



April 27, 2015

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

**Re: Actuarial Valuation – General Employees**

Dear Ricky:

As requested, we are pleased to enclose twenty (20) copies of the October 1, 2014 Actuarial Valuation Report for the City of Starke General Employees' Retirement System.

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

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

Mr. Douglas E. Beckendorf, A.S.A.  
Actuary  
Florida Division of Retirement  
Post Office Box 9000  
Tallahassee, Florida 32315-9000

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)  
Mr. David Kelly (w/ enclosure)  
Mr. Brad Million (w/ enclosure)

**CITY OF STARKE GENERAL EMPLOYEES' RETIREMENT SYSTEM**  
*ACTUARIAL VALUATION AS OF OCTOBER 1, 2014*

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

April 27, 2015



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

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April 27, 2015

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, 2014 Actuarial Valuation**

We are pleased to present our October 1, 2014 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, 2015** 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 **58.0% of covered payroll (\$484,108)**. 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, 2015 (\$834,933).

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 (\$8,209)** and member pick-up contributions will be **5.0% of covered payroll** for fiscal year ending September 30, 2016 (**\$41,747**). This leaves a Base City requirement of **52.0% of covered payroll** for fiscal year ending September 30, 2016 (**\$434,152**). The Base City contribution includes an interest adjustment.

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

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

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

Government Accounting Standards Board Statement Number 68 (GASB No. 68) expense and projected disclosures are included.

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

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

Comparing the left and right columns of Table II shows the effect of System experience during the year. The number of active participants increased by approximately 6%. Covered payroll increased by approximately 3%. Total System membership increased by approximately 1%. Total normal cost decreased 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 also decreased 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 80.8% which is an increase from 73.1% as of October 1, 2013. 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 \$327,014. 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 1.4%. This was less than the assumption for salary increases of 4.7% and was generally a source of actuarial gain. Employee turnover this year was approximately 150% of the assumed and was an additional source of actuarial gain.

The smoothed actuarial value investment return of 10.15% was more than the 7.75% assumption for investment return for fiscal year ended September 30, 2014. 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 8.46%, 5.1% and 4.9%, respectively. One, three, five

and ten-year average annual returns based upon market value are 12.56%, 14.42%, 10.2% and 5.7%, respectively.

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

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

We received financial information as of September 30, 2014 concerning System 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 valuation reports. These reports will also continue to monitor emerging experience of the System.

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

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

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

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

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 anticipated under 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

Mr. Ricky Thompson  
April 27, 2015  
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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 upon for any purpose other than the purpose described in the primary communication. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

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

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

The signing actuaries are independent of the System sponsor.

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

Very truly yours,



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



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Jennifer M. Borregard, E.A.  
Consultant and Actuary



Table I

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

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

	<b><u>Cost Data</u></b>	<b><u>% of Payroll</u></b>
A. Participant Data Summary (Table III)		
1. Active employees	34	N/A
2. Terminated vested	1	N/A
3. Receiving benefits (including DROPs)	58	N/A
4. Annual payroll of active employees	\$ 834,933	100.0%
B. Total Normal Costs		
1. Age retirement benefits	\$ 62,436	7.5%
2. Termination benefits	11,968	1.4%
3. Death benefits	1,518	0.2%
4. Disability benefits	4,495	0.5%
5. Estimated expenses	44,000	5.3%
6. Total annual normal costs	<u>\$ 124,417</u>	14.9%
C. Total Actuarial Accrued Liability		
1. Age retirement benefits active employees	\$ 1,679,113	201.1%
2. Termination benefits active employees	75,008	9.0%
3. Death benefits active employees	53,492	6.4%
4. Disability benefits active employees	39,814	4.8%
5. Retired or terminated vested participants receiving benefits including DROP participants	9,435,305	1130.1%
6. Terminated vested participants entitled to future benefits	66,132	7.9%
7. Deceased participants whose beneficiaries are receiving benefits	522,325	62.6%
8. Disabled participants receiving benefits	260,408	31.2%
9. Miscellaneous liability	95,986	11.5%
10. Total actuarial accrued liability	<u>\$ 12,227,583</u>	1464.5%
D. Smoothed Actuarial Value of Assets (Table VI)	\$ 8,638,877	1034.7%
E. Unfunded Actuarial Accrued Liability (C-D)	\$ 3,588,706	429.8%

