

EMPLOYEE PENSION PLAN OF THE  
CITY OF FROSTPROOF, FLORIDA

ACTUARIAL VALUATION  
AS OF OCTOBER 1, 2015

DETERMINES THE CONTRIBUTION  
FOR THE 2015/16 FISCAL YEAR



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January 5, 2016

## Introduction

This report presents the results of the October 1, 2015 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, 2015 and to determine the minimum required contribution under Chapter 112, Florida Statutes, for the 2015/16 plan year. In addition, this report provides a projection of the long-term funding requirements of the plan, 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 IV-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 2015/16 plan year. The minimum required contribution rate is 4.92% of covered payroll, which represents an increase of 3.33% of payroll from the prior valuation.

The normal cost rate is 4.74%, which is 3.21% more 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 increased by 1.21% of payroll due to investment losses and increased by another 2.00% of payroll due to demographic experience. The market value of assets only earned 0.06% during the 2014/15 plan year, whereas a 7.25% annual





investment return was required to maintain a stable contribution rate. The demographic loss occurred primarily because salary increases were much greater than expected.

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 2015/16 minimum required contribution will be equal to 4.92% multiplied by the total pensionable earnings for the 2015/16 fiscal year for the active employees who are covered by the plan. Furthermore, if an actuarial valuation is not prepared as of October 1, 2016, then the 4.92% contribution rate should also be applied to the covered payroll for the 2016/17 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 \$1,552,824. As illustrated in Table I-A, current assets are sufficient to cover \$1,235,125 of this amount, the employer's 2015/16 expected contribution will cover \$25,100 of this amount, and future employee contributions are expected to cover \$55,320 of this amount, leaving \$237,279 to be covered by future employer funding beyond the 2015/16 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, 2015, the advance employer contribution is \$154,001, which reflects the advance employer contribution of \$129,999 as of October 1, 2014 plus \$24,002 of employer contributions in excess of the minimum required contribution for the 2014/15 plan year as shown in Table II-F.

The City may apply all or any portion of the advance employer contribution towards the minimum required contribution for the 2015/16 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, 2015 would reduce the minimum required contribution rate for the 2015/16 plan year to 2.03% 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-F provide information concerning the assets of the trust fund. Specifically, Table II-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 III-A through III-G provide statistical information concerning the plan's participant population. In particular, Table III-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 IV-A through V-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, 2015, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

### 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

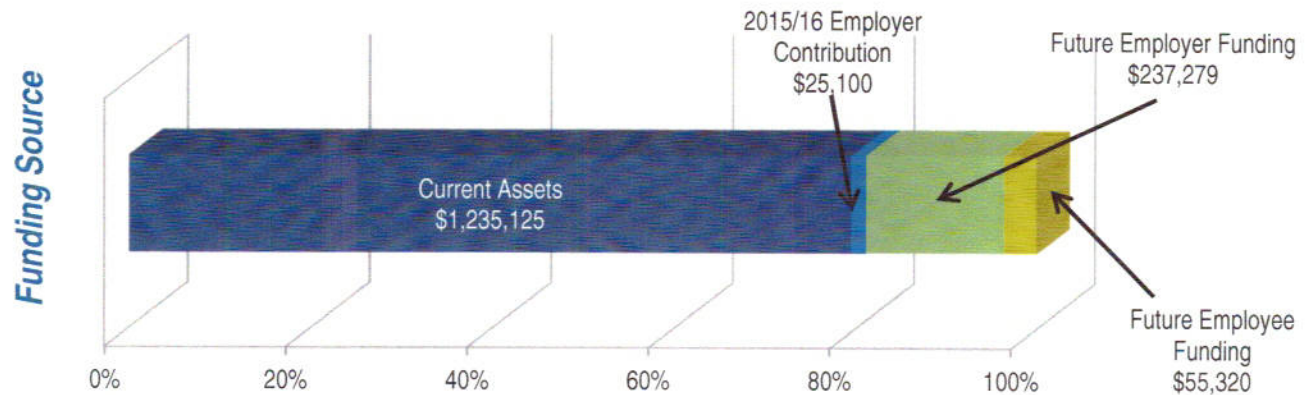
*The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.*





## Minimum Required Contribution

Table I-A



### For the 2015/16 Plan Year

|   |               |
|---|---------------|
| Present Value of Future Benefits                            | \$1,485,956   |
| Present Value of Future Administrative Expenses             | \$66,868      |
| Actuarial Value of Assets                                   | (\$1,235,125) |
| Present Value of Future Employee Contributions              | (\$55,320)    |
| Present Value of Future Normal Costs                        | \$262,379     |
| Present Value of Future Payroll                             | ÷ \$5,531,694 |
| Normal Cost Rate  | = 4.7432%     |
| Expected Payroll  | x \$510,322   |
| Normal Cost   | \$24,206      |
| Adjustment to Reflect Semi-Monthly Employer Contributions   | \$894         |
| Preliminary Employer Contribution for the 2015/16 Plan Year | \$25,100      |
| Expected Payroll for the 2015/16 Plan Year                  | ÷ \$510,322   |

