

CITY OF WAUCHULA  
PENSION PLAN

ACTUARIAL VALUATION  
AS OF OCTOBER 1, 2016

DETERMINES THE CONTRIBUTION  
FOR THE 2016/17 FISCAL YEAR



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February 18, 2017

### Introduction

This report presents the revised results of the October 1, 2016 actuarial valuation of the City of Wauchula Pension Plan. The report is based on the participant data and asset information provided by the pension plan administrator and, except for a cursory review for reasonableness including a comparison to the data provided for the previous valuation, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2016 and to determine the minimum required contribution under Chapter 112, Florida Statutes, for the 2016/17 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 minimum required contribution rate.

### Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the 2016/17 plan year. The minimum required contribution rate is 7.13% of covered payroll, which represents a decrease of 0.10% of payroll from the prior valuation.

Table I-C provides a breakdown of the sources of change in the contribution rate. Significantly, the rate decreased by 0.92% of payroll due to investment gains, increased by 1.47% of payroll due to demographic experience, and decreased by 0.65% of payroll due to the assumption change that is described below. The market value of assets



earned 8.26% during the 2015/16 plan year, whereas a 7.00% annual investment return was required to maintain a stable contribution rate.

Chapter 112, Florida Statutes, sets forth the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the City must contribute an amount equal to the annual normal cost of the plan plus an amortization payment towards the unfunded liability, where the amortization period is no longer than 30 years and where both amounts are adjusted as necessary for administrative expenses and to reflect interest on any delayed payment of the contribution beyond the valuation date. On this basis, the City's 2016/17 minimum required contribution will be equal to 7.13% multiplied by the total pensionable earnings for the 2016/17 fiscal year for the active employees who are covered by the plan.

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 \$20,780,959. As illustrated in Table I-A, current assets are sufficient to cover \$15,931,492 of this amount, the employer's 2016/17 expected contribution will cover \$180,943 of this amount, and future employee contributions are expected to cover \$2,717,153 of this amount, leaving \$1,951,371 to be covered by future employer funding beyond the 2016/17 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, 2016, the advance employer contribution is \$538,405, which reflects the advance employer contribution of \$720,851 as of October 1, 2015 less \$182,446 to cover the shortfall between the actual employer contribution and the minimum required contribution for the 2015/16 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 2016/17 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, 2016 would reduce the minimum required contribution for the 2016/17 plan year to 5.08% 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. 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, 2016, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

### Assumption Change

Pursuant to the requirements of State law, the mortality basis has been changed from a 2015 projection of the RP-2000 Mortality Table for annuitants to a full generational projection using Scale BB of the RP-2000 Combined Mortality Table. Although this change increased the projected benefit liability by 5.03%, the change decreased the minimum required contribution for the 2016/17 plan year by 0.65% of payroll because the impact of the assumption change is amortized over a period of 30 years instead of being amortized as a level percentage of future payroll.

### 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.

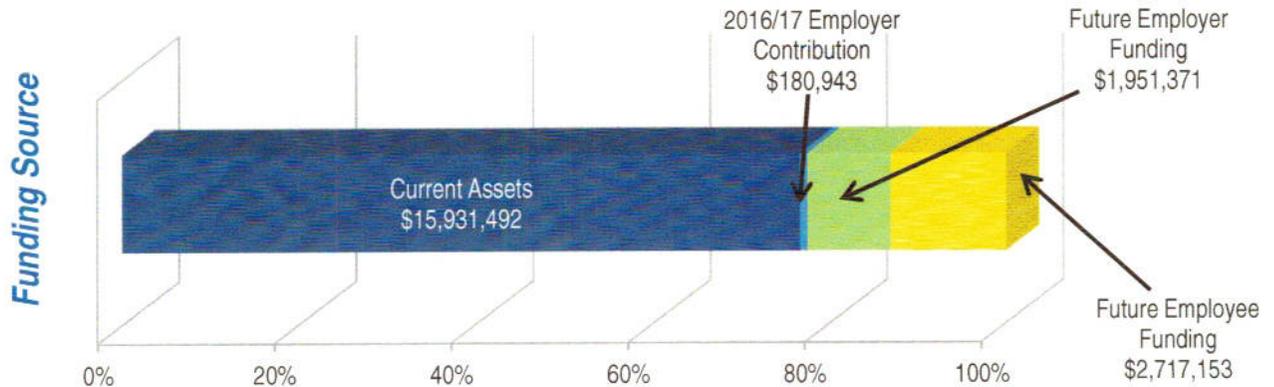
Enrolled Actuary No. 17-04927

*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 2016/17 Plan Year

Normal Cost for the 2016/17 Plan Year	\$21,612
Unfunded Liability Amortization Payment for the 2016/17 Plan Year	\$108,696
Expense Allowance for the 2016/17 Plan Year	\$44,403
	<hr/>
	\$174,711
Adjustment to Reflect Semi-Monthly Employer Contributions	\$6,232
	<hr/>
Preliminary Employer Contribution for the 2016/17 Plan Year	\$180,943
Expected Payroll for the 2016/17 Plan Year	÷ \$2,537,297

