

**CITY OF STARKE GENERAL EMPLOYEES' RETIREMENT SYSTEM**  
*ACTUARIAL VALUATION AS OF OCTOBER 1, 2013*

This Valuation Determines the Annual Contribution for the System Year October 1, 2014 through September 30, 2015 to be Paid in System Year October 1, 2014 to September 30, 2015

April 21, 2014



**City of Starke General Employees’  
Retirement System**

**TABLE OF CONTENTS**

	<u>Page</u>
Commentary	1
I. Summary of Retirement Plan Costs .....	4
II. Comparison of Cost Data of Current and Prior Valuations .....	6
III. Characteristics of Participants in Actuarial Valuation .....	7
IV. Statement of Plan Assets.....	8
V. Reconciliation of Plan Assets.....	9
VI. Development of Smoothed Actuarial Value of Assets .....	10
VII. Actuarial Gains (Losses) for Plan Year .....	11
VIII. Amortization of Unfunded Actuarial Accrued Liability .....	12
IX. Accounting Disclosure Exhibit .....	13
X. Outline of Principal Provisions of the Retirement System .....	21
XI. Actuarial Assumptions and Actuarial Cost Methods Used.....	26
XII. Distribution of Plan Participants by Attained Age Groups and Service Groups.....	32
XIII. Statistics for Participants Entitled to Deferred Benefits and Participants Receiving Benefits .....	33
XIV. Reconciliation of Employee Data .....	34
XV. Projected Retirement Benefits.....	35
XVI. Summary of Transaction Information.....	36
XVII. Recent Compensation, Termination and Investment Return Experience.....	37
XVIII. Employer Contribution Information .....	38
XIX. State Required Exhibit .....	39



April 21, 2014

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

Dear Mr. Thompson:

### **October 1, 2013 Actuarial Valuation**

We are pleased to present our October 1, 2013 Actuarial Valuation Report for the City of Starke General Employees' Retirement System. The purpose of this report is to indicate appropriate contribution levels, monitor minimum funding requirements, comment on the actuarial stability of the System and to satisfy State and accounting requirements. Gabriel, Roeder, Smith and Company (GRS), as System actuary, is authorized to prepare an annual Actuarial Valuation under Section 78-262 of the System. This Report is prepared for and at the request of the Board of Trustees.

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

### **Retirement System Costs**

Our Actuarial Valuation develops the required minimum Retirement System payment for the fiscal year beginning **October 1, 2014** under the Florida Protection of Public Employee Retirement Benefits Act. The minimum payment consists of payment of annual normal costs including expenses and amortization of the components of the unfunded actuarial accrued liability over various periods as prescribed by law. The minimum payment is **67.0% of covered payroll (\$542,731)**. The figure in parentheses is the System cost expressed as an expected dollar amount based on projected covered annual payroll for fiscal year beginning October 1, 2014 (\$809,764).

This total cost is to be met by member contributions, member pick-up contributions and City contributions. We anticipate member contributions will be **1.0% of covered payroll (\$7,958)** and member pick-up contributions will be **5.0% of covered payroll** for fiscal year ending September 30, 2015 (**\$40,488**). This leaves a Base City requirement of **61.0% of covered payroll** for fiscal year ending September 30, 2015 (**\$494,285**). The Base City contribution includes an interest adjustment.

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

The system provisions remain unchanged from the October 1, 2012 Actuarial Valuation and are summarized on Table X.

The actuarial assumptions and methods remain unchanged from the October 1, 2012 Actuarial Valuation. DROP accounts balances are included in the assets and liabilities. Inclusion of DROP Account balances in assets and liabilities does not affect contribution requirements. The actuarial assumptions and methods are outlined on Table XI.

Projected Government Accounting Standards Board Statement Number 67 (GASB 67) disclosures are included. GASB 67 requires inclusion of DROP Account balances in assets and liabilities for accounting purposes.

### **Comparison of October 1, 2012 and October 1, 2013 Valuation Results**

Table II of our report provides information of a comparative nature. The left columns of the Table indicate the costs as calculated for October 1, 2012. The right columns indicate the costs as calculated for October 1, 2013.

Comparing the left and right columns of Table II shows the effect of System experience during the year. The number of active participants remains unchanged. Covered payroll decreased by approximately 5%. Total System membership increased by approximately 1%. Total normal cost increased both a percentage of covered payroll and as a dollar amount. The unfunded actuarial accrued liability decreased both as a percentage of covered payroll and as a dollar amount. The net Base City minimum funding requirement increased both as a percentage of covered payroll and as a dollar amount.

The value of vested accrued benefits exceeds System assets, resulting in a Vested Benefit Security Ratio (VBSR) of 73.1% which is an increase from 69.2% as of October 1, 2012. The VBSR is measured on a market value of assets basis.

### **System Experience**

Table VII indicates net System experience resulted in an actuarial gain of \$145,699. This suggests actual overall experience was more favorable than expected.

Table XVII provides figures on recent System experience (salary, turnover and investment yield). The salary experience indicates actual salary increases were approximately 1.9%. This was less than the assumption for salary increases of 5.0% and was generally a source of actuarial gain. Employee turnover this year was approximately 100% of the assumed and was generally neither a source of actuarial gain or loss.

The smoothed actuarial value investment return of 8.90% was more than the 7.75% assumption for investment return for fiscal year ended September 30, 2013. Smoothed actuarial investment return was a contributing source of actuarial gain during the year. Three, five and ten year average annual smoothed actuarial value investment returns are 4.8%, 3.3% and 4.2%, respectively. One, three, five and ten year average annual returns based upon market value are 9.79%, 9.6%, 7.7% and 5.3%, respectively.

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

The City submitted Member census data as of October 1, 2013 used for this actuarial valuation to us. This information contains name, Social Security number, date of birth, date of hire, employee contributions and actual salary paid for the previous year. Dates of termination and retirement are provided where applicable. The City updated information on inactive participants including retirees, beneficiaries, DROPs and vested terminations.

