



June 22, 2016

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

Re: City of Starke Firefighters' 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 Firefighters' 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 – 72.6% 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 FIREFIGHTERS' 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 Firefighters' 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 Firefighters' 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 Firefighters Retirement Chapter 175 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 30 years.

The System's funded ratio as of October 1, 2015 is 72.6% defined as the ratio of 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
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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

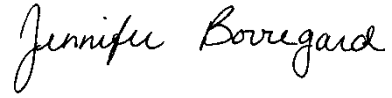
By 
Jennifer M. Borregard, M.A.A.A
Enrolled Actuary No. 14-07624
Consultant & Actuary

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SECTION A

CHAPTER 112.664, F.S. RESULTS

City of Starke Firefighters' Retirement System

Net Pension Liability

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

Measurement Date	9/30/2015
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 83,956
Interest	262,020
Benefit Changes	0
Difference Between Actual and Expected Experience	(164,041)
Assumption Changes	0
Benefit Payments	(83,962)
Contribution Refunds	0
Other	0
Net Change in Total Pension Liability	\$ 97,973
Total Pension Liability (TPL) - (beginning of year)	3,640,649
Total Pension Liability (TPL) - (end of year)	\$ 3,738,622
 B. <u>System Fiduciary Net Position</u>	
Contributions - City	\$ 144,410
Contributions - State	44,218
Contributions - Member	18,678
Net Investment Income	(194,473)
Benefit Payments	(83,962)
Contribution Refunds	0
Administrative Expenses	(41,841)
Other	0
Net Change in System Fiduciary Net Position	\$ (112,970)
System Fiduciary Net Position - (beginning of year)	2,967,952
System Fiduciary Net Position - (end of year)	\$ 2,854,982
 C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	 \$ 883,640
 Valuation Date	 10/1/2014

Certain Key Assumptions

Investment Return Assumption 7.75%

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 Firefighters' Retirement System

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

Measurement Date	9/30/2015
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 84,876
Interest	264,526
Benefit Changes	0
Difference Between Actual and Expected Experience	(167,700)
Assumption Changes	0
Benefit Payments	(83,962)
Contribution Refunds	0
Other	0
Net Change in Total Pension Liability	\$ 97,740
Total Pension Liability (TPL) - (beginning of year)	3,675,731
Total Pension Liability (TPL) - (end of year)	\$ 3,773,471
 B. <u>System Fiduciary Net Position</u>	
Contributions - City	\$ 144,410
Contributions - State	44,218
Contributions - Member	18,678
Net Investment Income	(194,473)
Benefit Payments	(83,962)
Contribution Refunds	0
Administrative Expenses	(41,841)
Other	0
Net Change in System Fiduciary Net Position	\$ (112,970)
System Fiduciary Net Position - (beginning of year)	2,967,952
System Fiduciary Net Position - (end of year)	\$ 2,854,982
 C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ 918,489
 Valuation Date	10/1/2014

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.

City of Starke Firefighters' 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	\$ 141,555
Interest	252,889
Benefit Changes	0
Difference Between Actual and Expected Experience	(198,253)
Assumption Changes	0
Benefit Payments	(83,962)
Contribution Refunds	0
Other	0
Net Change in Total Pension Liability	\$ 112,229
Total Pension Liability (TPL) - (beginning of year)	4,658,829
Total Pension Liability (TPL) - (end of year)	\$ 4,771,058
 B. <u>System Fiduciary Net Position</u>	
Contributions - City	\$ 144,410
Contributions - State	44,218
Contributions - Member	18,678
Net Investment Income	(194,473)
Benefit Payments	(83,962)
Contribution Refunds	0
Administrative Expenses	(41,841)
Other	0
Net Change in System Fiduciary Net Position	\$ (112,970)
System Fiduciary Net Position - (beginning of year)	2,967,952
System Fiduciary Net Position - (end of year)	\$ 2,854,982
 C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	 \$ 1,916,076
 Valuation Date	 10/1/2014

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.

