

**CITY OF STARKE FIREFIGHTERS’  
RETIREMENT SYSTEM**

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

# **CITY OF STARKE FIREFIGHTERS’ RETIREMENT SYSTEM**

YEAR ENDED SEPTEMBER 30, 2023

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees of the  
City of Starke Firefighters' Retirement System

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the City of Starke Firefighters' Retirement System, which comprise the statement of fiduciary net position as of September 30, 2023, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City of Starke Firefighters' Retirement System, as of September 30, 2023, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Starke Firefighters' Retirement System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Starke Firefighters' Retirement System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

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## **INDEPENDENT AUDITOR'S REPORT** (Continued)

### ***Auditor's Responsibilities for the Audit of the Financial Statements*** (Continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Starke Firefighters' Retirement System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Starke Firefighters' Retirement System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7 and the schedules of contributions from employers and other contributors, schedule of investment returns and schedules of changes in the employer's net pension liability and related ratios on page 23-27 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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## **INDEPENDENT AUDITOR'S REPORT** (Continued)

### ***Required Supplementary Information*** (Continued)

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Starke Firefighters' Retirement System's basic financial statements. The accompanying schedule of administrative expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Prior Year Comparative Information***

We have previously audited the City of Starke Firefighters' Retirement System's 2022 financial statements, and our report dated September 13, 2023, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2024, on our consideration of the City of Starke Firefighters' Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Starke Firefighters' Retirement System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Starke Firefighters' Retirement System's internal control over financial reporting and compliance.

*KABAT, SCHERTZER, DE LA TORRE, TARABOULOS & CO.*

Weston, Florida  
April 24, 2024

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# **CITY OF STARKE FIREFIGHTERS’ RETIREMENT SYSTEM**

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

This section of the annual financial report presents Management’s Discussion and Analysis (MD&A) of the City of Starke Firefighters’ Retirement System’s (the Plan) financial performance. This analysis provides an overview of the financial activities and funding conditions for fiscal year ended September 30, 2023. Please read it in conjunction with the Plan’s financial statements, which immediately follow.

### ***General Overview of the Plan***

The Plan is a single-employer defined benefit plan covering all eligible firefighters. The Plan is contained in ordinance numbers 410, 422, 423, and 431. Additionally, the Plan is governed by Chapter 112, Part VII, of the Florida Statutes, Chapter 175 and certain provisions of the Internal Revenue Code.

There is a Board of Trustees (the Board) in whom the general administration, management and responsibility for the proper operation of the Plan is vested.

### ***Overview of the Financial Statements***

The financial section of this annual report consists of five parts: MD&A, the basic financial statements, notes to the financial statements, supplementary information and required supplementary information.

The financial statements provide both long-term and short-term information about the Plan’s overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other and required supplementary information that further explains and supports the information in the financial statements.

The Plan’s financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Under GAAP, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred and appreciation (depreciation) of assets is recognized in the statement of changes in fiduciary net position. All assets and liabilities associated with the operation of the Plan are included in the statement of fiduciary net position.

The statement of fiduciary net position reports fiduciary net position and how it has changed. A net asset is the difference between the asset and any related liabilities. It is one measurement of the financial health or current position of the Plan.

### ***Financial Highlights***

The Plan’s net results from operations for fiscal year 2023 reflected the following financial activities:

- Total fiduciary net position was \$5,031,978, which was 15% greater than the 2022 total fiduciary net position with the increase due primarily to favorable market conditions.
- Total contributions for the year were \$333,716, which was 4% greater than the 2022 contributions with the increase due primarily to more employer contributions being actuarially calculated to properly fund the Plan. The amount of employer contributions varies from year to year and is actuarially determined. Full-time firefighters’ contributions were 5% of compensation and volunteer firefighters’ contributions were 6% of compensation.
- Total interest and dividend earnings were \$73,396, which was 13% greater than the 2022 earnings.

# CITY OF STARKE FIREFIGHTERS' RETIREMENT SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### ***Financial Highlights*** (Continued)

- Net investment income was \$603,406, which was 187% greater than the 2022 loss with the increase due primarily to favorable market conditions.
- Benefit payments directly to retirees were \$222,598, which was 4% greater than the benefits paid directly to retirees during 2022 with the increase due primarily to current year new retirees.

### ***Statement of Fiduciary Net Position***

The following condensed comparative statement of fiduciary net position is a snapshot of account balances at the fiscal year end of the Plan. It reports the assets available for future payments to retirees and any current liabilities that are owed as of the financial statement date. The resulting net asset value, or assets minus liabilities, represents the value of assets held in trust for Plan benefits.

The Plan continues to be evaluated for actuarial soundness by the actuary of the Plan. It should be noted that retirement system funding is based on a long-term perspective and that temporary fluctuations in the market are to be expected.

