City of Wauchula
Pension Plan

Actuarial Valuation
As of October 1, 2021

Determines the Contribution
For the 2021/22 Fiscal Year

SOUTHERN ACTUARIAL SERVICES

Table of Contents

April 27, 2022

Introduction

This report presents the results of the October 1, 2021 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, 2021 and to determine the minimum required contribution under Chapter 112, Florida Statutes, for the 2021/22 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 2021/22 plan year. The minimum required contribution rate is zero, which represents a decrease of 4.65% 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 8.63% of payroll due to investment gains and increased by 3.98% of payroll due to demographic experience. The market value of assets earned 19.54% during the 2020/21 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 2021/22 minimum required contribution will be equal to zero.

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 $24,529,467. As illustrated in Table I-A, current assets are sufficient to cover $23,201,946 of this amount and future employee contributions are expected to cover $1,327,521 of this amount. 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, 2021, the advance employer contribution is $301,961, which reflects the advance employer contribution of $299,287 as of October 1, 2020 plus $2,674 of actual employer contributions in excess of the minimum required contribution for the 2020/21 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 2021/22 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.

Identification and Assessment of Risk

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, there is always a risk that, should these assumptions not be realized, the liabilities of the plan, the contributions required to fund the plan, and the funded status of the plan may be significantly different than the amounts shown in this report.

Although a thorough analysis of the risk of not meeting the assumptions is beyond the scope of this report, this discussion is intended to identify the significant risks faced by the plan. In some cases, a more detailed review of the risks, including numerical analysis, may be appropriate to help the plan sponsor and other interested parties assess the specific impact of not realizing certain assumptions. For example, Table I-B illustrates the impact that alternative long-term investment returns would have on the contribution rate. Note that this report is not intended to provide advice on the management or reduction of the identified risks nor is this report intended to provide investment advice.

The most significant risk faced by most defined benefit pension plans is investment risk, i.e. the risk that long-term investment returns will be less than assumed. Other related risks include a risk that, if the investments of the plan decline dramatically over a short period of time (such as occurred with many pension plans in 2008), the plan's assets may not have sufficient time to recover before benefits become due. Even if the assets of the plan grow in accordance with the assumed investment return over time, if benefit payments are expected to be large in the short-term (for example, if the plan provides an actuarial equivalent lump sum payment option and a large number of participants are expected to become entitled to such a lump sum in the near future), the plan's assets may not be sufficient to support such a high level of benefit payments. We have provided a 10-year projection of the expected benefit payments in Table III-G to help the Trustees in formulating an investment policy that is expected to provide an investment return that meets both the short- and long-term cash flow needs of the pension plan.

Another source of risk is demographic experience. This is the risk that participants will receive salary increases that are different than the amount assumed, that participants will retire, become disabled, or terminate their employment at a rate that is different than assumed, and that participants will live longer than assumed, just to cite a few examples of the demographic risk faced by the plan. Although for most pension plans, the demographic risk is not as significant as the investment risk, particularly in light of the fact that the mortality assumption includes a component for future life expectancy increases, the demographic risk can nevertheless be a significant contributing factor to liabilities and contribution rates that become higher than anticipated.

A third source of risk is the risk that the plan sponsor (or other contributing entities) will not make, or will not have the ability to make, the contributions that are required to keep the plan funded at a sufficient level. Material changes in the number of covered employees, covered payroll, and, in some cases, hours worked by active participants can also significantly impact the plan's liabilities and the level of contributions received by the plan.

Finally, an actuarial funding method has been used to allocate the gap between projected liablities and assets to each year in the future. The contribution rate under some funding methods is higher during the early years of the plan and then is lower during the later years of the plan. Other funding methods provide for lower contribution rates initially, with increasing contribution rates over time.

The Trustees have adopted the frozen initial liability funding method for this plan, which is expected to result in a contribution rate that decreases over time as a percentage of payroll. A brief description of the actuarial funding method is provided in Table IV-A.