Mr. Ricky Thompson  
April 21, 2014  
Page Three

We received financial information as of September 30, 2013 concerning fund assets from the City. We do not audit the Member census data and asset information that is provided to us. However, we perform certain reasonableness checks and on this basis we believe that the information that we received is reliable.

### Summary

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

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: System experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in System provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

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

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

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

The signing actuaries are independent of the system sponsor.

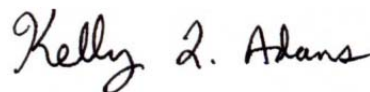
The undersigned are Members of the American Academy of Actuaries and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. We are available to respond to any questions with regards to matters covered in this report.

Very truly yours,



---

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



---

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

Table I

**City of Starke General Employees'  
Retirement System**

**Summary of Retirement Plan Costs as of October 1, 2013**

	<b><u>Cost Data</u></b>	<b><u>% of Payroll</u></b>
A. Participant Data Summary (Table III)		
1. Active employees	32	N/A
2. Terminated vested	1	N/A
3. Receiving benefits (including DROPs)	59	N/A
4. Annual payroll of active employees	\$ 809,764	100.0%
B. Total Normal Costs		
1. Age retirement benefits	\$ 62,681	7.7%
2. Termination benefits	12,254	1.5%
3. Death benefits	1,680	0.2%
4. Disability benefits	4,669	0.6%
5. Estimated expenses	50,000	6.2%
6. Total annual normal costs	<u>\$ 131,284</u>	16.2%
C. Total Actuarial Accrued Liability		
1. Age retirement benefits active employees	\$ 1,552,322	191.7%
2. Termination benefits active employees	86,057	10.6%
3. Death benefits active employees	50,842	6.3%
4. Disability benefits active employees	42,814	5.3%
5. Retired or terminated vested participants receiving benefits including DROP participants	9,459,281	1168.2%
6. Terminated vested participants entitled to future benefits	61,110	7.5%
7. Deceased participants whose beneficiaries are receiving benefits	557,667	68.9%
8. Disabled participants receiving benefits	332,070	41.0%
9. Miscellaneous liability	73,050	9.0%
10. Total actuarial accrued liability	<u>\$ 12,215,213</u>	1508.5%
D. Smoothed Actuarial Value of Assets (Table VI)	\$ 7,964,494	983.6%
E. Unfunded Actuarial Accrued Liability (C-D)	\$ 4,250,719	524.9%

**City of Starke General Employees'  
Retirement System**

**Summary of Retirement Plan Costs as of October 1, 2013**

	<b><u>Cost Data</u></b>	<b><u>% of Payroll</u></b>
F. Minimum Required Contribution		
1. Total normal cost	\$ 131,284	16.2%
2. Amortization of unfunded liability	391,929	48.4%
3. Interest adjustment	19,518	2.4%
4. Total required contribution	<u>\$ 542,731</u>	67.0%
G. Expected payroll of active employees for 2014-2015 year (\$809,764 x 1.000)	\$ 809,764	100.0%
H. Contribution Sources (percent of expected 2014-2015 payroll)		
1. Expected City		
a. Base	\$ 494,285	61.0%
b. Member Pick-Up	40,488	5.0%
c. Total expected City	<u>\$ 534,773</u>	66.0%
2. Expected Member	\$ 7,958	1.0%
I. Actuarial Gain / (Loss) (Table VII)	\$ 145,699	18.0%
J. Actuarial Present Value of Vested Accrued Benefits		
1. Retired, terminated vested, beneficiaries and disabled receiving benefits including DROP participants	\$ 10,349,018	1278.0%
2. Terminated vested participants entitled to future benefits and miscellaneous	134,160	16.6%
3. Active participants entitled to future benefits	<u>935,313</u>	115.5%
4. Total actuarial present value of vested accrued benefits	\$ 11,418,491	1410.1%
K. Market Value of Assets (Table V)	\$ 8,344,097	1030.4%
L. Unfunded Actuarial Present Value of Vested Accrued Benefits (J. - K., not less than zero)	\$ 3,074,394	379.7%
M. Vested Benefit Security Ratio (K. ÷ J.)	73.1%	N/A



Table II

**City of Starke General Employees'  
Retirement System**

**Comparison of Cost Data of October 1, 2012 and October 1, 2013 Valuations**

	October 1, 2012		October 1, 2013	
	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation
A. Participants				
1. Active employees	32	N/A	32	N/A
2. Terminated vested	2	N/A	1	N/A
3. Receiving benefits (including DROPs)	57	N/A	59	N/A
4. Annual payroll of active employees	\$ 852,072	100.0%	\$ 809,764	100.0%
5. Projected annual payroll of active employees	\$ 852,072	100.0%	\$ 809,764	100.0%
B. Total Normal Costs	\$ 129,591	15.2%	\$ 131,284	16.2%
C. Total Actuarial Accrued Liability	\$ 12,112,492	1421.5%	\$ 12,215,213	1508.5%
D. Smoothed Actuarial Value of Assets	\$ 7,532,872	884.1%	\$ 7,964,494	983.6%
E. Unfunded Actuarial Accrued Liability	\$ 4,579,620	537.5%	\$ 4,250,719	524.9%
F. Net Base City Cost	\$ 486,668 <sup>1</sup>	60.1%	\$ 494,285 <sup>2</sup>	61.0%
G. Actuarial Gain / (Loss)	\$ (333,870)	(39.2%)	\$ 145,699	18.0%
H. Unfunded Actuarial Present Value of Vested Accrued Benefits	\$ 3,611,853	423.9%	\$ 3,074,394	379.7%
I. Vested Benefit Security Ratio	69.2%	N/A	73.1%	N/A

<sup>1</sup> Percent of pay (60.1%) applied to expected 2013-2014 covered payroll (\$809,764)