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

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

	<b><u>Cost Data</u></b>	<b><u>% of Payroll</u></b>
F. Minimum Required Contribution		
1. Total normal cost	\$ 124,417	14.9%
2. Amortization of unfunded liability	342,281	41.0%
3. Interest adjustment	17,410	2.1%
4. Total required contribution	<u>\$ 484,108</u>	58.0%
G. Expected payroll of active employees for 2015-2016 year (\$834,933 x 1.000)	\$ 834,933	100.0%
H. Contribution Sources (percent of expected 2015-2016 payroll)		
1. Expected City		
a. Base	\$ 434,152	52.0%
b. Member Pick-Up	41,747	5.0%
c. Total expected City	<u>\$ 475,899</u>	57.0%
2. Expected Member	\$ 8,209	1.0%
I. Actuarial Gain / (Loss) (Table VII)	\$ 327,014	39.2%
J. Actuarial Present Value of Vested Accrued Benefits		
1. Retired, terminated vested, beneficiaries and disabled receiving benefits including DROP participants	\$ 10,218,038	1223.8%
2. Terminated vested participants entitled to future benefits and miscellaneous	162,118	19.4%
3. Active participants entitled to future benefits	<u>1,076,691</u>	129.0%
4. Total actuarial present value of vested accrued benefits	\$ 11,456,847	1372.2%
K. Market Value of Assets (Table V)	\$ 9,256,944	1108.7%
L. Unfunded Actuarial Present Value of Vested Accrued Benefits (J. - K., not less than zero)	\$ 2,199,903	263.5%
M. Vested Benefit Security Ratio (K. ÷ J.)	80.8%	N/A

Table II

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

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

	October 1, 2013		October 1, 2014	
	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation
A. Participants				
1. Active employees	32	N/A	34	N/A
2. Terminated vested	1	N/A	1	N/A
3. Receiving benefits (including DROPs)	59	N/A	58	N/A
4. Annual payroll of active employees	\$ 809,764	100.0%	\$ 834,933	100.0%
5. Projected annual payroll of active employees	\$ 809,764	100.0%	\$ 834,933	100.0%
B. Total Normal Costs	\$ 131,284	16.2%	\$ 124,417	14.9%
C. Total Actuarial Accrued Liability	\$ 12,215,213	1508.5%	\$ 12,227,583	1464.5%
D. Smoothed Actuarial Value of Assets	\$ 7,964,494	983.6%	\$ 8,638,877	1034.7%
E. Unfunded Actuarial Accrued Liability	\$ 4,250,719	524.9%	\$ 3,588,706	429.8%
F. Net Base City Cost	\$ 494,285	61.0%	\$ 434,152	52.0%
G. Actuarial Gain / (Loss)	\$ 145,699	18.0%	\$ 327,014	39.2%
H. Unfunded Actuarial Present Value of Vested Accrued Benefits	\$ 3,074,394	379.7%	\$ 2,199,903	263.5%
I. Vested Benefit Security Ratio	73.1%	N/A	80.8%	N/A

**Table III**

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

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

A. Active System Participants Summary

1. Active participants fully vested	17
2. Active participants partially vested	0
3. Active participants non-vested	17
4. Total active participants	<u>34</u>
5. Annual rate of pay of active participants	\$ 834,933

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	4

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	75,047
4. Disabled participants	26,993

**Table IV****City of Starke General Employees'  
Retirement System****Statement of System Assets as of October 1, 2014**

	<u>Market Value</u>
A. <u>Cash</u>	\$ 129,097
B. <u>General Investments</u>	
1. Cash Equivalents	\$ 746,677
2. Corporate Bonds	\$ 1,576,313
3. Common Stocks	\$ 6,806,437
C. <u>Receivables</u>	
1. Accrued Interest	\$ 14,944
2. City Contribution Receivable	\$ 0
3. Other Receivables	\$ 0
D. <u>Accounts Payable</u>	\$ 16,524
E. <u>Total System Assets</u> (A + B + C - D)	\$ 9,256,944