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, 2021, 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

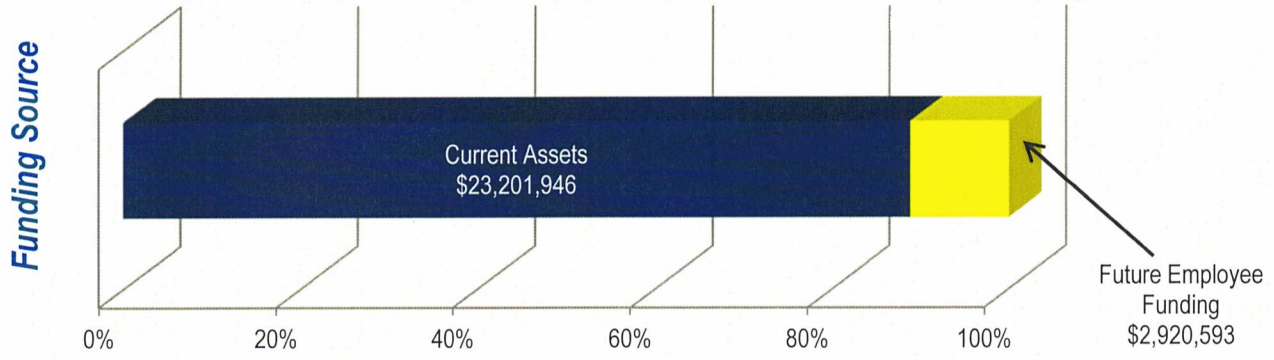
Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

Enrolled Actuary No. 20-04927

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 2021/22 Plan Year
Normal Cost for the 2021/22 Plan Year	$0
Unfunded Liability Amortization Payment for the 2021/22 Plan Year	$0
Expense Allowance for the 2021/22 Plan Year	$0
	$0
Adjustment to Reflect Semi-Monthly Employer Contributions	$0
Preliminary Employer Contribution for the 2021/22 Plan Year	$0
Expected Payroll for the 2021/22 Plan Year	÷ *$2,999,018*
Minimum Required Contribution Rate	**0.00%**

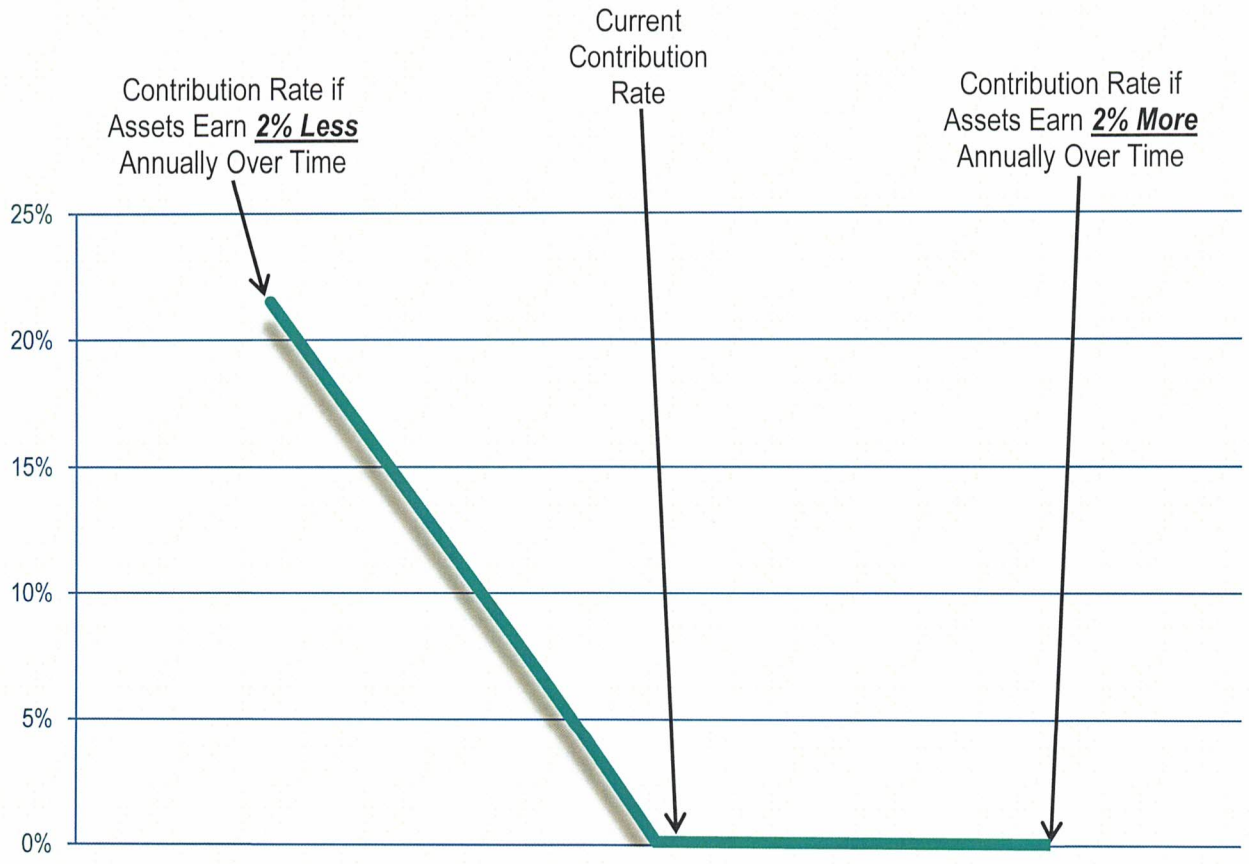
(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the year.)