<sup>2</sup> Percent of pay (61.0%) applied to expected 2014-2015 covered payroll (\$809,764)

**Table III**

**City of Starke General Employees'  
Retirement System**

**Characteristics of Participants in  
Actuarial Valuation as of October 1, 2013**

A. Active System Participants Summary

1. Active participants fully vested	16
2. Active participants partially vested	0
3. Active participants non-vested	16
4. Total active participants	<u>32</u>
5. Annual rate of pay of active participants	\$ 809,764

B. Retired and Terminated Vested Participant Summary

1. Retired or terminated vested participants receiving benefits including DROP participants	48
2. Terminated vested participants entitled to future benefits	1
3. Deceased participants whose beneficiaries are receiving benefits	6
4. Disabled participants receiving benefits	5

C. Projected Annual Retirement Benefits

1. Retired or terminated vested receiving benefits including DROP participants	\$ 902,494
2. Terminated vested entitled to future benefits	6,706
3. Beneficiaries of deceased participants	74,154
4. Disabled participants	34,950

Table IV

**City of Starke General Employees'  
Retirement System**

**Statement of System Assets as of October 1, 2013**

	<u>Market Value</u>
A. <u>Cash and cash equivalents</u>	\$ 110,206
B. <u>General Investments</u>	
1. Money Market Fund	\$ 341,332
2. Corporate Bonds	\$ 1,715,969
3. Common Stocks	\$ 6,166,380
C. <u>Receivables</u>	
1. Accrued Interest	\$ 20,429
2. City Contribution Receivable	\$ 0
3. Other Receivables	\$ 60
D. <u>Accounts Payable</u>	\$ 10,279
E. <u>Total System Assets</u> (A + B + C - D)	\$ 8,344,097

**City of Starke General Employees'  
Retirement System**

**Reconciliation of System Assets**

A. <u>Total Market Value of Assets as of October 1, 2012</u>		\$ 7,818,272
Adjustment to Total Market Value of Assets as of October 1, 2012		(19,670)
Adjusted Total Market Value of Assets as of October 1, 2012		<u>\$ 7,798,602</u>
 B. <u>Receipts During Period</u>		
1. Contributions		
a. Member	\$ 5,845	
b. Member (picked up by City)	51,967	
c. City	600,186	
d. Total	<u>\$ 657,998</u>	
2. Investment Income		
a. Interest, dividends and other	\$ 195,641	
b. Investment expenses	(48,175)	
c. Net investment income	<u>\$ 147,466</u>	
3. Net realized gains / (losses)		(89,672)
4. Net unrealized gains / (losses)		<u>696,598</u>
5. Total receipts during period		\$ 1,412,390
 C. <u>Disbursements During Period</u>		
1. Pension payments	\$ 713,731	
2. DROP distributions	95,788	
3. Contribution refunds	0	
4. Administrative expenses	57,376	
5. Total disbursements during period		<u>\$ 866,895</u>
 D. <u>Total Market Value of Assets as of September 30, 2013</u>		\$ 8,344,097
 E. <u>Reconciliation of DROP Account Balances</u>		
1. DROP account balances as of October 1, 2012	\$ 125,011	
2. Benefit payments into DROP accounts during year	233,435	
3. Investment gains / (losses) during year	10,049	
4. Distributions from DROP accounts during year	(95,788)	
5. DROP account balances as of September 30, 2013		<u>\$ 272,707</u>

**City of Starke General Employees'  
Retirement System**

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
A. Preliminary total smoothed actuarial value from prior year	\$ 7,256,207	\$ 7,532,872	\$ 7,964,494		
B. Market value beginning of year	6,612,457	7,818,272	8,344,097		
C. Market value end of year	7,818,272	8,344,097			
D. Non-investment net cash flow	(178,820)	(228,567)			
E. Investment return					
1. Total market value return: C. - B. - D.	1,384,635	754,392			
2. Amount for immediate recognition (7.75%)	555,427	574,941			
3. Amount for phased-in recognition: E.1. - E.2.	829,208	179,451			
F. Phased-in recognition of investment return					
1. Current year: 25% of E.3.	207,302	44,863			
2. First prior year	(169,588)	207,302	44,863		
3. Second prior year	2,673	(169,588)	207,302	44,863	
4. Third prior year	(140,329)	2,671	(169,589)	207,302	44,862
5. Total phased-in recognition of investment return	(99,942)	85,248	82,576	252,165	44,862
G. Total smoothed actuarial value end of year					
1. Preliminary total smoothed actuarial value end of year:					
A. + D. + E.2. + F.5.	7,532,872	7,964,494			
2. Upper corridor limit: 120% of C.	9,381,926	10,012,916			
3. Lower corridor limit: 80% of C.	6,254,618	6,675,278			
4. Total smoothed actuarial value end of year:					
G.1., not more than G.2., nor less than G.3.	7,532,872	7,964,494			
H. Difference between total market value and total smoothed actuarial value	285,400	379,603			
I. Smoothed actuarial value rate of return	6.36%	8.90%			
J. Market value rate of return	21.23%	9.79%			

Table VII

**City of Starke General Employees'  
Retirement System**  
**Actuarial Gain / (Loss) for**  
**System Year Ended September 30, 2013**

A. Derivation of Actuarial Gain (Loss)

1. City base normal cost previous valuation	\$	79,183
2. Unfunded actuarial accrued liability previous valuation		4,579,620
3. City base contributions previous year		600,186
4. Interest on:		
(a) City base normal cost	\$	6,137
(b) Unfunded actuarial accrued liability		354,921
(c) City base contributions		23,257
(d) Net total: (a) + (b) - (c)	\$	337,801
5. Expected unfunded actuarial accrued liability current year: (1. + 2. - 3. + 4.)	\$	4,396,418
6. Actual unfunded actuarial accrued liability current year		4,250,719
7. Actuarial gain / (loss): (5. - 6.)	\$	145,699