City of Starke Firefighters' 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	\$ 52,084
Interest	266,332
Benefit Changes	0
Difference Between Actual and Expected Experience	(148,623)
Assumption Changes	0
Benefit Payments	(83,962)
Contribution Refunds	0
Other	0
Net Change in Total Pension Liability	<u>\$ 85,831</u>
Total Pension Liability (TPL) - (beginning of year)	<u>2,991,622</u>
Total Pension Liability (TPL) - (end of year)	<u><u>\$ 3,077,453</u></u>
B. <u>System Fiduciary Net Position</u>	
Contributions - City	\$ 144,410
Contributions - State	44,218
Contributions - Member	18,678
Net Investment Income	(194,473)
Benefit Payments	(83,962)
Contribution Refunds	0
Administrative Expenses	(41,841)
Other	0
Net Change in System Fiduciary Net Position	<u>\$ (112,970)</u>
System Fiduciary Net Position - (beginning of year)	<u>2,967,952</u>
System Fiduciary Net Position - (end of year)	<u><u>\$ 2,854,982</u></u>
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ 222,471
Valuation Date	10/1/2014

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.

City of Starke Firefighters' 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	2,505,471	179,404	211,715	2,473,160
2017	2,473,160	177,062	209,709	2,440,513
2018	2,440,513	174,660	208,552	2,406,621
2019	2,406,621	172,042	210,429	2,368,234
2020	2,368,234	168,975	215,107	2,322,102
2021	2,322,102	165,310	220,227	2,267,185
2022	2,267,185	160,980	225,483	2,202,682
2023	2,202,682	155,928	230,814	2,127,796
2024	2,127,796	150,087	236,404	2,041,479
2025	2,041,479	143,374	242,357	1,942,496
2026	1,942,496	135,775	246,727	1,831,544
2027	1,831,544	127,324	249,952	1,708,916
2028	1,708,916	117,991	253,332	1,573,575
2029	1,573,575	107,709	256,600	1,424,684
2030	1,424,684	96,429	259,408	1,261,705
2031	1,261,705	84,072	262,740	1,083,037
2032	1,083,037	70,529	266,295	887,271
2033	887,271	55,713	269,630	673,354
2034	673,354	39,521	273,309	439,566
2035	439,566	21,847	276,804	184,609
2036	184,609	3,986	279,046	-
2037	-	-	280,380	-
2038	-	-	280,349	-
2039	-	-	279,081	-
2040	-	-	277,356	-
2041	-	-	276,208	-
2042	-	-	274,792	-
2043	-	-	271,495	-
2044	-	-	267,467	-
2045	-	-	263,459	-
2046	-	-	259,072	-
2047	-	-	253,479	-
2048	-	-	247,039	-
2049	-	-	240,271	-
2050	-	-	233,097	-
2051	-	-	226,034	-

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: 20.67

Certain Key Assumptions

Investment return assumption 7.5%

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 Firefighters' Retirement System

Asset and Benefit Payment Projection

Not Reflecting Any Contributions from the Employer, State or Employee

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	2,505,471	179,413	211,499	2,473,385
2017	2,473,385	177,093	209,345	2,441,133
2018	2,441,133	174,726	208,062	2,407,797
2019	2,407,797	172,154	209,847	2,370,104
2020	2,370,104	169,139	214,534	2,324,709
2021	2,324,709	165,526	219,714	2,270,521
2022	2,270,521	161,245	225,115	2,206,651
2023	2,206,651	156,232	230,655	2,132,228
2024	2,132,228	150,415	236,514	2,046,129
2025	2,046,129	143,707	242,758	1,947,078
2026	1,947,078	136,090	247,440	1,835,728
2027	1,835,728	127,594	251,022	1,712,300
2028	1,712,300	118,186	254,797	1,575,689
2029	1,575,689	107,789	258,556	1,424,922
2030	1,424,922	96,344	261,970	1,259,296
2031	1,259,296	83,763	265,931	1,077,128
2032	1,077,128	69,932	270,135	876,925
2033	876,925	54,757	274,090	657,592
2034	657,592	38,134	278,415	417,311
2035	417,311	19,947	282,541	154,717
2036	154,717	2,649	285,223	-
2037	-	-	286,882	-
2038	-	-	287,066	-
2039	-	-	285,848	-
2040	-	-	284,043	-
2041	-	-	282,837	-
2042	-	-	281,314	-
2043	-	-	277,669	-
2044	-	-	273,138	-
2045	-	-	268,603	-
2046	-	-	263,621	-
2047	-	-	257,206	-
2048	-	-	249,718	-
2049	-	-	241,772	-
2050	-	-	233,325	-
2051	-	-	224,920	-