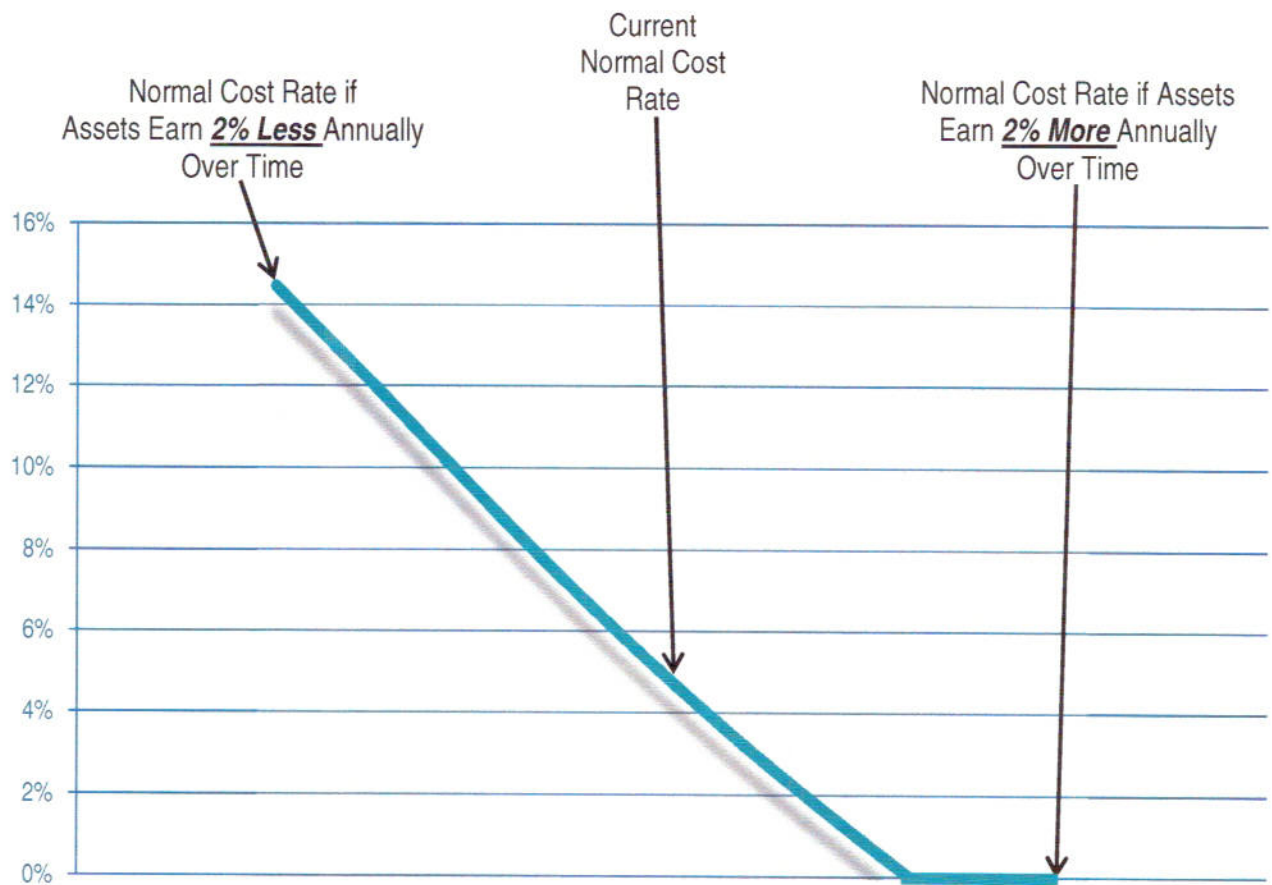
**Minimum Required Contribution Rate** **4.92%**

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

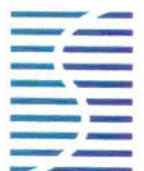


Sensitivity Analysis

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                               | 1.53% |
| Increase (decrease) due to investment gains and losses  | 1.21% |
| Increase (decrease) due to demographic experience       | 2.00% |
| 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                                | 4.74% |





## Present Value of Future Benefits

Table I-D

|  | Old Assumptions<br><u>w/o Amendment</u> | Old Assumptions<br><u>w/ Amendment</u> | New Assumptions<br><u>w/ Amendment</u> |
|--|---|--|--|
| <u>Actively Employed Participants</u>      |   |  |  |
| Retirement benefits                        | \$863,182                               | \$863,182                              | \$863,182                              |
| Termination benefits                       | \$49,499                                | \$49,499                               | \$49,499                               |
| Disability benefits                        | \$21,808                                | \$21,808                               | \$21,808                               |
| Death benefits                             | \$20,739                                | \$20,739                               | \$20,739                               |
| Refund of employee contributions           | \$2,385                                 | \$2,385                                | \$2,385                                |
| Sub-total                                  | <b>\$957,613</b>                        | <b>\$957,613</b>                       | <b>\$957,613</b>                       |
| <u>Deferred Vested Participants</u>        |   |  |  |
| Retirement benefits                        | \$132,571                               | \$132,571                              | \$132,571                              |
| Termination benefits                       | \$0                                     | \$0                                    | \$0                                    |
| Disability benefits                        | \$0                                     | \$0                                    | \$0                                    |
| Death benefits                             | \$0                                     | \$0                                    | \$0                                    |
| Refund of employee contributions           | \$0                                     | \$0                                    | \$0                                    |
| Sub-total                                  | <b>\$132,571</b>                        | <b>\$132,571</b>                       | <b>\$132,571</b>                       |
| <u>Due a Refund of Contributions</u>       | <b>\$10,529</b>                         | <b>\$10,529</b>                        | <b>\$10,529</b>                        |
| <u>Deferred Beneficiaries</u>              | <b>\$0</b>                              | <b>\$0</b>                             | <b>\$0</b>                             |
| <u>Retired Participants</u>                |   |  |  |
| Service retirements                        | \$350,365                               | \$350,365                              | \$350,365                              |
| Disability retirements                     | \$13,344                                | \$13,344                               | \$13,344                               |
| Beneficiaries receiving                    | \$21,534                                | \$21,534                               | \$21,534                               |
| DROP participants                          | \$0                                     | \$0                                    | \$0                                    |
| Sub-total                                  | <b>\$385,243</b>                        | <b>\$385,243</b>                       | <b>\$385,243</b>                       |
| <u>Grand Total</u>                         | <b><u>\$1,485,956</u></b>               | <b><u>\$1,485,956</u></b>              | <b><u>\$1,485,956</u></b>              |
| Present Value of Future Payroll            | \$5,531,694                             | \$5,531,694                            | \$5,531,694                            |
| Present Value of Future Employee Contribs. | \$55,320                                | \$55,320                               | \$55,320                               |
| Present Value of Future Employer Contribs. | \$262,379                               | \$262,379                              | \$262,379                              |