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

**Reconciliation of System Assets**

A. <u>Total Market Value of Assets as of October 1, 2013</u>		\$	8,344,097
B. <u>Receipts During Period</u>			
1. Contributions			
a. Member	\$	8,767	
b. Member (picked up by City)		43,710	
c. City		725,572	
d. Total	\$	<u>778,049</u>	
2. Investment Income			
a. Interest, dividends and other	\$	156,878	
b. Investment expenses		<u>(62,789)</u>	
c. Net investment income	\$	94,089	
3. Net realized gains / (losses)		285,911	
4. Net unrealized gains / (losses)		<u>660,361</u>	
5. Total receipts during period			\$ 1,818,410
C. <u>Disbursements During Period</u>			
1. Pension payments	\$	802,245	
2. DROP distributions		69,859	
3. Contribution refunds		1,223	
4. Administrative expenses		<u>32,236</u>	
5. Total disbursements during period			\$ 905,563
D. <u>Total Market Value of Assets as of September 30, 2014</u>		\$	9,256,944
E. <u>Reconciliation of DROP Account Balances</u>			
1. DROP account balances as of October 1, 2013	\$	272,707	
2. Benefit payments into DROP accounts during year		178,764	
3. Investment gains / (losses) during year		13,851	
4. Distributions from DROP accounts during year		<u>(69,859)</u>	
5. DROP account balances as of September 30, 2014			\$ 395,463

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

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
A. Preliminary total smoothed actuarial value from prior year	\$ 7,532,872	\$ 7,964,494	\$ 8,638,877		
B. Market value beginning of year	7,818,272	8,344,097	9,256,944		
C. Market value end of year	8,344,097	9,256,944			
D. Non-investment net cash flow	(228,567)	(127,514)			
E. Investment return					
1. Total market value return: C. - B. - D.	754,392	1,040,361			
2. Amount for immediate recognition (7.75%)	574,941	612,307			
3. Amount for phased-in recognition: E.1. - E.2.	179,451	428,054			
F. Phased-in recognition of investment return					
1. Current year: 25% of E.3.	44,863	107,014			
2. First prior year	207,302	44,863	107,014		
3. Second prior year	(169,588)	207,302	44,863	107,014	
4. Third prior year	2,671	(169,589)	207,302	44,862	107,012
5. Total phased-in recognition of investment return	<u>85,248</u>	<u>189,590</u>	<u>359,179</u>	<u>151,876</u>	<u>107,012</u>
G. Total smoothed actuarial value end of year					
1. Preliminary total smoothed actuarial value end of year: A. + D. + E.2. + F.5.	7,964,494	8,638,877			
2. Upper corridor limit: 120% of C.	10,012,916	11,108,333			
3. Lower corridor limit: 80% of C.	6,675,278	7,405,555			
4. Total smoothed actuarial value end of year: G.1., not more than G.2., nor less than G.3.	7,964,494	8,638,877			
H. Difference between total market value and total smoothed actuarial value	379,603	618,067			
I. Smoothed actuarial value rate of return	8.90%	10.15%			
J. Market value rate of return	9.79%	12.56%			

**Table VII**

**City of Starke General Employees'  
Retirement System**  
**Actuarial Gain / (Loss) for**  
**System Year Ended September 30, 2014**

**A. Derivation of Actuarial Gain (Loss)**

1. City base normal cost previous valuation	\$	82,838
2. Unfunded actuarial accrued liability previous valuation		4,250,719
3. City base contributions previous year		725,572
4. Interest on:		
(a) City base normal cost	\$	6,420
(b) Unfunded actuarial accrued liability		329,431
(c) City base contributions		28,116
(d) Net total: (a) + (b) - (c)	\$	307,735
5. Expected unfunded actuarial accrued liability current year: (1. + 2. - 3. + 4.)	\$	3,915,720
6. Actual unfunded actuarial accrued liability current year		3,588,706
7. Actuarial gain / (loss): (5. - 6.)	\$	327,014

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

1. Smoothed actuarial value of assets previous year	\$	7,964,494
2. Net contributions during period		778,049
3. Benefits and admin expenses during period		905,563
4. Expected net appreciation for period		612,307
5. Expected smoothed actuarial value of assets current year: (1. + 2. - 3. + 4.)	\$	8,449,287
6. Actual smoothed actuarial value of assets current year	\$	8,638,877
7. Approximate investment gain / (loss) due to investments: (6. - 5.)	\$	189,590

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

\$ 137,424



**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, 2014	\$ 3,588,706	\$ 342,281
October 1, 2015	\$ 3,498,023	\$ 342,281
October 1, 2016	\$ 3,400,312	\$ 342,281
October 1, 2017	\$ 3,295,028	\$ 342,281
October 1, 2018	\$ 3,181,585	\$ 342,281
...		
...		
October 1, 2044	\$ 0	\$ 0