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: 20.50

Certain Key Assumptions

Investment return assumption 7.5%

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 Firefighters' 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	2,505,471	131,552	211,499	2,425,524
2017	2,425,524	127,218	209,345	2,343,397
2018	2,343,397	122,739	208,062	2,258,074
2019	2,258,074	117,994	209,847	2,166,221
2020	2,166,221	112,803	214,534	2,064,490
2021	2,064,490	107,055	219,714	1,951,831
2022	1,951,831	100,699	225,115	1,827,415
2023	1,827,415	93,692	230,655	1,690,452
2024	1,690,452	85,986	236,514	1,539,924
2025	1,539,924	77,523	242,758	1,374,689
2026	1,374,689	68,297	247,440	1,195,546
2027	1,195,546	58,338	251,022	1,002,862
2028	1,002,862	47,629	254,797	795,694
2029	795,694	36,123	258,556	573,261
2030	573,261	23,789	261,970	335,080
2031	335,080	10,572	265,931	79,721
2032	79,721	468	270,135	-
2033	-	-	274,090	-
2034	-	-	278,415	-
2035	-	-	282,541	-
2036	-	-	285,223	-
2037	-	-	286,882	-
2038	-	-	287,066	-
2039	-	-	285,848	-
2040	-	-	284,043	-
2041	-	-	282,837	-
2042	-	-	281,314	-
2043	-	-	277,669	-
2044	-	-	273,138	-
2045	-	-	268,603	-
2046	-	-	263,621	-
2047	-	-	257,206	-
2048	-	-	249,718	-
2049	-	-	241,772	-
2050	-	-	233,325	-
2051	-	-	224,920	-

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: 16.25

Certain Key Assumptions

Investment return assumption 5.5%

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 Firefighters' 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	2,505,471	227,287	211,499	2,521,259
2017	2,521,259	228,896	209,345	2,540,810
2018	2,540,810	230,819	208,062	2,563,567
2019	2,563,567	232,890	209,847	2,586,610
2020	2,586,610	234,841	214,534	2,606,917
2021	2,606,917	236,508	219,714	2,623,711
2022	2,623,711	237,829	225,115	2,636,425
2023	2,636,425	238,756	230,655	2,644,526
2024	2,644,526	239,228	236,514	2,647,240
2025	2,647,240	239,169	242,758	2,643,651
2026	2,643,651	238,591	247,440	2,634,802
2027	2,634,802	237,568	251,022	2,621,348
2028	2,621,348	236,098	254,797	2,602,649
2029	2,602,649	234,131	258,556	2,578,224
2030	2,578,224	231,638	261,970	2,547,892
2031	2,547,892	228,555	265,931	2,510,516
2032	2,510,516	224,791	270,135	2,465,172
2033	2,465,172	220,283	274,090	2,411,365
2034	2,411,365	214,952	278,415	2,347,902
2035	2,347,902	208,713	282,541	2,274,074
2036	2,274,074	201,563	285,223	2,190,414
2037	2,190,414	193,532	286,882	2,097,064
2038	2,097,064	184,654	287,066	1,994,652
2039	1,994,652	174,987	285,848	1,883,791
2040	1,883,791	164,546	284,043	1,764,294
2041	1,764,294	153,255	282,837	1,634,712
2042	1,634,712	141,022	281,314	1,494,420
2043	1,494,420	127,880	277,669	1,344,631
2044	1,344,631	113,880	273,138	1,185,373
2045	1,185,373	98,980	268,603	1,015,750
2046	1,015,750	83,119	263,621	835,248
2047	835,248	66,297	257,206	644,339
2048	644,339	48,540	249,718	443,161
2049	443,161	29,832	241,772	231,221
2050	231,221	10,126	233,325	8,022
2051	8,022	-	224,920	-

