u>58,194</u>
E. Expected Payroll of Active Employees for Following Plan Year (\$ / % of pay) (C x 1.000)	\$ 535,576 100.00%	\$ 535,576 100.00%	\$ 535,576 100.00%	\$ 535,576 100.00%
F. Expected Contribution Sources (\$ / % of pay)				
1. City	\$ 125,411 23.42%	\$ 128,118 23.92%	\$ 293,458 54.79%	\$ 1,378 0.26%
2. Member	5,356 1.00%	5,356 1.00%	5,356 1.00%	5,356 1.00%
3. State	<u>51,460 9.61%</u>	<u>51,460 9.61%</u>	<u>51,460 9.61%</u>	<u>51,460 9.61%</u>
4. Total	\$ <u>182,227 34.02%</u>	\$ <u>184,934 34.53%</u>	\$ <u>350,274 65.40%</u>	\$ <u>58,194 10.87%</u>

City of Starke Police Officers' Retirement System

Unfunded Actuarial Accrued Liabilities Bases and Amortization Payments

<u>Amortization Base</u>	Current Unfunded <u>Liabilities</u>	Valuation <u>Assumptions</u>	Amortization Payment			Remaining Funding Period
			112.664(1)(a), F.S. <u>Assumptions</u>	112.664(1)(b), F.S. <u>Assumptions</u>	112.664(1)(a), F.S. <u>Assumptions Plus 2%</u>	
10/01/2014 Combined Bases *	\$ (14,577)	\$ (1,463)	\$ (1,463)	\$ (1,301)	\$ (1,630)	16 years
10/01/2015 Actuarial Loss (Gain)	(110,572)	(9,922)	(9,922)	(8,610)	(11,285)	20 years
10/01/2015 Assumption Changes	329,557	29,571	29,571	25,661	33,636	20 years
10/01/2015 Assumption Change - 112.664(1)(a), F.S. Assumptions	12,241	N/A	1,098	N/A	N/A	20 years
10/01/2015 Assumption Change - 112.664(1)(b), F.S. Assumptions	1,226,394	N/A	N/A	95,492	N/A	20 years
10/01/2015 Assumption Change - 112.664(1)(a), F.S. Assumptions Plus 2%	(810,593)	N/A	N/A	N/A	(82,732)	20 years

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

SECTION B
SUMMARY OF SYSTEM PROVISIONS

City of Starke Police Officers' Retirement System

Outline of Principal Provisions of the Retirement System
(as of October 1, 2015)

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, 2015)

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, 2015)

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, 2015)

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, 2015)

A. Mortality

For healthy male participants, RP 2000 Annuitant Male Mortality Table with 10% White Collar / 90% Blue Collar Adjustment, with fully generational mortality improvements projected to each future decrement date with Scale BB. For healthy female participants, RP 2000 Annuitant Female Mortality Table with White Collar Adjustment, with fully generational mortality improvements projected to each future decrement date with Scale BB.

For disabled male participants, 60% RP 2000 Disabled Male Mortality Table setback four years / 40% RP 2000 Annuitant Male Mortality Table with White Collar Adjustment with no setback, without projected mortality improvements. For disabled female participants, 60% RP 2000 Disabled Female Mortality Table set forward two years / 40% RP 2000 Annuitant Female Mortality Table with White Collar Adjustment, without projected mortality improvements.

B. Interest to be Earned by Fund

7.25%, 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 October 1, 2015 valuation.

<u>Sample Ages</u>	<u>Years of Service</u>	<u>Withdrawal Rates Per 100 Employees</u>
ALL	0	20.00
	1	20.00
	2	12.50
	3	12.50
	4	10.00
Under 25	5 & Over	8.00
25 - 29		7.00
30 - 34		6.00
35 - 39		5.00
40 - 44		2.00
45 & Over		0.50

City of Starke Police Officers' Retirement System

Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation
(as of October 1, 2015)

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>Age</u>	<u>Salary Increase</u>
Under 45	5.0%
45 & Over	4.0%

General increase in wage level due to inflation is 3%.

G. Payroll Growth Assumption

5.0% per annum - not greater than historical 10-year average (-1.2%) 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, 2015)

H. Retirement Rates

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

<u>Retirement</u> <u>Ages</u>	<u>Percent</u> <u>Retiring</u>
< 56	25%
56 - 63	15%
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 October 1, 2015 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, 2015)

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

1. Mortality was:

For healthy participants, 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, 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.

2. Interest to be Earned by Fund was:

8.0%, compounded annually, net of investment expenses.

3. Salary Increase Factors were:

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%.

City of Starke Police Officers' Retirement System

Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation
(as of October 1, 2015)

K. Change From Previous Valuation (cont'd)

4. Employee Withdrawal Rates were:

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

5. Retirement Rates were:

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

<u>Normal Retirement Ages</u>	<u>Percent Retiring</u>	<u>Normal Retirement Ages</u>	<u>Percent 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%

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

City of Starke Police Officers' Retirement System

Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation (as of October 1, 2015)

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.
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.

City of Starke Police Officers' Retirement System

Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation
(as of October 1, 2015)

L. Technical Assumptions (cont'd)

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.