

CITY OF STARKE GENERAL EMPLOYEES' RETIREMENT SYSTEM

CHAPTER 112.664, F.S. COMPLIANCE REPORT

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



June 26, 2015

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

Re: October 1, 2014 Chapter 112.664 Compliance Report

Dear Board Members:

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

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

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

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

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

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

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

If all actuarial assumptions are met and if all current and future minimum required contributions are paid System assets will be sufficient to pay all System benefits. System minimum required contributions are determined in compliance with the requirements of the Florida Protection of Public Employee Retirement Benefits Act with normal cost determined as a level percent of covered payroll and a level percent amortization payment using a maximum amortization period of 30 years.


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

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

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, meet the requirements of Section 112.664(1), F.S., and Section 60T-1.0035, F.A.C.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

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

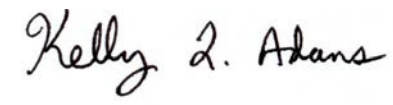
By 
Kelly L. Adams, M.A.A.A
Enrolled Actuary No. 14-06857
Consultant & Actuary

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SECTION A
CHAPTER 112.664, F.S. RESULTS

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

Measurement Date	9/30/2014
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 81,824
Interest	919,179
Benefit Changes	0
Difference Between Actual and Expected Experience	(103,148)
Assumption Changes	0
Benefit Payments	(872,104)
Contribution Refunds	(1,223)
Other	0
Net Change in Total Pension Liability	24,528
Total Pension Liability - (beginning of year)	12,306,857
Total Pension Liability - (end of year)	\$ 12,331,385
 B. <u>Plan Fiduciary Net Position</u>	
Contributions - Employer	\$ 769,282
Contributions - State	0
Contributions - Member	8,767
Net Investment Income	1,040,361
Benefit Payments	(872,104)
Contribution Refunds	(1,223)
Administrative Expenses	(32,236)
Other	0
Net Change in Plan Fiduciary Net Position	912,847
Plan Fiduciary Net Position - (beginning of year)	8,344,097
Plan Fiduciary Net Position - (end of year)	\$ 9,256,944
 C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	
	\$ 3,074,441
 Valuation Date	 10/1/2013

Certain Key Assumptions

Investment Return Assumption 7.75%

Mortality Table:

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

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

Measurement Date	9/30/2014
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 82,111
Interest	922,758
Benefit Changes	0
Difference Between Actual and Expected Experience	(108,597)
Assumption Changes	0
Benefit Payments	(872,104)
Contribution Refunds	(1,223)
Other	0
Net Change in Total Pension Liability	22,945
Total Pension Liability - (beginning of year)	12,358,198
Total Pension Liability - (end of year)	\$ 12,381,143
 B. <u>Plan Fiduciary Net Position</u>	
Contributions - Employer	\$ 769,282
Contributions - State	0
Contributions - Member	8,767
Net Investment Income	1,040,361
Benefit Payments	(872,104)
Contribution Refunds	(1,223)
Administrative Expenses	(32,236)
Other	0
Net Change in Plan Fiduciary Net Position	912,847
Plan Fiduciary Net Position - (beginning of year)	8,344,097
Plan Fiduciary Net Position - (end of year)	\$ 9,256,944
 C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	 \$ 3,124,199
 Valuation Date	 10/1/2013

Certain Key Assumptions

Investment Return Assumption 7.75%

Mortality Table:

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

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

Measurement Date	9/30/2014
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 131,994
Interest	838,295
Benefit Changes	0
Difference Between Actual and Expected Experience	(124,194)
Assumption Changes	0
Benefit Payments	(872,104)
Contribution Refunds	(1,223)
Other	0
Net Change in Total Pension Liability	(27,232)
Total Pension Liability - (beginning of year)	15,002,948
Total Pension Liability - (end of year)	\$ 14,975,716
 B. <u>Plan Fiduciary Net Position</u>	
Contributions - Employer	\$ 769,282
Contributions - State	0
Contributions - Member	8,767
Net Investment Income	1,040,361
Benefit Payments	(872,104)
Contribution Refunds	(1,223)
Administrative Expenses	(32,236)
Other	0
Net Change in Plan Fiduciary Net Position	912,847
Plan Fiduciary Net Position - (beginning of year)	8,344,097
Plan Fiduciary Net Position - (end of year)	\$ 9,256,944
 C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	 \$ 5,718,772
 Valuation Date	 10/1/2013

