

CITY OF WAUCHULA
PENSION PLAN
(REVISED)

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2014

DETERMINES THE CONTRIBUTION
FOR THE 2014/15 FISCAL YEAR



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March 10, 2015

Introduction

This report presents the revised results of the October 1, 2014 actuarial valuation of the City of Wauchula Pension Plan. The report is based on the participant data and asset information provided by the pension plan administrator and, except for a cursory review for reasonableness including a comparison to the data provided for the previous valuation, we have not attempted to verify the accuracy of this information. The revision reflects a correction to the actuarial value of assets.

The primary purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2014 and to determine the minimum required contribution under Chapter 112, Florida Statutes, for the 2014/15 plan year. In addition, this report provides a projection of the long-term funding requirements of the plan, accounting disclosures pursuant to Governmental Accounting Standards Board Statement Nos. 25 and 27 (GASB 25/27), statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table V-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the minimum required contribution rate.

Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the 2014/15 plan year. The minimum required contribution rate is 4.38% of covered payroll, which represents a decrease of 0.94% of payroll from the prior valuation.

Table I-C provides a breakdown of the sources of change in the contribution rate. Significantly, the rate decreased by 0.84% of payroll due to investment gains, increased by 0.49% of payroll due to demographic experience, and



decreased by 0.59% of payroll due to the assumption changes that are described below. The market value of assets earned 12.02% during the 2012/13 plan year and 8.65% during the 2013/14 plan year, whereas a 7.50% annual investment return was required to maintain a stable contribution rate.

Chapter 112, Florida Statutes, sets forth the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the City must contribute an amount equal to the annual normal cost of the plan plus an amortization payment towards the unfunded liability, where the amortization period is no longer than 30 years and where both amounts are adjusted as necessary for administrative expenses and to reflect interest on any delayed payment of the contribution beyond the valuation date. On this basis, the City's 2014/15 minimum required contribution will be equal to 4.38% multiplied by the total pensionable earnings for the 2014/15 fiscal year for the active employees who are covered by the plan. Furthermore, if an actuarial valuation is not prepared as of October 1, 2015, the 4.38% contribution rate will also apply to the 2015/16 fiscal year.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is \$19,799,679. As illustrated in Table I-A, current assets are sufficient to cover \$15,916,800 of this amount, the employer's 2014/15 expected contribution will cover \$108,852 of this amount, and future employee contributions are expected to cover \$2,608,025 of this amount, leaving \$1,166,002 to be covered by future employer funding beyond the 2014/15 fiscal year. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

Adjustment to the Unfunded Frozen Initial Liability

Based on the expected unfunded frozen initial liability, the employer's normal cost would be less than zero. Because a negative normal cost is not allowed under the frozen initial liability cost method, we have reduced the unfunded frozen initial liability by \$451,297, which results in a normal cost that is exactly equal to zero. Furthermore, because this adjustment is greater than the expected unfunded frozen initial liability, we have fully amortized the unfunded liability bases that were established prior to October 1, 2014 and we have set the assumption change base that was established as of October 1, 2014 equal to the outstanding unfunded liability.

Advance Employer Contribution

The City has made contributions to the plan in excess of the minimum amount that was required to be contributed pursuant to Chapter 112. In this report, the excess contributions are referred to as an "advance employer contribution." As of October 1, 2014, the advance employer contribution is \$573,494, which reflects the advance employer contribution of \$269,418 as of October 1, 2012 plus \$304,076 of employer contributions in excess of the minimum required contribution for the 2012/13 and 2013/14 plan years as shown in Table III-F.

The City may apply all or any portion of the advance employer contribution towards the minimum required contribution for the 2014/15 plan year or for any later plan year. The minimum required contribution for that plan year will be reduced dollar-for-dollar by the amount of the advance employer contribution that is applied in this manner.



Alternatively, at any time, the City may apply all or any portion of the advance employer contribution as an *extra* contribution in excess of the minimum required contribution. In this case, the immediate application of the entire balance of the advance employer contribution as of October 1, 2014 would reduce the minimum required contribution for the 2014/15 plan year to 2.10% of payroll.

Contents of the Report

Tables I-D through I-G provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-C provide information needed by both the plan's and the employer's accountants in order to prepare the relevant financial statements that cover the period October 1, 2013 through September 30, 2014. Tables III-A through III-F provide information concerning the assets of the trust fund. Specifically, Table III-A shows the development of the actuarial value of assets, which is based on the market value of assets. Tables IV-A through IV-G provide statistical information concerning the plan's participant population. In particular, Table IV-G gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of participants. Finally, Tables V-A through VI-B provide a summary of the actuarial assumptions and methods that are used to value the plan's benefits and of the relevant plan provisions as of October 1, 2014, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Assumption Changes

Since the previous valuation was prepared, three assumptions have been changed. First, the assumed interest (or discount) rate was decreased from 7.50% per annum to 7.00% per annum. Second, the assumed increase in future salaries for those employees with less than five years of service was decreased from 7.40% per year to 5.00% per year. Finally, the mortality basis was changed from the RP-2000 Mortality Table, projected to 2007 by Scale AA, to the RP-2000 Mortality Table, projected to 2015 by Scale AA. The combined effect of these assumption changes was to decrease the minimum required contribution by 0.59% of payroll.

GASB 67/68 and Chapter 2013-100, Florida Statutes

A new accounting standard, the Governmental Accounting Standards Board Statements Nos. 67 and 68 (GASB 67/68), became effective for the plan's financial statements as of September 30, 2014 and will become effective for the City's financial statements as of September 30, 2015. GASB 67/68 replaces GASB 25/27, makes major changes to the calculation of the accounting cost of the pension plan, and mandates numerous new disclosures. A separate GASB 67/68 report will be prepared that will provide the accounting cost of the plan for the 2014/15 plan year.

In addition, Chapter 2013-100, Florida Statutes, is effective for the plan year ending on September 30, 2014. This new State law requires disclosures that are similar to some of the disclosures required under GASB 67/68 and requires plan cost to be presented based on two alternative valuation bases. First, plan cost must be disclosed based on the same



assumptions and methods used to calculate the GASB 67/68 accounting cost, but using the RP-2000 Combined Mortality Table with generational mortality projections. Second, plan cost must be disclosed on the same basis as described in the previous sentence, but using an interest rate that is 2.00% lower than the funding valuation interest rate. The Division of Retirement is expected to issue formatting guidelines for this purpose. Because these guidelines have not yet been issued, a separate electronic report will be prepared at a later date that will provide the disclosures required under Chapter 2013-100, Florida Statutes.

Certification

This actuarial valuation was prepared 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 Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material change in plan costs or required contribution rates have been taken into account in the valuation.

For the firm,



Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

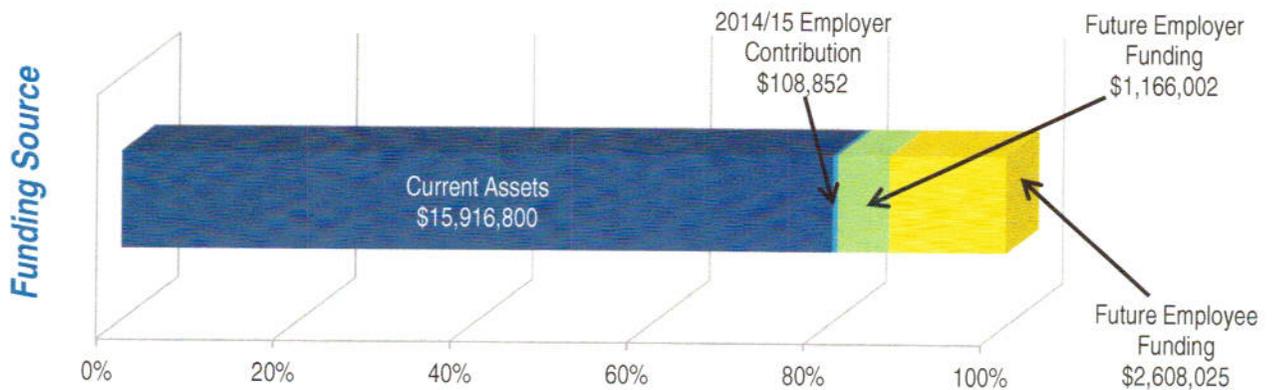
Enrolled Actuary No. 14-04927

The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Minimum Required Contribution

Table I-A



For the 2014/15 Plan Year

Normal Cost for the 2014/15 Plan Year	\$0
Unfunded Liability Amortization Payment for the 2014/15 Plan Year	\$61,641
Expense Allowance for the 2014/15 Plan Year	\$43,462
	\$105,103
Adjustment to Reflect Semi-Monthly Employer Contributions	\$3,749
Preliminary Employer Contribution for the 2014/15 Plan Year	\$108,852
Expected Payroll for the 2014/15 Plan Year	÷ \$2,483,561

Minimum Required Contribution Rate **4.38%**

(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the year.)