**Minimum Required Contribution Rate** **7.13%**

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

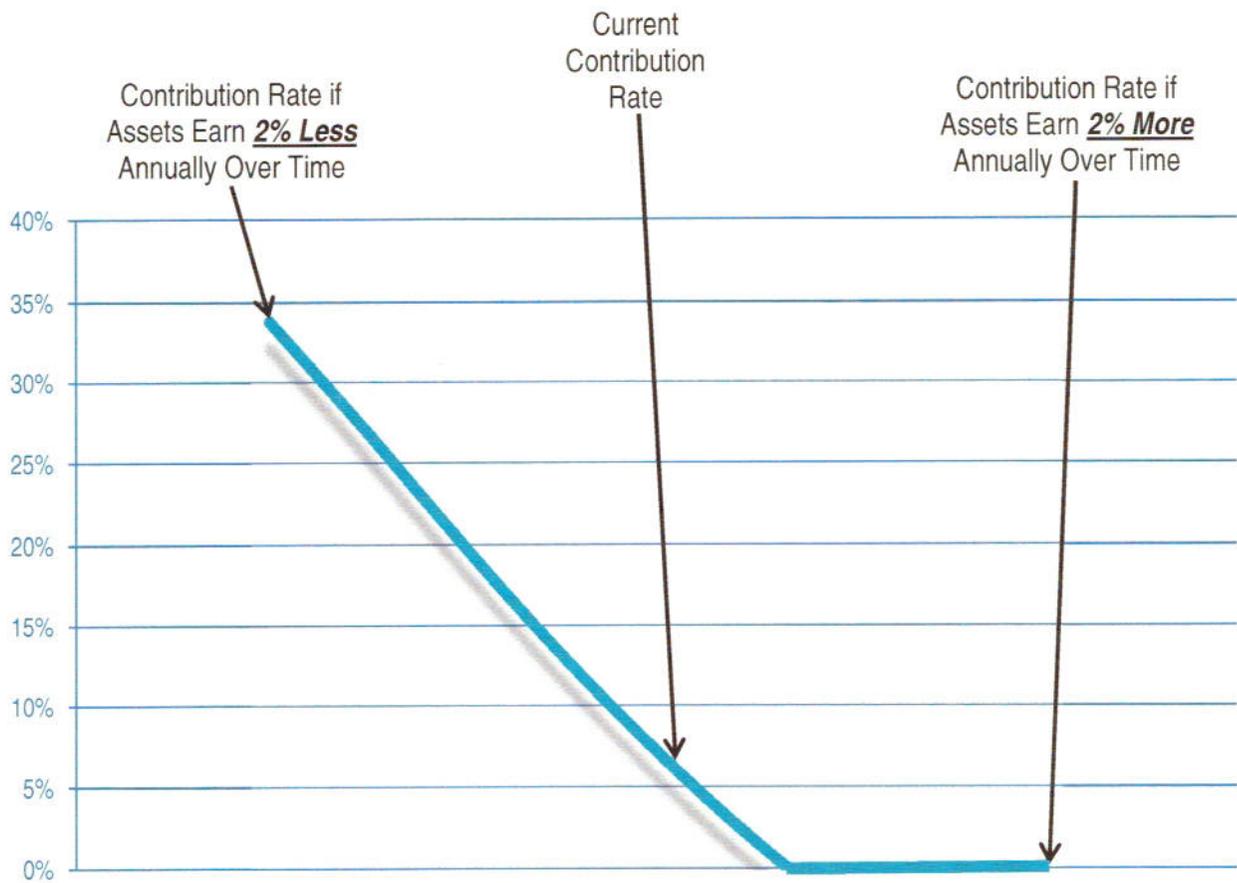
### Additional Disclosures

Present Value of Future Compensation	\$27,171,572
Present Value of Future Employer Contributions	\$2,132,314
Present Value of Future Employee Contributions	\$2,717,153



Sensitivity Analysis

Table I-B



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



Gain and Loss Analysis

Table I-C

**Source of Change in the Contribution Rate**

Previous minimum required contribution rate	7.23%
Increase (decrease) due to investment gains and losses	-0.92%
Increase (decrease) due to demographic experience	1.47%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	-0.65%
Increase (decrease) due to actuarial method changes	0.00%
Current minimum required contribution rate	<u>7.13%</u>

**Source of Change in the Unfunded Liability**

Previous unfunded liability	\$806,155
Increase due to employer normal cost and expenses	\$124,960
Increase due to interest on normal cost and unfunded liability	\$65,178
Decrease due to employer contributions	(\$195,961)
Decrease due to interest on employer contributions	(\$3,407)
Expected unfunded liability	<u>\$796,925</u>
Increase (decrease) due to plan amendments	\$0
Increase (decrease) due to actuarial assumption changes	\$628,448
Increase (decrease) due to actuarial method changes	\$0
Current unfunded liability	<u>\$1,425,373</u>



## Present Value of Future Benefits

Table I-D

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<i>Actively Employed Participants</i>			
Retirement benefits	\$9,530,521	\$9,530,521	\$10,172,039
Termination benefits	\$332,246	\$332,246	\$362,435
Disability benefits	\$483,646	\$483,646	\$502,796
Death benefits	\$329,845	\$329,845	\$241,501
Refund of employee contributions	\$271,725	\$271,725	\$269,354
Sub-total	<b>\$10,947,983</b>	<b>\$10,947,983</b>	<b>\$11,548,125</b>
<i>Deferred Vested Participants</i>			
Retirement benefits	\$662,004	\$662,004	\$690,302
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$13,850	\$13,850	\$10,528
Refund of employee contributions	\$0	\$0	\$0
Sub-total	<b>\$675,854</b>	<b>\$675,854</b>	<b>\$700,830</b>
<i>Due a Refund of Contributions</i>	<b>\$62,399</b>	<b>\$62,399</b>	<b>\$62,399</b>
<i>Deferred Beneficiaries</i>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<i>Retired Participants</i>			
Service retirements	\$6,693,303	\$6,693,303	\$6,995,905
Disability retirements	\$220,213	\$220,213	\$230,416
Beneficiaries receiving	\$733,485	\$733,485	\$767,781
DROP participants	\$0	\$0	\$0
Sub-total	<b>\$7,647,001</b>	<b>\$7,647,001</b>	<b>\$7,994,102</b>
<i>Grand Total</i>	<b><u>\$19,333,237</u></b>	<b><u>\$19,333,237</u></b>	<b><u>\$20,305,456</u></b>
Present Value of Future Payroll	\$27,084,537	\$27,084,537	\$27,171,572
Present Value of Future Employee Contribs.	\$2,708,455	\$2,708,455	\$2,717,153
Present Value of Future Employer Contribs.	\$1,167,269	\$1,167,269	\$2,132,314



## Present Value of Accrued Benefits

Table I-E

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$2,596,811	\$2,596,811	\$2,751,663
Termination benefits	\$130,514	\$130,514	\$141,827
Disability benefits	\$291,422	\$291,422	\$301,825
Death benefits	\$146,224	\$146,224	\$108,724
Refund of employee contributions	\$97,019	\$97,019	\$96,060
Sub-total	<b>\$3,261,990</b>	<b>\$3,261,990</b>	<b>\$3,400,099</b>
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$662,004	\$662,004	\$690,302
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$13,850	\$13,850	\$10,528
Refund of employee contributions	\$0	\$0	\$0
Sub-total	<b>\$675,854</b>	<b>\$675,854</b>	<b>\$700,830</b>
<i><u>Due a Refund of Contributions</u></i>	<b>\$62,399</b>	<b>\$62,399</b>	<b>\$62,399</b>
<i><u>Deferred Beneficiaries</u></i>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<i><u>Retired Participants</u></i>			
Service retirements	\$6,693,303	\$6,693,303	\$6,995,905
Disability retirements	\$220,213	\$220,213	\$230,416
Beneficiaries receiving	\$733,485	\$733,485	\$767,781
DROP participants	\$0	\$0	\$0
Sub-total	<b>\$7,647,001</b>	<b>\$7,647,001</b>	<b>\$7,994,102</b>
<i><u>Grand Total</u></i>	<b><u>\$11,647,244</u></b>	<b><u>\$11,647,244</u></b>	<b><u>\$12,157,430</u></b>
<i><u>Funded Percentage</u></i>	141.41%	141.41%	135.47%