Certain Key Assumptions

Investment Return Assumption 5.75%

Mortality Table:

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

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

Measurement Date	9/30/2014
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 53,167
Interest	973,859
Benefit Changes	0
Difference Between Actual and Expected Experience	(102,321)
Assumption Changes	0
Benefit Payments	(872,104)
Contribution Refunds	(1,223)
Other	0
Net Change in Total Pension Liability	51,378
Total Pension Liability - (beginning of year)	10,456,065
Total Pension Liability - (end of year)	\$ 10,507,443
B. <u>Plan Fiduciary Net Position</u>	
Contributions - Employer	\$ 769,282
Contributions - State	0
Contributions - Member	8,767
Net Investment Income	1,040,361
Benefit Payments	(872,104)
Contribution Refunds	(1,223)
Administrative Expenses	(32,236)
Other	0
Net Change in Plan Fiduciary Net Position	912,847
Plan Fiduciary Net Position - (beginning of year)	8,344,097
Plan Fiduciary Net Position - (end of year)	\$ 9,256,944
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ 1,250,499
Valuation Date	10/1/2013

Certain Key Assumptions

Investment Return Assumption 9.75%

Mortality Table:

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

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

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2015	8,861,481	644,752	1,012,348	8,493,884
2016	8,493,884	616,234	1,013,055	8,097,064
2017	8,097,064	585,659	1,008,745	7,673,977
2018	7,673,977	553,285	998,730	7,228,532
2019	7,228,532	519,851	972,525	6,775,859
2020	6,775,859	484,907	969,199	6,291,567
2021	6,291,567	447,705	961,233	5,778,038
2022	5,778,038	408,230	953,423	5,232,846
2023	5,232,846	366,354	944,359	4,654,842
2024	4,654,842	322,159	929,893	4,047,108
2025	4,047,108	275,708	914,264	3,408,553
2026	3,408,553	226,853	899,022	2,736,384
2027	2,736,384	175,373	884,242	2,027,515
2028	2,027,515	121,097	868,306	1,280,307
2029	1,280,307	63,788	853,872	490,223
2030	490,223	9,458	838,289	-
2031	-	-	819,123	-
2032	-	-	803,152	-
2033	-	-	787,099	-
2034	-	-	765,366	-
2035	-	-	739,280	-
2036	-	-	707,960	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: 15.58

Certain Key Assumptions

Investment return assumption 7.75%

Mortality Table:

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

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

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

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2015	8,861,481	644,746	1,012,489	8,493,738
2016	8,493,738	616,201	1,013,560	8,096,379
2017	8,096,379	585,566	1,009,714	7,672,230
2018	7,672,230	553,093	1,000,094	7,225,230
2019	7,225,230	519,522	974,283	6,770,469
2020	6,770,469	484,400	971,352	6,283,516
2021	6,283,516	446,975	963,781	5,766,711
2022	5,766,711	407,231	956,362	5,217,579
2023	5,217,579	365,033	947,686	4,634,926
2024	4,634,926	320,462	933,601	4,021,787
2025	4,021,787	273,577	918,348	3,377,015
2026	3,377,015	224,224	903,471	2,697,768
2027	2,697,768	172,181	889,043	1,980,907
2028	1,980,907	117,272	873,442	1,224,737
2029	1,224,737	59,255	859,322	424,670
2030	424,670	6,836	844,031	-
2031	-	-	825,132	-
2032	-	-	809,400	-
2033	-	-	793,560	-
2034	-	-	772,006	-
2035	-	-	746,061	-
2036	-	-	714,840	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: 15.50

Certain Key Assumptions

Investment return assumption 7.75%

Mortality Table:

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

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

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

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2015	8,861,481	478,270	1,012,489	8,327,262
2016	8,327,262	447,519	1,013,560	7,761,220
2017	7,761,220	415,090	1,009,714	7,166,596
2018	7,166,596	381,197	1,000,094	6,547,699
2019	6,547,699	346,407	974,283	5,919,823
2020	5,919,823	310,395	971,352	5,258,865
2021	5,258,865	272,623	963,781	4,567,708
2022	4,567,708	233,111	956,362	3,844,456
2023	3,844,456	191,792	947,686	3,088,562
2024	3,088,562	148,763	933,601	2,303,724
2025	2,303,724	104,106	918,348	1,489,482
2026	1,489,482	57,746	903,471	643,757
2027	643,757	11,855	889,043	-
2028	-	-	873,442	-
2029	-	-	859,322	-
2030	-	-	844,031	-
2031	-	-	825,132	-
2032	-	-	809,400	-
2033	-	-	793,560	-
2034	-	-	772,006	-
2035	-	-	746,061	-
2036	-	-	714,840	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: 12.67

Certain Key Assumptions

Investment return assumption 5.75%

Mortality Table:

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

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

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

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2015	8,861,481	811,282	1,012,489	8,660,274
2016	8,660,274	791,609	1,013,560	8,438,322
2017	8,438,322	770,169	1,009,714	8,198,777
2018	8,198,777	747,314	1,000,094	7,945,997
2019	7,945,997	724,012	974,283	7,695,726
2020	7,695,726	699,763	971,352	7,424,136
2021	7,424,136	673,677	963,781	7,134,032
2022	7,134,032	645,778	956,362	6,823,448
2023	6,823,448	615,948	947,686	6,491,710
2024	6,491,710	584,337	933,601	6,142,445
2025	6,142,445	551,077	918,348	5,775,175
2026	5,775,175	516,043	903,471	5,387,747
2027	5,387,747	479,020	889,043	4,977,724
2028	4,977,724	439,855	873,442	4,544,137
2029	4,544,137	398,315	859,322	4,083,130
2030	4,083,130	354,163	844,031	3,593,262
2031	3,593,262	307,385	825,132	3,075,515
2032	3,075,515	257,724	809,400	2,523,839
2033	2,523,839	204,760	793,560	1,935,040
2034	1,935,040	148,474	772,006	1,311,508
2035	1,311,508	89,031	746,061	654,478
2036	654,478	26,856	714,840	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: 21.92

Certain Key Assumptions

Investment return assumption 9.75%

Mortality Table:

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

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

ACTUARIAL DETERMINED CONTRIBUTION

	<u>Valuation Assumptions</u>	<u>112.664(1)(a), F.S. Assumptions</u>	<u>112.664(1)(b), F.S. Assumptions</u>	<u>112.664(1)(a), F.S. Assumptions Plus 2% on Investment Return Assumption</u>
A. Valuation Date	October 1, 2014	October 1, 2014	October 1, 2014	October 1, 2014
B. Actuarial Determined Contribution to Be Paid During Fiscal Year Ending	9/30/2016	9/30/2016	9/30/2016	9/30/2016
C. Annual payroll of Active Employees	\$ 834,933	\$ 834,933	\$ 834,933	\$ 834,933
D. Total Minimum Funding Requirement				
1. Total Normal Cost	\$ 124,417	\$ 125,181	\$ 173,234	\$ 97,202
2. Annual Payment to Amortize Unfunded Actuarial Liability	342,281	345,847	472,813	216,021
3. Interest Adjustment	17,410	17,571	18,055	14,560
4. Total Minimum Funding Requirement	\$ 484,108	\$ 488,599	\$ 664,102	\$ 327,783
E. Expected Payroll of Active Employees for Following Plan Year (\$ / % of pay) (C x 1.000)	\$ 834,933 100.00%	\$ 834,933 100.00%	\$ 834,933 100.00%	\$ 834,933 100.00%
F. Expected Contribution Sources (\$ / % of pay)				
1. City	\$ 475,899 57.00%	\$ 480,390 57.54%	\$ 655,893 78.56%	\$ 319,574 38.28%
2. Member	8,209 0.98%	8,209 0.98%	8,209 0.98%	8,209 0.98%
3. State	0 0.00%	0 0.00%	0 0.00%	0 0.00%
4. Total	\$ 484,108 57.98%	\$ 488,599 58.52%	\$ 664,102 79.54%	\$ 327,783 39.26%