B. Covered Payroll History

<u>Date</u>	<u>Covered Payroll *</u>	<u>Annual Increase</u>
October 1, 2014	\$ 834,933	3.1%
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	N/A

Ten-Year Average Annual Increase (7.0%)

\* Excludes DROP payroll

Table IX

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

	<b>10/01/2013</b>	<b>10/01/2014</b>
<b>I. <u>Number of System Members</u></b>		
a. Receiving benefits including DROPs	59	58
b. Terminated due deferred benefits	1	1
c. Active plan members	32	34
d. Total	92	93
 <b>II. <u>Financial Accounting Standards Board Allocation</u></b> <b><u>As of October 1, 2014</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	\$ 10,349,018	\$ 10,218,038
b. Other participants	1,069,473	1,238,809
c. Total	\$ 11,418,491	\$ 11,456,847
2. Actuarial present value of accumulated non-vested plan benefits	111,632	81,797
3. Total actuarial present value of accumulated System benefits	\$ 11,530,123	\$ 11,538,644
 <b>B. <u>Statement of Change in Accumulated System Benefits</u></b>		
1. Actuarial present value of accumulated plan benefits as of October 1, 2013		\$ 11,530,123
2. Increase (decrease) during year attributable to:		
a. System amendment		\$ 0
b. Change in actuarial assumptions		0
c. Benefits paid including refunds		(873,327)
d. Other, including benefits accumulated, increase for interest due to decrease in the discount period		881,848
e. Net increase		\$ 8,521
3. Actuarial present value of accumulated System benefits as of October 1, 2014		\$ 11,538,644
 <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. Net Pension Liability and Related Ratios (GASB No. 67 & No. 68)

Measurement date	Actual 9/30/2014	Projected 9/30/2015*
<b>A. <u>Total Pension Liability (TPL)</u></b>		
Service Cost	\$ 81,824	\$ 80,417
Interest	919,179	918,505
Benefit Changes	0	0
Difference Between Actual and Expected Experience	(103,148)	(103,802)
Assumption Changes	0	0
Benefit Payments, including Refunds of Member Contributions	(873,327)	(912,633)
Net Change in Total Pension Liability	\$ 24,528	\$ (17,513)
Total Pension Liability (TPL) - (beginning of year)	12,306,857	12,331,385
Total Pension Liability (TPL) - (end of year)	<u>\$ 12,331,385</u>	<u>\$ 12,313,872</u>
<b>B. <u>Plan Fiduciary Net Position</u></b>		
Contributions - City	\$ 725,572	\$ 509,309
Contributions - Member	8,767	8,349
Contributions - Member (picked up by City)	43,710	41,747
Net Investment Income	1,040,361	702,021
Benefit Payments, including Refunds of Member Contributions	(873,327)	(912,633)
Administrative Expenses	(32,236)	(44,000)
Other	0	0
Net Change in Plan Fiduciary Net Position	\$ 912,847	\$ 304,793
Plan Fiduciary Net Position - (beginning of year)	8,344,097	9,256,944
Plan Fiduciary Net Position - (end of year)	<u>\$ 9,256,944</u>	<u>\$ 9,561,737</u>
<b>C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u></b>	\$ 3,074,441	\$ 2,752,135
<b>D. <u>Plan Fiduciary Net Position as a Percentage of TPL: (B) / (A)</u></b>	75.07 %	77.65 %
<b>E. <u>Covered Employee Payroll</u></b>	\$ 1,161,566	\$ 1,122,316
<b>F. <u>NPL as a Percentage of Covered Employee Payroll: (C) / (E)</u></b>	264.68 %	245.22 %
<b>G. <u>Notes to Schedule:</u></b>		
Valuation Date	10/01/2013	10/01/2014
Update procedures used to roll forward TPL excluding DROP account balances to the measurement dates - actual DROP account balances as of measurement dates included in TPL.		
No assumption changes or benefit changes during 2014 or 2015.		