Additional Disclosures

Present Value of Future Compensation	$29,205,959
Present Value of Future Employer Contributions	$0
Present Value of Future Employee Contributions	$2,920,593

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	4.65%
Increase (decrease) due to investment gains and losses	-8.63%
Increase (decrease) due to demographic experience	3.98%
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 minimum required contribution rate	0.00%

Source of Change in the Unfunded Liability

Previous unfunded liability	$535,479
Increase due to employer normal cost and expenses	$98,438
Increase due to interest on normal cost and unfunded liability	$44,374
Reduction due to overfunding credit	($520,065)
Decrease due to employer contributions	($152,963)
Decrease due to interest on employer contributions	($5,263)
Expected unfunded liability	$0
Increase (decrease) due to plan amendments	$0
Increase (decrease) due to actuarial assumption changes	$0
Increase (decrease) due to actuarial method changes	$0
Current unfunded liability	$0

Present Value of Future Benefits

Table I-D

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$12,787,294	$12,787,294	$12,787,294
Termination benefits	$397,002	$397,002	$397,002
Disability benefits	$471,260	$471,260	$471,260
Death benefits	$297,375	$297,375	$297,375
Refund of employee contributions	$315,000	$315,000	$315,000
Sub-total	**$14,267,931**	**$14,267,931**	**$14,267,931**
Deferred Vested Participants			
Retirement benefits	$531,266	$531,266	$531,266
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$9,854	$9,854	$9,854
Refund of employee contributions	$0	$0	$0
Sub-total	**$541,120**	**$541,120**	**$541,120**
Due a Refund of Contributions	**$63,484**	**$63,484**	**$63,484**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$7,997,419	$7,997,419	$7,997,419
Disability retirements	$186,383	$186,383	$186,383
Beneficiaries receiving	$962,026	$962,026	$962,026
DROP participants	$0	$0	$0
Sub-total	**$9,145,828**	**$9,145,828**	**$9,145,828**
Grand Total	**$24,018,363**	**$24,018,363**	**$24,018,363**
Present Value of Future Payroll	$29,205,959	$29,205,959	$29,205,959
Present Value of Future Employee Contribs.	$2,920,593	$2,920,593	$2,920,593
Present Value of Future Employer Contribs.	$0	$0	$0

Present Value of Accrued Benefits

Table I-E

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$4,361,568	$4,361,568	$4,361,568
Termination benefits	$147,831	$147,831	$147,831
Disability benefits	$286,759	$286,759	$286,759
Death benefits	$160,923	$160,923	$160,923
Refund of employee contributions	$118,377	$118,377	$118,377
Sub-total	**$5,075,458**	**$5,075,458**	**$5,075,458**
Deferred Vested Participants			
Retirement benefits	$531,266	$531,266	$531,266
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$9,854	$9,854	$9,854
Refund of employee contributions	$0	$0	$0
Sub-total	**$541,120**	**$541,120**	**$541,120**
Due a Refund of Contributions	**$63,484**	**$63,484**	**$63,484**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$7,997,419	$7,997,419	$7,997,419
Disability retirements	$186,383	$186,383	$186,383
Beneficiaries receiving	$962,026	$962,026	$962,026
DROP participants	$0	$0	$0
Sub-total	**$9,145,828**	**$9,145,828**	**$9,145,828**
Grand Total	**$14,825,890**	**$14,825,890**	**$14,825,890**
Funded Percentage	158.53%	158.53%	158.53%

(Note: Funded percentage is equal to the ratio of the usable portion of the market value of assets divided by the present value of accrued benefits.)