- Net position restricted for pensions as of September 30, 2023 was \$5,031,978, a 15% increase from net position as of September 30, 2022.
- Total investments as of September 30, 2023 were \$4,787,331, a 15% increase from the investments as of September 30, 2022.

The table below presents condensed comparative statements of fiduciary net positions as of September 30:

	2023	2022	% Change
Cash	\$ 207,021	\$ 194,452	6%
Receivables	65,252	70,794	(8%)
Investments, at fair value	4,787,331	4,154,275	15%
Total assets	5,059,604	4,419,521	14%
Accounts payable	22,126	23,875	(7%)
Due to other funds	5,500	5,500	0%
Total liabilities	27,626	29,375	(6%)
Net position restricted for pensions	\$ 5,031,978	\$ 4,390,146	15%

### ***Statement of Changes in Fiduciary Net Position***

The statement of changes in fiduciary net position presents the effect of Plan transactions that occurred during the fiscal year. On the statement, additions to the Plan minus deductions from the Plan equal net increase or decrease in fiduciary net position.

The funding objective is to meet long-term obligations and fund all Plan benefits.

# CITY OF STARKE FIREFIGHTERS' RETIREMENT SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### *Statement of Changes in Fiduciary Net Position* (Continued)

- Revenues (additions to the fiduciary net position) for the Plan were \$940,226, which was made up of total contributions of \$333,716, plus net investment income of \$603,406 and other income of \$3,104.
- Expenses (deductions from the fiduciary net position) increased from \$267,990 during 2022 to \$298,394 during 2023.

The table below presents a condensed comparative of the changes in fiduciary net position for the years ended September 30:

	2023	2022	% Change
Total contributions	\$ 333,716	\$ 321,832	4%
Net investment income (loss)	603,406	(695,894)	187%
Other income	3,104	-	0%
Total additions	940,226	(374,062)	351%
Total deductions	298,394	267,990	11%
Net change	641,832	(642,052)	200%
Net position restricted for pensions - beginning	4,390,146	5,032,198	(13%)
Net position restricted for pensions - ending	\$ 5,031,978	\$ 4,390,146	15%

### *Asset Allocation*

The table below indicates the Plan's investment policy limitations and actual asset allocations as of September 30, 2023:

Type of Investment	Investment Policy	Actual Allocation
Domestic equities	35% - 75%	70.76%
International equities	0% - 25%	2.67%
Fixed income	25% - 55%	22.11%
Cash and cash equivalents	Minimal	4.46%

The investment guidelines provide for the appropriate diversification of the portfolio. Investments have been diversified to the extent practicable to control the risk of loss resulting from over-concentration of a specific maturity, issuer, instrument, dealer or bank through which financial instruments are bought and sold.

The Board recognizes that some risk must be assumed to achieve the Plan's long-term investment objectives. In establishing the risk tolerances, the Plan's ability to withstand short and intermediate term variability has been considered. However, the Plan's financial condition enables the Board to adopt a long-term investment perspective.

# **CITY OF STARKE FIREFIGHTERS’ RETIREMENT SYSTEM**

## **MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)**

### ***Investment Activities***

Investment income is vital to the Plan for current and future financial stability. Therefore, the Board has a fiduciary responsibility to act prudently when making Plan investment decisions. To assist the Board in this area, the Board retains investment managers who supervise and direct the investment of the assets. The Board also retains an investment monitor to evaluate and report on a quarterly basis compliance by the investment managers with the investment policy of the Board and investment performance of the Plan. The investment policy statement was last amended during July 2023.

The Board and its investment consultant review portfolio performance in compliance with the investment policy statement quarterly. Performance is evaluated both individually by money manager style and collectively by investment type and for the aggregate portfolio.

### ***Financial Analysis Summary***

The investment activities, for the fiscal year ended September 30, 2023, are a function of the underlying market, money managers’ performance and the investment policy’s asset allocation model. The Plan has consistently implemented a high quality, conservative approach.

### ***Contacting the Plan’s Financial Management***

This financial analysis is designed to provide the Board, Plan participants and the marketplace credit analysts with an overview of the Plan’s finances and the prudent exercise of the Board’s oversight. If you have any questions regarding this report or you need additional financial information, please contact the administrator of the Plan:

The Resource Centers, LLC  
c/o City of Starke Firefighters’ Retirement System  
4360 Northlake Boulevard, Suite 206  
Palm Beach Gardens, FL 33410