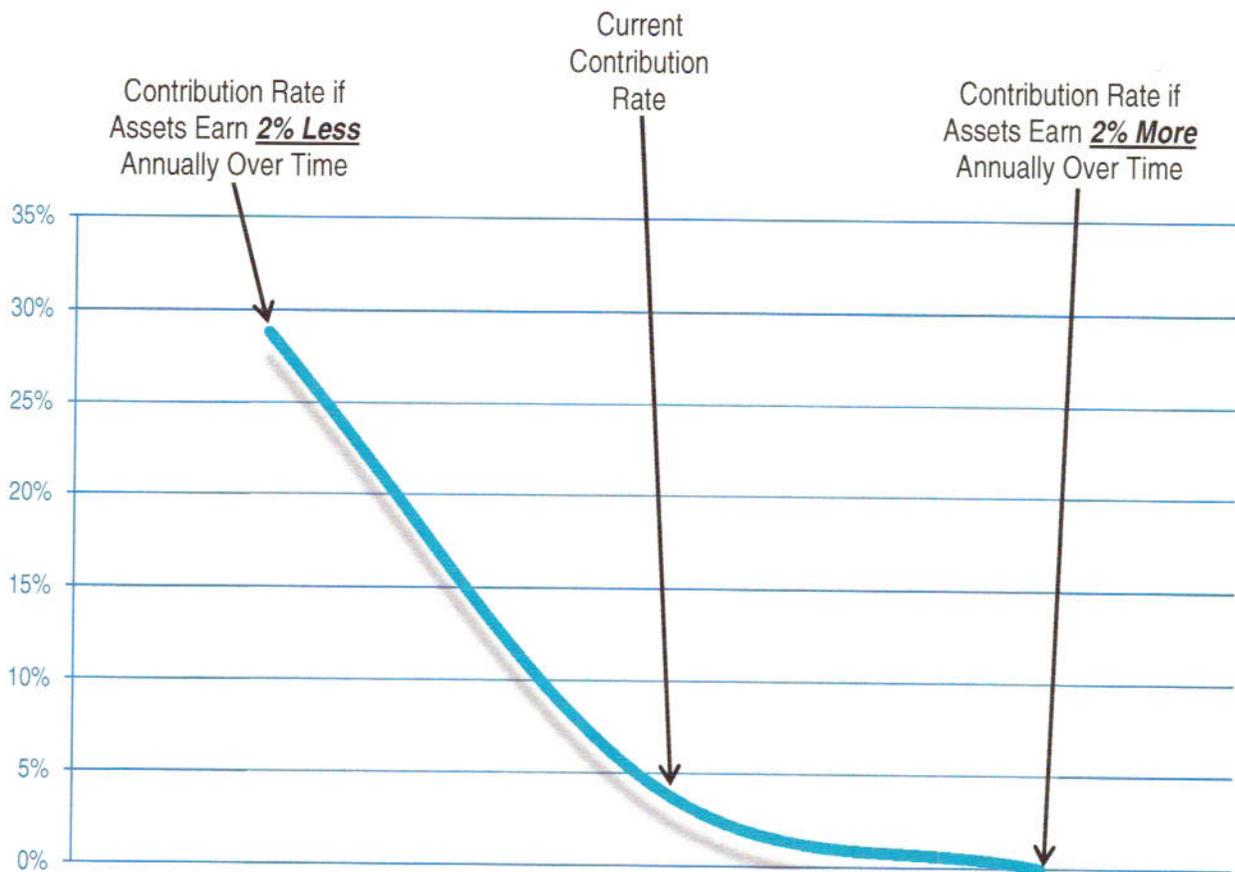
Additional Disclosures

Present Value of Future Compensation	\$26,080,253
Present Value of Future Employer Contributions	\$1,274,854
Present Value of Future Employee Contributions	\$2,608,025



Sensitivity Analysis

Table I-B



The line above illustrates the sensitivity of the contribution rate to changes in the long-term investment return.



Gain and Loss Analysis

Table I-C

Source of Change in the Contribution Rate

Previous minimum required contribution rate	5.32%
Increase (decrease) due to investment gains and losses	-0.84%
Increase (decrease) due to demographic experience	0.49%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	-0.59%
Increase (decrease) due to actuarial method changes	0.00%
Current minimum required contribution rate	<u>4.38%</u>

Source of Change in the Unfunded Liability

Previous unfunded liability	\$493,594
Increase due to employer normal cost and expenses	\$141,313
Increase due to interest on normal cost and unfunded liability	\$47,618
Decrease due to employer contributions	(\$260,837)
Decrease due to interest on employer contributions	(\$19,281)
Expected unfunded liability	<u>\$402,407</u>
Increase (decrease) due to plan experience	\$0
Increase (decrease) due to plan amendments	\$0
Increase (decrease) due to actuarial assumption changes	\$867,340
Increase (decrease) due to actuarial method changes	\$0
Adjustment to keep normal cost from becoming negative	(\$451,297)
Current unfunded liability	<u>\$818,450</u>



Present Value of Future Benefits

Table I-D

	Old Assumptions <u>w/o Amendment</u>	Old Assumptions <u>w/ Amendment</u>	New Assumptions <u>w/ Amendment</u>
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$9,146,314	\$9,146,314	\$9,937,305
Termination benefits	\$268,791	\$268,791	\$310,846
Disability benefits	\$407,530	\$407,530	\$435,748
Death benefits	\$224,558	\$224,558	\$339,207
Refund of employee contributions	\$236,178	\$236,178	\$231,556
Sub-total	\$10,283,371	\$10,283,371	\$11,254,662
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$804,582	\$804,582	\$867,093
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$19,794	\$19,794	\$20,723
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$824,376	\$824,376	\$887,816
<i><u>Due a Refund of Contributions</u></i>	\$65,250	\$65,250	\$65,250
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$6,344,135	\$6,344,135	\$6,679,829
Disability retirements	\$214,809	\$214,809	\$227,001
Beneficiaries receiving	\$220,214	\$220,214	\$228,717
DROP participants	\$0	\$0	\$0
Sub-total	\$6,779,158	\$6,779,158	\$7,135,547
<i><u>Grand Total</u></i>	<u>\$17,952,155</u>	<u>\$17,952,155</u>	<u>\$19,343,275</u>
Present Value of Future Payroll	\$26,210,770	\$26,210,770	\$26,080,253
Present Value of Future Employee Contribs.	\$2,621,077	\$2,621,077	\$2,608,025
Present Value of Future Employer Contribs.	\$0	\$0	\$1,274,854



Present Value of Accrued Benefits

Table I-E

	Old Assumptions <u>w/o Amendment</u>	Old Assumptions <u>w/ Amendment</u>	New Assumptions <u>w/ Amendment</u>
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$2,893,366	\$2,893,366	\$3,128,736
Termination benefits	\$115,173	\$115,173	\$135,098
Disability benefits	\$241,919	\$241,919	\$263,332
Death benefits	\$110,377	\$110,377	\$151,389
Refund of employee contributions	\$83,345	\$83,345	\$82,773
Sub-total	\$3,444,180	\$3,444,180	\$3,761,328
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$804,582	\$804,582	\$867,093
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$19,794	\$19,794	\$20,723
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$824,376	\$824,376	\$887,816
<i><u>Due a Refund of Contributions</u></i>	\$65,250	\$65,250	\$65,250
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$6,344,135	\$6,344,135	\$6,679,829
Disability retirements	\$214,809	\$214,809	\$227,001
Beneficiaries receiving	\$220,214	\$220,214	\$228,717
DROP participants	\$0	\$0	\$0
Sub-total	\$6,779,158	\$6,779,158	\$7,135,547
<i><u>Grand Total</u></i>	<u>\$11,112,964</u>	<u>\$11,112,964</u>	<u>\$11,849,941</u>