Present Value of Accrued Benefits

Table I-E

|                                       | Old Assumptions<br>w/o Amendment | Old Assumptions<br>w/ Amendment | New Assumptions<br>w/ Amendment |
|---------------------------------------|----------------------------------|---------------------------------|---------------------------------|
| <u>Actively Employed Participants</u> |                                  |                                 |                                 |
| Retirement benefits                   | \$223,088                        | \$223,088                       | \$223,088                       |
| Termination benefits                  | \$26,343                         | \$26,343                        | \$26,343                        |
| Disability benefits                   | \$8,894                          | \$8,894                         | \$8,894                         |
| Death benefits                        | \$6,911                          | \$6,911                         | \$6,911                         |
| Refund of employee contributions      | \$1,167                          | \$1,167                         | \$1,167                         |
| Sub-total                             | <b>\$266,403</b>                 | <b>\$266,403</b>                | <b>\$266,403</b>                |
| <u>Deferred Vested Participants</u>   |                                  |                                 |                                 |
| Retirement benefits                   | \$132,571                        | \$132,571                       | \$132,571                       |
| Termination benefits                  | \$0                              | \$0                             | \$0                             |
| Disability benefits                   | \$0                              | \$0                             | \$0                             |
| Death benefits                        | \$0                              | \$0                             | \$0                             |
| Refund of employee contributions      | \$0                              | \$0                             | \$0                             |
| Sub-total                             | <b>\$132,571</b>                 | <b>\$132,571</b>                | <b>\$132,571</b>                |
| <u>Due a Refund of Contributions</u>  | <b>\$10,529</b>                  | <b>\$10,529</b>                 | <b>\$10,529</b>                 |
| <u>Deferred Beneficiaries</u>         | <b>\$0</b>                       | <b>\$0</b>                      | <b>\$0</b>                      |
| <u>Retired Participants</u>           |                                  |                                 |                                 |
| Service retirements                   | \$350,365                        | \$350,365                       | \$350,365                       |
| Disability retirements                | \$13,344                         | \$13,344                        | \$13,344                        |
| Beneficiaries receiving               | \$21,534                         | \$21,534                        | \$21,534                        |
| DROP participants                     | \$0                              | \$0                             | \$0                             |
| Sub-total                             | <b>\$385,243</b>                 | <b>\$385,243</b>                | <b>\$385,243</b>                |
| <u>Grand Total</u>                    | <b><u>\$794,746</u></b>          | <b><u>\$794,746</u></b>         | <b><u>\$794,746</u></b>         |





Present Value of Vested Benefits

Table I-F

|                                       | Old Assumptions<br>w/o Amendment | Old Assumptions<br>w/ Amendment | New Assumptions<br>w/ Amendment |
|---------------------------------------|----------------------------------|---------------------------------|---------------------------------|
| <u>Actively Employed Participants</u> |                                  |                                 |                                 |
| Retirement benefits                   | \$223,088                        | \$223,088                       | \$223,088                       |
| Termination benefits                  | \$20,995                         | \$20,995                        | \$20,995                        |
| Disability benefits                   | \$8,894                          | \$8,894                         | \$8,894                         |
| Death benefits                        | \$6,911                          | \$6,911                         | \$6,911                         |
| Refund of employee contributions      | \$2,578                          | \$2,578                         | \$2,578                         |
| Sub-total                             | <b>\$262,466</b>                 | <b>\$262,466</b>                | <b>\$262,466</b>                |
| <u>Deferred Vested Participants</u>   |                                  |                                 |                                 |
| Retirement benefits                   | \$132,571                        | \$132,571                       | \$132,571                       |
| Termination benefits                  | \$0                              | \$0                             | \$0                             |
| Disability benefits                   | \$0                              | \$0                             | \$0                             |
| Death benefits                        | \$0                              | \$0                             | \$0                             |
| Refund of employee contributions      | \$0                              | \$0                             | \$0                             |
| Sub-total                             | <b>\$132,571</b>                 | <b>\$132,571</b>                | <b>\$132,571</b>                |
| <u>Due a Refund of Contributions</u>  | <b>\$10,529</b>                  | <b>\$10,529</b>                 | <b>\$10,529</b>                 |
| <u>Deferred Beneficiaries</u>         | <b>\$0</b>                       | <b>\$0</b>                      | <b>\$0</b>                      |
| <u>Retired Participants</u>           |                                  |                                 |                                 |
| Service retirements                   | \$350,365                        | \$350,365                       | \$350,365                       |
| Disability retirements                | \$13,344                         | \$13,344                        | \$13,344                        |
| Beneficiaries receiving               | \$21,534                         | \$21,534                        | \$21,534                        |
| DROP participants                     | \$0                              | \$0                             | \$0                             |
| Sub-total                             | <b>\$385,243</b>                 | <b>\$385,243</b>                | <b>\$385,243</b>                |
| <u>Grand Total</u>                    | <b><u>\$790,809</u></b>          | <b><u>\$790,809</u></b>         | <b><u>\$790,809</u></b>         |



Entry Age Normal Accrued Liability

Table I-G

|                                       | Old Assumptions<br><u>w/o Amendment</u> | Old Assumptions<br><u>w/ Amendment</u> | New Assumptions<br><u>w/ Amendment</u> |
|---------------------------------------|---|--|--|
| <u>Actively Employed Participants</u> |   |  |  |
| Retirement benefits                   | \$444,923                               | \$444,923                              | \$444,923                              |
| Termination benefits                  | \$33,938                                | \$33,938                               | \$33,938                               |
| Disability benefits                   | \$13,346                                | \$13,346                               | \$13,346                               |
| Death benefits                        | \$11,599                                | \$11,599                               | \$11,599                               |
| Refund of employee contributions      | \$1,237                                 | \$1,237                                | \$1,237                                |
| Sub-total                             | <b>\$505,043</b>                        | <b>\$505,043</b>                       | <b>\$505,043</b>                       |
| <u>Deferred Vested Participants</u>   |   |  |  |
| Retirement benefits                   | \$132,571                               | \$132,571                              | \$132,571                              |
| Termination benefits                  | \$0                                     | \$0                                    | \$0                                    |
| Disability benefits                   | \$0                                     | \$0                                    | \$0                                    |
| Death benefits                        | \$0                                     | \$0                                    | \$0                                    |
| Refund of employee contributions      | \$0                                     | \$0                                    | \$0                                    |
| Sub-total                             | <b>\$132,571</b>                        | <b>\$132,571</b>                       | <b>\$132,571</b>                       |
| <u>Due a Refund of Contributions</u>  | <b>\$10,529</b>                         | <b>\$10,529</b>                        | <b>\$10,529</b>                        |
| <u>Deferred Beneficiaries</u>         | <b>\$0</b>                              | <b>\$0</b>                             | <b>\$0</b>                             |
| <u>Retired Participants</u>           |   |  |  |
| Service retirements                   | \$350,365                               | \$350,365                              | \$350,365                              |
| Disability retirements                | \$13,344                                | \$13,344                               | \$13,344                               |
| Beneficiaries receiving               | \$21,534                                | \$21,534                               | \$21,534                               |
| DROP participants                     | \$0                                     | \$0                                    | \$0                                    |
| Sub-total                             | <b>\$385,243</b>                        | <b>\$385,243</b>                       | <b>\$385,243</b>                       |
| <u>Grand Total</u>                    | <b><u>\$1,033,386</u></b>               | <b><u>\$1,033,386</u></b>              | <b><u>\$1,033,386</u></b>              |