# CITY OF STARKE FIREFIGHTERS' RETIREMENT SYSTEM

## STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2022)

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>CASH</b>	\$ 207,021	\$ 194,452
<b>RECEIVABLES:</b>		
Employer contributions	-	64,360
Chapter 175 contributions	55,487	-
Accrued investment income	9,765	6,434
<b>TOTAL RECEIVABLES</b>	<u>65,252</u>	<u>70,794</u>
<b>INVESTMENTS, AT FAIR VALUE:</b>		
Money market funds	213,498	200,641
Equity securities	3,515,349	3,061,520
Corporate bonds	987,630	822,110
Collateral mortgage obligation	70,854	70,004
<b>TOTAL INVESTMENTS, AT FAIR VALUE</b>	<u>4,787,331</u>	<u>4,154,275</u>
<b>TOTAL ASSETS</b>	<u>5,059,604</u>	<u>4,419,521</u>
<b>LIABILITIES</b>		
<b>ACCOUNTS PAYABLE</b>	22,126	23,875
<b>DUE TO OTHER FUNDS</b>	<u>5,500</u>	<u>5,500</u>
<b>TOTAL LIABILITIES</b>	<u>27,626</u>	<u>29,375</u>
<b>NET POSITION RESTRICTED FOR PENSIONS</b>		
<b>NET POSITION RESTRICTED FOR DEFINED BENEFITS</b>	4,799,802	4,247,548
<b>NET POSITION RESTRICTED FOR DROP BENEFITS</b>	50,351	-
<b>NET POSITION RESTRICTED FOR SHARE PLAN BENEFITS</b>	181,825	142,598
<b>TOTAL NET POSITION RESTRICTED FOR PENSIONS</b>	<u>\$ 5,031,978</u>	<u>\$ 4,390,146</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF STARKE FIREFIGHTERS' RETIREMENT SYSTEM

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2022)

	<u>2023</u>	<u>2022</u>
<b>ADDITIONS:</b>		
Contributions:		
Employer	\$ 195,188	\$ 287,498
Employee	39,240	34,334
Chapter 175	<u>99,288</u>	<u>-</u>
Total contributions	<u>333,716</u>	<u>321,832</u>
Investment income (loss) :		
Net appreciation (depreciation) in fair value of investments	568,258	(723,584)
Interest and dividend income	<u>73,396</u>	<u>64,951</u>
Total investment income (loss)	641,654	(658,633)
Less: investment expenses	<u>38,248</u>	<u>37,261</u>
Net investment income (loss)	<u>603,406</u>	<u>(695,894)</u>
Other income	<u>3,104</u>	<u>-</u>
TOTAL ADDITIONS	<u>940,226</u>	<u>(374,062)</u>
<b>DEDUCTIONS:</b>		
Benefit payments	222,598	213,871
Share plan distributions	5,494	-
Administrative expenses	<u>70,302</u>	<u>54,119</u>
TOTAL DEDUCTIONS	<u>298,394</u>	<u>267,990</u>
<b>NET CHANGE IN NET POSITION RESTRICTED FOR PENSIONS</b>	641,832	(642,052)
<b>NET POSITION RESTRICTED FOR PENSIONS - BEGINNING</b>	<u>4,390,146</u>	<u>5,032,198</u>
<b>NET POSITION RESTRICTED FOR PENSIONS - ENDING</b>	<u><u>\$ 5,031,978</u></u>	<u><u>\$ 4,390,146</u></u>

The accompanying notes are an integral part of these financial statements.

# **CITY OF STARKE FIREFIGHTERS’ RETIREMENT SYSTEM**

## **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2023**

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Investment Valuation and Income Recognition***

Investments are reported at fair value (see Note 3). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (see Note 4 for discussion of fair value measurements).

Purchase and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan’s gains and losses on investments bought and sold as well as held during the year.

#### ***Basis of Accounting and Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

#### ***Concentration of Credit Risk***

Financial instruments which potentially expose the Plan to concentration of credit risk, as defined by GAAP, consist primarily of cash and contributions receivable.

The Plan maintains its cash deposits at a financial institution which, from time to time, may exceed federally insured limits. The exposure of the Plan from these transactions is solely dependent upon the daily account balance and the financial strength of the respective institution. The Plan manages this risk by maintaining its deposit accounts at a high-quality financial institution. As of September 30, 2022, the Plan had no deposits in excess of federally insured limits.

The Plan’s investments consist of common stocks, collateral mortgage obligations, corporate bonds, and money market funds, inherit in the fair market value of determination, include the risk factor of credit worthiness for each individual security.

#### ***Comparative Information***

The financial statements include certain prior-year comparative information. Such summarized information does not include sufficient detail in the notes to financial statements to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City of Starke’s annual comprehensive report for the year ended September 30, 2022, from which the information was derived. Certain reclassifications have been made to the prior year’s financial statements in order for them to be in conformity with current year presentation.

# CITY OF STARKE FIREFIGHTERS' RETIREMENT SYSTEM

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

### NOTE 2. DESCRIPTION OF THE PLAN

The following description of the City of Starke Firefighters' Retirement System (the Plan) provides only general information. Participants should refer to the City of Starke's (the City) ordinance for more detailed and comprehensive information.