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

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

**Accounting Disclosure Exhibit**

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

<u>Fiscal Year End 9/30</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll <sup>1,2</sup></u>	<u>Actual Contribution as a % of Covered Payroll</u>
2005	\$ 515,057	\$ 514,295	\$ 762	\$ 1,717,454	29.95%
2006	547,706	485,882	61,824	1,666,067	29.16%
2007	542,432	474,687	67,745	1,500,719	31.63%
2008	575,145	538,968	36,177	1,586,750	33.97%
2009	524,688	524,688	0	1,498,159	35.02%
2010	566,685	566,685	0	1,382,493	40.99%
2011	641,013	643,009	(1,996)	1,420,171	45.28%
2012	562,739	562,739	0	1,015,328	55.42%
2013	439,741	600,186	(160,445)	852,072	70.44%
2014	525,384	725,572	(200,188)	1,161,566	62.46%
2015 <sup>3</sup>	509,309	509,309	0	1,122,316	45.38%

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

<sup>2</sup> Excludes DROP payroll, if any, prior to fiscal year ended September 30, 2014

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

City of Starke General Employees'  
Retirement System

Accounting Disclosure Exhibit

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

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

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

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Pay, Closed
Amortization Period	30 years
Asset Valuation Method	4-year smoothed market
Inflation	3.5%
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 (-7.0%) - 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:**

Benefit Changes

2012: For General Employees hired on or after October 1, 2012 - normal retirement eligibility updated to the earlier of (a) attainment of age 65 with completion of 10 years of credited service or (b) completion of 35 years of credited service, early retirement eligibility updated to completion of 30 years of credited service, early retirement reduction factor updated to 6.0% for each year that early retirement precedes normal retirement date, final average salary updated to the highest 5 consecutive years out of last 10, benefit multiplier updated to 1.60% and deferred benefits commence upon attainment of age 65.

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

**Accounting Disclosure Exhibit**

**V. Other Information:**

Benefit Changes (cont'd)

For General Employees hired prior to October 1, 2012 and not eligible for Normal Retirement as of January 31, 2013 - early retirement benefits accrued after January 31, 2013 reduced by 6.00% for each year that early retirement precedes normal retirement date and final average salary updated to the highest 5 consecutive years out of last 10 (not less than the highest 3 consecutive years of last 10 as of January 31, 2013).

Effective February 1, 2013, General Employees and Elected Officials not eligible for Normal Retirement as of January 31, 2013 will contribute 1.00% of pay. Members who enter the DROP on or after February 1, 2013, benefits will be accumulated with interest in an amount equal to 50% of the net investment return for the System for the preceding fiscal year up to a maximum of 4.00% and members will be assessed administrative fees.

Assumption Changes

2012: Administrative expenses updated to average of the preceding three fiscal years. 2011: Interest to be earned by Fund updated to 7.75%, compounded annually, net of investment expenses and general increase in wage level due to inflation updated to 3.50%. 2009: Mortality assumption for healthy lives updated to RP 2000 Combined Mortality Table with separate rates for males and females and fully generational mortality improvements projected to each future decrement date with Scale AA; mortality assumption for disabled lives updated to the RP 2000 Disabled Mortality Table with separate rates for males and females and fully generational mortality improvements projected to each future decrement date with Scale AA.

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

**Accounting Disclosure Exhibit**

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

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

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

Measurement date: 9/30/2014

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Discount Rate	6.75%	7.75%	8.75%
NPL	\$ 4,253,542	\$ 3,074,441	\$ 2,070,841

Measurement date: 9/30/2015 \*

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Discount Rate	6.75%	7.75%	8.75%
NPL	\$ 3,895,883	\$ 2,752,135	\$ 1,777,421

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

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

**Accounting Disclosure Exhibit**

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

Pension Expense for Fiscal Year Ending September 30, 2015 \$ 232,165

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience on liabilities	0	76,004
Changes of assumptions or other inputs	0	0
Net difference between projected and actual earnings on pension plan investments	<u>0</u>	<u>318,908</u>
Total	<u><u>\$ 0</u></u>	<u><u>\$ 394,912</u></u>

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

<u>Year Ending 30-Sep</u>	<u>Amount</u>
2016	\$ (106,871)
2017	(106,871)
2018	(101,443)
2019	(79,727)
2020	0
Thereafter	0