Present Value of Vested Benefits

Table I-F

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$2,869,024	\$2,869,024	\$3,102,243
Termination benefits	\$98,929	\$98,929	\$115,363
Disability benefits	\$241,919	\$241,919	\$263,332
Death benefits	\$108,375	\$108,375	\$147,674
Refund of employee contributions	\$91,795	\$91,795	\$92,438
Sub-total	\$3,410,042	\$3,410,042	\$3,721,050
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$804,582	\$804,582	\$867,093
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$19,794	\$19,794	\$20,723
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$824,376	\$824,376	\$887,816
<i><u>Due a Refund of Contributions</u></i>	\$65,250	\$65,250	\$65,250
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$6,344,135	\$6,344,135	\$6,679,829
Disability retirements	\$214,809	\$214,809	\$227,001
Beneficiaries receiving	\$220,214	\$220,214	\$228,717
DROP participants	\$0	\$0	\$0
Sub-total	\$6,779,158	\$6,779,158	\$7,135,547
<i><u>Grand Total</u></i>	<u>\$11,078,826</u>	<u>\$11,078,826</u>	<u>\$11,809,663</u>



Entry Age Normal Accrued Liability

Table I-G

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$4,643,279	\$4,643,279	\$4,997,866
Termination benefits	\$138,448	\$138,448	\$160,718
Disability benefits	\$204,225	\$204,225	\$219,310
Death benefits	\$116,538	\$116,538	\$172,980
Refund of employee contributions	\$103,477	\$103,477	\$102,604
Sub-total	\$5,205,967	\$5,205,967	\$5,653,478
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$804,582	\$804,582	\$867,093
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$19,794	\$19,794	\$20,723
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$824,376	\$824,376	\$887,816
<i><u>Due a Refund of Contributions</u></i>	\$65,250	\$65,250	\$65,250
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$6,344,135	\$6,344,135	\$6,679,829
Disability retirements	\$214,809	\$214,809	\$227,001
Beneficiaries receiving	\$220,214	\$220,214	\$228,717
DROP participants	\$0	\$0	\$0
Sub-total	\$6,779,158	\$6,779,158	\$7,135,547
<i><u>Grand Total</u></i>	<u>\$12,874,751</u>	<u>\$12,874,751</u>	<u>\$13,742,091</u>



Unfunded Liability Bases

Table I-H

<u>Description</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>Amortization Payment</u>	<u>Years Rem.</u>
	Total	\$818,450	\$61,641	
10/1/2014 Assumption Change	\$818,450	\$818,450	\$61,641	30



Development of the Normal Cost and Interest Adjustment

Table I-1

Normal Cost as of October 1, 2014

Present Value of Future Benefits	\$19,343,275
Unfunded Frozen Liability	(\$818,450)
Actuarial Value of Assets	(\$15,916,800)
Present Value of Future Employee Contributions	(\$2,608,025)
Present Value of Future Normal Cost	\$0
Present Value of Future Compensation	÷ \$26,080,253
Normal Cost Accrual Rate	0.000000%
Expected Payroll for the Current Year	x \$2,483,561
Normal Cost	\$0



GASB 25/27 Results

Table II-A

Development of the Net Pension Obligation (Asset)

Net Pension Obligation (Asset) as of October 1, 2012	(\$481,694)
Annual Pension Cost for the 2012/13 Plan Year	\$120,558
Employer Contributions for the 2012/13 Plan Year	(\$124,441)
Net Increase (Decrease) in NPO	<u>(\$3,883)</u>
Net Pension Obligation (Asset) as of October 1, 2013	<u>(\$485,577)</u>
Annual Pension Cost for the 2013/14 Plan Year	\$120,573
Employer Contributions for the 2013/14 Plan Year	(\$136,396)
Net Increase (Decrease) in NPO	<u>(\$15,823)</u>
Net Pension Obligation (Asset) as of October 1, 2014	<u>(\$501,400)</u>



GASB 25/27 Disclosures

Table II-B

Schedule of Employer Contributions

Year Ended <u>September 30</u>	Annual		Annual	
	Required <u>Contribution</u>	% <u>Contrib.</u>	Pension <u>Cost</u>	% <u>Contrib.</u>
2009	\$310,109	100%	\$310,109	100%
2010	\$399,962	214%	\$399,962	214%
2011	\$344,564	107%	\$346,288	107%
2012	\$421,969	100%	\$423,782	100%
2013	\$118,745	105%	\$120,558	103%
2014	\$118,745	115%	\$120,573	113%

Schedule of Funding Progress

Actuarial Valuation Date	(1)	(2)	(3)	(4)	(5)	(6)
	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (2) - (1)	Funded Ratio (1) ÷ (2)	Covered Payroll	UAAL as % of Covered Payroll (3) ÷ (5)
October 1, 2009	\$9,897,681	\$10,871,988	\$974,307	91.04%	\$2,785,962	34.97%
October 1, 2010	\$11,602,139	\$12,516,749	\$914,610	92.69%	\$2,611,789	35.02%
October 1, 2011	\$11,767,746	\$12,618,180	\$850,434	93.26%	\$2,654,735	32.03%
October 1, 2012	\$13,794,913	\$14,288,507	\$493,594	96.55%	\$2,232,223	22.11%
Not Applicable	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2014	\$15,916,800	\$16,735,250	\$818,450	95.11%	\$2,483,561	32.95%

Additional InformationValuation Date **October 1, 2014**Actuarial Cost Method **Frozen initial liability**Amortization Method **Level dollar, open**Remaining Amortization Period **30 years**Asset Valuation Method **Market value**Discount Rate **7.00%**Salary Increase Rate **5.00%**

SFAS 35 Disclosures

Table II-C

Actuarial Present Value of Accrued Benefits

	<u>As of October 1, 2012</u>	<u>As of October 1, 2014</u>
<i>Vested Benefits</i>		
Participants currently receiving benefits	\$4,977,225	\$7,135,547
Other participants	\$5,673,571	\$4,674,116
Sub-total	<u>\$10,650,796</u>	<u>\$11,809,663</u>
<i>Non-Vested Benefits</i>	\$82,988	\$40,278
<i>Total Benefits</i>	<u><u>\$10,733,784</u></u>	<u><u>\$11,849,941</u></u>
<i>Funded Percentage</i>	131.03%	139.16%
(based on the market value of assets)		

Statement of Change in Actuarial Present Value of Accrued Benefits

<u>Actuarial Present Value as of October 1, 2012</u>	<u>\$10,733,784</u>
<i>Increase (Decrease) Due To:</i>	
Interest	\$1,670,445
Benefits accumulated	\$262,777
Benefits paid	(\$1,554,042)
Plan amendments	\$0
Changes in actuarial methods and assumptions	\$736,977
Net increase (decrease)	<u>\$1,116,157</u>
<u>Actuarial Present Value as of October 1, 2014</u>	<u><u>\$11,849,941</u></u>

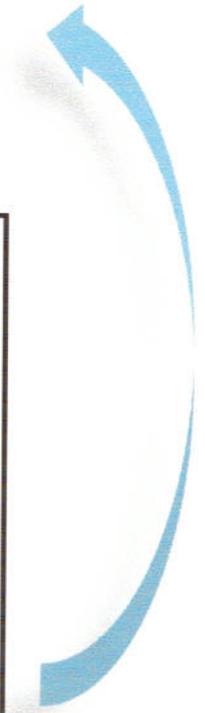


Actuarial Value of Assets

Table III-A

Market Value of Assets as of October 1, 2014	\$16,490,294
Minus advance employer contributions	(\$573,494)
Actuarial Value of Assets as of October 1, 2014	<u>\$15,916,800</u>

<u>Historical Actuarial Value of Assets</u>	
October 1, 2005	\$9,403,449
October 1, 2006	\$10,160,829
October 1, 2007	\$10,979,499
October 1, 2008	\$9,470,146
October 1, 2009	\$9,897,681
October 1, 2010	\$11,602,139
October 1, 2011	\$11,767,746
October 1, 2012	\$13,794,913
October 1, 2013	\$15,043,906
October 1, 2014	\$15,916,800