#### *General*

The Plan is a single-employer defined benefit plan covering all eligible firefighters. The Plan is contained in ordinance numbers 410, 422, 423, and 431. Additionally, the Plan is governed by Chapter 112, Part VII, of the Florida Statutes, Chapter 175 and certain provisions of the Internal Revenue Code.

The Plan is administered by a board of five trustees, two of the trustees are legal residents of the City of Starke and are appointed by the City Commission. Two of the trustees are full-time firefighters who are members of the Plan and are elected by active firefighters who are members of the Plan. The remaining trustee is selected by the other trustees and confirmed by the City Commission.

As of September 30, 2023, Plan participation consisted of the following:

Inactive Plan participants or beneficiaries	
currently receiving benefits	6
Terminated employees	2
DROP members	1
Active Plan participants	<u>43</u>
Total	<u>52</u>

#### *Eligibility*

All firefighters, certain voluntary firefighters of the City of Starke and all persons who become firefighters of the City of Starke shall be members of the City of Starke Firefighters' Retirement System.

#### *Final Average Salary*

Highest 3 consecutive years out of last 10. Salary includes base pay plus longevity pay and up to 42 hours of overtime per calendar year. Lump sum payments paid at the time of retirement are not included in the determination of final average salary.

#### *Benefits*

The Plan provides retirement, death and disability benefits. The benefit provisions are established and may be amended under the authority of City Ordinance.

# CITY OF STARKE FIREFIGHTERS' RETIREMENT SYSTEM

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

### NOTE 2. DESCRIPTION OF THE PLAN (Continued)

#### *Benefits (Continued)*

##### ➤ *Normal Retirement*

The earlier of attaining age of 55 with 10 years of credited service or the completion of 25 years of credited service. A mandatory retirement age of 60 with extension granted by the employer consent. The benefit computed as the total service times 3.50% of final average salary to a maximum limit of 100% of final average salary in pursuant to Florida Law.

##### ➤ *Early Retirement*

Member attaining the age of 50 with completion of 10 years of credited service. The benefit computed as normal retirement pension but reduced by 3% for each year (0.25% for each month) that early retirement precedes the date the member would have been eligible for normal retirement.

##### ➤ *Deferred Retirement*

Deferred retirement begins at age 55 with 10 or more years of credited service. The benefit computed as a normal retirement pension but based upon service and final average salary at time of termination.

##### ➤ *Duty Disability Retirement*

There is no age or service requirement for the duty disability retirement, but must be in the receipt of worker's compensation. Effective July 1, 2019, a firefighter who becomes totally and permanently unable to perform useful and efficient service as firefighter due to a diagnosis of cancer or circumstances that arise out of the treatment of such cancer will be presumed to be duty disabled subject to the limitations in Chapter 112.1816, Florida Statutes. The benefit computed as a normal retirement pension, but the minimum benefit shall be 42% of final average salary. Workers' compensation payments are offset, to the extent permitted by law.

##### ➤ *Non-duty Disability Retirement*

A firefighter must have 10 or more years of credited service to be eligible for the non-duty disability retirement computed as a normal retirement pension, but minimum benefit shall be 42% of final average salary. Workers' compensation payments are offset, to the extent permitted by law.

##### ➤ *Death Before Retirement*

A firefighter who has died before retirement must have 10 or more years of credited service computed as a normal retirement pension, but actuarially reduced in accordance with a 100% joint and survivor election.

# CITY OF STARKE FIREFIGHTERS' RETIREMENT SYSTEM

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

### NOTE 2. DESCRIPTION OF THE PLAN (Continued)

#### *Benefits (Continued)*

##### ➤ *Deferred Retirement Option Plan (DROP)*

Members may elect to freeze their retirement benefit at normal retirement eligibility and continue working for a maximum of 5 years. The retirement benefit will be calculated as of the date the member elects the DROP. This retirement benefit will be accumulated with interest at 4% during the DROP period in a DROP account. At actual termination, the member can rollover the DROP account balance or receive the balance directly with appropriate tax consequences. The retirement benefit calculated as of the date of the DROP election becomes payable directly to the retiree or beneficiary thereafter. Member pick-up contributions will cease at the date of DROP election. Disability and death before retirement provisions will no longer apply to members who enter the DROP.

##### ➤ *Post-Retirement Cost-of-Living Adjustments*

Effective October 1, 1994 all current retired Members and beneficiaries received an increase in their pension of \$75/month. Effective October 1, 2004, all current retired Members and beneficiaries received an increase in their pension of \$100/month. Effective January 1, 2022 all current retired members, DROP participants and beneficiaries received a pension increase of 5%.