Present Value of Vested Benefits

Table I-F

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$4,331,888	$4,331,888	$4,331,888
Termination benefits	$114,225	$114,225	$114,225
Disability benefits	$286,759	$286,759	$286,759
Death benefits	$156,466	$156,466	$156,466
Refund of employee contributions	$136,845	$136,845	$136,845
Sub-total	**$5,026,183**	**$5,026,183**	**$5,026,183**
Deferred Vested Participants			
Retirement benefits	$531,266	$531,266	$531,266
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$9,854	$9,854	$9,854
Refund of employee contributions	$0	$0	$0
Sub-total	**$541,120**	**$541,120**	**$541,120**
Due a Refund of Contributions	**$63,484**	**$63,484**	**$63,484**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$7,997,419	$7,997,419	$7,997,419
Disability retirements	$186,383	$186,383	$186,383
Beneficiaries receiving	$962,026	$962,026	$962,026
DROP participants	$0	$0	$0
Sub-total	**$9,145,828**	**$9,145,828**	**$9,145,828**
Grand Total	**$14,776,615**	**$14,776,615**	**$14,776,615**

Entry Age Normal Accrued Liability

Table I-G

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$7,134,189	$7,134,189	$7,134,189
Termination benefits	$189,030	$189,030	$189,030
Disability benefits	$274,588	$274,588	$274,588
Death benefits	$178,881	$178,881	$178,881
Refund of employee contributions	$152,801	$152,801	$152,801
Sub-total	**$7,929,489**	**$7,929,489**	**$7,929,489**
Deferred Vested Participants			
Retirement benefits	$531,266	$531,266	$531,266
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$9,854	$9,854	$9,854
Refund of employee contributions	$0	$0	$0
Sub-total	**$541,120**	**$541,120**	**$541,120**
Due a Refund of Contributions	**$63,484**	**$63,484**	**$63,484**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$7,997,419	$7,997,419	$7,997,419
Disability retirements	$186,383	$186,383	$186,383
Beneficiaries receiving	$962,026	$962,026	$962,026
DROP participants	$0	$0	$0
Sub-total	**$9,145,828**	**$9,145,828**	**$9,145,828**
Grand Total	**$17,679,921**	**$17,679,921**	**$17,679,921**

Unfunded Liability Bases

Table I-H

Description	Original Amount	Outstanding Balance	Amortization Payment	Years Rem.
	Total	***$0***	***$0***	

Development of the Normal Cost

Table I-I

Normal Cost as of October 1, 2021

Present Value of Future Benefits	$24,018,363
Unfunded Frozen Liability	$0
Actuarial Value of Assets	($23,201,946)
Present Value of Future Employee Contributions	($2,920,593)
Present Value of Future Normal Cost	$0
Present Value of Future Compensation	÷ $29,205,959
Normal Cost Accrual Rate	0.000000%
Expected Payroll for the Current Year	x $2,999,018
Normal Cost	$0

Actuarial Value of Assets

Table II-A

Market Value of Assets as of October 1, 2021	$23,503,907
Minus advance employer contributions	($301,961)
Actuarial Value of Assets as of October 1, 2021	**$23,201,946**

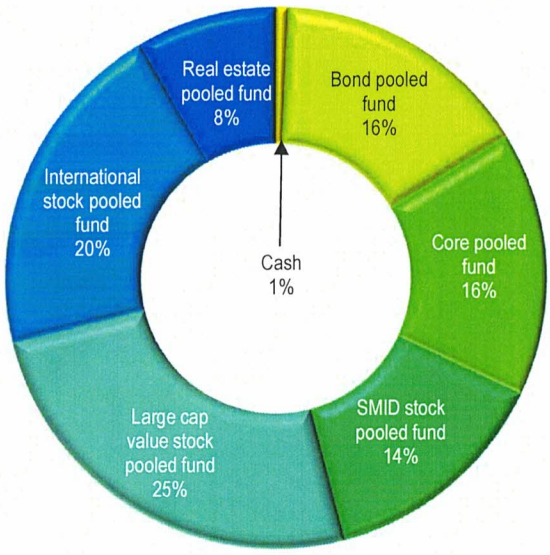
Historical Actuarial Value of Assets

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
October 1, 2017	$17,687,189
October 1, 2018	$18,555,934
October 1, 2019	$19,048,717
October 1, 2020	$19,907,646
October 1, 2021	$23,201,946

Market Value of Assets

Table II-B

	As of October 1, 2021
Market Value of Assets	**$23,503,907**
Cash	$164,527
Bond pooled fund	$3,643,106
Core pooled fund	$3,713,617
SMID stock pooled fund	$3,267,043
Large cap value stock pooled fund	$5,946,489
International stock pooled fund	$4,794,797
Real estate pooled fund	$1,974,328

