

EMPLOYEE PENSION PLAN OF THE
CITY OF FROSTPROOF, FLORIDA

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2014

DETERMINES THE CONTRIBUTION
FOR THE 2014/15 FISCAL YEAR



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January 10, 2015

Introduction

This report presents the results of the October 1, 2014 actuarial valuation for the Employee Pension Plan of the City of Frostproof, Florida. 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 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 normal cost 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 1.59% of covered payroll, which represents a decrease of 4.63% of payroll from the prior valuation.

The normal cost rate is 1.53%, which is 4.47% less than the normal cost rate that was developed in the prior valuation. Table I-C provides a breakdown of the sources of change in the normal cost rate. Significantly, the rate decreased by 1.84% of payroll due to investment gains and decreased by another 2.63% of payroll due to demographic experience.



The market value of assets earned 12.00% during the 2012/13 plan year and earned another 8.57% during the 2013/14 plan year, whereas a 7.25% 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 adjustment as necessary 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 1.59% 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, then the 1.59% contribution rate should also be applied to the covered payroll for the 2015/16 fiscal year in order to determine the minimum required contribution for that 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 \$1,418,682. As illustrated in Table I-A, current assets are sufficient to cover \$1,284,071 of this amount, the employer's 2014/15 expected contribution will cover \$8,107 of this amount, and future employee contributions are expected to cover \$53,131 of this amount, leaving \$73,373 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.

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 \$129,999, which reflects the advance employer contribution of \$132,341 as of October 1, 2012 minus \$1,240 to cover the shortfall between the actual employer contribution and the minimum required contribution for the 2012/13 plan year and minus an additional \$1,102 to cover the shortfall between the actual employer contribution and the minimum required contribution for the 2013/14 plan year 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 rate for the 2014/15 plan year to zero.



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, adjusted to reflect the advance employer contribution. 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.

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.

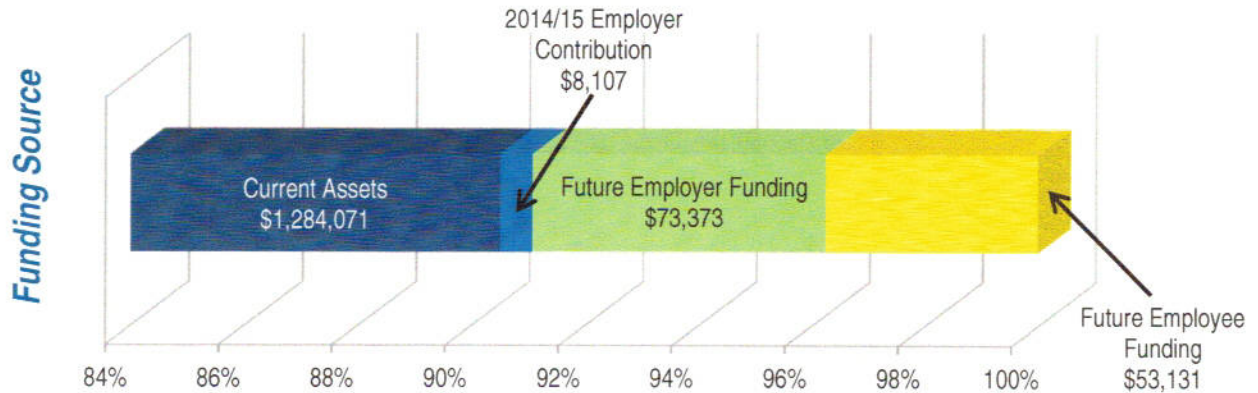
Enrolled Actuary No. 14-04927

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

Present Value of Future Benefits	\$1,357,590
Present Value of Future Administrative Expenses	\$61,092
Actuarial Value of Assets	(\$1,284,071)
Present Value of Future Employee Contributions	(\$53,131)
Present Value of Future Normal Costs	\$81,480
Present Value of Future Payroll	÷ \$5,313,178
Normal Cost Rate	= 1.5335%
Expected Payroll	x \$509,811
Normal Cost	\$7,818
Adjustment to Reflect Semi-Monthly Employer Contributions	\$289
Preliminary Employer Contribution for the 2014/15 Plan Year	\$8,107

Expected Payroll for the 2014/15 Plan Year ÷ \$509,811

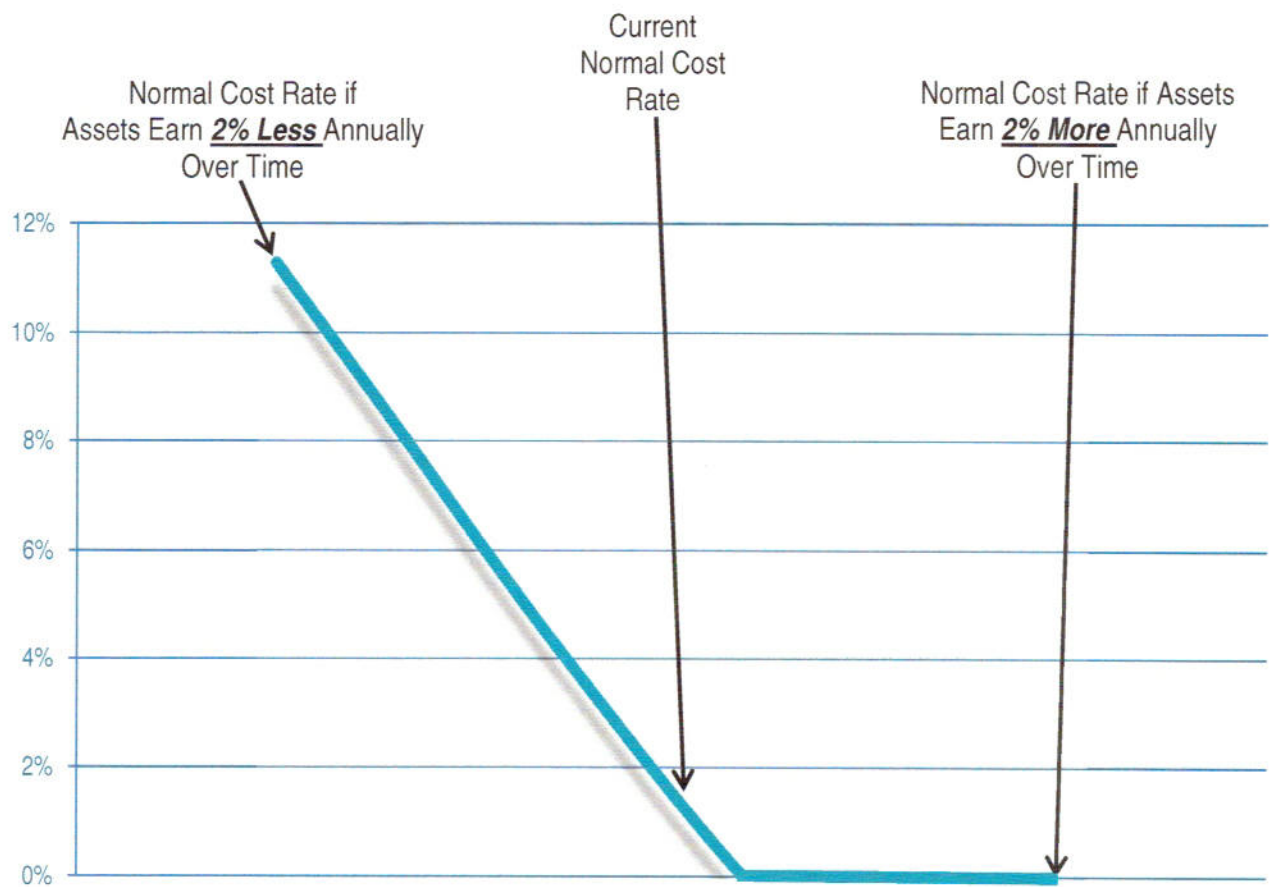
Minimum Required Contribution Rate **1.59%**