B. Approximate Portion of Gain (Loss)  
Due to Investments

1. Smoothed actuarial value of assets previous year	\$	7,532,872
2. Net contributions during period		657,998
3. Benefits and admin expenses during period		866,895
4. Expected net appreciation for period		575,703
5. Expected smoothed actuarial value of assets current year: (1. + 2. - 3. + 4.)	\$	7,899,678
6. Actual smoothed actuarial value of assets current year	\$	7,964,494
7. Approximate investment gain / (loss): (6. - 5.)	\$	64,816

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

\$ 80,883

**City of Starke General Employees'  
Retirement System**

**Amortization of Unfunded Actuarial Accrued Liability**

A. Actuarial Accrued Liability Remaining Unfunded

<u>Date</u>	<u>Unfunded Liability</u>	<u>Amortization Payment</u>
October 1, 2013	\$ 4,250,719	\$ 391,929
October 1, 2014	\$ 4,157,846	\$ 391,929
October 1, 2015	\$ 4,057,776	\$ 391,929
October 1, 2016	\$ 3,949,950	\$ 391,929
October 1, 2017	\$ 3,833,768	\$ 391,929
...		
...		
October 1, 2043	\$ 0	\$ 0

B. Covered Payroll History

<u>Date</u>	<u>Covered Payroll *</u>	<u>Annual Increase</u>
October 1, 2013	\$ 809,764	(5.0%)
October 1, 2012	\$ 852,072	(16.1%)
October 1, 2011	\$ 1,015,328	(28.5%)
October 1, 2010	\$ 1,420,171	2.7%
October 1, 2009	\$ 1,382,493	(7.7%)
October 1, 2008	\$ 1,498,159	(5.6%)
October 1, 2007	\$ 1,586,750	5.7%
October 1, 2006	\$ 1,500,719	(9.9%)
October 1, 2005	\$ 1,666,067	(3.0%)
October 1, 2004	\$ 1,717,454	6.2%
October 1, 2003	\$ 1,616,712	N/A

Ten-Year Average Annual Increase (6.7%)

\* Excludes DROP payroll

Table IX

**City of Starke General Employees'  
Retirement System**  
**Accounting Disclosure Exhibit**

	<b>10/01/2012</b>	<b>10/01/2013</b>
<b>I. <u>Number of System Members</u></b>		
a. Receiving benefits including DROPs	57	59
b. Terminated due deferred benefits	2	1
c. Active plan members	32	32
d. Total	91	92
 <b>II. <u>Financial Accounting Standards Board Allocation</u></b> <b><u>As of October 1, 2013</u></b>		
<b>A. <u>Statement of Accumulated Plan Benefits</u></b>		
1. Actuarial present value of accumulated vested system benefits		
a. Participants currently receiving benefits including DROP participants	\$ 9,943,991	\$ 10,349,018
b. Other participants	1,361,123	1,069,473
c. Total	\$ 11,305,114	\$ 11,418,491
2. Actuarial present value of accumulated non-vested plan benefits	132,288	111,632
3. Total actuarial present value of accumulated System benefits	\$ 11,437,402	\$ 11,530,123
 <b>B. <u>Statement of Change in Accumulated System Benefits</u></b>		
1. Actuarial present value of accumulated plan benefits as of October 1, 2012		\$ 11,437,402
2. Increase (decrease) during year attributable to:		
a. System amendment		\$ 0
b. Change in actuarial assumptions		0
c. Benefits paid including refunds		(809,519)
d. Other, including benefits accumulated, increase for interest due to decrease in the discount period		902,240
e. Net increase		\$ 92,721
3. Actuarial present value of accumulated System benefits as of October 1, 2013		\$ 11,530,123
 <b>C. <u>Significant Matters Affecting Calculations</u></b>		
1. Assumed rate of return used in determining actuarial present values		7.75%
2. Change in plan provisions		None.
3. Change in actuarial assumptions		None.



**City of Starke General Employees'  
Retirement System**

**Accounting Disclosure Exhibit**

III. Actuarial Assumptions and Methods:

Actuarial valuation date	10/01/2013
Actuarial cost method	Entry Age
Amortization method	Level percent of pay, closed
Remaining amortization period	20 years
Asset valuation method	Smoothed market value
Actuarial assumptions:	
Investment rate of return *	7.75%
Projected salary increases *	3.5% - 7.5%
 * Includes inflation at	 3.5%

**City of Starke General Employees'  
Retirement System**

**Accounting Disclosure Exhibit**

IV. Historical Trend Information

Schedule of Employer Costs (GASB No. 27)

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
09/30/2008	\$ 540,084	100%	\$ 0
09/30/2009	\$ 524,688	100%	\$ 0
09/30/2010	\$ 566,685	100%	\$ 0
09/30/2011	\$ 641,013	100%	\$ (1,996)
09/30/2012	\$ 562,757	100%	\$ (1,978)
09/30/2013	\$ 439,761	136%	\$ (162,403)

V. Annual Pension Cost and Net Pension (Asset) (NPA) (GASB No. 27)

<u>Fiscal Year Ended</u>	<u>9/30/2013</u>	<u>Projected 9/30/2014</u>
Annual Required Contribution	\$ 439,741	\$ 486,668
Interest on NPA	(153)	(12,586)
Adjustment to ARC	173	14,085
APC	\$ 439,761	\$ 488,167
City Contributions	(600,186)	
(Increase) / Decrease in NPA	\$ (160,425)	
(NPA) - Beginning of Year	(1,978)	
(NPA) - End of Year	\$ (162,403)	