## Actuarial Value of Assets

Table II-A

|  |                           |
|--|---------------------------|
| Market Value of Assets as of October 1, 2015           | \$1,389,126               |
| Minus advance employer contributions                   | (\$154,001)               |
| <b>Actuarial Value of Assets as of October 1, 2015</b> | <b><u>\$1,235,125</u></b> |

**Historical Actuarial Value of Assets**

|                 |             |
|-----------------|-------------|
| 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 |
| October 1, 2015 | \$1,235,125 |

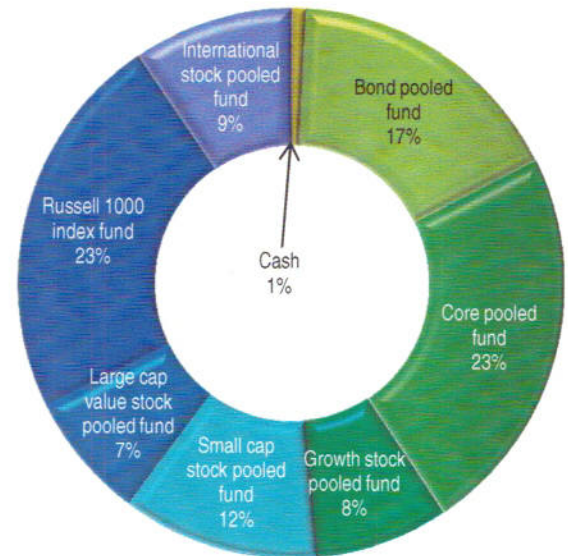


## Market Value of Assets

Table II-B

As of October 1, 2015

|                                   |                           |
|-----------------------------------|---------------------------|
| <b>Market Value of Assets</b>     | <b><u>\$1,389,126</u></b> |
| Cash                              | \$11,103                  |
| Bond pooled fund                  | \$233,156                 |
| Core pooled fund                  | \$319,202                 |
| Growth stock pooled fund          | \$109,639                 |
| Small cap stock pooled fund       | \$162,377                 |
| Large cap value stock pooled fund | \$104,088                 |
| Russell 1000 index fund           | \$317,814                 |
| International stock pooled fund   | \$130,457                 |
| Employer contribution receivable  | \$1,106                   |
| Employee contribution receivable  | \$184                     |

Historical Market Value of Assets

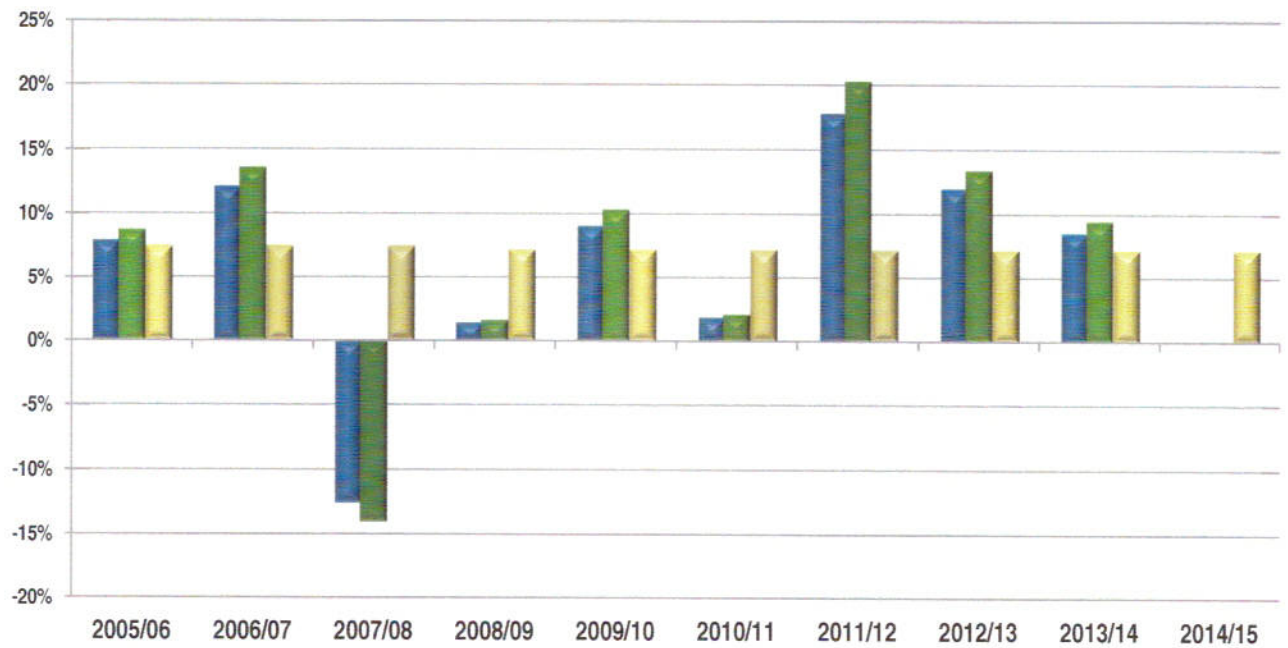
|                 |             |
|-----------------|-------------|
| October 1, 2006 | \$1,157,785 |
| October 1, 2007 | \$1,287,745 |
| October 1, 2008 | \$1,111,310 |
| October 1, 2009 | \$1,085,194 |
| October 1, 2010 | \$1,178,546 |
| October 1, 2011 | \$1,119,463 |
| October 1, 2012 | \$1,239,176 |
| October 1, 2013 | \$1,381,206 |
| October 1, 2014 | \$1,414,070 |
| October 1, 2015 | \$1,389,126 |