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: 35.00

Certain Key Assumptions

Investment return assumption 9.5%

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 Firefighters' 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	\$ 301,292	\$ 301,292	\$ 301,292	\$ 301,292
D. Total Minimum Funding Requirement				
1. Total Normal Cost	\$ 99,717	\$ 100,330	\$ 143,430	\$ 75,407
2. Annual Payment to Amortize Unfunded Actuarial Liability	66,788	67,929	116,032	19,788
3. Interest Adjustment	6,565	6,628	7,349	5,003
4. Total Minimum Funding Requirement	\$ 173,070	\$ 174,887	\$ 266,811	\$ 100,198
E. Expected Payroll of Active Employees for Following Plan Year (\$ / % of pay) (C x 1.015)	\$ 305,811 101.50%	\$ 305,811 101.50%	\$ 305,811 101.50%	\$ 305,811 101.50%
F. Expected Contribution Sources (\$ / % of pay)				
1. City	\$ 129,580 42.37%	\$ 131,424 42.98%	\$ 224,727 73.49%	\$ 55,615 18.19%
2. Member	15,838 5.18%	15,838 5.18%	15,838 5.18%	15,838 5.18%
3. State	30,248 9.89%	30,248 9.89%	30,248 9.89%	30,248 9.89%
4. Total	\$ 175,666 57.44%	\$ 177,510 58.05%	\$ 270,813 88.56%	\$ 101,701 33.26%

City of Starke Firefighters' Retirement System
Unfunded Actuarial Accrued Liabilities Bases and Amortization Payments

<u>Amortization Base</u>	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%	
10/01/1989 Excess of Assets over AAL	\$ (2,100)	\$ (571)	\$ (571)	\$ (556)	\$ (586)	4 years
10/01/1990 Actuarial Loss / (Gain)	(32)	(7)	(7)	(7)	(7)	5 years
10/01/1991 Actuarial Loss / (Gain)	(451)	(86)	(86)	(83)	(90)	6 years
10/01/1992 Actuarial Loss / (Gain)	(337)	(57)	(57)	(54)	(60)	7 years
10/01/1993 Actuarial Loss / (Gain)	(2,089)	(317)	(317)	(298)	(335)	8 years
10/01/1994 Actuarial Loss / (Gain)	5,361	741	741	692	792	9 years
10/01/1994 System Amendment	4,617	638	638	596	682	9 years
10/01/1995 Actuarial Loss / (Gain)	(3,004)	(384)	(384)	(355)	(413)	10 years
10/01/1995 Assumption and Method Change	10,104	1,291	1,291	1,195	1,388	10 years
10/01/1996 Actuarial Loss / (Gain)	518	62	62	57	67	11 years
10/01/1997 Actuarial Loss / (Gain)	(12,601)	(1,412)	(1,412)	(1,287)	(1,540)	12 years
10/01/1997 Assumption and Method Change	12,915	1,447	1,447	1,319	1,579	12 years
10/01/1998 Actuarial Loss / (Gain)	7,646	811	811	734	891	13 years
10/01/1999 Actuarial Loss / (Gain)	9,406	950	950	853	1,050	14 years
10/01/2000 Actuarial Loss / (Gain)	(1,265)	(122)	(122)	(109)	(136)	15 years
10/01/2001 Actuarial Loss / (Gain)	96,515	8,962	8,962	7,934	10,031	16 years
10/01/2001 System Amendment	16,315	1,515	1,515	1,341	1,696	16 years
10/01/2002 Actuarial Loss / (Gain)	70,594	6,321	6,321	5,557	7,117	17 years
10/01/2002 System Amendment	86,645	7,759	7,759	6,821	8,736	17 years
10/01/2003 Actuarial Loss / (Gain)	(66,223)	(5,736)	(5,736)	(5,009)	(6,496)	18 years
10/01/2003 System Amendment	5,121	444	444	387	502	18 years
10/01/2004 Actuarial Loss / (Gain)	7,400	622	622	539	708	19 years
10/01/2005 Actuarial Loss / (Gain)	94,120	7,692	7,692	6,628	8,808	20 years
10/01/2006 Actuarial Loss / (Gain)	(14,484)	(1,154)	(1,154)	(988)	(1,328)	21 years
10/01/2006 System Amendment	12,790	1,019	1,019	872	1,173	21 years
10/01/2007 Actuarial Loss / (Gain)	(29,067)	(2,262)	(2,262)	(1,924)	(2,617)	22 years
10/01/2008 Actuarial Loss / (Gain)	96,210	7,325	7,325	6,194	8,517	23 years
10/01/2009 Actuarial Loss / (Gain)	188,010	14,029	14,029	11,792	16,389	24 years
10/01/2009 Assumption Change	55,226	4,121	4,121	3,464	4,814	24 years
10/01/2010 Actuarial Loss / (Gain)	192,970	14,133	14,133	11,810	16,588	25 years
10/01/2011 Actuarial Loss / (Gain)	108,924	7,841	7,841	6,515	9,244	26 years
10/01/2012 Actuarial Loss / (Gain)	(41,111)	(2,912)	(2,912)	(2,406)	(3,448)	27 years
10/01/2012 Assumption Change	(9,338)	(661)	(661)	(547)	(783)	27 years
10/01/2013 Actuarial Loss / (Gain)	(76,399)	(5,332)	(5,332)	(4,381)	(6,339)	28 years
10/01/2014 Actuarial Loss / (Gain)	(201,510)	(13,870)	(13,870)	(11,335)	(16,557)	29 years
10/01/2015 Actuarial Loss / (Gain)	186,961	12,703	12,703	10,328	15,223	30 years
10/01/2015 Assumption Changes	18,331	1,245	1,245	1,013	1,493	30 years
10/01/2015 Assumption Change - 112.664(1)(a), F.S. Assumptions	16,788	N/A	1,141	N/A	N/A	30 years
10/01/2015 Assumption Change - 112.664(1)(b), F.S. Assumptions	1,063,197	N/A	N/A	58,730	N/A	30 years
10/01/2015 Assumption Change - 112.664(1)(a), F.S. Assumptions Plus 2%	(699,634)	N/A	N/A	N/A	(56,965)	30 years