#### *Funding*

All full-time firefighters are required to contribute 5% of their compensation. All volunteer firefighters are required to contribute 6% of their compensation. The City currently picks up the former 5% of member contributions.

Pursuant to Florida law, the City is ultimately responsible for making sure the Plan remains actuarially sound. Therefore, each year, the City must contribute an amount determined by the Board, in conjunction with their actuary, to be sufficient, along with the employee's contribution and the State contribution, to fund the benefits under the Plan. The employer's contribution will vary from year to year.

Pursuant to Chapter 175, Florida Statutes, the City imposes a 1.85% tax on fire insurance premiums paid to insure real or personal property within its corporate limits. The proceeds of this tax are contributed to this Plan as part of the City's contribution, and for additional benefits.

#### *Rate of Return*

For the year ended September 30, 2023, the money-weighted rate of return, net of investment expenses, was 12.21%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# CITY OF STARKE FIREFIGHTERS' RETIREMENT SYSTEM

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023  
(Continued)

### NOTE 3. INVESTMENTS

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan. The investment policy statement was last amended during July 2023. The following was the Board's adopted asset allocation policy as of September 30, 2023:

<u>Type of Investment</u>	<u>Target Allocation</u>
Domestic equities	35% - 75%
International equities	0% - 25%
Fixed income	25% - 55%
Cash and cash equivalents	Minimal

During the year ended September 30, 2023 the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$568,258, (reported as net appreciation in fair value of investments in the accompanying statement of changes in fiduciary net position) as follows.

Common stocks	\$ 555,425
Foreign stocks	21,043
Collateralized mortgage obligation	(2,974)
Corporate bonds	(5,236)
Total	<u>\$ 568,258</u>

The Plan's investment policy does not use limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Plan's investments in Fixed income securities had maturities as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
Corporate bonds	\$ 987,630	\$ 126,771	\$ 403,043	\$ 457,816
Collateralized mortgage obligation	70,854	70,854	-	-
Totals	<u>\$ 1,058,484</u>	<u>\$ 197,624</u>	<u>\$ 403,043</u>	<u>\$ 457,816</u>

# CITY OF STARKE FIREFIGHTERS' RETIREMENT SYSTEM

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023  
(Continued)

### NOTE 3. INVESTMENTS (Continued)

The fixed income portfolio must be comprised of securities rated “BBB” or higher by Moody’s or Standard & Poor’s ratings services. The Plan’s fixed income investments were rated by Moody’s Investors Services as follows:

<u>Rating</u>	<u>Fair Value</u>
Aaa	\$ 70,854
A1	159,552
A2	140,746
A3	339,721
Baa1	112,350
Baa2	187,542
Baa3	47,721
Total	<u>\$ 1,058,484</u>

"Concentration of investment risk" is the risk of losses that may occur from having a large portion of the Plan's holding in a particular investment relative to the overall portfolio. GASB Statement 40 and GASB Statement 67, require disclosure of investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represent 5% or more of total investments or fiduciary net position. As of September 30, 2023, there were no investments that represent 5% or more of total investments or fiduciary net position.

“Foreign currency risk” is the risk that fluctuations in currency exchange rate may affect transactions conducted in currencies other than U.S. Dollars and the carrying value of foreign investments. The Plan’s exposure to foreign currency risk derives mainly from its investments in international equity funds. The Plan owns participation in international equity funds as well as individual securities.

The investment policy limits the foreign investments to no more than 25% of the total Plan portfolio. As of September 30, 2023, the foreign investments were 3.17% of total investments.

### NOTE 4. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy as established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market as follows:

# CITY OF STARKE FIREFIGHTERS' RETIREMENT SYSTEM

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023  
(Continued)

### NOTE 4. FAIR VALUE MEASUREMENTS (Continued)

Level 1- Inputs to the valuation methodology are based upon quoted prices for identical assets in active markets.

Level 2- Inputs to the valuation methodology are based upon observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.

Level 3- Inputs to the valuation methodology are based upon unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

Money market funds: Valued at the floating net asset value of shares held by the Plan at year end.

Common stocks and international funds: Valued at the closing price reported on the New York Stock Exchange.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yield of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote, if available.

Collateralized mortgage obligation: Valued using pricing models maximizing the use of observable inputs for similar securities.