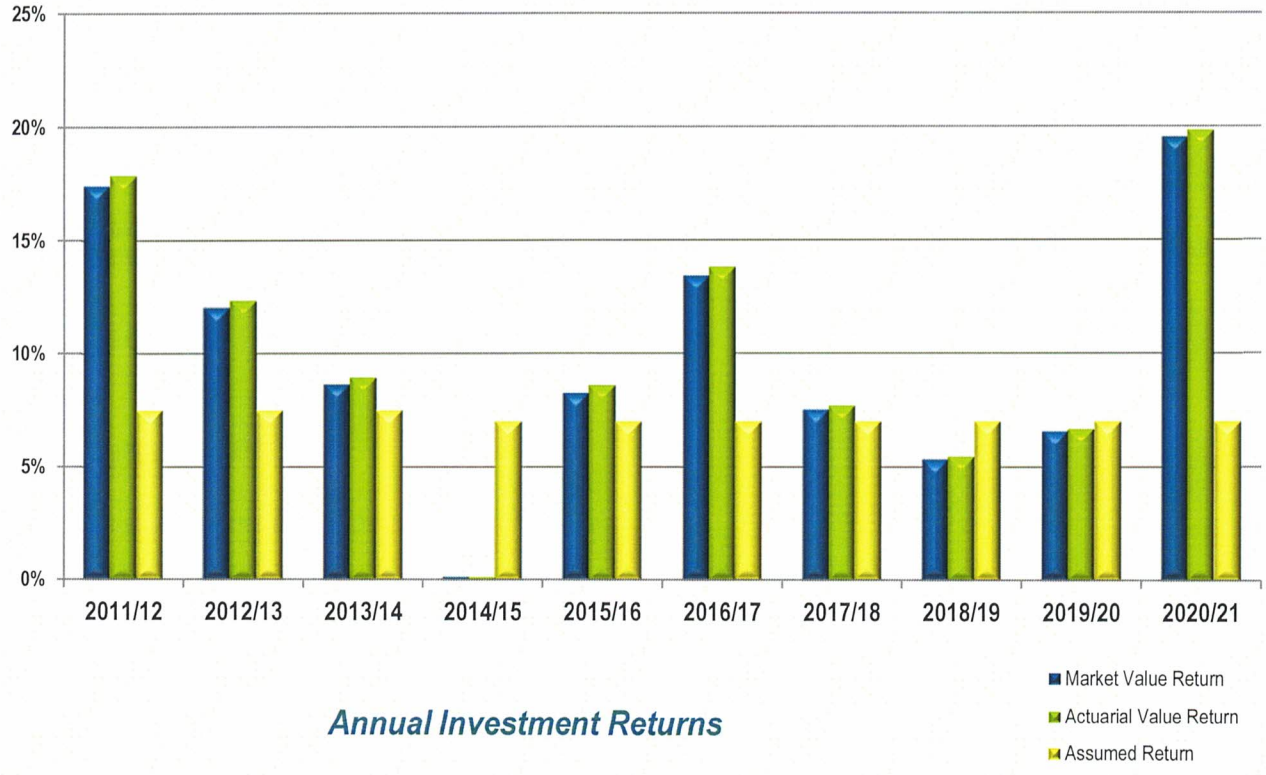


Historical Market Value of Assets

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
October 1, 2017	$18,027,396
October 1, 2018	$19,010,433
October 1, 2019	$19,503,651
October 1, 2020	$20,206,933
October 1, 2021	$23,503,907

Investment Return

Table II-C



Annual Investment Returns

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
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%
2016/17	13.42%	13.80%	7.00%
2017/18	7.53%	7.71%	7.00%
2018/19	5.34%	5.47%	7.00%
2019/20	6.57%	6.70%	7.00%
2020/21	19.54%	19.84%	7.00%
10yr. Avg.	9.75%	10.00%	7.15%

Asset Reconciliation

Table II-D

	Market Value	Actuarial Value
As of October 1, 2020	**$20,206,933**	**$19,907,646**
Increases Due To:		
Employer Contributions	$155,637	$155,637
Employee Contributions	$328,953	$328,953
Service Purchase Contributions	$0	$0
Total Contributions	$484,590	$484,590
Interest and Dividends	$0	
Realized Gains (Losses)	$0	
Unrealized Gains (Losses)	$3,890,857	
Total Investment Income	$3,890,857	$3,890,857
Other Income	$0	
Total Income	**$4,375,447**	**$4,375,447**
Decreases Due To:		
Monthly Benefit Payments	($874,737)	($874,737)
Refund of Employee Contributions	($155,897)	($155,897)
Total Benefit Payments	($1,030,634)	($1,030,634)
Investment Expenses	$0	
Administrative Expenses	($47,839)	($47,839)
Advance Employer Contribution		($2,674)
Total Expenses	**($1,078,473)**	**($1,081,147)**
As of October 1, 2021	**$23,503,907**	**$23,201,946**