SECTION B
SUMMARY OF SYSTEM PROVISIONS

City of Starke Firefighters' 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 service times 3.50% 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. 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 Firefighters' 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 service. Pension begins at age 55.

2. Benefit:

Computed as a normal retirement pension but based upon 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 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 service.

2. Benefit:

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

City of Starke Firefighters' Retirement System

Outline of Principal Provisions of the Retirement System

(as of October 1, 2015)

G. Deferred Retirement Option Plan (DROP):

Members may elect to freeze their retirement benefit at normal 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. This retirement benefit will be accumulated with interest at 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 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.

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, 2004, all current retired members and beneficiaries received an increase in their pension of \$100/month.)

I. Annual Holiday Bonus:

\$100

J. Member Contributions:

5.00% of annual salary for full-time firefighters. 6.00% of annual salary for volunteer firefighters. This amount is refunded upon termination. The City currently picks-up the former 5.00% member contribution for full-time firefighters. 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 Firefighters' 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 property insurance premium tax monies collected by the State pursuant to Chapter 175, 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 175.195, 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 establishes the System. The Internal Revenue Code, Florida Statutes, and the Ordinance all govern the operation of the System, and should be consulted before taking 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 Firefighters' 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

7.5%, 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 leaving 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	8.0
	1	6.0
	2	5.0
	3	4.0
	4	3.0
Under 35	5 & Over	2.0
35 - 39		1.0
40 - 44		0.5
45 & Over		0.2

City of Starke Firefighters' 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>Sample Age</u>	<u>Salary Increase</u>
Under 35	5.0%
35 - 54	4.0%
55 & Over	3.5%

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 (1.5%).

City of Starke Firefighters' 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	18%
56	15%
57 - 63	10%
64	20%
65	100%

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

A Firefighter is eligible for early retirement at age 50 with 10 or more years of service.

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

The above rates for retirement were first used for the October 1, 2015 valuation.

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.

City of Starke Firefighters' 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 the assets of the system.

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:

7.75%, 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	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%.

City of Starke Firefighters' Retirement System

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

K. Changes 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 leaving 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	12.0
	1	9.0
	2	7.0
	3	5.0
	4	4.5
25	5 & Over	4.5
30		3.9
35		2.3
40		0.9
45 & Over		0.5

5. Retirement Rates were:

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

<u>Retirement Ages</u>	<u>Percent Retiring</u>
< 56	20%
56	15%
57 - 63	10%
64	20%
65	100%

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

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

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

A Firefighter is eligible for early retirement at age 50 with 10 or more years of service.

The above rates for early retirement were first used for the September 30, 2001 valuation.

City of Starke Firefighters' 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. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.

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 periods 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. Normal Form of Benefit:

The assumed normal form of benefit is a benefit payable for life with 10 years of guaranteed payments. Optional forms are available on an actuarial equivalent basis for normal retirement.

City of Starke Firefighters' Retirement System

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

L. Technical Assumptions (cont'd)

10. Actuarial Equivalence Basis for Optional Forms of Payment:

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

11. Duty and Non-Duty Related Assumption:

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

12. Vested members:

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

13. 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.