## Present Value of Vested Benefits

Table I-F

	<u>Old Assumptions w/o Amendment</u>	<u>Old Assumptions w/ Amendment</u>	<u>New Assumptions w/ Amendment</u>
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$2,575,932	\$2,575,932	\$2,729,609
Termination benefits	\$100,004	\$100,004	\$108,111
Disability benefits	\$291,422	\$291,422	\$301,825
Death benefits	\$137,657	\$137,657	\$102,791
Refund of employee contributions	\$116,259	\$116,259	\$114,361
Sub-total	<b>\$3,221,274</b>	<b>\$3,221,274</b>	<b>\$3,356,697</b>
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$662,004	\$662,004	\$690,302
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$13,850	\$13,850	\$10,528
Refund of employee contributions	\$0	\$0	\$0
Sub-total	<b>\$675,854</b>	<b>\$675,854</b>	<b>\$700,830</b>
<i><u>Due a Refund of Contributions</u></i>	<b>\$62,399</b>	<b>\$62,399</b>	<b>\$62,399</b>
<i><u>Deferred Beneficiaries</u></i>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<i><u>Retired Participants</u></i>			
Service retirements	\$6,693,303	\$6,693,303	\$6,995,905
Disability retirements	\$220,213	\$220,213	\$230,416
Beneficiaries receiving	\$733,485	\$733,485	\$767,781
DROP participants	\$0	\$0	\$0
Sub-total	<b>\$7,647,001</b>	<b>\$7,647,001</b>	<b>\$7,994,102</b>
<i><u>Grand Total</u></i>	<b><u>\$11,606,528</u></b>	<b><u>\$11,606,528</u></b>	<b><u>\$12,114,028</u></b>



## Entry Age Normal Accrued Liability

Table I-G

	<u>Old Assumptions w/o Amendment</u>	<u>Old Assumptions w/ Amendment</u>	<u>New Assumptions w/ Amendment</u>
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$4,554,215	\$4,554,215	\$4,833,839
Termination benefits	\$159,564	\$159,564	\$173,102
Disability benefits	\$254,714	\$254,714	\$264,125
Death benefits	\$169,598	\$169,598	\$124,491
Refund of employee contributions	\$122,594	\$122,594	\$121,499
Sub-total	<b>\$5,260,685</b>	<b>\$5,260,685</b>	<b>\$5,517,056</b>
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$662,004	\$662,004	\$690,302
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$13,850	\$13,850	\$10,528
Refund of employee contributions	\$0	\$0	\$0
Sub-total	<b>\$675,854</b>	<b>\$675,854</b>	<b>\$700,830</b>
<i><u>Due a Refund of Contributions</u></i>	<b>\$62,399</b>	<b>\$62,399</b>	<b>\$62,399</b>
<i><u>Deferred Beneficiaries</u></i>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<i><u>Retired Participants</u></i>			
Service retirements	\$6,693,303	\$6,693,303	\$6,995,905
Disability retirements	\$220,213	\$220,213	\$230,416
Beneficiaries receiving	\$733,485	\$733,485	\$767,781
DROP participants	\$0	\$0	\$0
Sub-total	<b>\$7,647,001</b>	<b>\$7,647,001</b>	<b>\$7,994,102</b>
<i><u>Grand Total</u></i>	<b><u>\$13,645,939</u></b>	<b><u>\$13,645,939</u></b>	<b><u>\$14,274,387</u></b>



Unfunded Liability Bases

Table I-H

<u>Description</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>Amortization Payment</u>	<u>Years Rem.</u>
	<b>Total</b>	<b>\$1,425,373</b>	<b>\$108,696</b>	
		↓	↓	
10/1/2014 Assumption Change	\$818,450	\$796,925	\$61,365	28
10/1/2016 Assumption Change	\$628,448	\$628,448	\$47,331	30



Development of the Normal Cost

Table I-I

**Normal Cost as of October 1, 2016**

Present Value of Future Benefits	\$20,305,456
Unfunded Frozen Liability	(\$1,425,373)
Actuarial Value of Assets	(\$15,931,492)
Present Value of Future Employee Contributions	<u>(\$2,717,153)</u>
Present Value of Future Normal Cost	\$231,438
Present Value of Future Compensation	<u>÷ \$27,171,572</u>
Normal Cost Accrual Rate	0.851765%
Expected Payroll for the Current Year	<u>x \$2,537,297</u>
Normal Cost	<u><u>\$21,612</u></u>



Actuarial Value of Assets

Table II-A

Market Value of Assets as of October 1, 2016	\$16,469,897
Minus advance employer contributions	(\$538,405)
<b>Actuarial Value of Assets as of October 1, 2016</b>	<b><u>\$15,931,492</u></b>

<b>Historical Actuarial Value of Assets</b>	
October 1, 2007	\$10,979,499
October 1, 2008	\$9,470,146
October 1, 2009	\$9,897,681
October 1, 2010	\$11,602,139
October 1, 2011	\$11,767,746
October 1, 2012	\$13,794,913
October 1, 2013	\$15,043,906
October 1, 2014	\$15,916,800
October 1, 2015	\$15,159,423
October 1, 2016	\$15,931,492

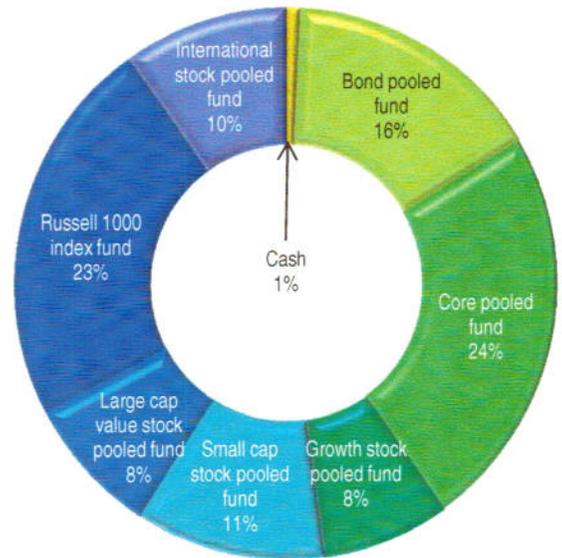


Market Value of Assets

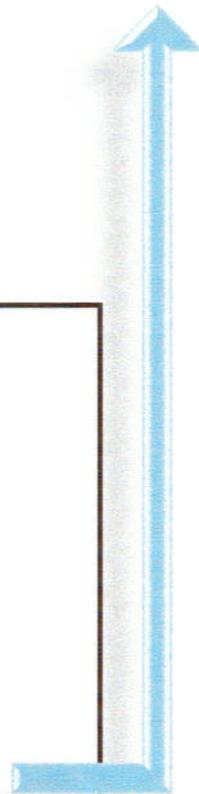
Table II-B

**As of October 1, 2016**

<b>Market Value of Assets</b>	<b><u>\$16,469,897</u></b>
Cash	\$131,759
Bond pooled fund	\$2,569,304
Core pooled fund	\$3,919,836
Growth stock pooled fund	\$1,251,712
Small cap stock pooled fund	\$1,861,098
Large cap value stock pooled fund	\$1,350,532
Russell 1000 index fund	\$3,771,606
International stock pooled fund	\$1,614,050