Historical Trust Fund Detail

Table II-E

Income

Plan Year	Employer Contribs.	Employee Contribs.	Service Purchase Contribs.	Interest / Dividends	Realized Gains / Losses	Unrealized Gains / Losses	Other Income
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
2016/17	$0	$277,978	$0	$0	$0	$2,169,961	$0
2017/18	$208,949	$293,056	$0	$0	$0	$1,344,711	$0
2018/19	$133,519	$304,838	$0	$0	$0	$1,001,891	$0
2019/20	$4,783	$322,149	$0	$0	$0	$1,263,532	$0
2020/21	$155,637	$328,953	$0	$0	$0	$3,890,857	$0

Expenses

Plan Year	Monthly Benefit Payments	Contrib. Refunds	Admin. Expenses	Invest. Expenses
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
2016/17	$744,588	$104,812	$41,040	$0
2017/18	$729,980	$84,732	$48,967	$0
2018/19	$795,324	$107,908	$43,798	$0
2019/20	$766,152	$78,299	$42,731	$0
2020/21	$874,737	$155,897	$47,839	$0

Other Actuarial Adjustments

Plan Year	Advance Employer Contribs.
2011/12	-$72,055
2012/13	$184,089
2013/14	$119,987
2014/15	$147,357
2015/16	-$182,446
2016/17	-$198,198
2017/18	$114,292
2018/19	$435
2019/20	-$155,647
2020/21	$2,674

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

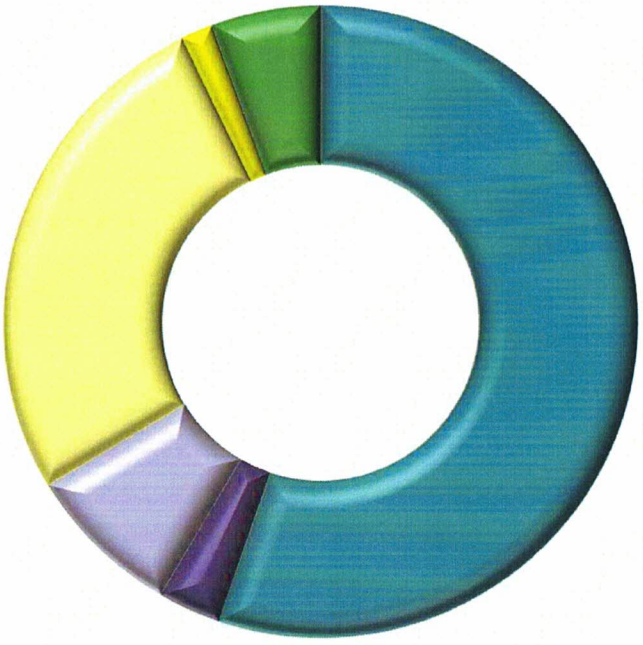
Table II-F

Advance Employer Contribution

Advance Employer Contribution as of October 1, 2020	$299,287
Additional Employer Contribution	$155,637
Minimum Required Contribution	($152,963)
Net Increase in Advance Employer Contribution	$2,674
Advance Employer Contribution as of October 1, 2021	$301,961

Summary of Participant Data

Table III-A



Participant Distribution by Status

As of October 1, 2021

Actively Employed Participants	
Active Participants	69
DROP Participants	0
Inactive Participants	
Deferred Vested Participants	4
Due a Refund of Contributions	10
Deferred Beneficiaries	0
Participants Receiving a Benefit	
Service Retirements	33
Disability Retirements	2
Beneficiaries Receiving	7
Total Participants	**125**

Number of Participants Included in Prior Valuations

	Active	*DROP*	*Inactive*	*Retired*	*Total*
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
October 1, 2017	68	0	13	41	122
October 1, 2018	71	0	11	42	124
October 1, 2019	69	0	10	40	119
October 1, 2020	70	0	12	42	124
October 1, 2021	69	0	14	42	125