**Table IX  
(Cont'd)**

**City of Starke General Employees'  
Retirement System**

**Schedule of Funding Progress  
(Dollar Amounts in Thousands)**

VI. Schedule of Funding Progress (GASB No. 27)

Actuarial Valuation Date	Smoothed Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/01/2008 <sup>1</sup>	\$ 7,490	\$ 10,579	\$ 3,089	70.8%	\$ 1,517	203.6%
10/01/2009	\$ 7,266	\$ 11,267	\$ 4,001	64.5%	\$ 1,382	289.5%
10/01/2010	\$ 7,280	\$ 11,507	\$ 4,227	63.3%	\$ 1,420	297.7%
10/01/2011	\$ 7,159	\$ 11,600	\$ 4,441	61.7%	\$ 1,015	437.5%
10/01/2012 <sup>2</sup>	\$ 7,408	\$ 11,987	\$ 4,579	61.8%	\$ 852	537.4%
10/01/2013 <sup>1</sup>	\$ 7,964	\$ 12,215	\$ 4,251	65.2%	\$ 810	524.8%

<sup>1</sup> Reserve for DROP balances is included in both the actuarial value of assets and the actuarial accrued liability.

<sup>2</sup> Plan amendment.

City of Starke General Employees'  
Retirement System

Accounting Disclosure Exhibit

VII. Net Pension Liability and Related Ratios (GASB No. 67)

Measurement date	Projected 9/30/2014*
A. <u>Total Pension Liability</u>	
Service Cost	\$ 81,284
Interest	918,818
Benefit Changes	0
Difference Between Actual and Expected Experience	(91,644)
Assumption Changes	0
Benefit Payments, including Refunds of Member Contributions	(881,549)
Net Change in Total Pension Liability	26,909
Total Pension Liability (TPL) - (beginning of year)	12,306,857
Total Pension Liability (TPL) - (end of year)	<u>\$ 12,333,766</u>
B. <u>Plan Fiduciary Net Position</u>	
Contributions - City and State	\$ 486,668
Contributions - Member	7,288
Contributions - Member (picked up by City)	40,488
Net Investment Income	630,994
Benefit Payments, including Refunds of Member Contributions	(881,549)
Administrative Expenses	(57,376)
Other	0
Net Change in Plan Fiduciary Net Position	226,513
Plan Fiduciary Net Position - (beginning of year)	8,344,097
Plan Fiduciary Net Position - (end of year)	<u>\$ 8,570,610</u>
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	3,763,156
D. <u>Plan Fiduciary Net Position as a Percentage of TPL: (B) / (A)</u>	69.49 %
E. <u>Covered Employee Payroll</u>	\$ 809,764
F. <u>NPL as a Percentage of Covered Employee Payroll: (C) / (E)</u>	464.72 %
G. <u>Notes to Schedule:</u>	
Valuation Date	10/01/2013
Update procedures were used to roll forward the total pension liability to the measurement date	
No assumption and/or method changes during the year.	
No benefit changes during the year.	

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

**Table IX  
(Cont'd)**

**City of Starke General Employees'  
Retirement System**

**Accounting Disclosure Exhibit**

VIII. Schedule of the Employer's Net Pension Liability (GASB No. 67)

<u>Measurement Date</u>	<u>Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>	<u>Plan Net Position as a % of Total Pension Liability</u>	<u>Covered Payroll</u>	<u>Net Pension Liability as a % of Covered Payroll</u>
9/30/2014*	\$ 12,333,766	\$ 8,570,610	\$ 3,763,156	69.49%	\$ 809,764	464.72%

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

**City of Starke General Employees'  
Retirement System**

**Accounting Disclosure Exhibit**

**IX. Schedule of Employer Contributions (GASB No. 67)**

Fiscal Year End	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
9/30/2014*	\$ 486,668	\$ 486,668	\$ 0	\$ 809,764	60.10%

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

**X. Notes to Schedule of Contributions (GASB No. 67)**

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

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

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Pay, Closed
Amortization Period	30 years
Asset Valuation Method	Smoothed market value
Inflation	3.50%
Salary Increases	3.5% - 7.5%
Investment Rate of Return	7.75%
Payroll Growth Assumption	5.0% per annum - not greater than historical 10-year average (-6.7%) - minimum 0.0%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	For healthy participants, the RP 2000 Combined Mortality Table was used, with separate rates for males and females, and fully generational mortality improvements projected to each future valuation date with Scale AA.  For disabled participants, the RP-2000 Disabled Mortality Table was used, with separate rates for males and females, and fully generational mortality improvements projected to each future valuation date with Scale AA.

**Other Information:**

Notes No benefit or assumption changes during the year.

**City of Starke General Employees'  
Retirement System**

**Accounting Disclosure Exhibit**

**XI. Discount Rate (GASB No. 67)**

A discount rate of 7.75% was used to measure the total pension liability. This discount rate was based on the expected rate of return on System investments of 7.75%. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on System investments was applied to all periods of projected benefit payments to determine the total pension liability.

**XII. Sensitivity of the Net Pension Liability to the Discount Rate Assumption (GASB No. 67)**

Measurement date: 9/30/2014 \*

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Discount Rate	6.75%	7.75%	8.75%
Net Pension Liability	\$ 4,939,609	\$ 3,763,156	\$ 2,763,369

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

**City of Starke General Employees'  
Retirement System**

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

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**

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**

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**

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**

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.

**City of Starke General Employees'  
Retirement System**

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

A. Mortality

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

For disabled participants, the RP-2000 Disabled Mortality Table was used, with separate rates for males and females, and fully generational mortality improvements projected to each future 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

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 (-6.7%) - minimum 0.0%

City of Starke General Employees'  
Retirement System

Actuarial Assumptions and Actuarial Cost Methods  
Used in the Valuation

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

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

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

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.