Unfunded Actuarial Accrued Liabilities Bases and Amortization Payments

Amortization Base	Amortization Payment					Remaining Funding Period
	Current Unfunded Liabilities	Valuation Assumptions	112.664(1)(a), F.S. Assumptions	112.664(1)(b), F.S. Assumptions	112.664(1)(a), F.S. Assumptions Plus 2%	
10/01/1992 Actuarial Loss (Gain)	\$ (1,089)	\$ (174)	\$ (174)	\$ (164)	\$ (184)	8 years
10/01/1992 Plan Amendment	22,002	3,520	3,520	3,317	3,724	8 years
10/01/1993 Actuarial Loss (Gain)	(7,541)	(1,109)	(1,109)	(1,037)	(1,181)	9 years
10/01/1993 Plan Amendment	11,579	1,702	1,702	1,592	1,814	9 years
10/01/1994 Actuarial Loss (Gain)	95,987	13,127	13,127	12,187	14,081	10 years
10/01/1994 Plan Amendment	56,365	7,708	7,708	7,156	8,269	10 years
10/01/1995 Actuarial Loss (Gain)	(75,617)	(9,711)	(9,711)	(8,951)	(10,486)	11 years
10/01/1995 Assumption Change	112,658	14,469	14,469	13,335	15,623	11 years
10/01/1996 Actuarial Loss (Gain)	139,332	16,937	16,937	15,501	18,405	12 years
10/01/1997 Actuarial Loss (Gain)	(104,556)	(12,109)	(12,109)	(11,006)	(13,238)	13 years
10/01/1997 Assumption Change	96,759	11,206	11,206	10,185	12,251	13 years
10/01/1998 Actuarial Loss (Gain)	42,847	4,754	4,754	4,292	5,228	14 years
10/01/1999 Actuarial Loss (Gain)	(39,103)	(4,175)	(4,175)	(3,745)	(4,618)	15 years
10/01/2000 Actuarial Loss (Gain)	230,435	23,777	23,777	21,194	26,439	16 years
10/01/2001 Actuarial Loss (Gain)	423,331	42,356	42,356	37,524	47,344	17 years
10/01/2002 Actuarial Loss (Gain)	426,844	41,539	41,539	36,582	46,664	18 years
10/01/2003 Actuarial Loss (Gain)	221,767	21,047	21,047	18,429	23,758	19 years
10/01/2003 Plan Amendment	63,445	6,021	6,021	5,272	6,797	19 years
10/01/2004 Actuarial Loss (Gain)	58,238	5,403	5,403	4,704	6,127	20 years
10/01/2005 Actuarial Loss (Gain)	2,644	240	240	208	274	21 years
10/01/2006 Actuarial Loss (Gain)	292,061	26,049	26,049	22,439	29,794	22 years
10/01/2007 Actuarial Loss (Gain)	39,084	3,427	3,427	2,937	3,935	23 years
10/01/2008 Actuarial Loss (Gain)	61,910	5,344	5,344	4,558	6,161	24 years
10/01/2009 Actuarial Loss (Gain)	579,059	49,273	49,273	41,823	57,013	25 years
10/01/2009 Assumption Change	370,665	31,541	31,541	26,771	36,495	25 years
10/01/2010 Actuarial Loss (Gain)	323,311	27,154	27,154	22,942	31,529	26 years
10/01/2011 Actuarial Loss (Gain)	351,066	29,133	29,133	24,505	33,941	27 years
10/01/2011 Assumption Changes	11,909	988	988	831	1,151	27 years
10/01/2012 Actuarial Loss (Gain)	305,115	25,043	25,043	20,974	29,269	28 years
10/01/2012 Plan Amendment	(57,680)	(4,734)	(4,734)	(3,965)	(5,533)	28 years
10/01/2013 Actuarial Loss (Gain)	(137,107)	(11,140)	(11,140)	(9,291)	(13,060)	29 years
10/01/2014 Actuarial Loss (Gain)	(327,014)	(26,325)	(26,325)	(21,868)	(30,950)	30 years
10/01/2014 Assumption Change - 112.664(1)(a), F.S. Assumptions	44,303	N/A	3,566	N/A	N/A	30 years
10/01/2014 Assumption Change - 112.664(1)(b), F.S. Assumptions	2,595,771	N/A	N/A	173,582	N/A	30 years
10/01/2014 Assumption Change - 112.664(1)(a), F.S. Assumptions Plus 2%	(1,804,787)	N/A	N/A	N/A	(170,815)	30 years