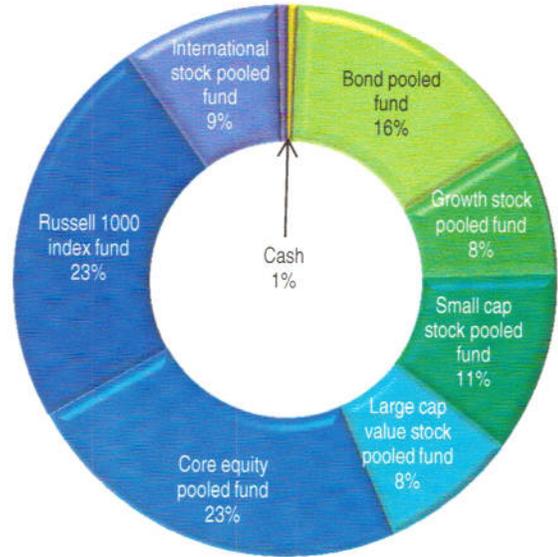


Market Value of Assets

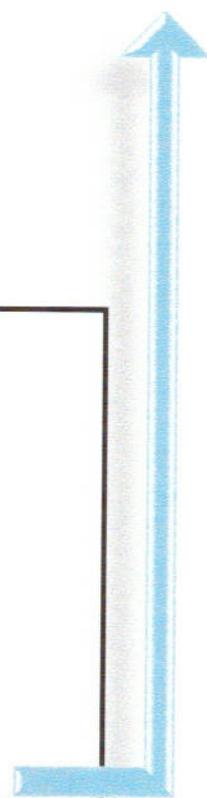
Table III-B

As of October 1, 2014

Market Value of Assets	<u>\$16,490,294</u>
Cash	\$99,502
Bond pooled fund	\$2,653,395
Growth stock pooled fund	\$1,326,697
Small cap stock pooled fund	\$1,807,625
Large cap value stock pooled fund	\$1,359,865
Core equity pooled fund	\$3,880,589
Russell 1000 index fund	\$3,880,589
International stock pooled fund	\$1,575,453
Benefits payable	(\$93,421)

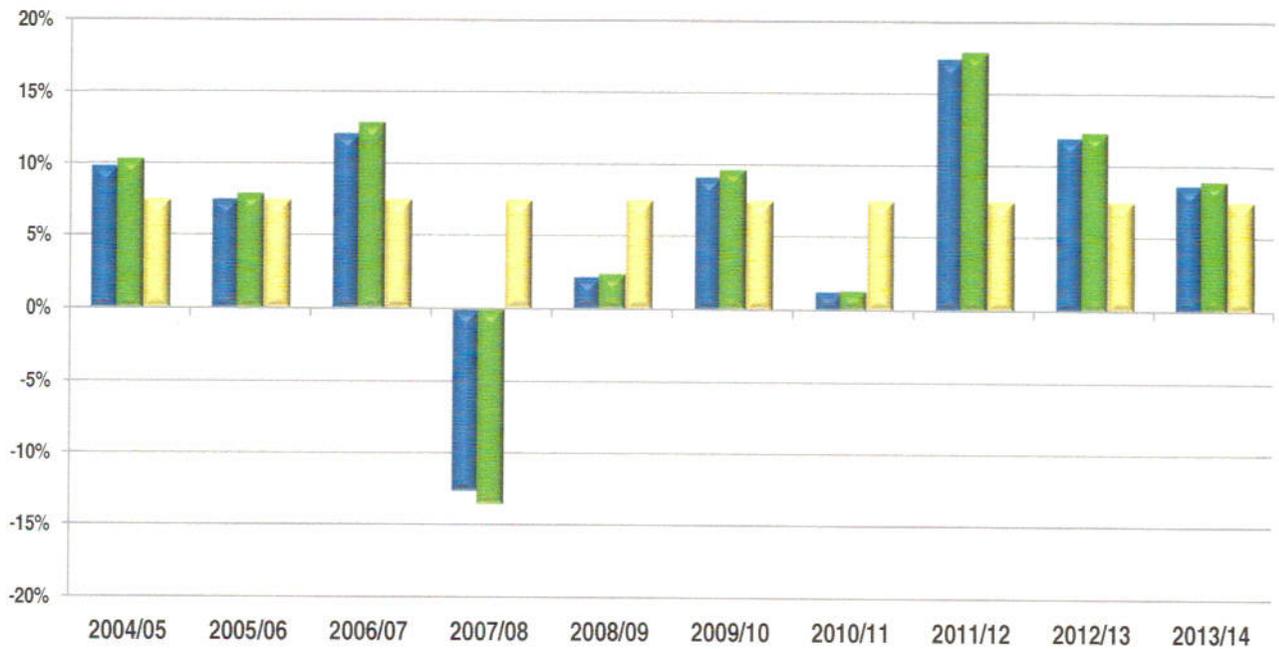


Historical Market Value of Assets	
October 1, 2005	\$9,879,058
October 1, 2006	\$10,698,177
October 1, 2007	\$11,672,298
October 1, 2008	\$10,337,131
October 1, 2009	\$10,740,499
October 1, 2010	\$11,973,677
October 1, 2011	\$12,109,219
October 1, 2012	\$14,064,331
October 1, 2013	\$15,497,413
October 1, 2014	\$16,490,294



Investment Return

Table III-C



Annual Investment Returns

■ Market Value Return
 ■ Actuarial Value Return
 ■ Assumed Return

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2004/05	9.82%	10.37%	7.50%
2005/06	7.52%	7.93%	7.50%
2006/07	12.16%	12.92%	7.50%
2007/08	-12.62%	-13.52%	7.50%
2008/09	2.19%	2.38%	7.50%
2009/10	9.16%	9.70%	7.50%
2010/11	1.24%	1.28%	7.50%
2011/12	17.43%	17.88%	7.50%
2012/13	12.02%	12.34%	7.50%
2013/14	8.65%	8.95%	7.50%
10yr. Avg.	6.45%	6.68%	7.50%



Asset Reconciliation

Table III-D

	<u>Market Value</u>	<u>Actuarial Value</u>
As of October 1, 2012	\$14,064,331	\$13,794,913
<i>Increases Due To:</i>		
Employer Contributions	\$564,913	\$564,913
Employee Contributions	\$490,296	\$490,296
Service Purchase Contributions	\$0	\$0
Total Contributions	<u>\$1,055,209</u>	<u>\$1,055,209</u>
Interest and Dividends	\$0	
Realized Gains (Losses)	\$0	
Unrealized Gains (Losses)	\$3,002,076	
Total Investment Income	<u>\$3,002,076</u>	\$3,002,076
Other Income	\$0	
Total Income	<u>\$4,057,285</u>	<u>\$4,057,285</u>
<i>Decreases Due To:</i>		
Monthly Benefit Payments	(\$1,311,721)	(\$1,311,721)
Refund of Employee Contributions	(\$242,321)	(\$242,321)
Total Benefit Payments	<u>(\$1,554,042)</u>	<u>(\$1,554,042)</u>
Investment Expenses	\$0	
Administrative Expenses	(\$77,280)	(\$77,280)
Advance Employer Contribution		(\$304,076)
Total Expenses	<u>(\$1,631,322)</u>	<u>(\$1,935,398)</u>
As of October 1, 2014	<u><u>\$16,490,294</u></u>	<u><u>\$15,916,800</u></u>



Historical Trust Fund Detail

Table III-E

Income

<u>Plan Year</u>	<u>Employer Contribs.</u>	<u>Employee Contribs.</u>	<u>Service Purchase Contribs.</u>	<u>Interest / Dividends</u>	<u>Realized Gains / Losses</u>	<u>Unrealized Gains / Losses</u>	<u>Other Income</u>
2004/05	\$270,822	\$240,012	\$0	\$0	\$0	\$888,895	\$0
2005/06	\$285,248	\$240,702	\$0	\$0	\$0	\$745,703	\$0
2006/07	\$255,913	\$257,717	\$0	\$0	\$0	\$1,282,511	\$0
2007/08	\$271,886	\$288,983	\$0	\$0	\$0	-\$1,482,400	\$0
2008/09	\$285,942	\$285,942	\$0	\$0	\$0	\$228,051	\$0
2009/10	\$386,579	\$301,513	\$0	\$0	\$0	\$994,664	\$0
2010/11	\$339,900	\$280,489	\$0	\$0	\$0	\$148,240	\$0
2011/12	\$351,847	\$266,773	\$0	\$0	\$0	\$2,098,149	\$0
2012/13	\$308,530	\$233,913	\$0	\$0	\$0	\$1,675,534	\$0
2013/14	\$256,383	\$256,383	\$0	\$0	\$0	\$1,326,542	\$0

Expenses

<u>Plan Year</u>	<u>Monthly Benefit Payments</u>	<u>Contrib. Refunds</u>	<u>Admin. Expenses</u>	<u>Invest. Expenses</u>	<u>Other Actuarial Adjustments Advance Employer Contribs.</u>
2004/05	\$260,760	\$321,717	\$50,227	\$0	-\$10,510
2005/06	\$293,689	\$105,855	\$52,990	\$0	\$61,739
2006/07	\$294,180	\$483,179	\$44,661	\$0	\$155,451
2007/08	\$331,381	\$39,896	\$42,359	\$0	\$174,186
2008/09	\$297,568	\$49,944	\$49,055	\$0	-\$24,167
2009/10	\$310,335	\$59,906	\$79,337	\$0	-\$471,280
2010/11	\$472,182	\$119,773	\$41,132	\$0	-\$30,065
2011/12	\$475,629	\$245,782	\$40,246	\$0	-\$72,055
2012/13	\$536,433	\$201,342	\$47,120	\$0	\$184,089
2013/14	\$775,288	\$40,979	\$30,160	\$0	\$119,987

Note: Information was not available to separate the investment expenses from the investment income nor was information available to separate the investment income by source.