Table XII

**City of Starke General Employees'  
Retirement System  
Distribution by Attained Age Groups  
and Service Groups as of October 1, 2013**

<u>Attained</u> <u>Age Group</u>	-----COMPLETED YEARS OF SERVICE-----							<u>Total</u>
	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30 &amp; Over</u>	
Under 25	-	-	-	-	-	-	-	0
25-29	-	2	-	-	-	-	-	2
30-34	1	1	-	-	-	-	-	2
35-39	-	1	1	-	-	-	-	2
40-44	2	-	2	-	-	-	-	4
45-49	-	3	1	3	-	2	-	9
50-54	2	2	-	-	-	-	-	4
55-59	-	-	2	2	-	-	-	4
60-64	2	1	1	-	-	-	-	4
65 & Over	-	1	-	-	-	-	-	1
<b>TOTAL</b>	<b>7</b>	<b>11</b>	<b>7</b>	<b>5</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>32</b>
				<u>10/01/2012</u>		<u>10/01/2013</u>		
Average Attained Age				47.71 years		47.41 years		
Average Hire Age				37.69 years		37.65 years		
Average Pay				\$ 26,627		\$ 25,305		
Percent Female				37.5%		34.4%		

**City of Starke General Employees'  
Retirement System**

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

A. Entitled to Deferred Benefits

<b><u>Current Age Group</u></b>	<b><u>Count</u></b>	<b><u>Total Annual Benefit</u></b>	<b><u>Average Annual Benefit</u></b>
<b>Less than 40</b>	-	\$ -	\$ -
40-44	-	-	-
45-49	-	-	-
50-54	-	-	-
55-59	1	6,706	6,706
60-64	-	-	-
65 & Over	-	-	-
<b>TOTAL</b>	<u>1</u>	<u>\$ 6,706</u>	<u>\$ 6,706</u>

B. Receiving Benefits (including DROPs)

<b><u>Current Age Group</u></b>	<b><u>Count</u></b>	<b><u>Total Annual Benefit</u></b>	<b><u>Average Annual Benefit</u></b>
<b>Less than 50</b>	1	\$ 17,549	\$ 17,549
50-54	4	109,145	27,286
55-59	11	230,716	20,974
60-64	8	117,530	14,691
65-69	16	348,039	21,752
70-74	6	62,471	10,412
75 & Over	13	126,148	9,704
<b>TOTAL</b>	<u>59</u>	<u>\$ 1,011,598</u>	<u>\$ 17,146</u>

**City of Starke General Employees'  
Retirement System**

**Reconciliation of Employee Data**

<b>A. <u>Active Participants</u></b>	
1. Active participants previous year	32
2. Retired during year	(1)
3. Entered DROP	0
4. Died during year	(1)
5. Disabled during year	0
6. Vested terminated during year	0
7. Non-vested terminated during year	(2)
8. New active participants	4
9. Re-instated during year	0
10. Adjustment	0
11. Active participants current year	<u>32</u>
<b>B. <u>Participants Receiving Benefits</u></b>	
1. Participants receiving benefits previous year	45
2. New retired participants	1
3. Former DROPs now receiving benefits	2
4. New terminated vested receiving benefits	1
5. New disabled receiving benefits	0
6. New beneficiaries receiving benefits	0
7. Died or ceased payment during year	0
8. Retired or terminated vested receiving benefits current year	<u>49</u>
<b>C. <u>DROP Participants</u></b>	
1. DROP participants previous year	12
2. Died during year	0
3. Became disabled during year	0
4. Employment terminated and retired during year	(2)
5. Entered DROP during year	0
6. DROP participants current year	<u>10</u>
<b>D. <u>Terminated Vested Participants Entitled to Future Benefits</u></b>	
1. Terminated vested entitled previous year	2
2. Died during year	0
3. Commenced receiving benefits during year	(1)
4. New terminated vested	0
5. Terminated vested paid lump sum	0
6. Terminated vested entitled current year	<u>1</u>

**City of Starke General Employees'  
Retirement System**

**Projected Retirement Benefits**

<b><u>Fiscal Year</u></b>	<b><u>Projected Total Annual Payout</u></b>
2014	\$ 1,019,196
2015	\$ 1,017,436
2016	\$ 1,016,622
2017	\$ 1,013,871
2018	\$ 1,005,157
2019	\$ 982,330
2020	\$ 984,656
2021	\$ 983,229
2022	\$ 983,766
2023	\$ 983,928

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

**City of Starke General Employees'  
Retirement System**

**Summary of Transaction Information**

Valuation Date	Benefits Paid <sup>1,2</sup>	Administrative Expenses	Employee Contributions <sup>3</sup>	City Contributions	City Contributions (Member Pick-up)	Smoothed Actuarial Value <sup>4</sup>
10/01/2013	\$ 809,519	\$ 57,376	\$ 5,845	\$ 600,186	\$ 51,967	\$ 7,964,494
10/01/2012	782,253	43,496	0	562,739	56,274	7,407,861
10/01/2011	720,652	48,889	0	643,009	65,675	7,158,587
10/01/2010	676,642	27,579	0	566,685	70,624	7,280,012
10/01/2009	637,470	19,131	0	524,688	73,837	7,265,598
10/01/2008	568,957	25,780	0	538,968	77,204	7,260,400
10/01/2007	638,243	32,959	0	474,687	78,433	7,312,117
10/01/2006	555,652	40,669	0	485,882	81,964	6,959,772
10/01/2005	433,598	29,382	0	514,295	86,845	6,486,140
10/01/2004	465,272	35,742	0	452,237	86,735	6,012,842
10/01/2003	457,372	39,106	0	395,017	86,071	5,762,299
10/01/2002	389,381	30,814	0	347,197	85,776	5,610,472
10/01/2001	327,807	33,339	5,834	303,363	83,708	5,561,151
10/01/2000	311,830	42,823	16,509	273,169	80,722	5,402,866
10/01/1999	286,271	18,646	0	266,882	81,377	5,082,113

<sup>1</sup> Effective for year ending September 30, 2013, includes DROP distributions (previously included DROP benefit payments)