## Investment Return

Table II-C

*Annual Investment Returns*

■ Market Value Return  
■ Actuarial Value Return  
■ Assumed Return

| Plan<br>Year | Market<br>Value<br>Return | Actuarial<br>Value<br>Return | Assumed<br>Return |
|--------------|---------------------------|------------------------------|-------------------|
| 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%             |
| 2014/15      | 0.06%                     | 0.07%                        | 7.25%             |
| 10yr. Avg.   | 5.51%                     | 6.17%                        | 7.32%             |



## Asset Reconciliation

Table II-D

|                                  | <u>Market Value</u>       | <u>Actuarial Value</u>    |
|----------------------------------|---------------------------|---------------------------|
| <b>As of October 1, 2014</b>     | <b>\$1,414,070</b>        | <b>\$1,284,071</b>        |
| <b><i>Increases Due To:</i></b>  |                           |                           |
| Employer Contributions           | \$32,578                  | \$32,578                  |
| Employee Contributions           | \$5,394                   | \$5,394                   |
| Service Purchase Contributions   | \$0                       | \$0                       |
| Total Contributions              | <u>\$37,972</u>           | <u>\$37,972</u>           |
| Interest and Dividends           | \$0                       |                           |
| Realized Gains (Losses)          | \$0                       |                           |
| Unrealized Gains (Losses)        | \$827                     |                           |
| Total Investment Income          | <u>\$827</u>              | \$827                     |
| Other Income                     | \$0                       |                           |
| <b>Total Income</b>              | <u><b>\$38,799</b></u>    | <u><b>\$38,799</b></u>    |
| <b><i>Decreases Due To:</i></b>  |                           |                           |
| Monthly Benefit Payments         | (\$51,462)                | (\$51,462)                |
| Refund of Employee Contributions | (\$1,434)                 | (\$1,434)                 |
| Total Benefit Payments           | <u>(\$52,896)</u>         | <u>(\$52,896)</u>         |
| Investment Expenses              | \$0                       |                           |
| Administrative Expenses          | (\$10,847)                | (\$10,847)                |
| Advance Employer Contribution    |                           | (\$24,002)                |
| <b>Total Expenses</b>            | <u><b>(\$63,743)</b></u>  | <u><b>(\$87,745)</b></u>  |
| <b>As of October 1, 2015</b>     | <u><b>\$1,389,126</b></u> | <u><b>\$1,235,125</b></u> |





## Historical Trust Fund Detail

Table II-E

**Income**

| Plan        | Employer         | Employee         | Service          | Interest /       | Realized       | Unrealized     | Other         |
|-------------|------------------|------------------|------------------|------------------|----------------|----------------|---------------|
| <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>  |               |
| 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           |
| 2014/15     | \$32,578         | \$5,394          | \$0              | \$0              | \$0            | \$827          | \$0           |

**Expenses**

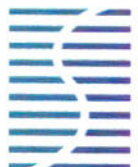
| Plan        | Monthly         | Contrib.       | Admin.          | Invest.         |
|-------------|-----------------|----------------|-----------------|-----------------|
| <u>Year</u> | <u>Benefit</u>  | <u>Refunds</u> | <u>Expenses</u> | <u>Expenses</u> |
|             | <u>Payments</u> |                |                 |                 |
| 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             |
| 2014/15     | \$51,462        | \$1,434        | \$10,847        | \$0             |

**Other Actuarial Adjustments**

Advance  
Employer  
Contribs.

\$21,873  
\$6,216  
\$5,991  
-\$2,500  
\$554  
-\$742  
-\$731  
-\$1,240  
-\$1,102  
\$24,002

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 II-F

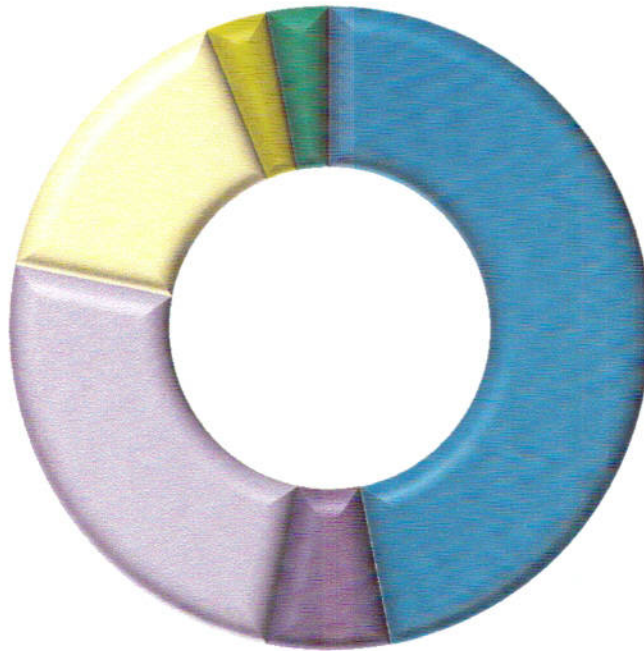
**Advance Employer Contribution**

|   |                  |
|---|------------------|
| Advance Employer Contribution as of October 1, 2014 | \$129,999        |
| Additional Employer Contribution                    | \$32,578         |
| Minimum Required Contribution                       | (\$8,576)        |
| Net Increase in Advance Employer Contribution       | \$24,002         |
| Advance Employer Contribution as of October 1, 2015 | <u>\$154,001</u> |



## Summary of Participant Data

Table III-A

As of October 1, 2015Actively Employed Participants

|                     |    |
|---------------------|----|
| Active Participants | 15 |
| DROP Participants   | 0  |

Inactive Participants

|                               |   |
|-------------------------------|---|
| Deferred Vested Participants  | 2 |
| Due a Refund of Contributions | 8 |
| Deferred Beneficiaries        | 0 |

Participants Receiving a Benefit

|                         |   |
|-------------------------|---|
| Service Retirements     | 5 |
| Disability Retirements  | 1 |
| Beneficiaries Receiving | 1 |

**Total Participants 32**Number of Participants Included in Prior Valuations

|                 | <i>Active</i> | <i>DROP</i> | <i>Inactive</i> | <i>Retired</i> | <i>Total</i> |
|-----------------|---------------|-------------|-----------------|----------------|--------------|
| 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           |
| October 1, 2015 | 15            | 0           | 10              | 7              | 32           |