SECTION B
SUMMARY OF PLAN PROVISIONS

City of Starke General Employees' Retirement System

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

A. Normal Retirement:

1. Eligibility:

For General Employees hired prior to October 1, 2012 and all Elected Officials the earlier of:

- (a) Attainment of age 60 with completion of 10 years of credited service (8 years of credited service for Elected Officials).
- (b) Completion of 30 years of credited service.

For General Employees hired on or after October 1, 2012 the earlier of:

- (a) Attainment of age 65 with completion of 10 years of credited service.
- (b) Completion of 35 years of credited service.

2. Mandatory Retirement Age:

Age 65. Extensions granted with employer consent.

3. Amount of Pension:

Elected Officials: Total credited service times 3.00% of Final Average Salary. Maximum 100% of Final Average Salary.

General Employees hired prior to October 1, 2012: Total credited service times 2.50% of Final Average Salary. Maximum 100% of Final Average Salary.

General Employees hired on or after October 1, 2012: Total credited service times 1.60% of Final Average Salary. Maximum 100% of Final Average Salary.

4. Normal Form:

The normal form of pension is a Life Annuity. Optional forms are available on an actuarial equivalent basis.

5. Final Average Salary:

For General Employees eligible for Normal Retirement as of January 31, 2013 and all Elected Officials the highest 3 consecutive years out of last 10. Salary includes base pay plus longevity pay. Lump sum payments paid at the time of retirement are not included in the determination of final average salary.

City of Starke General Employees' Retirement System

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

5. Final Average Salary (cont'd):

For General Employees hired prior to October 1, 2012 and not eligible for Normal Retirement as of January 31, 2013 or General Employees hired on or after October 1, 2012 the highest 5 consecutive years out of last 10, provided it is not less than the definition above as of January 31, 2013 for General Employees hired prior to October 1, 2012. Salary includes base pay plus longevity pay. Lump sum payments paid at the time of retirement are not included in the determination of final average salary.

B. Early Retirement:

1. Eligibility:

25 years of credited service for General Employees hired prior to October 1, 2012 and all Elected Officials.

30 years of credited service for General Employees hired on or after October 1, 2012.

2. Amount of Pension:

Computed as for normal retirement but reduced 2.5% for each year (0.2083% for each month) that early retirement precedes the date the member would have been eligible for normal retirement.

For General Employees hired prior to October 1, 2012, benefits accrued after January 31, 2013 are reduced 6.0% for each year (0.5000% for each month) that early retirement precedes the date the member would have been eligible for normal retirement.

For General Employees hired on or after October 1, 2012, benefits are reduced 6.0% for each year (0.5000% for each month) that early retirement precedes the date the member would have been eligible for normal retirement.

C. Deferred Retirement:

1. Eligibility:

8 or more years of credited service for Elected Officials and 10 or more years of credited service for others. Pension begins at age 60 for Elected Officials and General Employees hired prior to October 1, 2012 and at age 65 for General Employees hired on or after October 1, 2012.