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



Sensitivity Analysis

Table I-B



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



Gain and Loss Analysis

Table I-C

Previous normal cost rate	6.00%
Increase (decrease) due to investment gains and losses	-1.84%
Increase (decrease) due to demographic experience	-2.63%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	0.00%
Increase (decrease) due to actuarial method changes	0.00%
Current normal cost rate	<u>1.53%</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	\$757,727	\$757,727	\$757,727
Termination benefits	\$46,829	\$46,829	\$46,829
Disability benefits	\$19,115	\$19,115	\$19,115
Death benefits	\$18,940	\$18,940	\$18,940
Refund of employee contributions	\$3,214	\$3,214	\$3,214
Sub-total	\$845,825	\$845,825	\$845,825
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$107,898	\$107,898	\$107,898
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$107,898	\$107,898	\$107,898
<i><u>Due a Refund of Contributions</u></i>	\$7,794	\$7,794	\$7,794
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$359,895	\$359,895	\$359,895
Disability retirements	\$13,491	\$13,491	\$13,491
Beneficiaries receiving	\$22,687	\$22,687	\$22,687
DROP participants	\$0	\$0	\$0
Sub-total	\$396,073	\$396,073	\$396,073
<i><u>Grand Total</u></i>	<u>\$1,357,590</u>	<u>\$1,357,590</u>	<u>\$1,357,590</u>
Present Value of Future Payroll	\$5,313,178	\$5,313,178	\$5,313,178
Present Value of Future Employee Contribs.	\$53,131	\$53,131	\$53,131
Present Value of Future Employer Contribs.	\$81,480	\$81,480	\$81,480



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>
<u>Actively Employed Participants</u>			
Retirement benefits	\$167,099	\$167,099	\$167,099
Termination benefits	\$24,554	\$24,554	\$24,554
Disability benefits	\$7,791	\$7,791	\$7,791
Death benefits	\$6,321	\$6,321	\$6,321
Refund of employee contributions	\$1,794	\$1,794	\$1,794
Sub-total	\$207,559	\$207,559	\$207,559
<u>Deferred Vested Participants</u>			
Retirement benefits	\$107,898	\$107,898	\$107,898
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$107,898	\$107,898	\$107,898
<u>Due a Refund of Contributions</u>	\$7,794	\$7,794	\$7,794
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$359,895	\$359,895	\$359,895
Disability retirements	\$13,491	\$13,491	\$13,491
Beneficiaries receiving	\$22,687	\$22,687	\$22,687
DROP participants	\$0	\$0	\$0
Sub-total	\$396,073	\$396,073	\$396,073
<u>Grand Total</u>	<u>\$719,324</u>	<u>\$719,324</u>	<u>\$719,324</u>



Present Value of Vested Benefits

Table I-F

	Old Assumptions <u>w/o Amendment</u>	Old Assumptions <u>w/ Amendment</u>	New Assumptions <u>w/ Amendment</u>
<u>Actively Employed Participants</u>			
Retirement benefits	\$167,099	\$167,099	\$167,099
Termination benefits	\$20,432	\$20,432	\$20,432
Disability benefits	\$7,791	\$7,791	\$7,791
Death benefits	\$6,321	\$6,321	\$6,321
Refund of employee contributions	\$2,845	\$2,845	\$2,845
Sub-total	\$204,488	\$204,488	\$204,488
<u>Deferred Vested Participants</u>			
Retirement benefits	\$107,898	\$107,898	\$107,898
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$107,898	\$107,898	\$107,898
<u>Due a Refund of Contributions</u>	\$7,794	\$7,794	\$7,794
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$359,895	\$359,895	\$359,895
Disability retirements	\$13,491	\$13,491	\$13,491
Beneficiaries receiving	\$22,687	\$22,687	\$22,687
DROP participants	\$0	\$0	\$0
Sub-total	\$396,073	\$396,073	\$396,073
<u>Grand Total</u>	<u>\$716,253</u>	<u>\$716,253</u>	<u>\$716,253</u>



Entry Age Normal Accrued Liability

Table I-G

	Old Assumptions <u>w/o Amendment</u>	Old Assumptions <u>w/ Amendment</u>	New Assumptions <u>w/ Amendment</u>
<u>Actively Employed Participants</u>			
Retirement benefits	\$387,648	\$387,648	\$387,648
Termination benefits	\$33,386	\$33,386	\$33,386
Disability benefits	\$12,212	\$12,212	\$12,212
Death benefits	\$11,030	\$11,030	\$11,030
Refund of employee contributions	\$1,877	\$1,877	\$1,877
Sub-total	\$446,153	\$446,153	\$446,153
<u>Deferred Vested Participants</u>			
Retirement benefits	\$107,898	\$107,898	\$107,898
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$107,898	\$107,898	\$107,898
<u>Due a Refund of Contributions</u>	\$7,794	\$7,794	\$7,794
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$359,895	\$359,895	\$359,895
Disability retirements	\$13,491	\$13,491	\$13,491
Beneficiaries receiving	\$22,687	\$22,687	\$22,687
DROP participants	\$0	\$0	\$0
Sub-total	\$396,073	\$396,073	\$396,073
<u>Grand Total</u>	<u>\$957,918</u>	<u>\$957,918</u>	<u>\$957,918</u>