**Table IX  
(Cont'd)**

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

**Accounting Disclosure Exhibit**

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

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

Measurement Date	<u>9/30/2014</u>	<u>Projected 9/30/2015*</u>
Service Cost	\$ 81,824	\$ 80,417
Interest on Total Pension Liability	919,179	918,505
Current-Period Benefit Changes	0	0
Contributions - Member	(52,477)	(50,096)
Projected Earnings on Plan Investments	(641,726)	(702,021)
Administrative Expenses	32,236	44,000
Other Changes in Plan Fiduciary Net Position	0	0
Recognition of Beginning Deferred Outflows / (Inflows) due to Liabilities	(27,144)	(54,460)
Recognition of Beginning Deferred Outflows / (Inflows) due to Assets	<u>(79,727)</u>	<u>(79,727)</u>
Total Pension Expense	<u>\$ 232,165</u>	<u>\$ 156,618</u>

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

City of Starke General Employees'  
Retirement System

Accounting Disclosure Exhibit

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

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

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

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2014	Recognition Amount for 2013 / 2014	Balance as of 9/30/2014
2013 / 2014	\$ 0	3.8	2.8	\$ 0	\$ 0
TOTAL				\$ 0	\$ 0

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

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2014	Recognition Amount for 2013 / 2014	Balance as of 9/30/2014
2013 / 2014	\$ (103,148)	3.8	2.8	\$ (27,144)	\$ (76,004)
TOTAL				\$ (27,144)	\$ (76,004)

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

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2014	Recognition Amount for 2013 / 2014	Balance as of 9/30/2014
2013 / 2014	\$ 0	3.8	2.8	\$ 0	\$ 0
TOTAL				\$ 0	\$ 0

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

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2014	Recognition Amount for 2013 / 2014	Balance as of 9/30/2014
2013 / 2014	\$ 0	3.8	2.8	\$ 0	\$ 0
TOTAL				\$ 0	\$ 0

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

**Accounting Disclosure Exhibit**

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

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

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

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2014	Recognition Amount for 2013 / 2014	Balance as of 9/30/2014
2013 / 2014	\$ (398,635)	5	4	\$ (79,727)	\$ (318,908)
			<b>TOTAL</b>	<b>\$ (79,727)</b>	<b>\$ (318,908)</b>

**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 (-7.0%) - 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, 2014**

<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	1	-	-	-	-	-	-	1
25-29	1	1	-	-	-	-	-	2
30-34	2	-	-	-	-	-	-	2
35-39	-	-	2	-	-	-	-	2
40-44	1	-	2	-	-	-	-	3
45-49	-	3	1	2	-	2	-	8
50-54	3	2	-	1	-	-	-	6
55-59	1	-	1	3	-	-	-	5
60-64	2	1	1	-	-	-	-	4
65 & Over	-	1	-	-	-	-	-	1
<b>TOTAL</b>	<b>11</b>	<b>8</b>	<b>7</b>	<b>6</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>34</b>
Average Attained Age				<u>10/01/2013</u> 47.41 years				<u>10/01/2014</u> 48.15 years
Average Hire Age				37.65 years				38.53 years
Average Pay				\$ 25,305				\$ 24,557
Percent Female				34.4%				38.2%

**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	8	190,732	23,842
60-64	10	150,450	15,045
65-69	16	348,039	21,752
70-74	7	70,428	10,061
75 & Over	12	118,191	9,849
<b>TOTAL</b>	<u>58</u>	<u>\$ 1,004,534</u>	<u>\$ 17,320</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	0
3. Entered DROP	0
4. Died during year	0
5. Disabled during year	0
6. Vested terminated during year	0
7. Non-vested terminated during year	(4)
8. New active participants	6
9. Re-instated during year	0
10. Adjustment	0
11. Active participants current year	<u>34</u>
<b>B. <u>Participants Receiving Benefits</u></b>	
1. Participants receiving benefits previous year	49
2. New retired participants	0
3. Former DROPs now receiving benefits	2
4. New terminated vested receiving benefits	0
5. New disabled receiving benefits	0
6. New beneficiaries receiving benefits	1
7. Died or ceased payment during year	<u>(2)</u>
8. Retired or terminated vested receiving benefits current year	50
<b>C. <u>DROP Participants</u></b>	
1. DROP participants previous year	10
2. Died during year	0
3. Became disabled during year	0
4. Employment terminated and retired during year	(2)
5. Entered DROP during year	<u>0</u>
6. DROP participants current year	8
<b>D. <u>Terminated Vested Participants Entitled to Future Benefits</u></b>	
1. Terminated vested entitled previous year	1
2. Died during year	0
3. Commenced receiving benefits during year	0
4. New terminated vested	0
5. Terminated vested paid lump sum	<u>0</u>
6. Terminated vested entitled current year	1