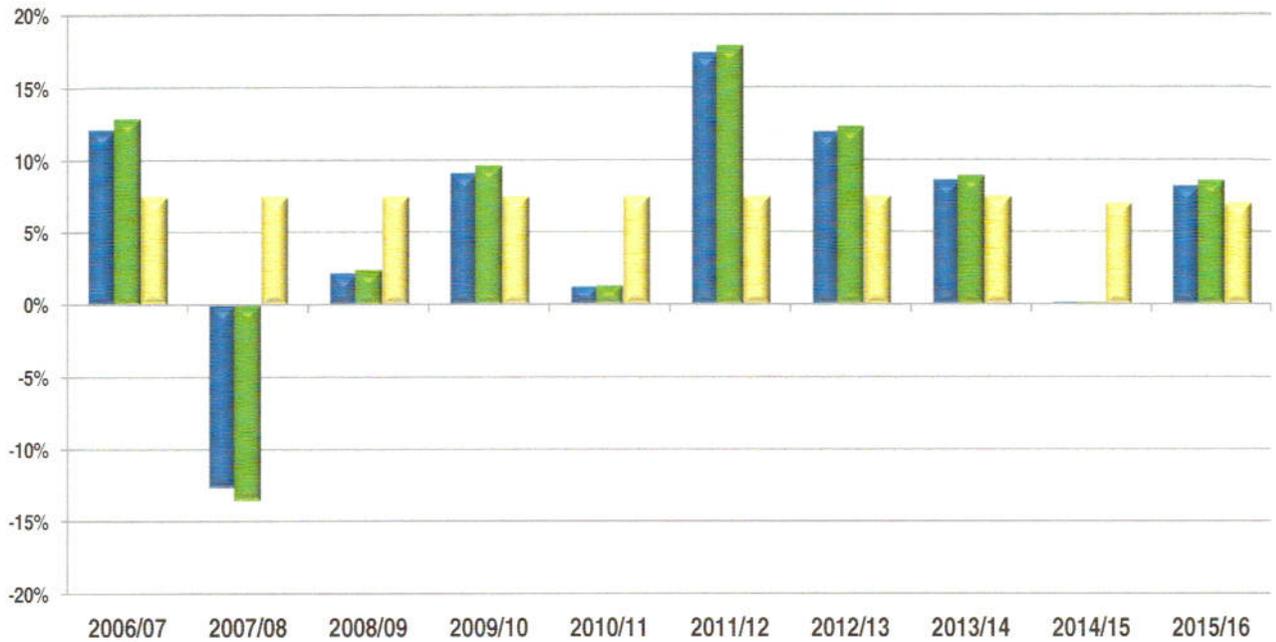


<b>Historical Market Value of Assets</b>	
October 1, 2007	\$11,672,298
October 1, 2008	\$10,337,131
October 1, 2009	\$10,740,499
October 1, 2010	\$11,973,677
October 1, 2011	\$12,109,219
October 1, 2012	\$14,064,331
October 1, 2013	\$15,497,413
October 1, 2014	\$16,490,294
October 1, 2015	\$15,880,274
October 1, 2016	\$16,469,897



Investment Return

Table II-C



Annual Investment Returns

■ Market Value Return  
 ■ Actuarial Value Return  
 ■ Assumed Return

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2006/07	12.16%	12.92%	7.50%
2007/08	-12.62%	-13.52%	7.50%
2008/09	2.19%	2.38%	7.50%
2009/10	9.16%	9.70%	7.50%
2010/11	1.24%	1.28%	7.50%
2011/12	17.43%	17.88%	7.50%
2012/13	12.02%	12.34%	7.50%
2013/14	8.65%	8.95%	7.50%
2014/15	0.13%	0.14%	7.00%
2015/16	8.26%	8.61%	7.00%
10yr. Avg.	5.54%	5.71%	7.40%



## Asset Reconciliation

Table II-D

	<u>Market Value</u>	<u>Actuarial Value</u>
<b>As of October 1, 2015</b>	<b>\$15,880,274</b>	<b>\$15,159,423</b>
<b><i>Increases Due To:</i></b>		
Employer Contributions	\$13,515	\$13,515
Employee Contributions	\$271,126	\$271,126
Service Purchase Contributions	\$0	\$0
Total Contributions	<u>\$284,641</u>	<u>\$284,641</u>
Interest and Dividends	\$0	
Realized Gains (Losses)	\$0	
Unrealized Gains (Losses)	\$1,283,244	
Total Investment Income	<u>\$1,283,244</u>	\$1,283,244
Other Income	\$0	
<b>Total Income</b>	<u><b>\$1,567,885</b></u>	<u><b>\$1,567,885</b></u>
<b><i>Decreases Due To:</i></b>		
Monthly Benefit Payments	(\$835,033)	(\$835,033)
Refund of Employee Contributions	(\$94,106)	(\$94,106)
Total Benefit Payments	<u>(\$929,139)</u>	<u>(\$929,139)</u>
Investment Expenses	\$0	
Administrative Expenses	(\$49,123)	(\$49,123)
Advance Employer Contribution		\$182,446
<b>Total Expenses</b>	<u><b>(\$978,262)</b></u>	<u><b>(\$795,816)</b></u>
<b>As of October 1, 2016</b>	<u><u><b>\$16,469,897</b></u></u>	<u><u><b>\$15,931,492</b></u></u>



## Historical Trust Fund Detail

Table II-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>	
2006/07	\$255,913	\$257,717	\$0	\$0	\$0	\$1,282,511	\$0
2007/08	\$271,886	\$288,983	\$0	\$0	\$0	-\$1,482,400	\$0
2008/09	\$285,942	\$285,942	\$0	\$0	\$0	\$228,051	\$0
2009/10	\$386,579	\$301,513	\$0	\$0	\$0	\$994,664	\$0
2010/11	\$339,900	\$280,489	\$0	\$0	\$0	\$148,240	\$0
2011/12	\$351,847	\$266,773	\$0	\$0	\$0	\$2,098,149	\$0
2012/13	\$308,530	\$233,913	\$0	\$0	\$0	\$1,675,534	\$0
2013/14	\$256,383	\$256,383	\$0	\$0	\$0	\$1,326,542	\$0
2014/15	\$262,201	\$262,201	\$0	\$0	\$0	\$21,494	\$0
2015/16	\$13,515	\$271,126	\$0	\$0	\$0	\$1,283,244	\$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>			
2006/07	\$294,180	\$483,179	\$44,661	\$0
2007/08	\$331,381	\$39,896	\$42,359	\$0
2008/09	\$297,568	\$49,944	\$49,055	\$0
2009/10	\$310,335	\$59,906	\$79,337	\$0
2010/11	\$472,182	\$119,773	\$41,132	\$0
2011/12	\$475,629	\$245,782	\$40,246	\$0
2012/13	\$536,433	\$201,342	\$47,120	\$0
2013/14	\$775,288	\$40,979	\$30,160	\$0
2014/15	\$895,803	\$212,360	\$47,753	\$0
2015/16	\$835,033	\$94,106	\$49,123	\$0