Other Reconciliations

Table III-F

Advance Employer Contribution

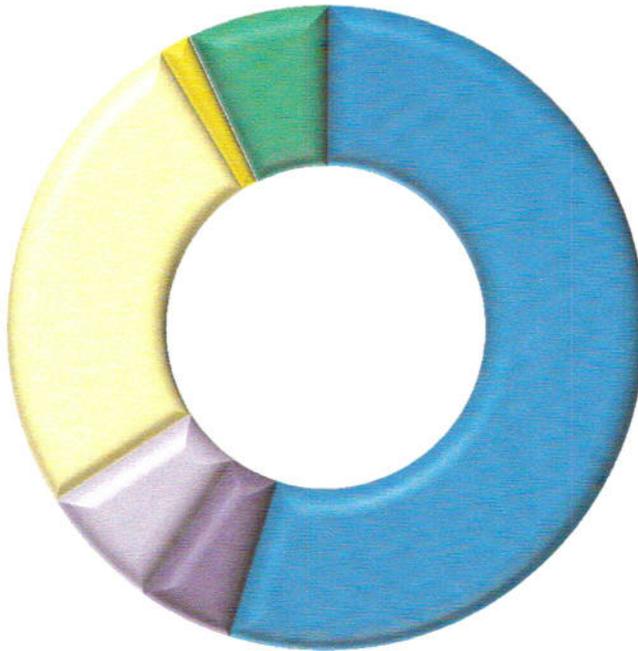
Advance Employer Contribution as of October 1, 2012	\$269,418
Additional Employer Contribution	\$308,530
Minimum Required Contribution	<u>(\$124,441)</u>
Net Increase in Advance Employer Contribution	\$184,089
Advance Employer Contribution as of October 1, 2013	<u>\$453,507</u>
Additional Employer Contribution	\$256,383
Minimum Required Contribution	<u>(\$136,396)</u>
Net Increase in Advance Employer Contribution	\$119,987
Advance Employer Contribution as of October 1, 2014	<u>\$573,494</u>



Summary of Participant Data

Table IV-A

As of October 1, 2014



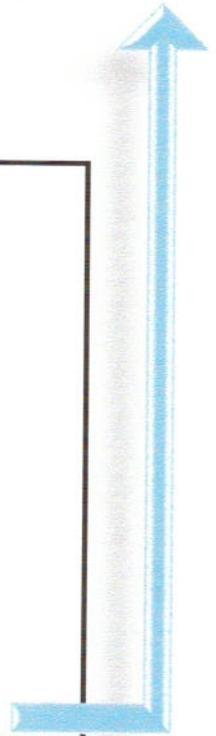
Participant Distribution by Status

<u>Actively Employed Participants</u>		
◆	Active Participants	69
◆	DROP Participants	0
<u>Inactive Participants</u>		
◆	Deferred Vested Participants	6
◆	Due a Refund of Contributions	8
◆	Deferred Beneficiaries	0
<u>Participants Receiving a Benefit</u>		
◆	Service Retirements	32
◆	Disability Retirements	2
◆	Beneficiaries Receiving	9

Total Participants 126

Number of Participants Included in Prior Valuations

	<i>Active</i>	<i>DROP</i>	<i>Inactive</i>	<i>Retired</i>	<i>Total</i>
October 1, 2005	75	0	3	32	110
October 1, 2006	78	0	10	32	120
October 1, 2007	N/A	N/A	N/A	N/A	N/A
October 1, 2008	75	0	12	33	120
October 1, 2009	78	0	12	32	122
October 1, 2010	71	0	11	35	117
October 1, 2011	69	0	11	34	114
October 1, 2012	62	0	14	36	112
October 1, 2013	N/A	N/A	N/A	N/A	N/A
October 1, 2014	69	0	14	43	126



Data Reconciliation

Table IV-B

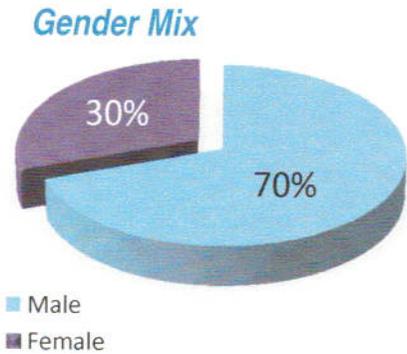
	<u>Active</u>	<u>DROP</u>	<u>Deferred Vested</u>	<u>Due a Refund</u>	<u>Def. Benef.</u>	<u>Service Retiree</u>	<u>Disabled Retiree</u>	<u>Benef. Rec'v.</u>	<u>Total</u>
<u>October 1, 2012</u>	62	0	6	8	0	26	2	8	112
<u>Change in Status</u>									
Re-employed									
Terminated	(24)		1	23					
Retired	(8)		(1)			9			
<u>Participation Ended</u>									
Transferred Out									
Cashed Out				(24)					(24)
Died						(3)			(3)
<u>Participation Began</u>									
Newly Hired	39								39
Transferred In									
New Beneficiary								1	1
Other Adjustment				1					1
<u>October 1, 2014</u>	69	0	6	8	0	32	2	9	126



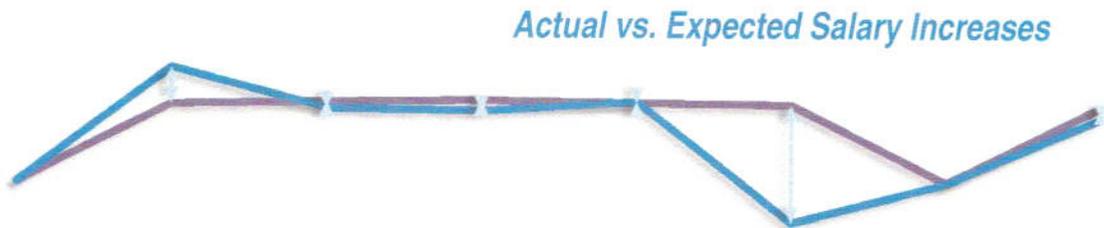
Active Participant Data

Table IV-C

As of October 1, 2014



Average Age	38.6 years
Average Service	5.9 years
Total Annualized Compensation for the Prior Year	\$2,525,378
Total Expected Compensation for the Current Year	\$2,483,561
Average Increase in Compensation for the Prior Year	4.86%
Expected Increase in Compensation for the Current Year	5.00%
Accumulated Contributions for Active Employees	\$1,615,066