City of Starke General Employees' Retirement System
Outline of Principal Provisions of the Retirement System
(as of October 1, 2014)

C. Deferred Retirement (cont'd):

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. 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. Worker's compensation payments are offset, to the extent permitted by law.

F. Death Before Retirement:

1. Eligibility:

15 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.

G. 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.

City of Starke General Employees' Retirement System
Outline of Principal Provisions of the Retirement System
(as of October 1, 2014)

H. Annual Holiday Bonus:

\$100

I. Member Contributions:

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.

General Employees and Elected Officials not eligible for Normal Retirement as of January 31, 2013 will contribute 1.00% of pay beginning February 1, 2013.

J. City Contributions:

Actuarially determined amounts which together with member pick-up City contributions are sufficient to at least cover the requirements of the funding objective.

K. 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, Florida Statutes, pursuant to the procedures set forth in the cited statute.

City of Starke General Employees' Retirement System

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

L. Deferred Retirement Option Plan (DROP):

Members may elect to freeze their retirement benefit at normal or early retirement 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 including early retirement reductions, if any. This retirement benefit will be accumulated with interest at 4% for members who enter the DROP prior to February 1, 2013 and 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% for members who enter the DROP on or after February 1, 2013 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 of 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 who enter the DROP on or after February 1, 2013 will be assessed administrative fees.

M. 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.

N. 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.

O. Change From Previous Valuation:

None.

SECTION C
ACTUARIAL ASSUMPTIONS AND COST METHODS
USED FOR FUNDING

City of Starke General Employees' Retirement System

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

A. Mortality

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

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

B. Interest to be Earned by Fund

7.75%, 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 three (3) preceding 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, 1976 valuation.

<u>Sample Ages</u>	<u>Years of Service</u>	<u>Withdrawal Rates Per 100 Employees</u>
ALL	0	40.00
	1	25.00
	2	15.00
	3	10.00
	4	7.00
25	5 & Over	7.00
30		7.00
35		7.00
40		7.00
45		4.50
50		2.00
55		2.00
60		2.00

City of Starke General Employees' Retirement System

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

E. Disability Rates

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	7.5%
30	6.3%
40	5.7%
50	4.7%
60	3.7%

General increase in wage level due to inflation is 3.5%.

G. Payroll Growth Assumption

5.0% per annum - not greater than historical 10-year average (-7.0%) - minimum 0.0%

City of Starke General Employees' Retirement System

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

H. Retirement Rates

Probabilities of an eligible General Employee member hired prior to October 1, 2012 or an Elected Official retiring at age:

<u>Retirement</u> <u>Ages</u>	<u>Percent</u> <u>Retiring</u>	<u>Retirement</u> <u>Ages</u>	<u>Percent</u> <u>Retiring</u>
45	15%	55	5%
46	10%	56	5%
47	5%	57	5%
48	5%	58	5%
49	5%	59	5%
50	5%	60	5%
51	5%	61	5%
52	5%	62	30%
53	5%	63	10%
54	5%	64	10%
		65 & Over	100%

Probabilities of an eligible General Employee member hired on or after October 1, 2012 are 80% of the above rates for ages 45 through 64.

A General Employee hired prior to October 1, 2012 is eligible for retirement after 30 years of credited service or after attaining age 60 with 10 or more (8 or more if an Elected Official) years of credited service. Reduced benefits are available after 25 years of credited service. Any subsidy from the reduced benefits is taken into account in the annual funding costs.

A General Employee hired on or after October 1, 2012 is eligible for retirement after 35 years of credited service or after attaining age 65 with 10 or more years of credited service. Reduced benefits are available after 30 years of credited service. Any subsidy from the reduced benefits is taken into account in the annual funding costs.

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, 1983 valuation.

City of Starke General Employees' Retirement System

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

I. 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 will be 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.

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.

City of Starke General Employees' Retirement System

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

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 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 General Employees' Retirement System

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

L. Technical Assumptions (cont'd)

10. Duty and Non-Duty Related Assumption:

50% are assumed in-service and 50% are assumed non-service incurred.

11. Vested members:

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