GASB 25/27 Results

Table II-A

Development of the Net Pension Obligation (Asset)

Net Pension Obligation (Asset) as of October 1, 2012	(\$12,940)
Annual Pension Cost for the 2012/13 Plan Year	\$34,305
Employer Contributions for the 2012/13 Plan Year	(\$35,033)
Net Increase (Decrease) in NPO	(\$728)
Net Pension Obligation (Asset) as of October 1, 2013	(\$13,668)
Annual Pension Cost for the 2013/14 Plan Year	\$36,192
Employer Contributions for the 2013/14 Plan Year	(\$31,112)
Net Increase (Decrease) in NPO	\$5,080
Net Pension Obligation (Asset) as of October 1, 2014	(\$8,588)



GASB 25/27 Disclosures

Table II-B

Schedule of Employer Contributions

Year Ended September 30	Annual Required Contribution	% Contrib.	Annual Pension Cost	% Contrib.
2009	\$29,721	100%	\$29,721	100%
2010	\$31,081	100%	\$31,081	100%
2011	\$27,436	127%	\$27,436	127%
2012	\$28,945	119%	\$28,979	119%
2013	\$34,246	102%	\$34,305	102%
2014	\$36,130	86%	\$36,192	86%

Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability * (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
Not Applicable	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2010	\$1,044,732	\$914,236	\$0	114.27%	\$447,774	0.00%
Not Applicable	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2012	\$1,106,835	\$911,713	\$0	121.40%	\$550,447	0.00%
Not Applicable	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2014	\$1,284,071	\$957,918	\$0	134.05%	\$509,811	0.00%

* The AAL has been calculated under the entry age normal cost method.

Additional Information

Valuation Date **October 1, 2014**

Actuarial Cost Method **Aggregate**

Amortization Method **Level dollar, open**

Remaining Amortization Period **30 years**

Asset Valuation Method **Market value**

Discount Rate **7.25%**

Salary Increase Rate **5.50%**



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>
<u>Vested Benefits</u>		
Participants currently receiving benefits	\$221,681	\$396,073
Other participants	\$475,948	\$320,180
Sub-total	<u>\$697,629</u>	<u>\$716,253</u>
<u>Non-Vested Benefits</u>	\$2,649	\$3,071
<u>Total Benefits</u>	<u><u>\$700,278</u></u>	<u><u>\$719,324</u></u>
<u>Funded Percentage</u>	176.95%	196.58%
(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>\$700,278</u>
<u>Increase (Decrease) Due To:</u>	
Interest	\$105,221
Benefits accumulated	\$62,173
Benefits paid	(\$148,348)
Plan amendments	\$0
Changes in actuarial methods and assumptions	\$0
Net increase (decrease)	<u>\$19,046</u>
<u>Actuarial Present Value as of October 1, 2014</u>	<u><u>\$719,324</u></u>



Actuarial Value of Assets

Table III-A

Market Value of Assets as of October 1, 2014	\$1,414,070
Minus advance employer contributions	(\$129,999)
Actuarial Value of Assets as of October 1, 2014	<u>\$1,284,071</u>

Historical Actuarial Value of Assets

October 1, 2005	\$1,184,271
October 1, 2006	\$1,034,232
October 1, 2007	\$1,157,976
October 1, 2008	\$975,550
October 1, 2009	\$951,934
October 1, 2010	\$1,044,732
October 1, 2011	\$986,391
October 1, 2012	\$1,106,835
October 1, 2013	\$1,250,105
October 1, 2014	\$1,284,071

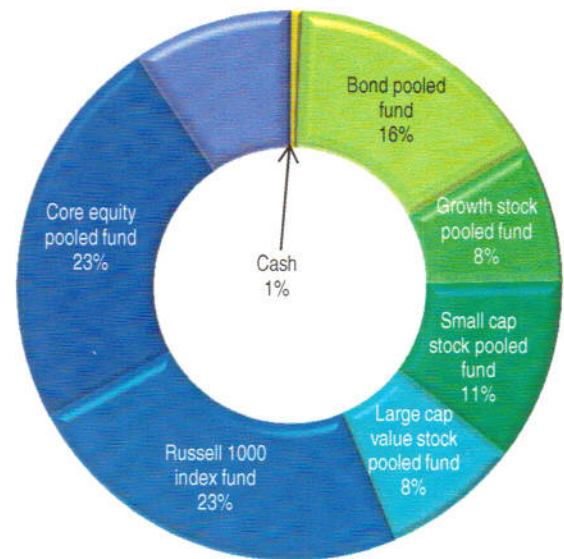


Market Value of Assets

Table III-B

As of October 1, 2014

Market Value of Assets	<u>\$1,414,070</u>
Cash	\$8,484
Bond pooled fund	\$226,251
Growth stock pooled fund	\$113,126
Small cap stock pooled fund	\$154,134
Large cap value stock pooled fund	\$115,954
Russell 1000 index fund	\$330,892
Core equity pooled fund	\$330,892
International stock pooled fund	\$134,337