Data Reconciliation

Table III-B

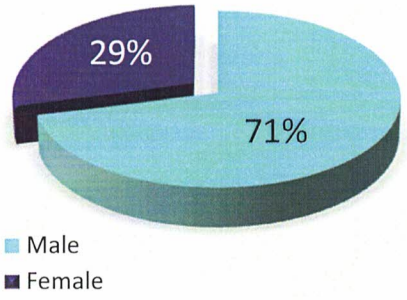
	Active	DROP	Deferred Vested	Due a Refund	Def. Benef.	Service Retiree	Disabled Retiree	Benef. Rec'v.	Total
October 1, 2020	70	0	4	8	0	32	2	8	**124**
Change in Status									
Re-employed									
Terminated	(21)			21					
Retired	(3)					3			
Participation Ended									
Transferred Out									
Cashed Out				(19)					**(19)**
Died						(2)		(2)	**(4)**
Participation Began									
Newly Hired	23								**23**
Transferred In									
New Beneficiary								1	**1**
Other Adjustment									
October 1, 2021	69	0	4	10	0	33	2	7	**125**

Active Participant Data

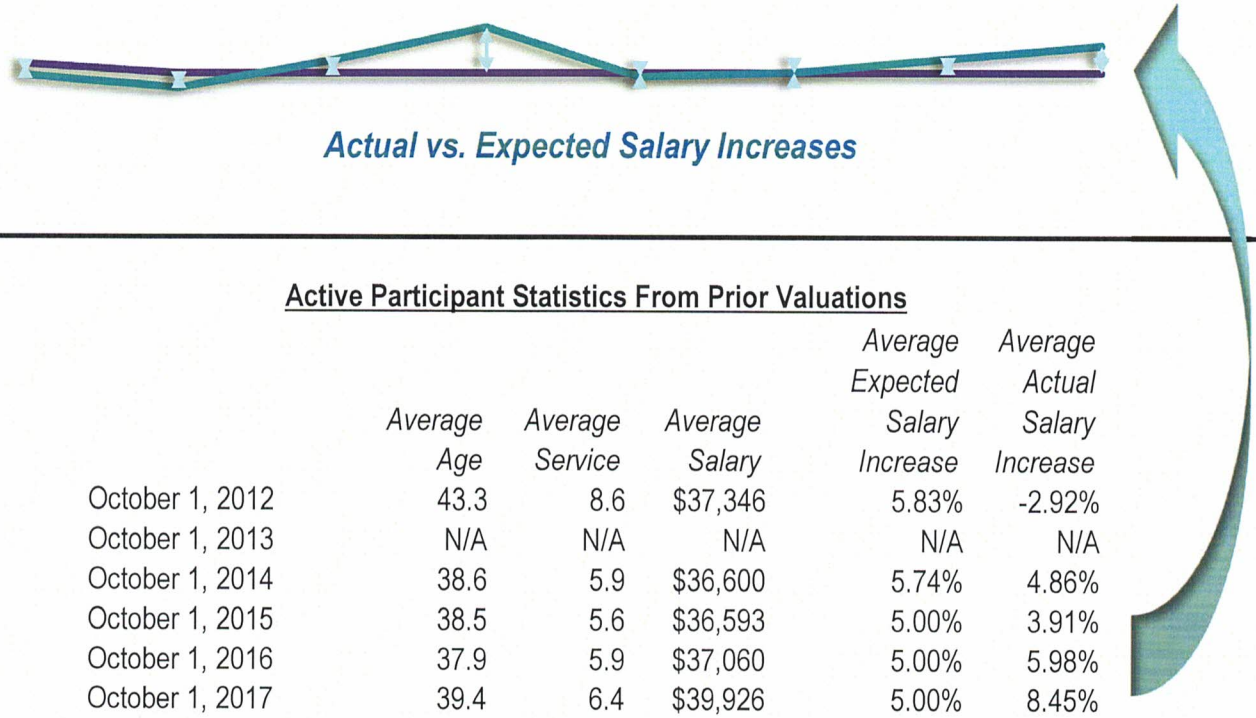
Table III-C

As of October 1, 2021

Gender Mix



Average Age	39.8 years
Average Service	6.8 years
Total Annualized Compensation for the Prior Year	$3,104,937
Total Expected Compensation for the Current Year	$2,999,018
Average Increase in Compensation for the Prior Year	7.06%
Expected Increase in Compensation for the Current Year	5.00%
Accumulated Contributions for Active Employees	$2,098,500