## Data Reconciliation

Table III-B

|                            | <u>Active</u> | <u>DROP</u> | <u>Deferred<br/>Vested</u> | <u>Due a<br/>Refund</u> | <u>Def.<br/>Benef.</u> | <u>Service<br/>Retiree</u> | <u>Disabled<br/>Retiree</u> | <u>Benef.<br/>Rec'v.</u> | <u>Total</u> |
|----------------------------|---------------|-------------|----------------------------|-------------------------|------------------------|----------------------------|-----------------------------|--------------------------|--------------|
| <u>October 1, 2014</u>     | 18            | 0           | 1                          | 6                       | 0                      | 5                          | 1                           | 1                        | 32           |
| <u>Change in Status</u>    |               |             |                            |                         |                        |                            |                             |                          |              |
| Re-employed                |               |             |                            |                         |                        |                            |                             |                          |              |
| Terminated                 | (4)           |             |                            | 4                       |                        |                            |                             |                          |              |
| Retired                    |               |             |                            |                         |                        |                            |                             |                          |              |
| <u>Participation Ended</u> |               |             |                            |                         |                        |                            |                             |                          |              |
| Transferred Out            |               |             |                            |                         |                        |                            |                             |                          |              |
| Cashed Out                 |               |             |                            | (3)                     |                        |                            |                             |                          | (3)          |
| Died                       |               |             |                            |                         |                        |                            |                             |                          |              |
| <u>Participation Began</u> |               |             |                            |                         |                        |                            |                             |                          |              |
| Newly Hired                | 1             |             |                            |                         |                        |                            |                             |                          | 1            |
| Transferred In             |               |             |                            |                         |                        |                            |                             |                          |              |
| New Beneficiary            |               |             |                            |                         |                        |                            |                             |                          |              |
| Other Adjustment           |               |             | 1                          | 1                       |                        |                            |                             |                          | 2            |
| <u>October 1, 2015</u>     | 15            | 0           | 2                          | 8                       | 0                      | 5                          | 1                           | 1                        | 32           |

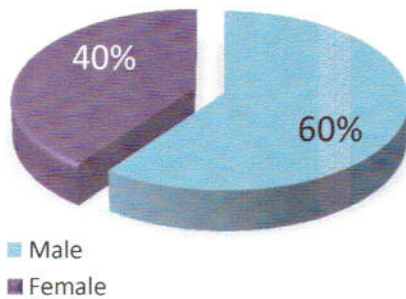


## Active Participant Data

## Table III-C

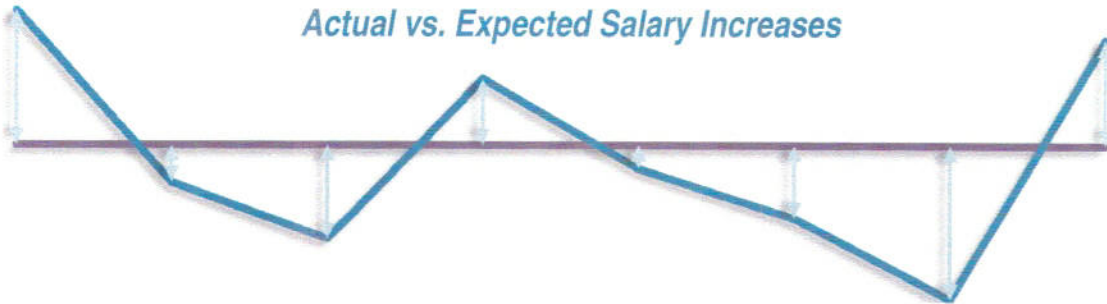
As of October 1, 2015

## Gender Mix



|  |            |
|--|------------|
| Average Age  | 46.7 years |
| Average Service  | 9.1 years  |
| Total Annualized Compensation for the Prior Year       | \$467,922  |
| Total Expected Compensation for the Current Year       | \$510,322  |
| Average Increase in Compensation for the Prior Year    | 9.21%      |
| Expected Increase in Compensation for the Current Year | 5.50%      |

## Actual vs. Expected Salary Increases



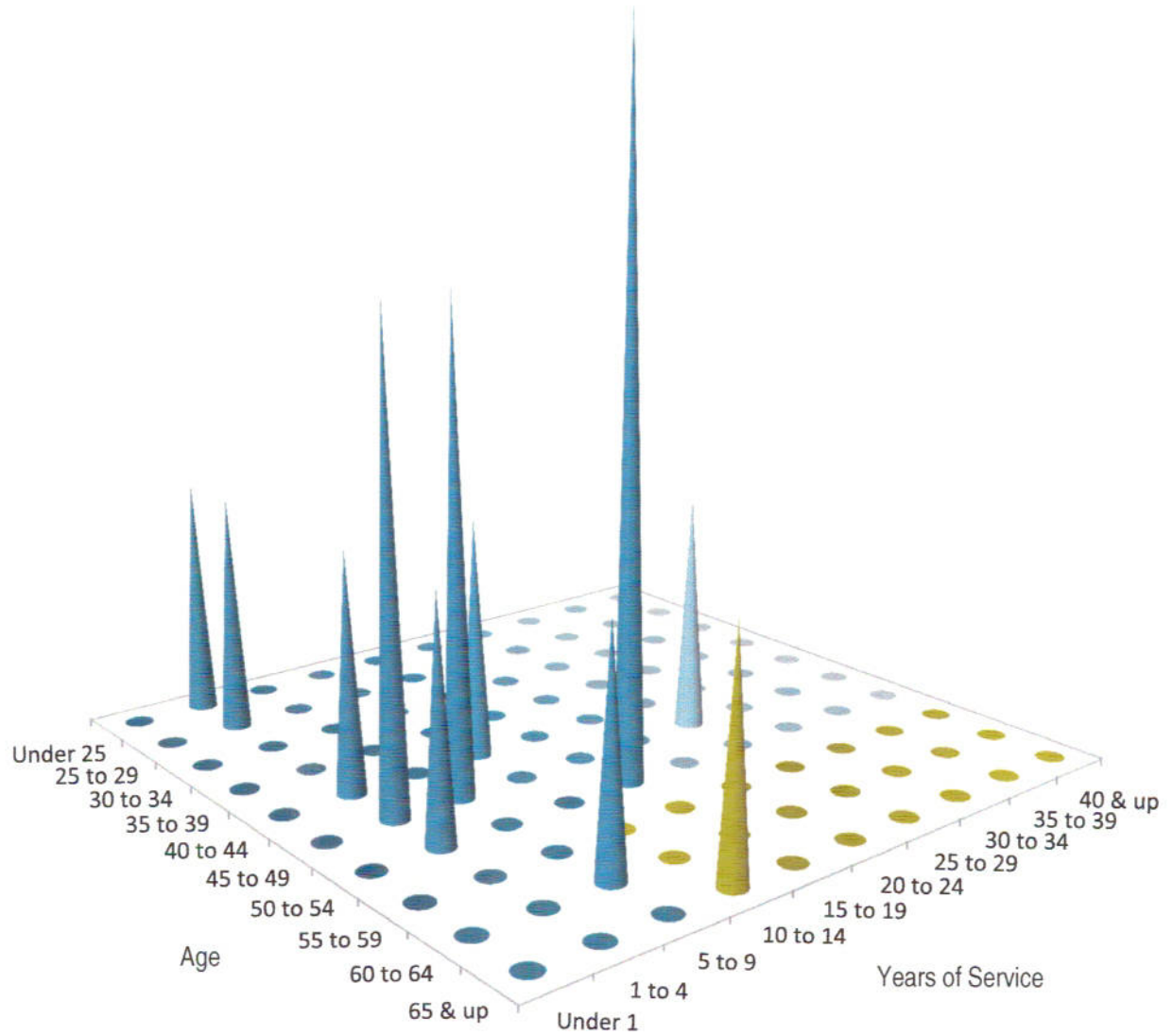
## Active Participant Statistics From Prior Valuations