**Other Actuarial Adjustments**

<u>Advance</u>
<u>Employer</u>
<u>Contribs.</u>
\$155,451
\$174,186
-\$24,167
-\$471,280
-\$30,065
-\$72,055
\$184,089
\$119,987
\$147,357
-\$182,446

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**

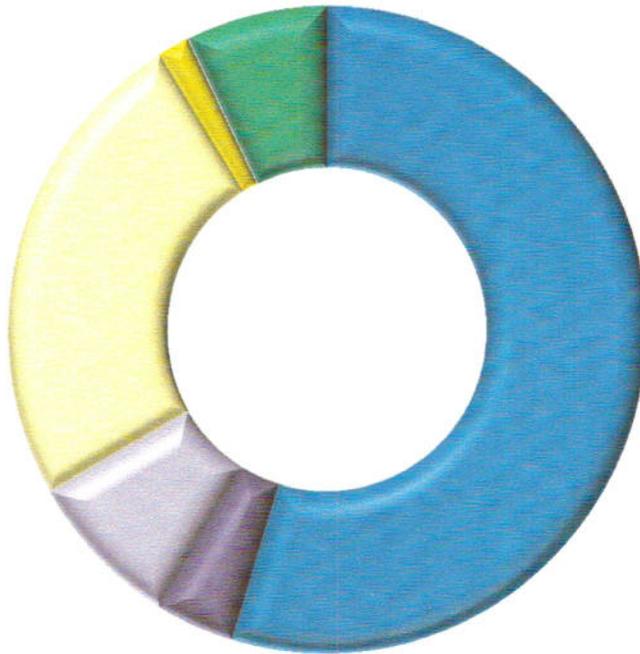
Advance Employer Contribution as of October 1, 2015	\$720,851
Additional Employer Contribution	\$13,515
Minimum Required Contribution	<u>(\$195,961)</u>
Net Increase in Advance Employer Contribution	<u>(\$182,446)</u>
Advance Employer Contribution as of October 1, 2016	<u><u>\$538,405</u></u>



Summary of Participant Data

Table III-A

As of October 1, 2016



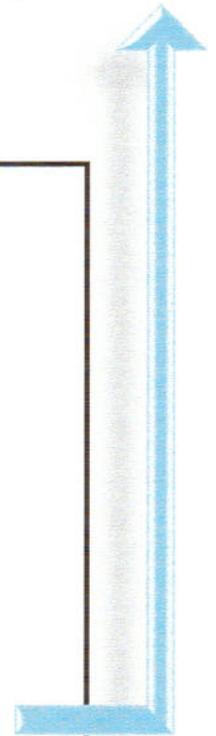
Participant Distribution by Status

<u>Actively Employed Participants</u>		
◆	Active Participants	69
◆	DROP Participants	0
<u>Inactive Participants</u>		
◆	Deferred Vested Participants	5
◆	Due a Refund of Contributions	10
◆	Deferred Beneficiaries	0
<u>Participants Receiving a Benefit</u>		
◆	Service Retirements	31
◆	Disability Retirements	2
◆	Beneficiaries Receiving	9

**Total Participants 126**

Number of Participants Included in Prior Valuations

	<i>Active</i>	<i>DROP</i>	<i>Inactive</i>	<i>Retired</i>	<i>Total</i>
October 1, 2007	N/A	N/A	N/A	N/A	N/A
October 1, 2008	75	0	12	33	120
October 1, 2009	78	0	12	32	122
October 1, 2010	71	0	11	35	117
October 1, 2011	69	0	11	34	114
October 1, 2012	62	0	14	36	112
October 1, 2013	N/A	N/A	N/A	N/A	N/A
October 1, 2014	69	0	14	43	126
October 1, 2015	70	0	12	43	125
October 1, 2016	69	0	15	42	126



Data Reconciliation

Table III-B

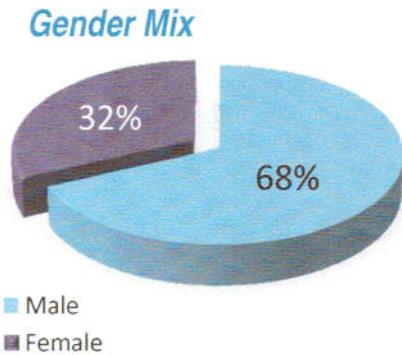
	<u>Active</u>	<u>DROP</u>	<u>Deferred Vested</u>	<u>Due a Refund</u>	<u>Def. Benef.</u>	<u>Service Retiree</u>	<u>Disabled Retiree</u>	<u>Benef. Rec'v.</u>	<u>Total</u>
<u>October 1, 2015</u>	70	0	4	8	0	33	2	8	125
<u>Change in Status</u>									
Re-employed									
Terminated	(17)		1	16					
Retired	(1)					1			
<u>Participation Ended</u>									
Transferred Out									
Cashed Out				(14)					(14)
Died						(3)		(1)	(4)
<u>Participation Began</u>									
Newly Hired	17								17
Transferred In									
New Beneficiary								3	3
<u>Other Adjustment</u>								(1)	(1)
<u>October 1, 2016</u>	69	0	5	10	0	31	2	9	126



Active Participant Data

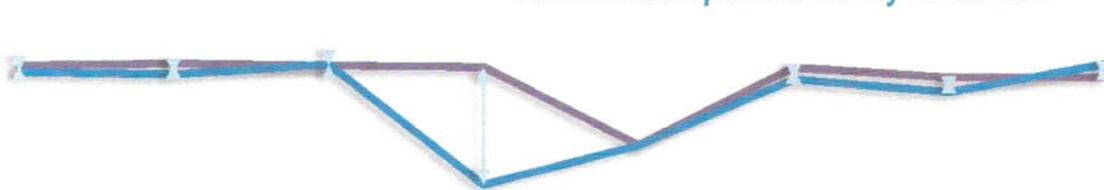
Table III-C

As of October 1, 2016



Average Age	37.9 years
Average Service	5.9 years
Total Annualized Compensation for the Prior Year	\$2,557,127
Total Expected Compensation for the Current Year	\$2,537,297
Average Increase in Compensation for the Prior Year	5.98%
Expected Increase in Compensation for the Current Year	5.00%
Accumulated Contributions for Active Employees	\$1,542,018