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# CITY OF STARKE FIREFIGHTERS' RETIREMENT SYSTEM

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023  
(Continued)

### NOTE 4. FAIR VALUE MEASUREMENTS (Continued)

The following table presents the Plan's fair value hierarchy for investments at fair value as of September 30, 2023:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Total</u>			
<u>Investments by fair value level</u>				
Equity securities:				
Common stocks	\$ 3,515,349	\$ 3,515,349	\$ -	\$ -
Total equity securities	<u>3,515,349</u>	<u>3,515,349</u>	<u>-</u>	<u>-</u>
Debt securities:				
Corporate bonds	987,630	-	987,630	-
Collateral mortgage obligation	<u>70,854</u>	<u>70,854</u>	<u>-</u>	<u>-</u>
Total debt securities	<u>1,058,484</u>	<u>70,854</u>	<u>987,630</u>	<u>-</u>
Total investments by fair value level	4,573,833	<u>\$ 3,586,203</u>	<u>\$ 987,630</u>	<u>\$ -</u>
Money market funds (exempt) <sup>(a)</sup>	<u>213,498</u>			
Total investments	<u>\$ 4,787,331</u>			

(a) As required by GAAP, certain investments that are measured at net asset value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the total investment line item in the statement of fiduciary net position.

### NOTE 5. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net position.

Plan contributions are made, and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change.

# CITY OF STARKE FIREFIGHTERS' RETIREMENT SYSTEM

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023  
(Continued)

### NOTE 5. RISKS AND UNCERTAINTIES (Continued)

Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

### NOTE 6. NET PENSION LIABILITY OF THE PLAN

The components of the net pension liability as of September 30, 2023 were as follows:

Total pension liability	\$ 6,548,955
Plan fiduciary net position	<u>5,031,978</u>
City's net pension liability	<u>\$ 1,516,977</u>
Plan fiduciary net position as a percentage of the total pension liability	76.84%

The total pension liability was determined by an actuarial valuation as of October 1, 2022 and rolled forward to the measurement date of September 30, 2023 using certain actuarial assumptions, the most significant of which were 7.25% for the investment rate of return, 3.50% to 5.00% for projected salary increases and 2.50% for inflation.

Mortality rates were based on the PUB-2010 Headcount-Weighted Mortality Tables as used by the Florida Retirement System (FRS) in their July 1, 2021 actuarial valuation (with mortality improvements projected for non-disabled lives to all future years after 2010 using Scale MP-2018). Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial valuation reports.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2023 (see the discussion of the Plan's investment policy in Note 3) are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Domestic equity	7.50%
International equity	8.50%
Domestic bonds	2.50%
International bonds	3.50%
Real estate	4.50%
Alternative assets	6.24%

# CITY OF STARKE FIREFIGHTERS' RETIREMENT SYSTEM

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

### NOTE 6. NET PENSION LIABILITY OF THE PLAN (Continued)

A single discount rate of 7.25% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total 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 pension plan investments (7.25%) was applied to all periods of projected benefit payments to determine the total pension liability.

The net pension liability of the City was calculated using the discount rate of 7.25%. It was also calculated using a discount rate that was 1-percentage-point lower (6.25%) and 1-percentage-point higher (8.25%) and the different computations were compared.

	1% decrease	Current	1% increase
	(6.25%)	discount rate (7.25%)	(8.25%)
Net pension liability	\$ 2,338,686	\$ 1,516,977	\$ 825,801

### NOTE 7. INCOME TAXES

The Plan is exempt from federal income taxes under the Internal Revenue Code 401(a), and therefore, no provision for income taxes has been made.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by a taxing authority. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

### NOTE 8. SUBSEQUENT EVENTS

Management has evaluated subsequent events for the Plan through April 24, 2024, the date the financial statements were available to be issued.

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**CITY OF STARKE FIREFIGHTERS’  
RETIREMENT SYSTEM**

SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2023

# CITY OF STARKE FIREFIGHTERS' RETIREMENT SYSTEM

## SCHEDULE OF ADMINISTRATIVE EXPENSES

YEAR ENDED SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2022)

	<u>2023</u>	<u>2022</u>
<b>ADMINISTRATIVE EXPENSES:</b>		
Accounting fees	\$ 9,000	\$ -
Actuarial fees	27,617	16,177
Administrative fees	22,336	29,250
Insurance	1,989	1,871
Legal	8,536	3,443
Miscellaneous	74	186
Trustee expenses	<u>750</u>	<u>3,192</u>
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<u><u>\$ 70,302</u></u>	<u><u>\$ 54,119</u></u>

The accompanying independent auditor's report should be read with this supplementary schedule.