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

**Projected Retirement Benefits**

<b><u>Fiscal Year</u></b>	<b><u>Projected Total Annual Payout</u></b>
2015	\$ 1,012,631
2016	\$ 1,014,133
2017	\$ 1,011,891
2018	\$ 1,004,078
2019	\$ 980,541
2020	\$ 982,772
2021	\$ 982,137
2022	\$ 983,899
2023	\$ 984,510
2024	\$ 977,500

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>
10/01/2014	\$ 873,327	\$ 32,236	\$ 8,767	\$ 725,572	\$ 43,710	\$ 8,638,877
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
10/01/2014	1.4%	4.7%	1.5	12.56%	10.15%	7.75%
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%
Last 3 Years	1.5%	4.9%	0.7	14.42%	8.46%	7.75%
Last 5 Years	1.1%	5.5%	0.8	10.2%	5.1%	7.85%
Last 10 Years	2.1%	6.0%	N/A	5.7%	4.9%	7.92%

<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>
10/01/2014	09/30/2016	\$ 434,152 <sup>1</sup>	N/A
10/01/2013	09/30/2015	\$ 494,285 <sup>1</sup>	N/A
10/01/2012	09/30/2014	\$ 525,384 <sup>2</sup>	\$ 725,572
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, 2014**

**State Required Exhibit**

	<u>10/01/2013</u>	<u>10/01/2014</u>
<b>A. <u>Participant Data</u></b>		
1. Active participants	32	34
2. Retired participants and beneficiaries receiving benefits (including DROPs)	54	54
3. Disabled participants receiving benefits	5	4
4. Terminated vested participants	1	1
5. Annual payroll of active participants	\$ 809,764	\$ 834,933
6. Projected payroll of active participants	\$ 809,764	\$ 834,933
7. Annual benefits payable to those currently receiving benefits including DROP participants	\$ 1,011,598	\$ 1,004,534
<b>B. <u>Value of Assets</u></b>		
1. Smoothed Actuarial Value of Assets	\$ 7,964,494	\$ 8,638,877
2. Market Value of Assets	\$ 8,344,097	\$ 9,256,944
<b>C. <u>Liabilities</u></b>		
1. Actuarial present value of future expected benefit payments for active members		
a. Retirement benefits	\$ 2,064,115	\$ 2,149,321
b. Vesting benefits	201,212	182,271
c. Death benefits	66,520	67,152
d. Disability benefits	83,750	77,514
e. Total	<u>\$ 2,415,597</u>	<u>\$ 2,476,258</u>
2. Actuarial present value of future expected benefit payments for terminated vested members	\$ 61,110	\$ 66,132
3. Actuarial present value of future expected benefit payments for members currently receiving benefits		
a. Service retired including DROP participants	\$ 9,459,281	\$ 9,435,305
b. Disability retired	332,070	260,408
c. Beneficiaries	557,667	522,325
d. Miscellaneous	73,050	95,986
e. Total	<u>\$ 10,422,068</u>	<u>\$ 10,314,024</u>

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

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

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

**State Required Exhibit**

	<u>10/01/2013</u>	<u>10/01/2014</u>
4. Total actuarial present value of future expected benefit payments	\$ 12,898,775	\$ 12,856,414
5. Actuarial accrued liabilities	\$ 12,215,213	\$ 12,227,583
6. Unfunded actuarial accrued liabilities	\$ 4,250,719	\$ 3,588,706

**D. Statement of Accumulated System Benefits**

1. Actuarial present value of accumulated vested benefits		
a. Participants currently receiving benefits including DROP participants	\$ 10,349,018	\$ 10,218,038
b. Other participants	1,069,473	1,238,809
c. Total	\$ 11,418,491	\$ 11,456,847
2. Actuarial present value of accumulated non-vested plan benefits	111,632	81,797
3. Total actuarial present value of accumulated system benefits	\$ 11,530,123	\$ 11,538,644

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

1. Actuarial present value of accumulated system benefits as of October 1, 2013		\$ 11,530,123
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		(873,327)
d. Other, including benefits accumulated and increase for interest due to decrease in the discount period		881,848
e. Net increase		\$ 8,521
3. Actuarial present value of accumulated system benefits as of October 1, 2014		\$ 11,538,644