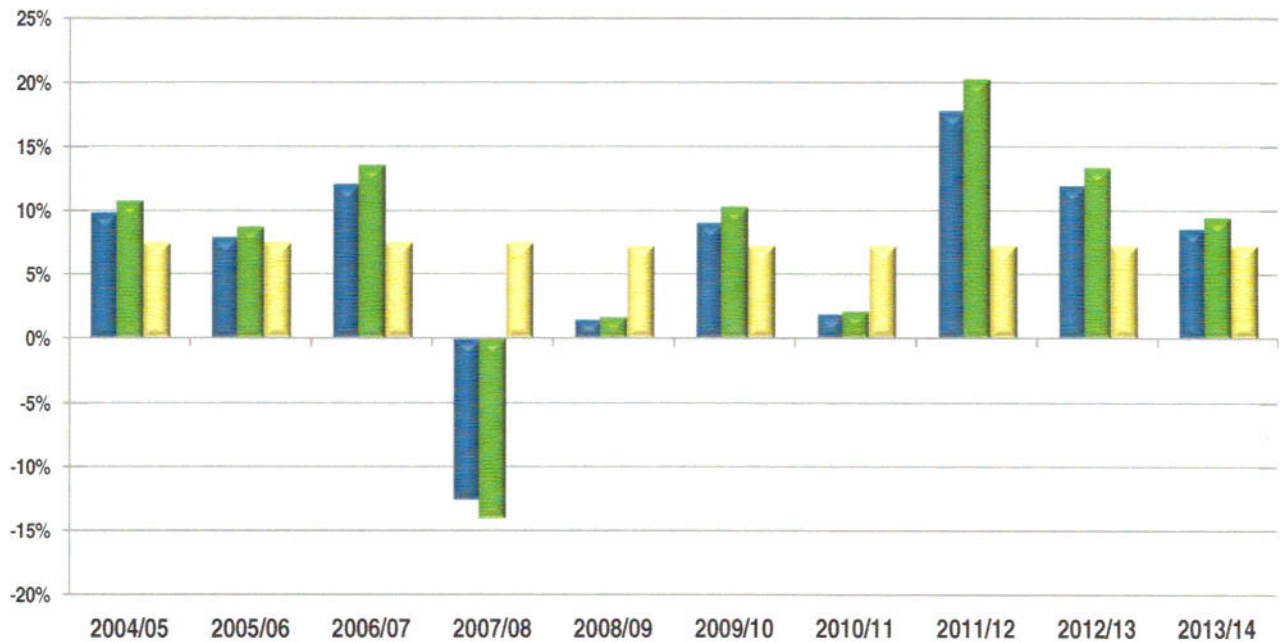
Historical Market Value of Assets

October 1, 2005	\$1,285,950
October 1, 2006	\$1,157,785
October 1, 2007	\$1,287,745
October 1, 2008	\$1,111,310
October 1, 2009	\$1,085,194
October 1, 2010	\$1,178,546
October 1, 2011	\$1,119,463
October 1, 2012	\$1,239,176
October 1, 2013	\$1,381,206
October 1, 2014	\$1,414,070



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	9.85%	10.82%	7.50%
2005/06	7.93%	8.77%	7.50%
2006/07	12.11%	13.61%	7.50%
2007/08	-12.56%	-14.01%	7.50%
2008/09	1.45%	1.65%	7.25%
2009/10	9.08%	10.36%	7.25%
2010/11	1.87%	2.11%	7.25%
2011/12	17.81%	20.30%	7.25%
2012/13	12.00%	13.43%	7.25%
2013/14	8.57%	9.49%	7.25%
10yr. Avg.	6.50%	7.26%	7.35%



Asset Reconciliation

Table III-D

	<u>Market Value</u>	<u>Actuarial Value</u>
As of October 1, 2012	\$1,239,176	\$1,106,835
<i>Increases Due To:</i>		
Employer Contributions	\$63,803	\$63,803
Employee Contributions	\$10,634	\$10,634
Service Purchase Contributions	\$0	\$0
Total Contributions	<u>\$74,437</u>	<u>\$74,437</u>
Interest and Dividends	\$0	
Realized Gains (Losses)	\$0	
Unrealized Gains (Losses)	\$263,145	
Total Investment Income	<u>\$263,145</u>	\$263,145
Other Income	\$0	
Total Income	<u>\$337,582</u>	<u>\$337,582</u>
<i>Decreases Due To:</i>		
Monthly Benefit Payments	(\$141,037)	(\$141,037)
Refund of Employee Contributions	(\$7,311)	(\$7,311)
Total Benefit Payments	<u>(\$148,348)</u>	<u>(\$148,348)</u>
Investment Expenses	\$0	
Administrative Expenses	(\$14,340)	(\$14,340)
Advance Employer Contribution		\$2,342
Total Expenses	<u>(\$162,688)</u>	<u>(\$160,346)</u>
As of October 1, 2014	<u>\$1,414,070</u>	<u>\$1,284,071</u>



Historical Trust Fund Detail

Table III-E

Income

<u>Plan</u>	<u>Employer</u>	<u>Employee</u>	<u>Service</u>	<u>Interest /</u>	<u>Realized</u>	<u>Unrealized</u>	<u>Other</u>
<u>Year</u>	<u>Contribs.</u>	<u>Contribs.</u>	<u>Purchase</u>	<u>Dividends</u>	<u>Gains /</u>	<u>Gains /</u>	<u>Income</u>
			<u>Contribs.</u>		<u>Losses</u>	<u>Losses</u>	
2004/05	\$38,988	\$6,498	\$0	\$0	\$0	\$114,994	\$0
2005/06	\$40,516	\$6,720	\$0	\$0	\$0	\$93,163	\$0
2006/07	\$25,609	\$4,268	\$0	\$0	\$0	\$139,677	\$0
2007/08	\$26,176	\$4,363	\$0	\$0	\$0	-\$160,758	\$0
2008/09	\$27,221	\$4,537	\$0	\$0	\$0	\$15,761	\$0
2009/10	\$31,635	\$5,273	\$0	\$0	\$0	\$98,326	\$0
2010/11	\$34,140	\$5,690	\$0	\$0	\$0	\$21,249	\$0
2011/12	\$33,742	\$5,624	\$0	\$0	\$0	\$192,891	\$0
2012/13	\$33,793	\$5,632	\$0	\$0	\$0	\$148,295	\$0
2013/14	\$30,010	\$5,002	\$0	\$0	\$0	\$114,850	\$0

Expenses

<u>Plan</u>	<u>Monthly</u>	<u>Contrib.</u>	<u>Admin.</u>	<u>Invest.</u>
<u>Year</u>	<u>Benefit</u>	<u>Refunds</u>	<u>Expenses</u>	<u>Expenses</u>
	<u>Payments</u>			
2004/05	\$33,128	\$3,010	\$2,283	\$0
2005/06	\$30,894	\$234,043	\$3,627	\$0
2006/07	\$31,712	\$4,455	\$3,427	\$0
2007/08	\$42,722	\$0	\$3,494	\$0
2008/09	\$37,499	\$26,324	\$9,812	\$0
2009/10	\$37,499	\$786	\$3,597	\$0
2010/11	\$32,979	\$78,051	\$9,132	\$0
2011/12	\$32,979	\$74,647	\$4,918	\$0
2012/13	\$32,979	\$3,291	\$9,420	\$0
2013/14	\$108,058	\$4,020	\$4,920	\$0

Other Actuarial Adjustments

Advance
Employer
Contribs.