Actual vs. Expected Salary Increases



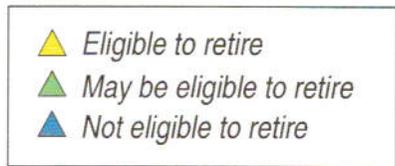
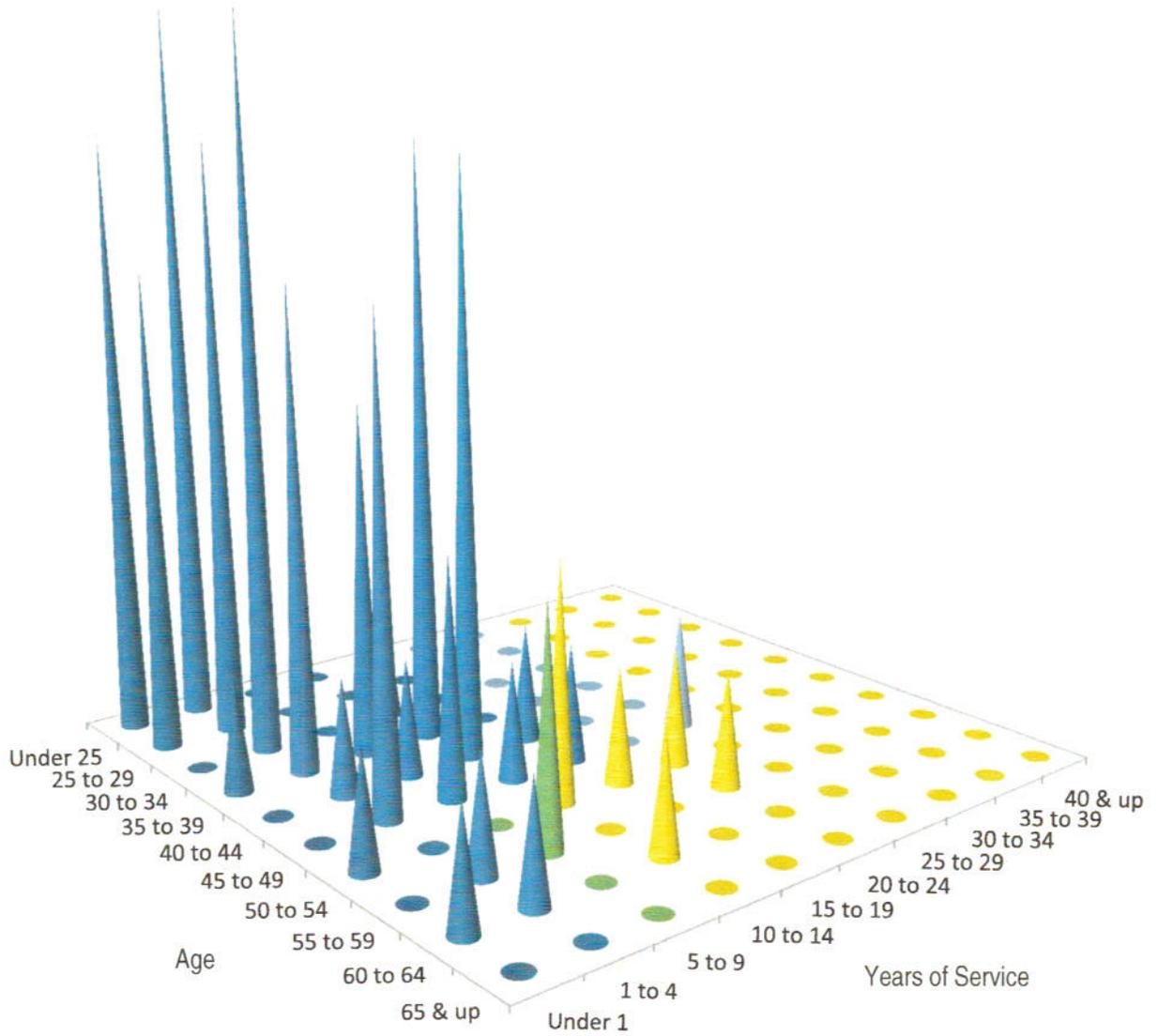
Active Participant Statistics From Prior Valuations

	Average Age	Average Service	Average Salary	Average Expected Salary Increase	Average Actual Salary Increase
October 1, 2007	N/A	N/A	N/A	N/A	N/A
October 1, 2008	41.3	7.3	\$35,850	5.83%	8.56%
October 1, 2009	41.6	7.4	\$36,730	6.01%	5.54%
October 1, 2010	42.0	7.5	\$37,530	6.14%	5.31%
October 1, 2011	43.0	8.2	\$39,440	5.95%	6.03%
October 1, 2012	43.3	8.6	\$37,346	5.83%	-2.92%
October 1, 2013	N/A	N/A	N/A	N/A	N/A
October 1, 2014	38.6	5.9	\$36,600	5.74%	4.86%
October 1, 2015	38.5	5.6	\$36,593	5.00%	3.91%
October 1, 2016	37.9	5.9	\$37,060	5.00%	5.98%