**CITY OF STARKE FIREFIGHTERS’  
RETIREMENT SYSTEM**

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2023

# CITY OF STARKE FIREFIGHTERS' RETIREMENT SYSTEM

## SCHEDULES OF CONTRIBUTIONS FROM EMPLOYER AND OTHER CONTRIBUTORS (UNAUDITED) (Continued)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined employer contribution	\$ 252,844	\$ 253,385	\$ 223,804	\$ 240,952	\$ 203,606
Actual employer contribution	<u>254,169</u> <sup>b</sup>	<u>253,385</u>	<u>224,781</u>	<u>240,755</u>	<u>203,630</u>
Annual contribution deficiency (excess)	<u>\$ (1,325)</u>	<u>\$ -</u>	<u>\$ (977)</u>	<u>\$ 197</u>	<u>\$ (24)</u>
Covered-employee payroll <sup>a</sup>	<u>\$ 773,948</u>	<u>\$ 705,669</u>	<u>\$ 653,134</u>	<u>\$ 545,328</u>	<u>\$ 468,003</u>
Actual contributions as a percentage of covered-employee payroll	32.84%	35.91%	34.42%	44.15%	43.51%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined employer contribution	\$ 191,176	\$ 180,222	\$ 134,684	\$ 163,445	\$ 173,612
Actual employer contribution	<u>191,176</u>	<u>180,222</u>	<u>171,238</u>	<u>173,181</u>	<u>216,595</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,554)</u>	<u>\$ (9,736)</u>	<u>\$ (42,983)</u>
Covered-employee payroll <sup>a</sup>	<u>\$ 404,909</u>	<u>\$ 374,243</u>	<u>\$ 327,059</u>	<u>\$ 362,802</u>	<u>\$ 382,968</u>
Actual contributions as a percentage of covered-employee payroll	47.21%	48.16%	52.36%	47.73%	56.56%

a – Reported payroll on which contributions to the System are based as provided under GASB No. 82.

b – Net of interest due for prior year employer contributions.

The accompanying independent auditor's report should be read with this required supplementary schedule.

# CITY OF STARKE FIREFIGHTERS' RETIREMENT SYSTEM

## SCHEDULES OF CONTRIBUTIONS FROM EMPLOYER AND OTHER CONTRIBUTORS (UNAUDITED)

(Continued)

### Notes to Schedules of Contributions from Employer and Other Contributions

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay, Closed
Remaining amortization period	30 years
Asset valuation method	4 - year smoothed market
Inflation	2.5%
Salary increases	3.5% - 5.0%
Investment rate of return	7.25%
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition.
Mortality	<p>For healthy participants during employment, PUB-2010 Headcount Weighted Safety Employee Female Mortality Table and Safety Below Median Employee Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.</p> <p>For healthy participants post employment, PUB-2010 Headcount Weighted Safety Healthy Retiree Female Mortality Table and Safety Below Median Healthy Retiree Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.</p> <p>For disabled participants, 80% PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table / 20% PUB-2010 Headcount Weighted Safety Disabled Retiree Mortality Table, separate rates for males and females, without projected mortality improvements.</p>

The accompanying independent auditor's report should be read with this required supplementary schedule.

# CITY OF STARKE FIREFIGHTERS' RETIREMENT SYSTEM

## SCHEDULES OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED)

Year Ended <u>September 30,</u>	Annual money- weighted rate of return net of investment <u>expense</u>
2023	12.21%
2022	(14.77%)
2021	18.90%
2020	15.30%
2019	3.95%
2018	9.84%
2017	12.75%
2016	10.31%
2015	(7.49%)
2014	10.91%

The accompanying independent auditor's report should be read with this required supplementary schedule.

# CITY OF STARKE FIREFIGHTERS' RETIREMENT SYSTEM

## SCHEDULES OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>TOTAL PENSION LIABILITY:</b>					
Service cost	\$ 154,669	\$ 136,921	\$ 123,551	\$ 113,924	\$ 84,734
Interest	457,484	365,494	384,958	365,099	337,300
Benefit Changes	119,887	-	-	190,499	-
Difference between actual and expected experience	258,426	42,247	140,799	14,578	(6,284)
Assumption changes	-	-	107,244	(80,127)	-
Benefit payments	<u>(228,092)</u>	<u>(213,871)</u>	<u>(205,560)</u>	<u>(421,546)</u>	<u>(355,281)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	762,374	330,791	550,992	182,427	60,469
<b>TOTAL PENSION LIABILITY - BEGINNING</b>	<u>5,786,581</u>	<u>5,455,790</u>	<u>4,904,798</u>	<u>4,722,371</u>	<u>4,661,902</u>
<b>TOTAL PENSION LIABILITY - ENDING</b>	<u>6,548,955</u>	<u>5,786,581</u>	<u>5,455,790</u>	<u>4,904,798</u>	<u>4,722,371</u>
<b>PLAN FIDUCIARY NET POSITION:</b>					
Contributions - City and State	258,491	253,385	224,781	240,755	203,630
Contributions - Member	39,240	34,334	33,620	27,592	23,770
Contributions - Member (picked up by City)	35,985	34,113	30,112	25,636	21,548
Net investment income (loss)	606,510	(695,894)	667,931	624,392	127,498
Benefit payments	(228,092)	(213,871)	(205,560)	(421,546)	(355,281)
Administrative expenses	(70,302)	(54,119)	(44,720)	(35,323)	(33,342)
Other (rollovers into DROP)	<u>-</u>	<u>(3,069)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	641,832	(645,121)	706,164	461,506	(12,177)
<b>PLAN FIDUCIARY NET POSITION - BEGINNING</b>	<u>4,390,146</u>	<u>5,035,267</u>	<u>4,329,103</u>	<u>3,867,597</u>	<u>3,879,774</u>
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<u>5,031,978</u>	<u>4,390,146</u>	<u>5,035,267</u>	<u>4,329,103</u>	<u>3,867,597</u>
<b>NET PENSION LIABILITY - ENDING</b>	<u>\$ 1,516,977</u>	<u>\$ 1,396,435</u>	<u>\$ 420,523</u>	<u>\$ 575,695</u>	<u>\$ 854,774</u>
<b>PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY</b>	76.84%	75.87%	92.29%	88.26%	81.90%
<b>COVERED EMPLOYEE PAYROLL</b>	\$ 773,948	\$ 705,669	\$ 653,134	\$ 545,328	\$ 468,003
<b>NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL</b>	196.01%	197.89%	64.39%	105.57%	182.64%