|                 | Average Age | Average Service | Average Salary | Average Expected Salary Increase | Average Actual Salary Increase |
|-----------------|-------------|-----------------|----------------|----------------------------------|--------------------------------|
| October 1, 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%                          |
| October 1, 2015 | 46.7        | 9.1             | \$31,195       | 5.50%                            | 9.21%                          |



# Active Age-Service Distribution

Table III-D



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

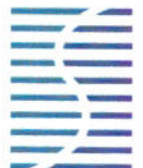




Active Age-Service-Salary Table

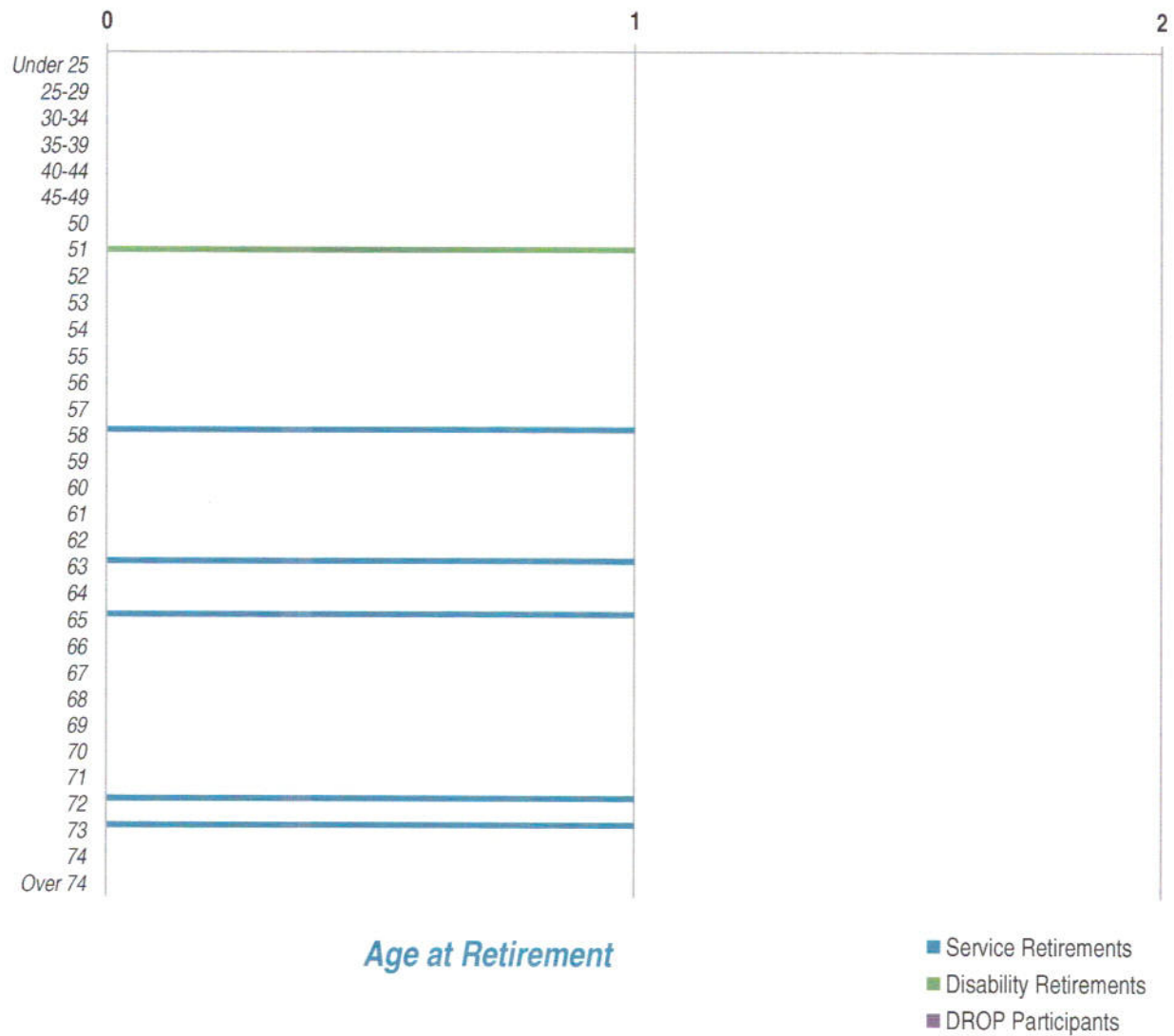
Table III-E

| 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                          | 1        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 1         |
| Avg.Pay      | 0                          | 23,844   | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 23,844    |
| 25 to 29     | 0                          | 1        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 1         |
| Avg.Pay      | 0                          | 25,231   | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 25,231    |
| 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        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0         |
| Avg.Pay      | 0                          | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0         |
| 40 to 44     | 0                          | 1        | 0        | 1        | 0        | 0        | 0        | 0        | 0        | 0        | 2         |
| Avg.Pay      | 0                          | 4,275    | 0        | 26,651   | 0        | 0        | 0        | 0        | 0        | 0        | 15,463    |
| 45 to 49     | 0                          | 2        | 2        | 0        | 0        | 0        | 1        | 0        | 0        | 0        | 5         |
| Avg.Pay      | 0                          | 24,078   | 59,260   | 0        | 0        | 0        | 48,081   | 0        | 0        | 0        | 42,951    |
| 50 to 54     | 0                          | 1        | 0        | 0        | 3        | 0        | 0        | 0        | 0        | 0        | 4         |
| Avg.Pay      | 0                          | 26,789   | 0        | 0        | 31,633   | 0        | 0        | 0        | 0        | 0        | 30,422    |
| 55 to 59     | 0                          | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0         |
| Avg.Pay      | 0                          | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0         |