<sup>2</sup> Includes contribution refunds and DROP payments for October 1, 2009 through October 1, 2012

<sup>3</sup> Includes service purchases

<sup>4</sup> Net of the reserve for DROP accounts for October 1, 2008 through October 1, 2012

Table XVII

**City of Starke General Employees'  
Retirement System**

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

Valuation Date	Compensation		Termination	Investment Return <sup>1</sup>		
	% Increase (Decrease)	Assumed Increase	Ratio of Actual to Expected	Market Value	Actuarial Value	Assumed
10/01/2013	1.9%	5.0%	1.0	9.79%	8.90%	7.75%
10/01/2012	1.1%	5.1%	0.0	21.23%	6.36%	7.75%
10/01/2011	(2.7%)	6.5%	1.8	(1.1%)	(0.7%)	8.00%
10/01/2010	3.8%	6.4%	0.3	9.6%	1.3%	8.00%
10/01/2009	4.3%	6.4%	0.5	0.6%	1.0%	8.00%
10/01/2008	3.9%	6.4%	N/A	(11.3%)	2.1%	8.00%
10/01/2007	0.5%	6.7%	N/A	6.7%	6.8%	8.00%
10/01/2006	2.5%	6.7%	N/A	7.6%	7.8%	8.00%
10/01/2005	4.7%	6.4%	N/A	4.9%	5.5%	8.00%
10/01/2004	3.9%	6.5%	N/A	8.4%	3.7%	8.00%
Last 3 Years	0.1%	5.5%	0.8	9.6%	4.8%	7.83%
Last 5 Years	1.6%	5.9%	0.6	7.7%	3.3%	7.90%
Last 10 Years	2.4%	6.2%	N/A	5.3%	4.2%	7.95%

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



**Table XVIII**

**City of Starke General Employees'  
Retirement System**

**Employer Contribution Information**

<u>Valuation Date</u>	<u>Contribution Fiscal Year End</u>	<u>Minimum Required Employer Contributions</u>	<u>Actual Employer Contributions</u>
10/01/2013	09/30/2015	\$ 494,285 <sup>1</sup>	N/A
10/01/2012	09/30/2014	\$ 486,668 <sup>1</sup>	N/A
10/01/2011	09/30/2013	\$ 439,741 <sup>2</sup>	\$ 600,186
10/01/2010	09/30/2012	\$ 562,739 <sup>2</sup>	\$ 562,739
10/01/2009	09/30/2011	\$ 641,013 <sup>2</sup>	\$ 643,009
10/01/2008	09/30/2010	\$ 566,685 <sup>2</sup>	\$ 566,685
10/01/2007	09/30/2009	\$ 524,688 <sup>2</sup>	\$ 524,688

<sup>1</sup> Projected

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

Table XIX

**City of Starke General Employees'  
Retirement System**

**Actuarial Valuation as of October 1, 2013**

**State Required Exhibit**

	<u>10/01/2012</u>	<u>10/01/2013</u>
<b>A. <u>Participant Data</u></b>		
1. Active participants	32	32
2. Retired participants and beneficiaries receiving benefits (including DROPs)	52	54
3. Disabled participants receiving benefits	5	5
4. Terminated vested participants	2	1
5. Annual payroll of active participants	\$ 852,072	\$ 809,764
6. Projected payroll of active participants	\$ 852,072	\$ 809,764
7. Annual benefits payable to those currently receiving benefits including DROP participants	\$ 967,245	\$ 1,011,598
<b>B. <u>Value of Assets</u></b>		
1. Smoothed Actuarial Value of Assets	\$ 7,532,872	\$ 7,964,494
2. Market Value of Assets	\$ 7,818,272	\$ 8,344,097
<b>C. <u>Liabilities</u></b>		
1. Actuarial present value of future expected benefit payments for active members		
a. Retirement benefits	\$ 2,382,191	\$ 2,064,115
b. Vesting benefits	206,677	201,212
c. Death benefits	62,308	66,520
d. Disability benefits	83,819	83,750
e. Total	<u>\$ 2,734,995</u>	<u>\$ 2,415,597</u>
2. Actuarial present value of future expected benefit payments for terminated vested members	\$ 90,068	\$ 61,110
3. Actuarial present value of future expected benefit payments for members currently receiving benefits		
a. Service retired including DROP participants	\$ 9,024,206	\$ 9,459,281
b. Disability retired	336,969	332,070
c. Beneficiaries	582,816	557,667
d. Miscellaneous	50,573	73,050
e. Total	<u>\$ 9,994,564</u>	<u>\$ 10,422,068</u>

**Table XIX**  
**(Cont'd)**

**City of Starke General Employees'**  
**Retirement System**

**Actuarial Valuation as of October 1, 2013**

**State Required Exhibit**

	<u>10/01/2012</u>	<u>10/01/2013</u>
4. Total actuarial present value of future expected benefit payments	\$ 12,819,627	\$ 12,898,775
5. Actuarial accrued liabilities	\$ 12,112,492	\$ 12,215,213
6. Unfunded actuarial liabilities	\$ 4,579,620	\$ 4,250,719

**D. Statement of Accumulated System Benefits**

1. Actuarial present value of accumulated vested benefits		
a. Participants currently receiving benefits including DROP participants	\$ 9,943,991	\$ 10,349,018
b. Other participants	1,361,123	1,069,473
c. Total	<u>\$ 11,305,114</u>	<u>\$ 11,418,491</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>132,288</u>	<u>111,632</u>
3. Total actuarial present value of accumulated system benefits	\$ 11,437,402	\$ 11,530,123

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

1. Actuarial present value of accumulated system benefits as of October 1, 2012	\$ 11,437,402
2. Increase (decrease) during year attributable to:	
a. System amendment	\$ 0
b. Change in actuarial assumptions	0
c. Benefits paid including refunds and DROP benefits	(809,519)
d. Other, including benefits accumulated and increase for interest due to decrease in the discount period	902,240
e. Net increase	<u>\$ 92,721</u>
3. Actuarial present value of accumulated system benefits as of October 1, 2013	\$ 11,530,123