-\$6,272
\$21,873
\$6,216
\$5,991
-\$2,500
\$554
-\$742
-\$731
-\$1,240
-\$1,102

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

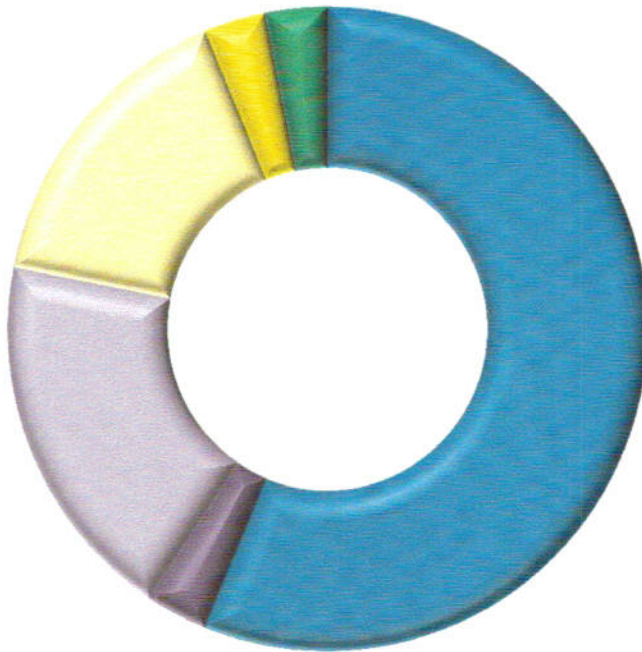
Advance Employer Contribution

Advance Employer Contribution as of October 1, 2012	\$132,341
Additional Employer Contribution	\$33,793
Minimum Required Contribution	(\$35,033)
Net Increase in Advance Employer Contribution	(\$1,240)
Advance Employer Contribution as of October 1, 2013	<u>\$131,101</u>
Additional Employer Contribution	\$30,010
Minimum Required Contribution	(\$31,112)
Net Increase in Advance Employer Contribution	(\$1,102)
Advance Employer Contribution as of October 1, 2014	<u>\$129,999</u>



Summary of Participant Data

Table IV-A

As of October 1, 2014Actively Employed Participants

Active Participants	18
DROP Participants	0

Inactive Participants

Deferred Vested Participants	1
Due a Refund of Contributions	6
Deferred Beneficiaries	0

Participants Receiving a Benefit

Service Retirements	5
Disability Retirements	1
Beneficiaries Receiving	1

Total Participants 32Number of Participants Included in Prior Valuations

	Active	DROP	Inactive	Retired	Total
October 1, 2005	23	0	10	4	37
October 1, 2006	N/A	N/A	N/A	N/A	N/A
October 1, 2007	N/A	N/A	N/A	N/A	N/A
October 1, 2008	14	0	9	5	28
October 1, 2009	N/A	N/A	N/A	N/A	N/A
October 1, 2010	19	0	10	5	34
October 1, 2011	N/A	N/A	N/A	N/A	N/A
October 1, 2012	19	0	7	5	31
October 1, 2013	N/A	N/A	N/A	N/A	N/A
October 1, 2014	18	0	7	7	32



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>	19	0	2	5	0	3	1	1	31
<u>Change in Status</u>									
Re-employed	1			(1)					
Terminated	(4)			4					
Retired	(2)		(1)			3			
<u>Participation Ended</u>									
Transferred Out									
Cashed Out				(2)		(1)		(1)	(4)
Died	(1)								(1)
<u>Participation Began</u>									
Newly Hired	5								5
Transferred In									
New Beneficiary								1	1
<u>Other Adjustment</u>									
<u>October 1, 2014</u>	18	0	1	6	0	5	1	1	32

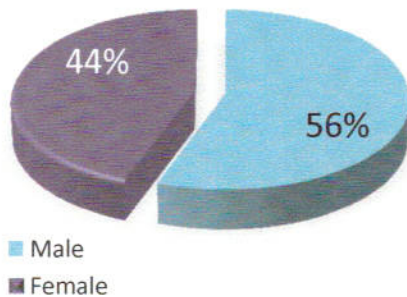


Active Participant Data

Table IV-C

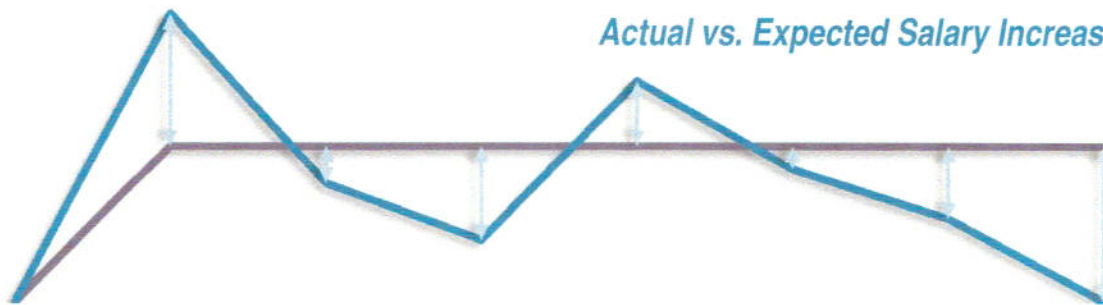
As of October 1, 2014

Gender Mix



Average Age	47.6 years
Average Service	7.4 years
Total Annualized Compensation for the Prior Year	\$463,740
Total Expected Compensation for the Current Year	\$509,811
Average Increase in Compensation for the Prior Year	0.02%
Expected Increase in Compensation for the Current Year	5.50%