The accompanying independent auditor's report should be read with this required supplementary schedule.

# CITY OF STARKE FIREFIGHTERS' RETIREMENT SYSTEM

## SCHEDULES OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED) (Continued)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>TOTAL PENSION LIABILITY:</b>					
Service cost	\$ 79,325	\$ 69,461	\$ 63,717	\$ 83,956	\$ 83,807
Interest	335,636	305,434	289,172	262,020	269,498
Difference between actual and expected experience	187,675	74,382	183,386	(164,041)	(90,269)
Assumption changes	-	(14,589)	18,331	-	-
Benefit payments	<u>(155,053)</u>	<u>(134,757)</u>	<u>(378,840)</u>	<u>(83,962)</u>	<u>(86,580)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	447,583	299,931	175,766	97,973	176,456
<b>TOTAL PENSION LIABILITY - BEGINNING</b>	<u>4,214,319</u>	<u>3,914,388</u>	<u>3,738,622</u>	<u>3,640,649</u>	<u>3,464,193</u>
<b>TOTAL PENSION LIABILITY - ENDING</b>	<u>4,661,902</u>	<u>4,214,319</u>	<u>3,914,388</u>	<u>3,738,622</u>	<u>3,640,649</u>
<b>PLAN FIDUCIARY NET POSITION:</b>					
Contributions - City and State	191,176	180,222	171,238	173,181	216,595
Contributions - Member	20,603	19,087	16,789	18,678	19,703
Contributions - Member (picked up by City)	18,457	16,838	14,170	15,447	16,376
Net investment income (loss)	403,164	416,423	334,500	(194,473)	306,638
Benefit payments	(155,053)	(134,757)	(378,840)	(83,962)	(86,580)
Administrative expenses	<u>(49,917)</u>	<u>(19,937)</u>	<u>(39,371)</u>	<u>(41,841)</u>	<u>(29,676)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	428,430	477,876	118,486	(112,970)	443,056
<b>PLAN FIDUCIARY NET POSITION - BEGINNING</b>	<u>3,451,344</u>	<u>2,973,468</u>	<u>2,854,982</u>	<u>2,967,952</u>	<u>2,524,896</u>
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<u>3,879,774</u>	<u>3,451,344</u>	<u>2,973,468</u>	<u>2,854,982</u>	<u>2,967,952</u>
<b>NET PENSION LIABILITY - ENDING</b>	<u>\$ 782,128</u>	<u>\$ 762,975</u>	<u>\$ 940,920</u>	<u>\$ 883,640</u>	<u>\$ 672,697</u>
<b>PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY</b>	83.22%	81.90%	75.96%	76.36%	81.52%
<b>COVERED EMPLOYEE PAYROLL</b>	\$ 404,909	\$ 374,243	\$ 327,059	\$ 362,802	\$ 382,968
<b>NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL</b>	193.16%	203.87%	287.69%	243.56%	175.65%

The accompanying independent auditor's report should be read with this required supplementary schedule.

**CITY OF STARKE FIREFIGHTERS'  
RETIREMENT SYSTEM**

COMPLIANCE REPORT

SEPTEMBER 30, 2023



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

To the Board of Trustees of the  
City of Starke Firefighters' Retirement System

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Starke Firefighters' Retirement System, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Starke Firefighters' Retirement System's basic financial statements, and have issued our report thereon dated April 24, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Starke Firefighters' Retirement System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Starke Firefighters' Retirement System's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Starke Firefighters' Retirement System's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Plan's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS** (Continued)

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Starke Firefighters' Retirement System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*KABAT, SCHERTZER, DE LA TORRE, TARABOULOS & CO.*

Weston, Florida

April 24, 2024

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