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

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

**State Required Exhibit**

	<u>10/01/2013</u>	<u>10/01/2014</u>
<b>F. <u>Pension Cost</u></b>		
1. Total normal cost	\$ 131,284	\$ 124,417
2. Payment required to amortize unfunded liability	391,929	342,281
3. Interest adjustment	19,518	17,410
4. Total required contribution	\$ 542,731	\$ 484,108
5. Item 4 as a percentage of payroll	67.0%	58.0%
6. Estimated employee contributions	\$ 7,958	\$ 8,209
7. Item 6 as a percentage of projected payroll	1.0%	1.0%
8. Estimated pick-up employee contributions by City	\$ 40,488	\$ 41,747
9. Item 8 as a percentage of projected payroll	5.0%	5.0%
10. Net amount payable by City	\$ 494,285	\$ 434,152
11. Item 10 as a percentage of projected payroll	61.0%	52.0%
<b>G. <u>Past Contributions</u></b>		
1. Total contribution required (prior valuation % of pay)	\$ 576,961	\$ 542,731
2. Actual contributions made:		
a. Employees	\$ 8,767	N/A
b. City (Member Pick-Up)	43,710	N/A
c. City	725,572	N/A
d. Total	\$ 778,049	N/A
<b>H. <u>Net Actuarial Gain (Loss)</u></b>	\$ 145,699	\$ 327,014
<b>I. <u>Disclosure of Following Items:</u></b>		
1. Actuarial present value of future salaries - attained age	\$ 6,767,468	\$ 6,498,489
2. Actuarial present value of future employee contributions - attained age	\$ 405,732	\$ 389,611
3. Actuarial present value of future contributions from other sources	N/A	N/A
4. Amount of active members' accumulated contributions	\$ 426,108	\$ 465,927
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



**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)	(1,089)	(174)	8 years
10/01/1992	Plan Amendment	22,002	3,520	8 years
10/01/1993	Actuarial Loss (Gain)	(7,541)	(1,109)	9 years
10/01/1993	Plan Amendment	11,579	1,702	9 years
10/01/1994	Actuarial Loss (Gain)	95,987	13,127	10 years
10/01/1994	Plan Amendment	56,365	7,708	10 years
10/01/1995	Actuarial Loss (Gain)	(75,617)	(9,711)	11 years
10/01/1995	Assumption Change	112,658	14,469	11 years
10/01/1996	Actuarial Loss (Gain)	139,332	16,937	12 years
10/01/1997	Actuarial Loss (Gain)	(104,556)	(12,109)	13 years
10/01/1997	Assumption Change	96,759	11,206	13 years
10/01/1998	Actuarial Loss (Gain)	42,847	4,754	14 years
10/01/1999	Actuarial Loss (Gain)	(39,103)	(4,175)	15 years
10/01/2000	Actuarial Loss (Gain)	230,435	23,777	16 years
10/01/2001	Actuarial Loss (Gain)	423,331	42,356	17 years
10/01/2002	Actuarial Loss (Gain)	426,844	41,539	18 years
10/01/2003	Actuarial Loss (Gain)	221,767	21,047	19 years
10/01/2003	Plan Amendment	63,445	6,021	19 years
10/01/2004	Actuarial Loss (Gain)	58,238	5,403	20 years
10/01/2005	Actuarial Loss (Gain)	2,644	240	21 years
10/01/2006	Actuarial Loss (Gain)	292,061	26,049	22 years
10/01/2007	Actuarial Loss (Gain)	39,084	3,427	23 years
10/01/2008	Actuarial Loss (Gain)	61,910	5,344	24 years
10/01/2009	Actuarial Loss (Gain)	579,059	49,273	25 years
10/01/2009	Assumption Change	370,665	31,541	25 years
10/01/2010	Actuarial Loss (Gain)	323,311	27,154	26 years
10/01/2011	Actuarial Loss (Gain)	351,066	29,133	27 years
10/01/2011	Assumption Changes	11,909	988	27 years
10/01/2012	Actuarial Loss (Gain)	305,115	25,043	28 years
10/01/2012	Plan Amendment	(57,680)	(4,734)	28 years
10/01/2013	Actuarial Loss (Gain)	(137,107)	(11,140)	29 years
10/01/2014	Actuarial Loss (Gain)	(327,014)	(26,325)	30 years
	<b>TOTAL</b>	<b>\$ 3,588,706</b>	<b>\$ 342,281</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 27, 2015



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Lawrence F. Wilson, A.S.A.