Actual vs. Expected Salary Increases



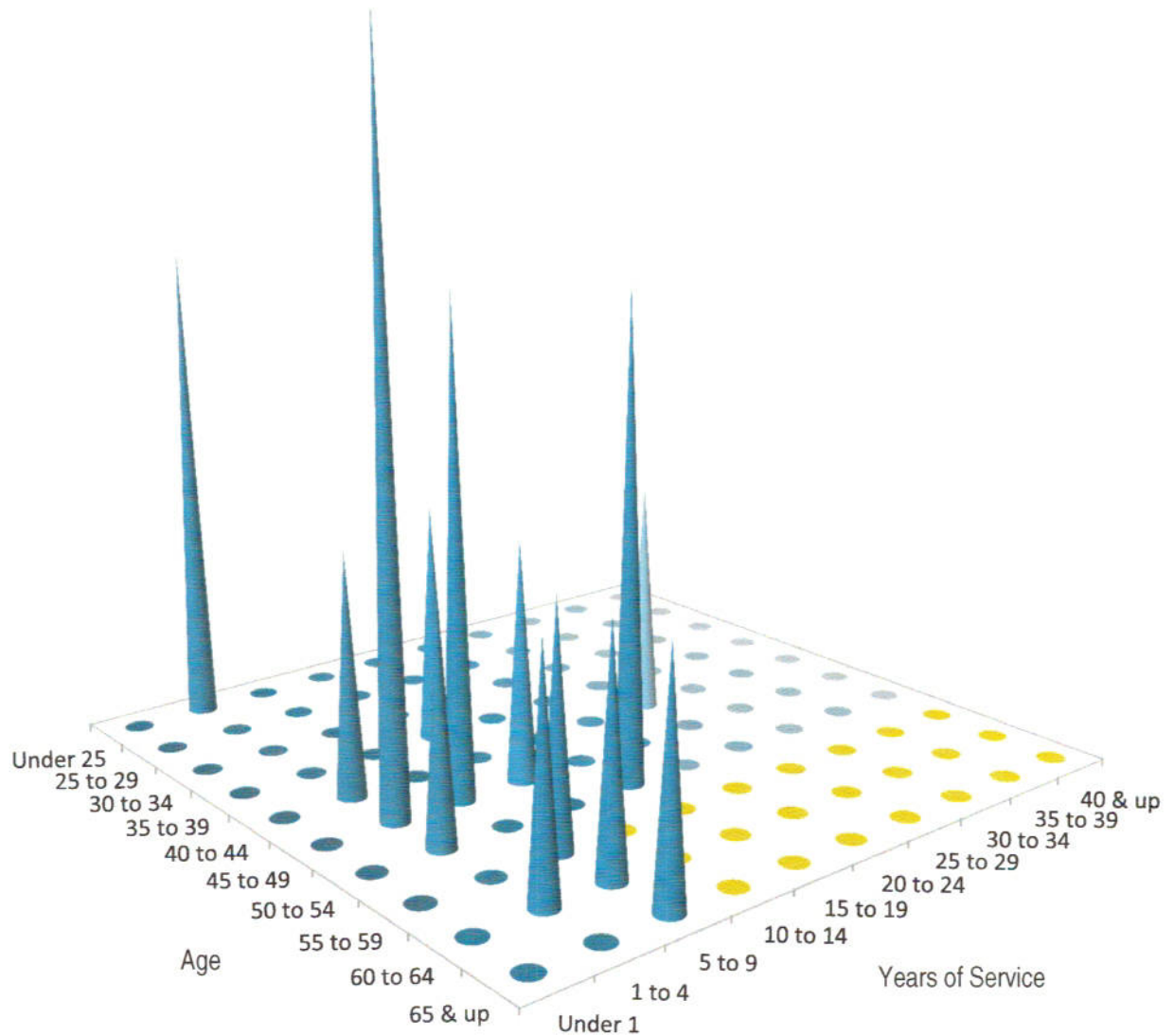
Active Participant Statistics From Prior Valuations

	Average Age	Average Service	Average Salary	Average Expected Salary Increase	Average Actual Salary Increase
October 1, 2005	46.2	8.7	\$25,697	5.50%	4.75%
October 1, 2006	N/A	N/A	N/A	N/A	N/A
October 1, 2007	N/A	N/A	N/A	N/A	N/A
October 1, 2008	47.7	10.0	\$29,165	5.50%	10.24%
October 1, 2009	N/A	N/A	N/A	5.50%	4.18%
October 1, 2010	48.4	8.6	\$25,903	5.50%	2.15%
October 1, 2011	N/A	N/A	N/A	5.50%	7.83%
October 1, 2012	46.1	9.4	\$28,588	5.50%	4.67%
October 1, 2013	N/A	N/A	N/A	5.50%	2.91%
October 1, 2014	47.6	7.4	\$25,763	5.50%	0.02%