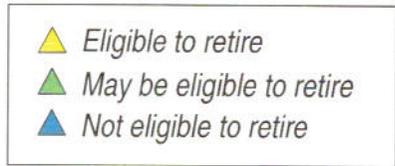
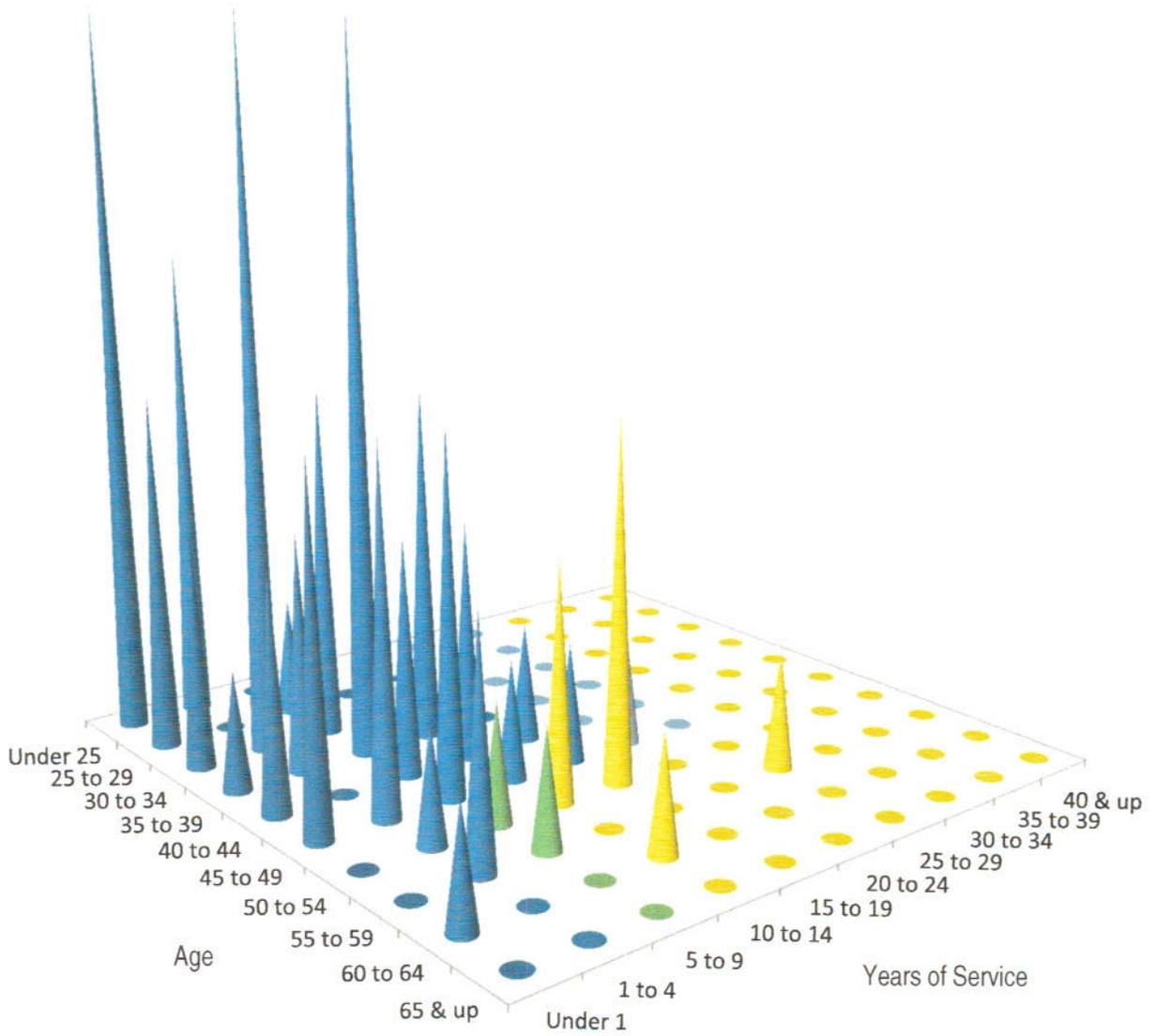
Active Participant Statistics From Prior Valuations

	Average Age	Average Service	Average Salary	Average Expected Salary Increase	Average Actual Salary Increase
October 1, 2005	39.6	6.3	\$30,658	6.29%	0.50%
October 1, 2006	39.7	6.6	\$30,713	6.54%	2.79%
October 1, 2007	N/A	N/A	N/A	N/A	N/A
October 1, 2008	41.3	7.3	\$35,850	5.83%	8.56%
October 1, 2009	41.6	7.4	\$36,730	6.01%	5.54%
October 1, 2010	42.0	7.5	\$37,530	6.14%	5.31%
October 1, 2011	43.0	8.2	\$39,440	5.95%	6.03%
October 1, 2012	43.3	8.6	\$37,346	5.83%	-2.92%
October 1, 2013	N/A	N/A	N/A	N/A	N/A
October 1, 2014	38.6	5.9	\$36,600	5.74%	4.86%