Active Age-Service Distribution

Table III-D



Active Age-Service-Salary Table

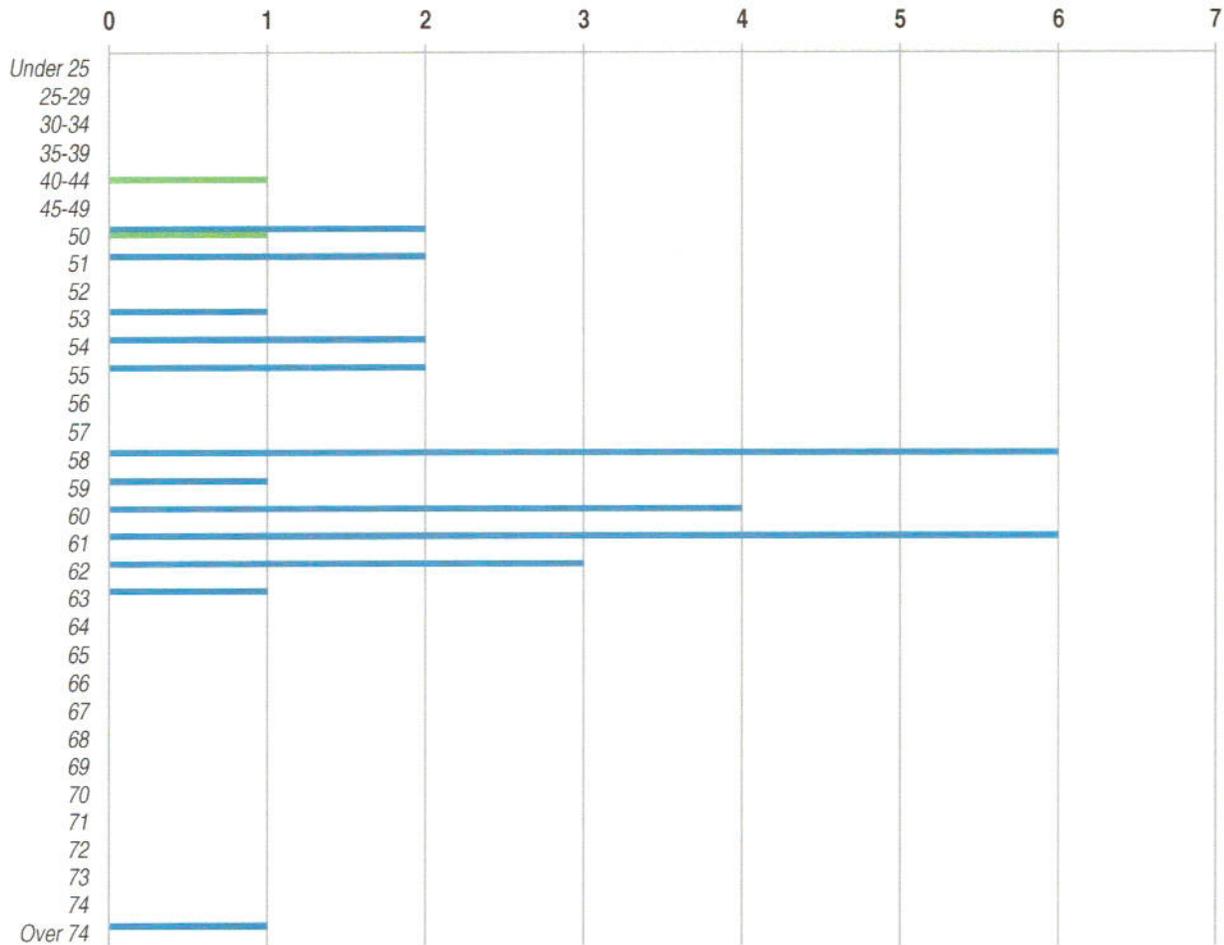
Table III-E

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	5	6	0	0	0	0	0	0	0	0	11
Avg.Pay	20,381	25,568	0	0	0	0	0	0	0	0	23,210
25 to 29	4	5	0	0	0	0	0	0	0	0	9
Avg.Pay	24,918	38,288	0	0	0	0	0	0	0	0	32,346
30 to 34	0	6	0	1	0	0	0	0	0	0	7
Avg.Pay	0	33,938	0	22,743	0	0	0	0	0	0	32,339
35 to 39	1	4	3	5	0	0	0	0	0	0	13
Avg.Pay	22,638	39,288	41,560	54,870	0	0	0	0	0	0	44,525
40 to 44	0	1	1	5	1	0	0	0	0	0	8
Avg.Pay	0	26,812	50,286	45,205	43,046	0	0	0	0	0	43,271
45 to 49	0	4	2	1	1	0	1	0	0	0	9
Avg.Pay	0	44,848	30,911	34,636	64,403	0	34,021	0	0	0	41,586
50 to 54	1	0	0	2	1	1	0	0	0	0	5
Avg.Pay	30,858	0	0	32,311	40,409	37,689	0	0	0	0	34,715
55 to 59	0	1	2	0	0	1	0	0	0	0	4
Avg.Pay	0	29,505	62,067	0	0	47,349	0	0	0	0	50,247
60 to 64	1	1	0	1	0	0	0	0	0	0	3
Avg.Pay	41,878	20,372	0	48,259	0	0	0	0	0	0	36,836
65 & up	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>12</b>	<b>28</b>	<b>8</b>	<b>15</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>69</b>
Avg.Pay	24,746	34,347	45,115	44,709	49,286	42,519	34,021	0	0	0	37,060



Inactive Participant Data

Table III-F



Age at Retirement

- Service Retirements
- Disability Retirements
- DROP Participants

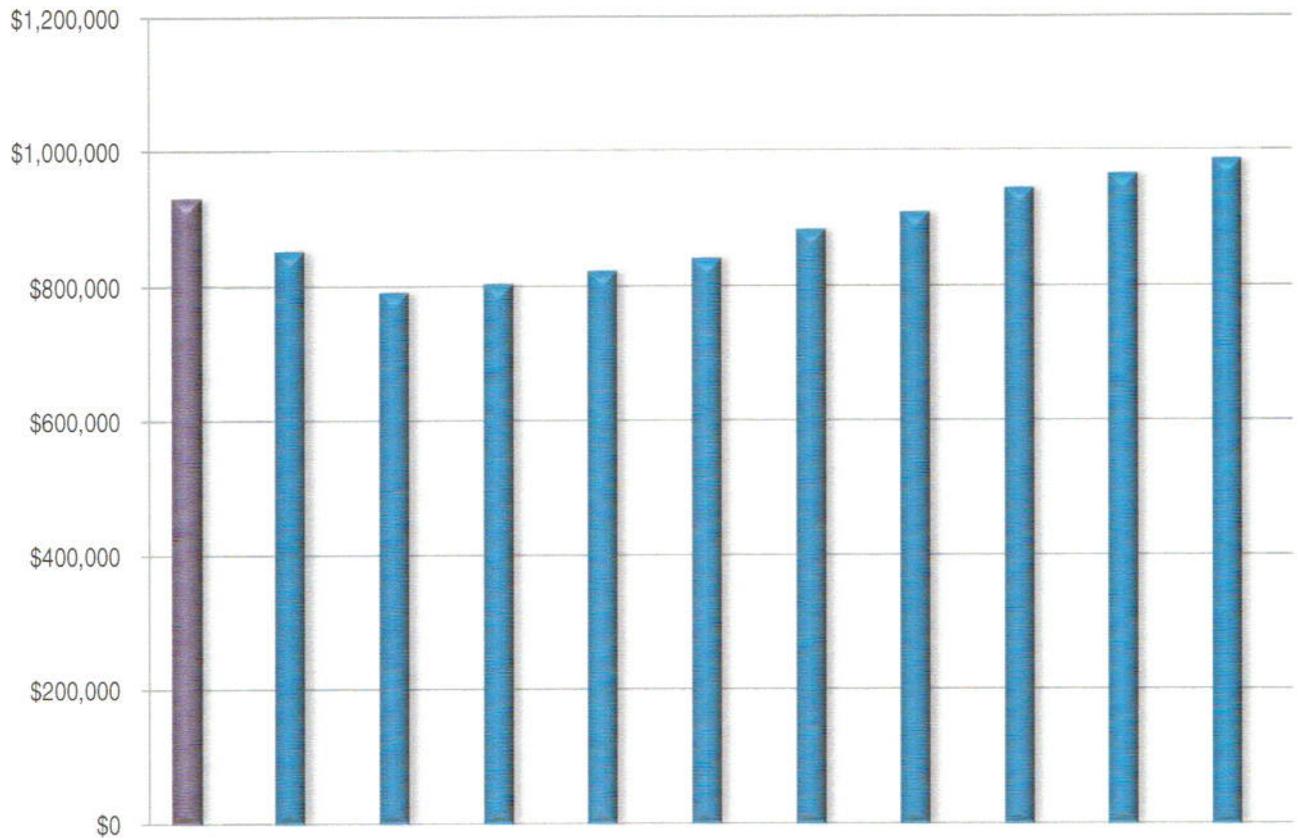
Average Monthly Benefit

Service Retirements	\$1,619.15
Disability Retirements	\$817.28
Beneficiaries Receiving	\$744.56
DROP Participants	Not applicable
Deferred Vested Participants	\$1,223.70
Deferred Beneficiaries	Not applicable