Active Age-Service Distribution

Table IV-D



- ▲ Eligible to retire
- ▲ May be eligible to retire
- ▲ Not eligible to retire



Active Age-Service-Salary Table

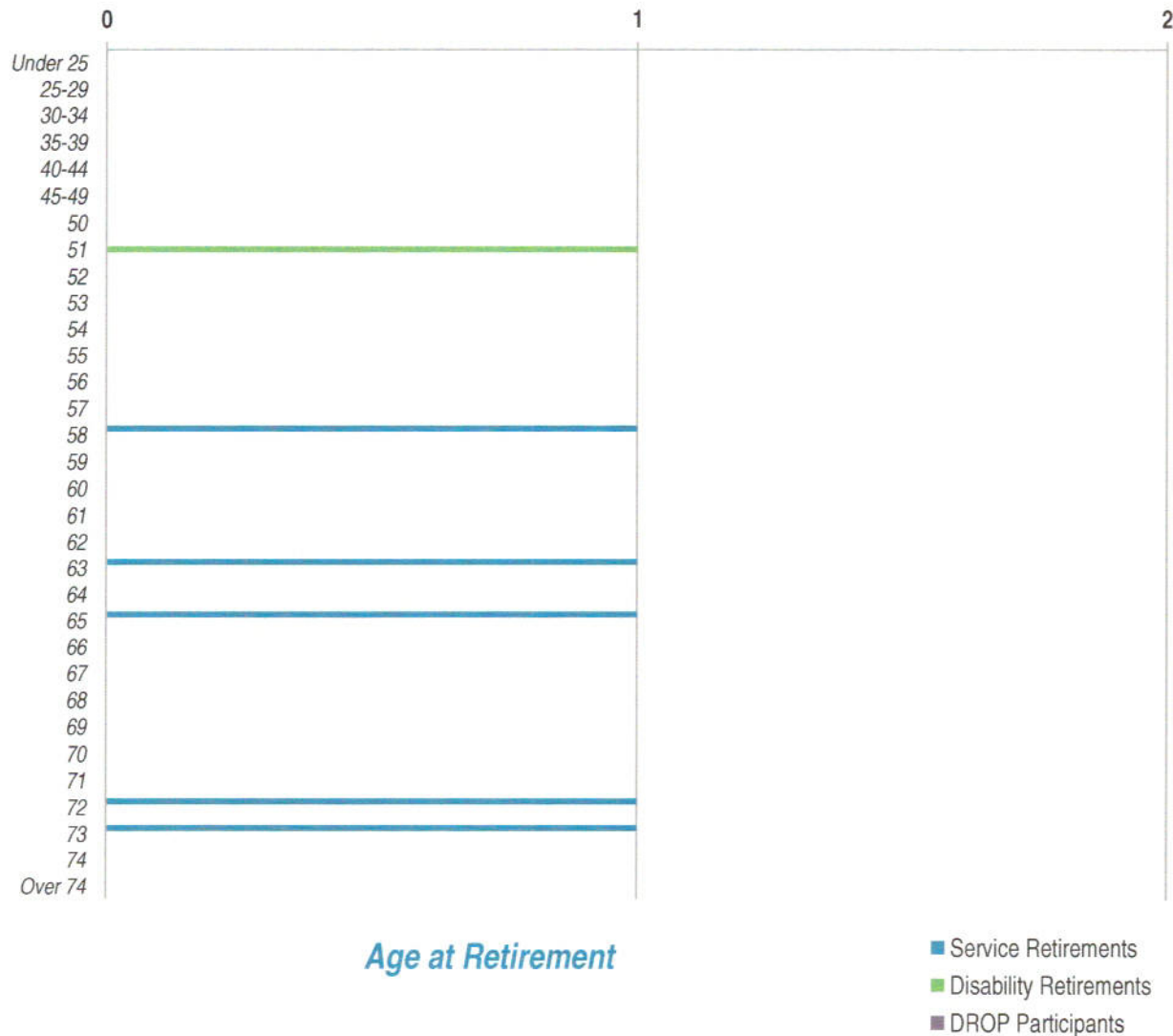
Table IV-E

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	0	2	0	0	0	0	0	0	0	0	2
Avg.Pay	0	15,149	0	0	0	0	0	0	0	0	15,149
25 to 29	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
30 to 34	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
35 to 39	0	0	0	1	0	0	0	0	0	0	1
Avg.Pay	0	0	0	21,971	0	0	0	0	0	0	21,971
40 to 44	0	1	0	0	0	0	1	0	0	0	2
Avg.Pay	0	25,450	0	0	0	0	45,863	0	0	0	35,657
45 to 49	0	3	2	1	0	0	0	0	0	0	6
Avg.Pay	0	9,785	55,266	27,279	0	0	0	0	0	0	27,861
50 to 54	0	1	0	0	2	0	0	0	0	0	3
Avg.Pay	0	880	0	0	30,245	0	0	0	0	0	20,456
55 to 59	0	0	1	0	0	0	0	0	0	0	1
Avg.Pay	0	0	47,754	0	0	0	0	0	0	0	47,754
60 to 64	0	1	1	0	0	0	0	0	0	0	2
Avg.Pay	0	18,870	45,000	0	0	0	0	0	0	0	31,935
65 & up	0	0	1	0	0	0	0	0	0	0	1
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
Total	0	8	5	2	2	0	1	0	0	0	18
Avg.Pay	0	13,107	40,657	24,625	30,245	0	45,863	0	0	0	25,763



Inactive Participant Data

Table IV-F

*Age at Retirement*

- Service Retirements
- Disability Retirements
- DROP Participants

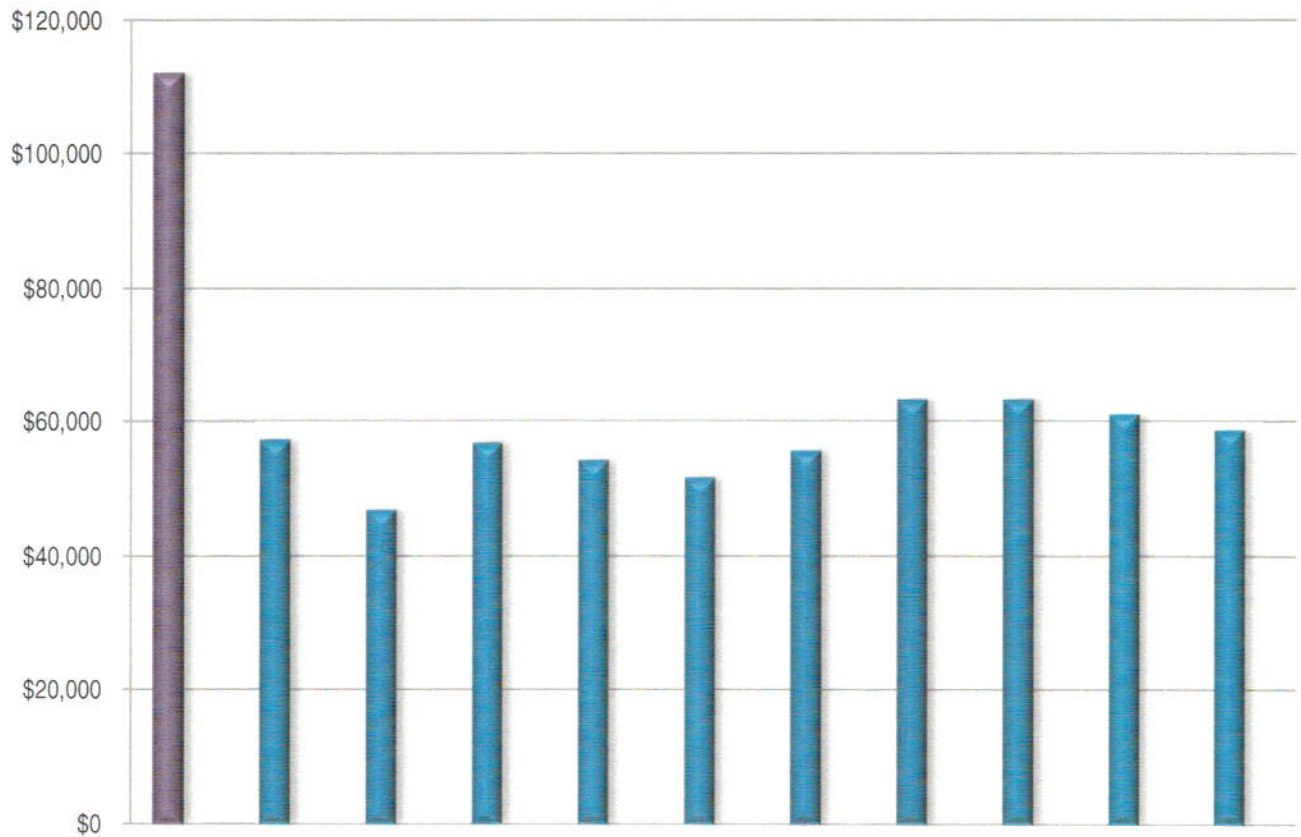
Average Monthly Benefit

Service Retirements	\$764.03
Disability Retirements	\$91.64
Beneficiaries Receiving	\$376.68
DROP Participants	Not applicable
Deferred Vested Participants	\$1,079.60
Deferred Beneficiaries	Not applicable