Active Age-Service Distribution

Table IV-D



Active Age-Service-Salary Table

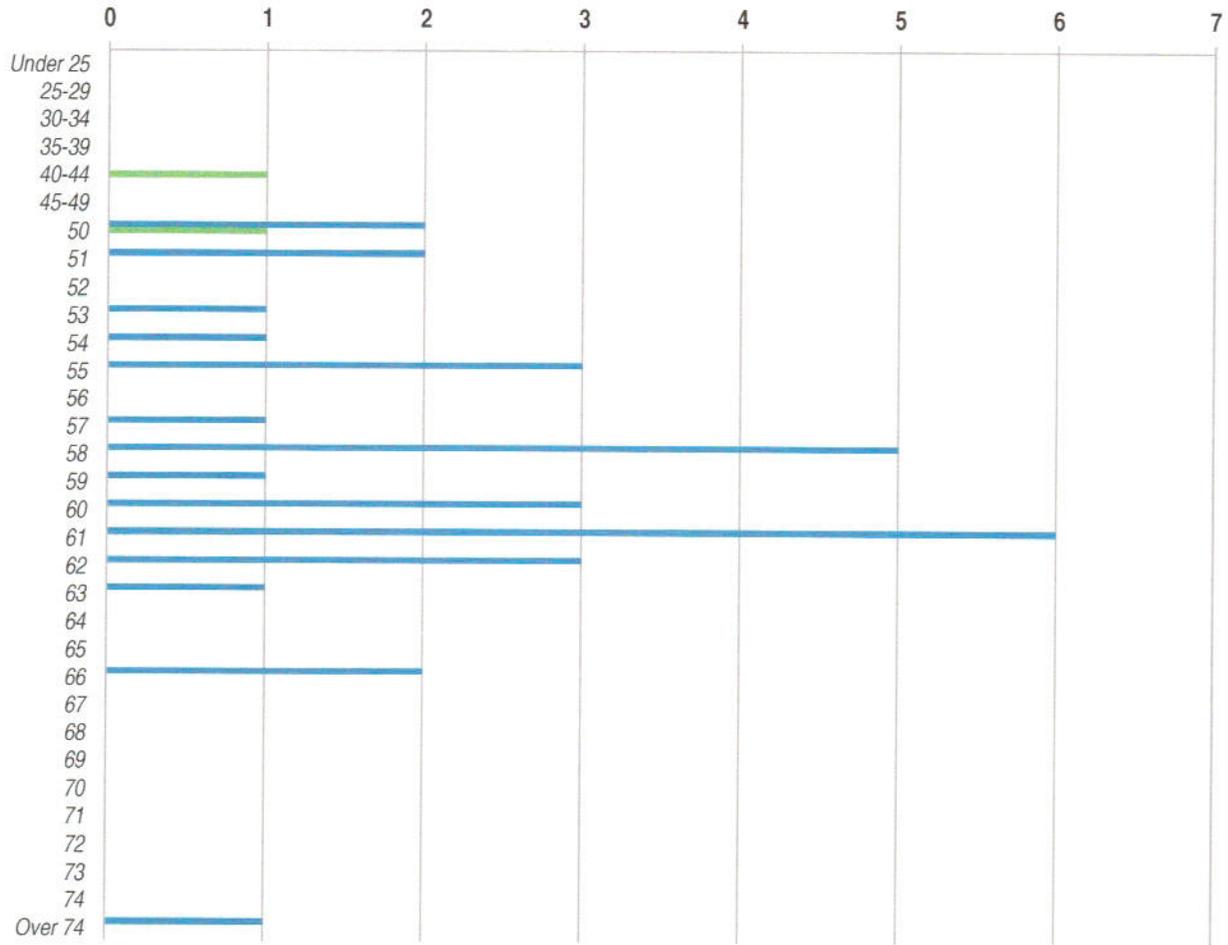
Table IV-E

Attained Age	Completed Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	6	4	0	0	0	0	0	0	0	0	10
Avg.Pay	19,332	23,132	0	0	0	0	0	0	0	0	20,852
25 to 29	3	0	1	0	0	0	0	0	0	0	4
Avg.Pay	32,201	0	25,686	0	0	0	0	0	0	0	30,573
30 to 34	2	6	3	0	0	0	0	0	0	0	11
Avg.Pay	20,595	32,058	28,692	0	0	0	0	0	0	0	29,056
35 to 39	1	2	6	3	0	0	0	0	0	0	12
Avg.Pay	41,284	33,361	45,717	52,485	0	0	0	0	0	0	44,980
40 to 44	2	0	2	2	1	0	0	0	0	0	7
Avg.Pay	30,845	0	27,522	63,630	42,052	0	0	0	0	0	40,864
45 to 49	3	3	3	1	1	1	0	0	0	0	12
Avg.Pay	38,645	23,358	36,942	44,360	64,007	34,703	0	0	0	0	36,659
50 to 54	0	1	1	2	3	0	0	0	0	0	7
Avg.Pay	0	30,316	26,716	41,129	44,595	0	0	0	0	0	39,011
55 to 59	0	2	1	0	0	0	1	0	0	0	4
Avg.Pay	0	59,812	45,408	0	0	0	75,167	0	0	0	60,050
60 to 64	1	0	0	1	0	0	0	0	0	0	2
Avg.Pay	27,543	0	0	68,429	0	0	0	0	0	0	47,986
65 & up	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
Total	18	18	17	9	5	1	1	0	0	0	69
Avg.Pay	27,791	31,756	36,709	53,307	47,969	34,703	75,167	0	0	0	36,600



Inactive Participant Data

Table IV-F



Age at Retirement

- Service Retirements
- Disability Retirements
- DROP Participants

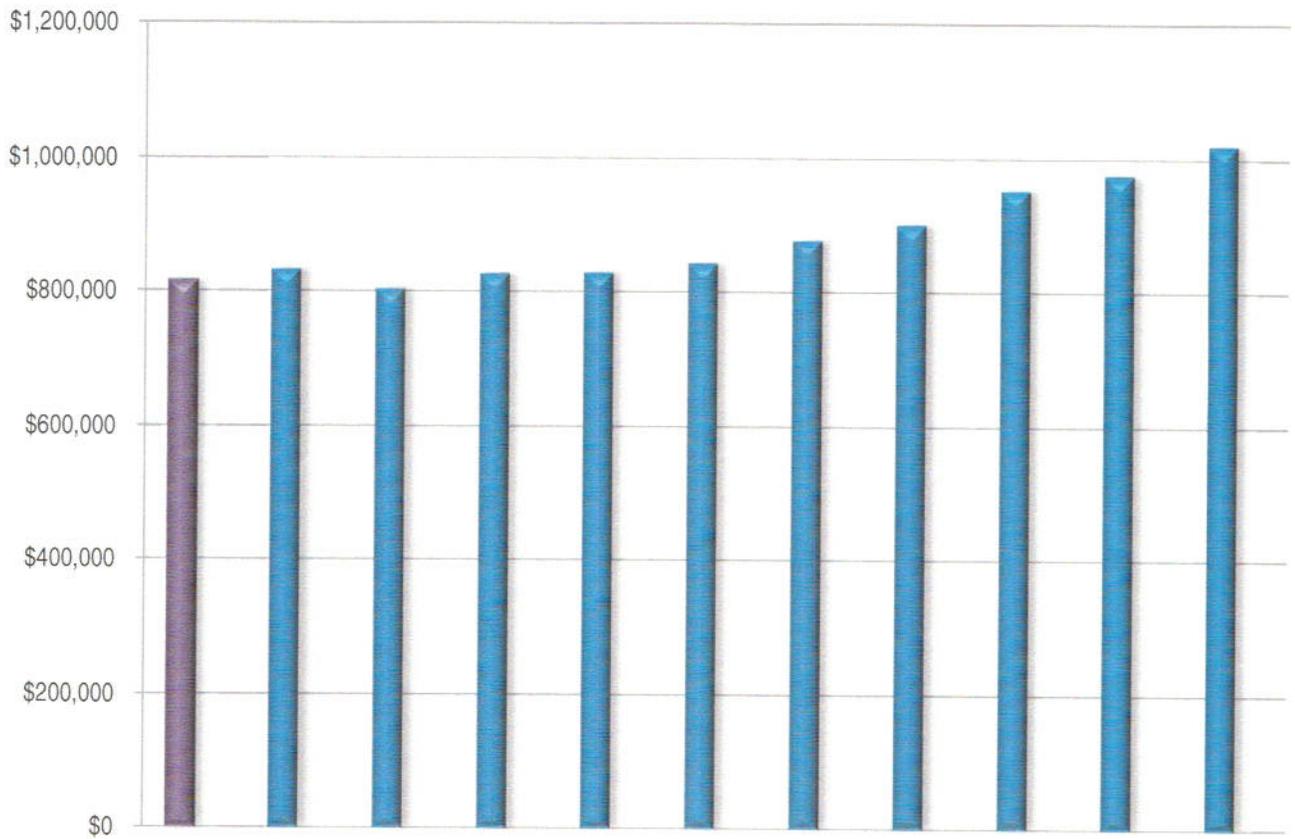
Average Monthly Benefit

Service Retirements	\$1,551.70
Disability Retirements	\$817.28
Beneficiaries Receiving	\$573.54
DROP Participants	Not applicable
Deferred Vested Participants	\$1,289.87
Deferred Beneficiaries	Not applicable



Projected Benefit Payments

Table IV-G



Actual

For the period October 1, 2013 through September 30, 2014 \$816,267

Projected

For the period October 1, 2014 through September 30, 2015	\$833,152
For the period October 1, 2015 through September 30, 2016	\$804,256
For the period October 1, 2016 through September 30, 2017	\$826,712
For the period October 1, 2017 through September 30, 2018	\$828,795
For the period October 1, 2018 through September 30, 2019	\$842,396
For the period October 1, 2019 through September 30, 2020	\$877,432
For the period October 1, 2020 through September 30, 2021	\$901,127
For the period October 1, 2021 through September 30, 2022	\$952,980
For the period October 1, 2022 through September 30, 2023	\$975,590
For the period October 1, 2023 through September 30, 2024	\$1,020,619



Summary of Actuarial Methods and Assumptions

Table V-A

1. Actuarial Cost Method

Frozen initial liability cost method. Under this actuarial cost method, an unfunded liability is developed at the inception of the plan using the individual entry age normal cost method. Over time, this unfunded liability is adjusted to reflect changes in the entry age normal accrued liability due to plan amendments and changes in actuarial assumptions and methods. The employer makes a periodic contribution towards the unfunded liability which is intended to eliminate the unfunded liability over a pre-determined period. In addition, each year the total projected liability in excess of the unfunded liability, accumulated assets, and future employee contributions is divided by the present value of future compensation to develop a level funding percentage for the plan as a whole. The level funding percentage is then multiplied by the covered payroll for the year immediately following the valuation date to determine the normal cost for that year.

2. Amortization Method

The unfunded actuarial accrued liability is amortized as a level dollar amount over a period of up to 30 years.

3. Asset Method

The actuarial value of assets is equal to the market value of assets.

4. Interest (or Discount) Rate

7.00% per annum

5. Salary Increases

Plan compensation is assumed to increase at the rate of 5.00% per annum, unless actual plan compensation is known for a prior plan year. In addition, all pay-related benefits other than disability benefits have been loaded by 5.00% to reflect anticipated accumulated sick leave and vacation pay.

6. Decrements

- Pre-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been assumed.
- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been assumed.



Summary of Actuarial Methods and Assumptions

Table V-A

(continued)

- **Disability:**

For police officers, age- and gender-based rates of disability were assumed, ranging from 0.179% for males and 0.075% for females at age 25, 0.290% for males and 0.096% for females at age 35, 0.795% for males and 0.162% for females at age 45, and 1.030% for males and 0.040% for females at age 55; 80% of such disabilities are assumed to be service-related.

For all other participants, age- and gender-based rates of disability were assumed, ranging from 0.075% for males and 0.035% for females at age 25, 0.096% for males and 0.054% for females at age 35, 0.162% for males and 0.085% for females at age 45, and 0.400% for males and 0.180% for females at age 55; 20% of such disabilities are assumed to be service-related.
- **Termination:**

For police officers, the termination rates are age-based, ranging from 5.00% at age 25, 3.00% at age 35, and 0.00% at age 45. For all other participants, the termination rates are age-based, ranging from 7.10% at age 25, 4.20% at age 35, 1.80% at age 45, 0.80% at age 55, and 0.00% at age 60.
- **Retirement:**

For police officers, 20% are assumed to retire at each of ages 55 through 57, 30% are assumed to retire at each of ages 58 and 59, and 100% are assumed to retire at age 60. For all other participants, 10% are assumed to retire at each of ages 55 through 59 and 100% are assumed to retire at age 60. Regardless of the foregoing, participants who have earned at least 30 years of service are assumed to retire immediately and deferred vested participants are assumed to wait until their normal retirement age to commence receipt of their benefit.