Projected Benefit Payments

Table III-G



Actual

For the period October 1, 2015 through September 30, 2016 \$929,139

Projected

For the period October 1, 2016 through September 30, 2017	\$851,610
For the period October 1, 2017 through September 30, 2018	\$791,604
For the period October 1, 2018 through September 30, 2019	\$803,916
For the period October 1, 2019 through September 30, 2020	\$822,442
For the period October 1, 2020 through September 30, 2021	\$840,696
For the period October 1, 2021 through September 30, 2022	\$882,288
For the period October 1, 2022 through September 30, 2023	\$907,793
For the period October 1, 2023 through September 30, 2024	\$943,745
For the period October 1, 2024 through September 30, 2025	\$964,929
For the period October 1, 2025 through September 30, 2026	\$985,831



## Summary of Actuarial Methods and Assumptions

Table IV-A

*NOTE: The following assumptions and methods have been selected and approved by the Board of Trustees based in part on the advice of the plan's enrolled actuary in accordance with the authority granted to the Board under the pension ordinances and State law.*

1. **Actuarial Cost Method**

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

2. **Amortization Method**

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

3. **Asset Method**

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

4. **Interest (or Discount) Rate**

7.00% per annum

5. **Salary Increases**

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

6. **Decrements**

- Pre-retirement mortality: Sex-distinct rates set forth in the RP-2000 Combined Mortality Table, with full generational improvements in mortality using Scale BB
- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Combined Mortality Table, with full generational improvements in mortality using Scale BB



## Summary of Actuarial Methods and Assumptions

## Table IV-A

(continued)

- **Disability:** For police officers, age- and gender-based rates of disability were assumed, ranging from 0.179% for males and 0.075% for females at age 25, 0.290% for males and 0.096% for females at age 35, 0.795% for males and 0.162% for females at age 45, and 1.030% for males and 0.040% for females at age 55; 80% of such disabilities are assumed to be service-related.  
  
For all other participants, age- and gender-based rates of disability were assumed, ranging from 0.075% for males and 0.035% for females at age 25, 0.096% for males and 0.054% for females at age 35, 0.162% for males and 0.085% for females at age 45, and 0.400% for males and 0.180% for females at age 55; 20% of such disabilities are assumed to be service-related.
- **Termination:** For police officers, the termination rates are age-based, ranging from 5.00% at age 25, 3.00% at age 35, and 0.00% at age 45. For all other participants, the termination rates are age-based, ranging from 7.10% at age 25, 4.20% at age 35, 1.80% at age 45, 0.80% at age 55, and 0.00% at age 60.
- **Retirement:** For police officers, 20% are assumed to retire at each of ages 55 through 57, 30% are assumed to retire at each of ages 58 and 59, and 100% are assumed to retire at age 60. For all other participants, 10% are assumed to retire at each of ages 55 through 59 and 100% are assumed to retire at age 60. Regardless of the foregoing, participants who have earned at least 30 years of service are assumed to retire immediately and deferred vested participants are assumed to wait until their normal retirement age to commence receipt of their benefit.

**7. Form of Payment**

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

**8. Marriage Assumption**

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

**9. Expenses**

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



## Changes in Actuarial Methods and Assumptions

Table IV-B

Since the completion of the previous valuation, the mortality basis was changed from a 2015 projection of the RP-2000 Mortality Table for annuitants to a full generational projection using Scale BB of the RP-2000 Combined Mortality Table as required by State law.



Summary of Plan Provisions

Table V-A

1. **Monthly Accrued Benefit**

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

2. **Normal Retirement Age and Benefit**

- **Age**

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

- **Amount**

Monthly Accrued Benefit

- **Form of Payment**

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

3. **Early Retirement Age and Benefit**

- **Age**

Age 50 with at least six years of Credited Service

- **Amount**

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

- **Form of Payment**

Same as for Normal Retirement



Summary of Plan Provisions

Table V-A

(continued)

4. **Delayed Retirement Age and Benefit**

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

5. **Deferred Vested Benefit**

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

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

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



Summary of Plan Provisions

Table V-A

(continued)

- **Amount**  
 A monthly benefit equal to the larger of (a) or (b), as follows:
  - (a) Monthly Accrued Benefit; or
  - (b) 50% of Average Final Compensation (*provided that the monthly disability benefit plus monthly worker's compensation cannot exceed the average wage used to determine the worker's compensation payment*).
- **Form of Payment**  
 Same as for Normal Retirement

7. **Non-Service Incurred Disability Retirement Eligibility and Benefit**

- **Eligibility**  
 All participants are eligible.
- **Condition**  
 Same as for a Service Incurred Disability, except that the disability was not incurred in the line of duty.
- **Amount**  
 A monthly benefit equal to the larger of (a) or (b), as follows:
  - (a) Monthly Accrued Benefit; or
  - (b) 25% of Average Final Compensation (*provided that the monthly disability benefit plus monthly worker's compensation cannot exceed the average wage used to determine the worker's compensation payment*).
- **Form of Payment**  
 Same as for Normal Retirement

8. **Pre-Retirement Death Benefits**

Monthly Annuity

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



Summary of Plan Provisions

Table V-A

(continued)

Single Lump Sum Payment

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

**9. Post-Retirement Death Benefit**

Single Lump Sum Payment

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

**10. Average Final Compensation**

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

**11. Compensation**

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

**12. Credited Service**

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

**13. Participation Requirement**

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

**14. Accumulated Contributions**

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



Summary of Plan Provisions

Table V-A

(continued)

**15. Employee and Employer Contributions**

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

**16. Supplemental Retirement Benefit**

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

**17. Definition of Actuarially Equivalent**

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

**18. Plan Effective Date**

October 1, 2000

**19. Cost-of-Living Adjustment**

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



## Summary of Plan Amendments

Table V-B

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