| 60 to 64     | 0                          | 0        | 1        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 1         |
| Avg.Pay      | 0                          | 0        | 51,479   | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 51,479    |
| 65 & up      | 0                          | 0        | 0        | 1        | 0        | 0        | 0        | 0        | 0        | 0        | 1         |
| Avg.Pay      | 0                          | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0         |
| <b>Total</b> | <b>0</b>                   | <b>6</b> | <b>3</b> | <b>2</b> | <b>3</b> | <b>0</b> | <b>1</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>15</b> |
| Avg.Pay      | 0                          | 21,382   | 56,666   | 13,326   | 31,633   | 0        | 48,081   | 0        | 0        | 0        | 31,195    |



## Inactive Participant Data

Table III-F

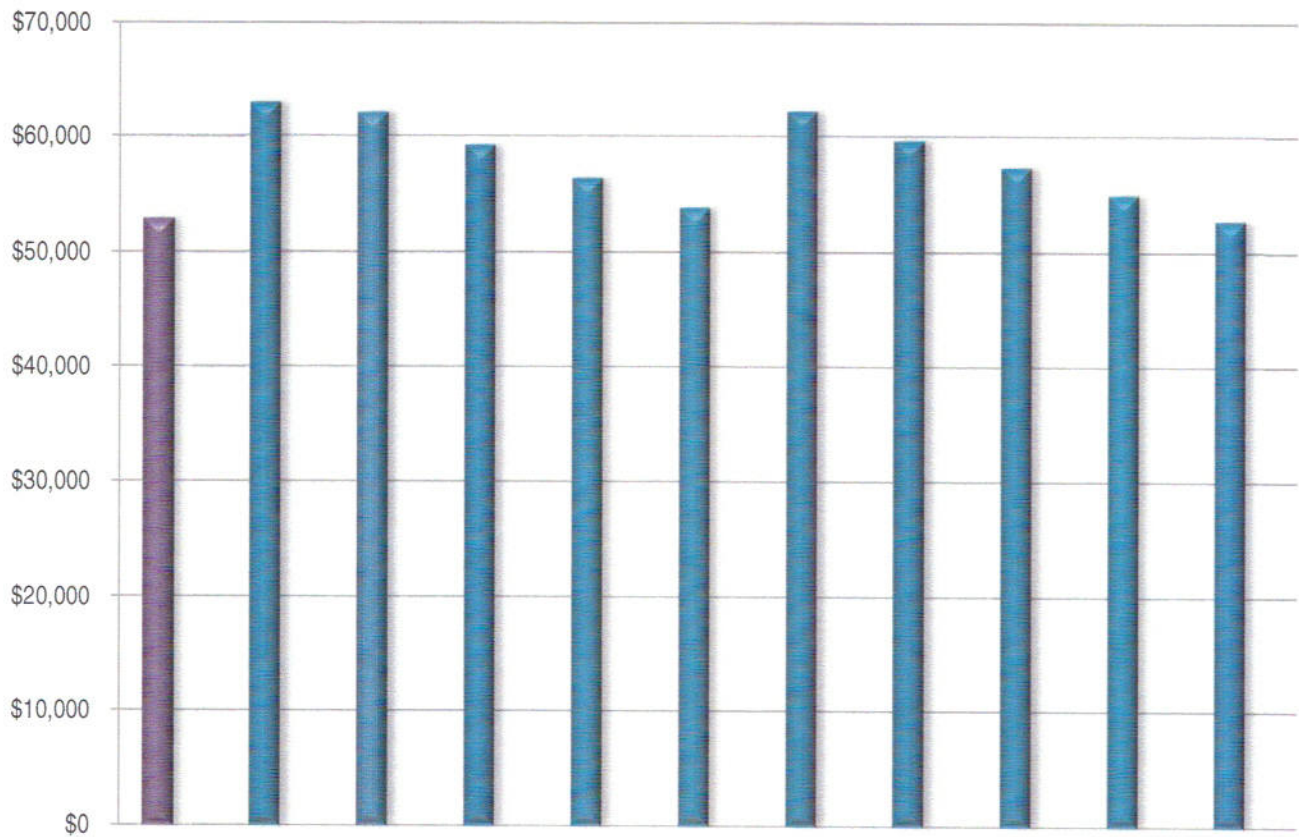
Average Monthly Benefit

|                              |                |
|------------------------------|----------------|
| Service Retirements          | \$764.03       |
| Disability Retirements       | \$91.64        |
| Beneficiaries Receiving      | \$376.68       |
| DROP Participants            | Not applicable |
| Deferred Vested Participants | \$708.23       |
| Deferred Beneficiaries       | Not applicable |



## Projected Benefit Payments

Table III-G

Actual

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

\$52,896

Projected

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

\$62,986

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

\$62,117

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

\$59,267

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

\$56,412

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

\$53,861

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

\$62,217

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

\$59,671

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

\$57,366

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

\$54,981

For the period October 1, 2024 through September 30, 2025

\$52,730





## Summary of Actuarial Methods and Assumptions

Table IV-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 IV-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 IV-B

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





## Summary of Plan Provisions

## Table V-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 V-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 V-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 Internal Revenue Code (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 V-B

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