City of Starke General Employees'  
Retirement System

Actuarial Valuation as of October 1, 2013

State Required Exhibit

	<u>10/01/2012</u>	<u>10/01/2013</u>
<b>F. <u>Pension Cost</u></b>		
1. Total normal cost	\$ 129,591	\$ 131,284
2. Payment required to amortize unfunded liability	412,420	391,929
3. Interest adjustment	20,220	19,518
4. Total required contribution	<u>\$ 562,231</u>	<u>\$ 542,731</u>
5. Item 4 as a percentage of payroll	66.0%	67.0%
6. Estimated employee contributions	\$ 7,288 <sup>1</sup>	\$ 7,958 <sup>2</sup>
7. Item 6 as a percentage of projected payroll	0.9%	1.0%
8. Estimated pick-up employee contributions by City	\$ 40,488 <sup>1</sup>	\$ 40,488 <sup>2</sup>
9. Item 8 as a percentage of projected payroll	5.0%	5.0%
10. Net amount payable by City	\$ 486,668 <sup>1</sup>	\$ 494,285 <sup>2</sup>
11. Item 10 as a percentage of projected payroll	60.1%	61.0%
<b>G. <u>Past Contributions</u></b>		
1. Total contribution required (prior valuation % of pay)	\$ 483,108	\$ 534,444
2. Actual contributions made:		
a. Employees	\$ 5,845	N/A
b. City (Member Pick-Up)	51,967	N/A
c. City	600,186	N/A
d. Total	<u>\$ 657,998</u>	N/A
<b>H. <u>Net Actuarial Gain (Loss)</u></b>	\$ (333,870)	\$ 145,699
<b>I. <u>Disclosure of Following Items:</u></b>		
1. Actuarial present value of future salaries - attained age	\$ 6,824,288	\$ 6,767,468
2. Actuarial present value of future employee contributions - attained age	\$ 409,457	\$ 405,732
3. Actuarial present value of future contributions from other sources	N/A	N/A
4. Amount of active members' accumulated contributions	\$ 459,910	\$ 426,108
5. Actuarial present value of future salaries and future benefits at entry age	N/A	N/A
6. Actuarial present value of future employee contributions at entry age	N/A	N/A

<sup>1</sup> Percent of pay applied to expected 2013 / 2014 covered payroll (\$809,764)

<sup>2</sup> Percent of pay applied to expected 2014 / 2015 covered payroll (\$809,764)

**Table XIX  
(Cont'd)**

**City of Starke General Employees'  
Retirement System**

**State Required Exhibit**

	<u>Unfunded Actuarial Accrued Liabilities</u>	<u>Current Unfunded Liabilities</u>	<u>Amortization Payment</u>	<u>Remaining Funding Period</u>
10/01/1992	Actuarial Loss (Gain)	(1,318)	(194)	9 years
10/01/1992	Plan Amendment	26,565	3,906	9 years
10/01/1993	Actuarial Loss (Gain)	(8,917)	(1,219)	10 years
10/01/1993	Plan Amendment	13,692	1,872	10 years
10/01/1994	Actuarial Loss (Gain)	111,642	14,338	11 years
10/01/1994	Plan Amendment	65,558	8,420	11 years
10/01/1995	Actuarial Loss (Gain)	(86,774)	(10,548)	12 years
10/01/1995	Assumption Change	129,280	15,715	12 years
10/01/1996	Actuarial Loss (Gain)	158,122	18,312	13 years
10/01/1997	Actuarial Loss (Gain)	(117,555)	(13,042)	14 years
10/01/1997	Assumption Change	108,788	12,069	14 years
10/01/1998	Actuarial Loss (Gain)	47,794	5,103	15 years
10/01/1999	Actuarial Loss (Gain)	(43,323)	(4,470)	16 years
10/01/2000	Actuarial Loss (Gain)	253,816	25,395	17 years
10/01/2001	Actuarial Loss (Gain)	463,913	45,146	18 years
10/01/2002	Actuarial Loss (Gain)	465,679	44,196	19 years
10/01/2003	Actuarial Loss (Gain)	240,993	22,358	20 years
10/01/2003	Plan Amendment	68,945	6,396	20 years
10/01/2004	Actuarial Loss (Gain)	63,067	5,732	21 years
10/01/2005	Actuarial Loss (Gain)	2,855	255	22 years
10/01/2006	Actuarial Loss (Gain)	314,429	27,568	23 years
10/01/2007	Actuarial Loss (Gain)	41,973	3,623	24 years
10/01/2008	Actuarial Loss (Gain)	66,339	5,645	25 years
10/01/2009	Actuarial Loss (Gain)	619,235	52,007	26 years
10/01/2009	Assumption Change	396,383	33,291	26 years
10/01/2010	Actuarial Loss (Gain)	345,117	28,640	27 years
10/01/2011	Actuarial Loss (Gain)	374,130	30,708	28 years
10/01/2011	Assumption Changes	12,691	1,042	28 years
10/01/2012	Actuarial Loss (Gain)	324,676	26,381	29 years
10/01/2012	Plan Amendment	(61,377)	(4,987)	29 years
10/01/2013	Actuarial Loss (Gain)	(145,699)	(11,729)	30 years
	<b>TOTAL</b>	<b>\$ 4,250,719</b>	<b>\$ 391,929</b>	

City of Starke General Employees'  
Retirement System

State Required Exhibit

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the system and/or paid from the system's assets for which liabilities or current costs have not been established or other wise provided for in the valuation. All known events or trends which may require material increase in system costs or required contribution rates have been taken into account in the valuation.

Enrollment Number: 14-02802

Dated: April 21, 2014



---

Lawrence F. Wilson, A.S.A.