7. Form of Payment

Future married retirees have been assumed to select the 50% joint and contingent annuity; future unmarried police retirees have been assumed to select the 10-year certain and life annuity; all other future unmarried retirees have been assumed to select the single life annuity.

8. Marriage Assumption

80% of non-retired participants are assumed to be married, with husbands three years older than wives.

9. Expenses

Administrative expenses are assumed to be 1.75% of covered payroll. In addition, the interest rate set forth in item 4. above is assumed to be net of investment expenses and commissions.



Changes in Actuarial Methods and Assumptions

Table V-B

Since the completion of the previous valuation, the following actuarial methods or assumptions were changed:

- (1) The assumed interest (or discount) rate was decreased from 7.50% per annum to 7.00% per annum.
- (2) The assumed increase in future salaries for those employees with less than five years of service was decreased from 7.40% per year to 5.00% per year.
- (3) The mortality basis was changed from the RP-2000 Mortality Table, projected to 2007 by Scale AA, to the RP-2000 Mortality Table, projected to 2015 by Scale AA.



Summary of Plan Provisions

Table VI-A

1. Monthly Accrued Benefit

2.50% of Average Final Compensation multiplied by Credited Service (up to 40 years)

2. Normal Retirement Age and Benefit

- **Age**

Age 60 with at least six years of Credited Service; or
Any age with at least 30 years of Credited Service

- **Amount**

Monthly Accrued Benefit

- **Form of Payment**

Single life annuity (normal form of payment for unmarried participants; optional for married participants);
10-year certain and life annuity (alternative normal form of payment for police officers; optional with actuarial adjustment for all other participants);
50% joint and contingent annuity (normal form of payment for married participants; optional with actuarial adjustment for all other participants); or
Actuarially equivalent lump sum distribution (automatic if the single sum value of the participant's benefit is less than or equal to \$1,000)

3. Early Retirement Age and Benefit

- **Age**

Age 50 with at least six years of Credited Service

- **Amount**

Monthly Accrued Benefit (payable at Normal Retirement Age); or
Monthly Accrued Benefit reduced by 1% for each of the first five years by which the participant's Early Retirement Age precedes age 60 and further reduced by 2% for each of the next five years by which the participant's Early Retirement Date precedes age 60 (payable at Early Retirement Age)

- **Form of Payment**

Same as for Normal Retirement



Summary of Plan Provisions

Table VI-A

(continued)

4. **Delayed Retirement Age and Benefit**

- **Age**
After Normal Retirement Age
- **Amount**
Monthly Accrued Benefit
- **Form of Payment**
Same as for Normal Retirement

5. **Deferred Vested Benefit**

- **Age**
Any age with at least six years of Credited Service
- **Amount**
Monthly Accrued Benefit (payable at Normal Retirement Age); or
Monthly Accrued Benefit reduced by 1% for each of the first five years by which the participant's Early Retirement Age precedes his Normal Retirement Date and further reduced by 2% for each of the next five years by which the participant's Early Retirement Date precedes his Normal Retirement Date (payable at Early Retirement Age)
- **Form of Payment**
Same as for Normal Retirement

6. **Service Incurred Disability Retirement Eligibility and Benefit**

- **Eligibility**
All participants are eligible.
- **Condition**
The participant must have become disabled in the line of duty due to a sickness or injury which continuously and permanently renders him unable to perform any useful, meaningful work for the City in an available position for which he is reasonably qualified or may be reasonably trained to perform. Alternatively, a police officer must only be unable to render useful and efficient service as a police officer due to his disability. However, Disability Benefits will not be payable in cases where the disability arose as a result of excessive and habitual use of drugs, intoxicants, or narcotics or injury or disease sustained while willfully and illegally participating in fights, riots, or civil insurrections, while committing a crime, while serving in any branch of the U.S. armed forces, or while not employed by the City.



Summary of Plan Provisions

Table VI-A

(continued)

- **Amount**

A monthly benefit equal to the larger of (a) or (b), as follows:

- (a) Monthly Accrued Benefit; or
- (b) 50% of Average Final Compensation (*provided that the monthly disability benefit plus monthly worker's compensation cannot exceed the average wage used to determine the worker's compensation payment*).

- **Form of Payment**

Same as for Normal Retirement

7. Non-Service Incurred Disability Retirement Eligibility and Benefit

- **Eligibility**

All participants are eligible.

- **Condition**

Same as for a Service Incurred Disability, except that the disability was not incurred in the line of duty.

- **Amount**

A monthly benefit equal to the larger of (a) or (b), as follows:

- (a) Monthly Accrued Benefit; or
- (b) 25% of Average Final Compensation (*provided that the monthly disability benefit plus monthly worker's compensation cannot exceed the average wage used to determine the worker's compensation payment*).

- **Form of Payment**

Same as for Normal Retirement

8. Pre-Retirement Death Benefits

Monthly Annuity

In the case of the death of a vested participant prior to retirement, his spouse will receive 50% of the participant's Monthly Accrued Benefit payable for life beginning at the participant's earliest retirement age or, with respect to unmarried, vested police officers, his beneficiary will receive the officer's Monthly Accrued Benefit payable for 10 years beginning at the officer's earliest retirement age. In the case of the death of a non-vested or unmarried participant prior to retirement, his beneficiary will receive the participant's Accumulated Contributions in lieu of any other benefits payable from the plan.



Summary of Plan Provisions

Table VI-A

(continued)

Single Lump Sum Payment

In the case of the death of a participant prior to retirement, his beneficiary will receive \$25,000, reduced by 10% for each year of Credited Service less than 10 years.

9. Post-Retirement Death Benefit

Single Lump Sum Payment

In the case of the death of a participant after retirement, his beneficiary will receive \$25,000, reduced by 10% for each year of Credited Service less than 10 years.

10. Average Final Compensation

Average of the highest three consecutive years of Compensation out of the last 10 years of employment

11. Compensation

Regular salary or wage plus overtime pay, leave pay, bonuses, sick pay, incentive pay, and lump sum payments of accrued sick leave upon retirement; annual compensation in excess of \$200,000 (as indexed) is excluded in accordance with Internal Revenue Code (IRC) §401(a)(17).

12. Credited Service

The elapsed time from the participant's date of hire until his date of termination, retirement, or death; police officers may purchase up to five years of additional Credited Service for certain military service.

13. Participation Requirement

All full-time employees of the City of Wauchula, Florida, including the City Clerk, but excluding members of the City Council, the Mayor, and state-certified firefighters

14. Accumulated Contributions

The Employee Contributions accumulated without interest; if the participant terminates his employment with less than six years of Credited Service, he receives his Accumulated Contributions in lieu of any other benefits payable from the plan.



Summary of Plan Provisions

Table VI-A

(continued)

15. Employee and Employer Contributions

All participating employees are required to contribute 10% of compensation to the plan. In addition, the City of Wauchula is required to contribute the greater of 10% of covered payroll or the contribution required pursuant to Chapter 112, Florida Statutes.

16. Supplemental Retirement Benefit

All participants who retire at age 50 or later with at least six years of Credited Service receive a \$100.00 monthly supplemental retirement benefit payable for their lifetime only.

17. Definition of Actuarially Equivalent

- **Interest Rate**
7.50% per annum
- **Mortality Table**
1983 Group Annuity Mortality Table, blended 50%/50% for males and females, and set back two years

18. Plan Effective Date

October 1, 2000

19. Cost-of-Living Adjustment

The Trustees of the plan are authorized to adopt a periodic cost-of-living adjustment (COLA) no more frequently than every other year of up to one-half of the increase in the Consumer Price Index, to a maximum COLA of 3.00%, provided that the actuary certifies that the COLA can be funded on a sound actuarial basis without increasing the level of contributions to the plan.



Summary of Plan Amendments

Table VI-B

No significant plan amendments were adopted since the completion of the previous valuation.