Projected Benefit Payments

Table IV-G

Actual

For the period October 1, 2013 through September 30, 2014

\$112,078

Projected

For the period October 1, 2014 through September 30, 2015

\$57,232

For the period October 1, 2015 through September 30, 2016

\$46,886

For the period October 1, 2016 through September 30, 2017

\$56,824

For the period October 1, 2017 through September 30, 2018

\$54,241

For the period October 1, 2018 through September 30, 2019

\$51,717

For the period October 1, 2019 through September 30, 2020

\$55,642

For the period October 1, 2020 through September 30, 2021

\$63,259

For the period October 1, 2021 through September 30, 2022

\$63,236

For the period October 1, 2022 through September 30, 2023

\$61,024

For the period October 1, 2023 through September 30, 2024

\$58,715



Summary of Actuarial Methods and Assumptions

Table V-A

1. Actuarial Cost Method

Aggregate cost method. Under this actuarial cost method, a funding cost is developed for the plan as a level percentage of payroll. The level funding percentage is calculated as the excess of the total future benefit liability over accumulated assets and future employee contributions, with this excess spread over the expected future payroll for current active participants. The normal cost is equal to the level funding percentage multiplied by the expected payroll for the year immediately following the valuation date. The actuarial accrued liability is equal to the accumulated assets. Therefore, under the aggregate cost method, no unfunded accrued liability is developed.

2. Asset Method

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

3. Interest (or Discount) Rate

7.25% per annum

4. Salary Increases

Plan compensation is assumed to increase at the rate of 5.50% per annum, unless actual plan compensation is known for a prior plan year. In addition, average monthly earnings have been loaded by 2.50% to account for accumulated sick leave and vacation payments upon termination of employment.

5. Decrements

- Pre-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for non-annuitants, projected to 2007 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; no deaths are assumed to be service-related; generational mortality improvements have not been reflected.
- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2007 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; no deaths are assumed to be service-related; generational mortality improvements have not been reflected.
- Disability: Age-based rates of disability were assumed, ranging from 0.03% at age 20 to 0.80% at age 60; no disabilities are assumed to be service-related.



Summary of Actuarial Methods and Assumptions

Table V-A

(continued)

- Termination: With respect to participants with less than seven years of service, the termination rates are service-based, ranging from 8.70% for participants with less than one year of service to 6.00% for participants with between six and seven years of service; with respect to participants with at least seven years of service, the termination rates are age-based, ranging from 5.40% at age 20 to 0.00% at age 60.
- Retirement: 20% of eligible participants are assumed to retire at age 62, 10% of eligible participants are assumed to retire at each of ages 63 and 64, and 100% of eligible participants are assumed to retire at age 65.

6. Form of Payment

Future retirees have been assumed to select the single life annuity.

7. Expenses

The total projected benefit liability has been loaded by 4.50% to account for anticipated administrative expenses. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.



Changes in Actuarial Methods and Assumptions

Table V-B

No assumptions or methods have been changed since the completion of the previous valuation.



Summary of Plan Provisions

Table VI-A

1. Monthly Accrued Benefit

1.50% of Final Monthly Compensation multiplied by Credited Service

2. Normal Retirement Age and Benefit

- **Age**
Age 65 with at least 10 years of Vested Service
- **Amount**
Monthly Accrued Benefit
- **Form of Payment**
Single life annuity (normal form of payment);
Actuarially reduced certain and life annuity (optional);
Actuarially reduced joint and contingent annuity with 50% to 100% of the benefit payable to the participant's spouse for life after the participant's death (optional);
Actuarially equivalent series of fixed monthly installments (optional); or
Actuarially equivalent lump sum distribution (automatic if the single sum value of the participant's benefit is less than or equal to \$3,500)

3. Early Retirement Age and Benefit

- **Age**
Age 55 with at least 10 years of Vested Service
- **Amount**
Monthly Accrued Benefit (payable at Normal Retirement Age); or
Actuarial Equivalent of the Monthly Accrued Benefit (payable at Early Retirement Age)
- **Form of Payment**
Same as for Normal Retirement

4. Delayed Retirement Age and Benefit

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



Summary of Plan Provisions

Table VI-A

(continued)

5. Disability Eligibility and Benefit

- **Eligibility**
All participants are eligible.
- **Condition**
A licensed physician selected by the Trustees must find that the participant is wholly prevented from engaging in any occupation for wage or profit and that he is likely to remain so disabled on a continuous and permanent basis.
- **Amount Payable**
A monthly single life annuity equal to the Actuarial Equivalent of the Monthly Accrued Benefit which would otherwise be payable at Normal Retirement Age

6. Deferred Vested Benefit

- **Age**
Any age with at least 10 years of Vested Service
- **Amount**
Monthly Accrued Benefit (payable at Normal Retirement Age); or
Actuarial Equivalent of the Monthly Accrued Benefit (payable at Early Retirement Age)
- **Form of Payment**
Same as for Normal Retirement

7. Pre-Retirement Death Benefit

In the case of the death of a participant prior to retirement, his beneficiary will receive the participant's Monthly Accrued Benefit reduced actuarially as if the participant had elected to retire on his date of death. This benefit is payable as a five-year certain monthly annuity beginning as of the first day of the month following the participant's date of death. In lieu of receiving the five-year certain annuity, the beneficiary may elect to receive an actuarially equivalent single lump sum payment.

8. Final Monthly Compensation

Average of the highest five consecutive plan years of Compensation out of the last 10 plan years of employment



Summary of Plan Provisions

Table VI-A

(continued)

9. Compensation

Compensation includes regular earnings and overtime payments, but excludes bonuses, commissions, expense allowances, and all other extraordinary compensation; annual compensation in excess of \$200,000 (as indexed) is excluded in accordance with IRC §401(a)(17).

10. Credited Service

Years and completed months of employment, to a maximum of 30 years

11. Vested Service

Plan years during which the participant earns at least 1,000 hours of service

12. Participation Requirement

All employees of the City of Frostproof, Florida, automatically become a participant in the plan on the one-year anniversary of their date of hire, other than firefighters, police officers, and those employees who work less than 20 hours per week or less than five hours per day.

13. Accumulated Contributions

The Employee Contributions accumulated with interest at the rate of 5% per annum; if the participant terminates his employment with less than 10 years of Credited Service, he receives his Accumulated Contributions in lieu of any other benefits payable from the plan.

14. Participant Contribution

1.00% of earnings

15. Definition of Actuarially Equivalent

- **Interest Rate**
8.00% per annum
- **Mortality Table (Applied Only After Normal Retirement Age)**
1984 Uninsured Pensioner (UP-84) Mortality Table

16. Plan Effective Date

October 1, 1985



Summary of Plan Amendments

Table VI-B

No significant plan changes have been adopted since the completion of the previous valuation.