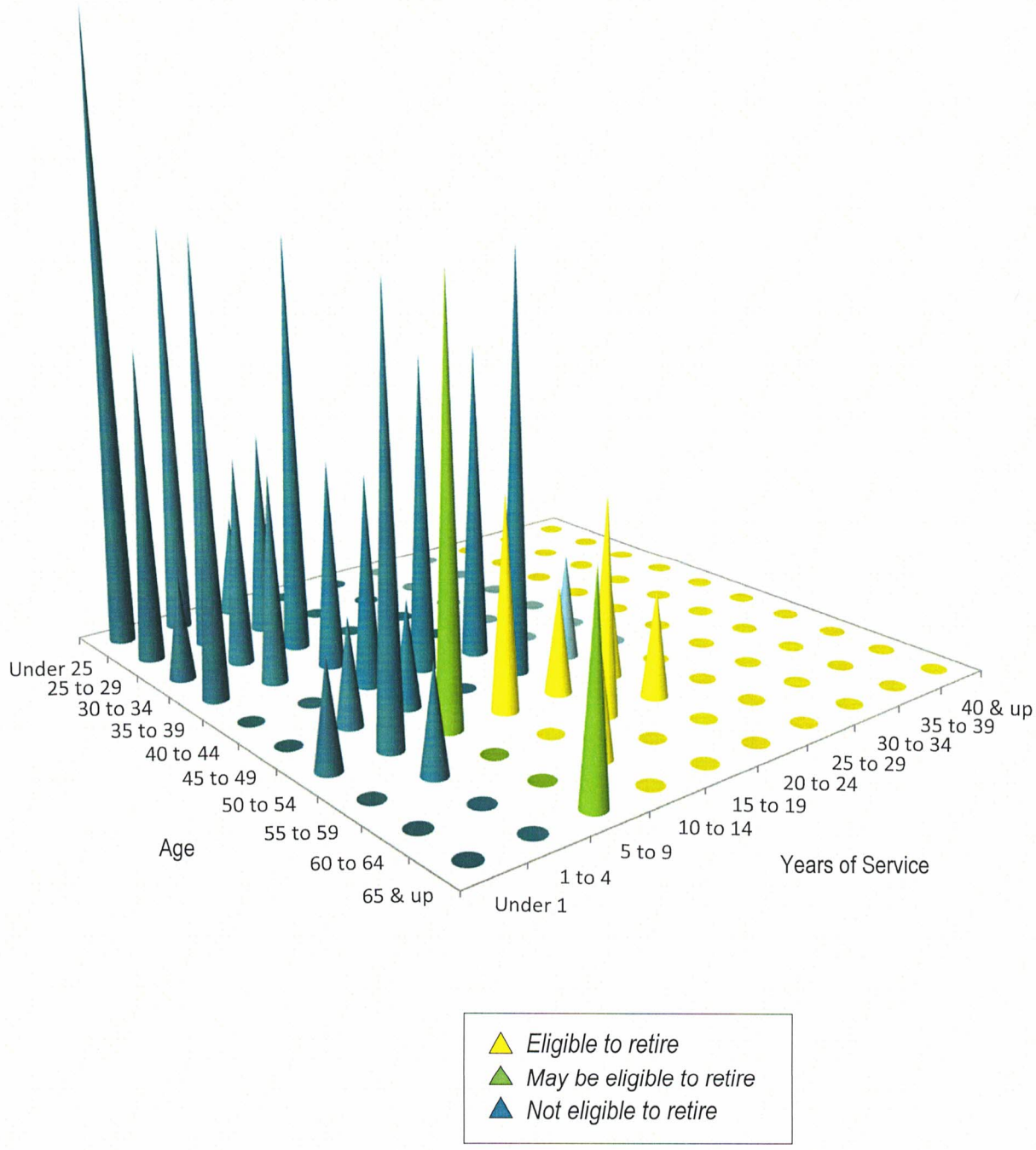
Actual vs. Expected Salary Increases

Active Participant Statistics From Prior Valuations

	Average Age	*Average Service*	*Average Salary*	*Average Expected Salary Increase*	*Average Actual Salary Increase*
October 1, 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%
October 1, 2017	39.4	6.4	$39,926	5.00%	8.45%
October 1, 2018	39.7	6.5	$40,509	5.00%	4.73%
October 1, 2019	40.7	7.3	$42,549	5.00%	5.05%
October 1, 2020	40.1	6.9	$43,651	5.00%	6.08%
October 1, 2021	39.8	6.8	$44,999	5.00%	7.06%

Active Age-Service Distribution

Table III-D



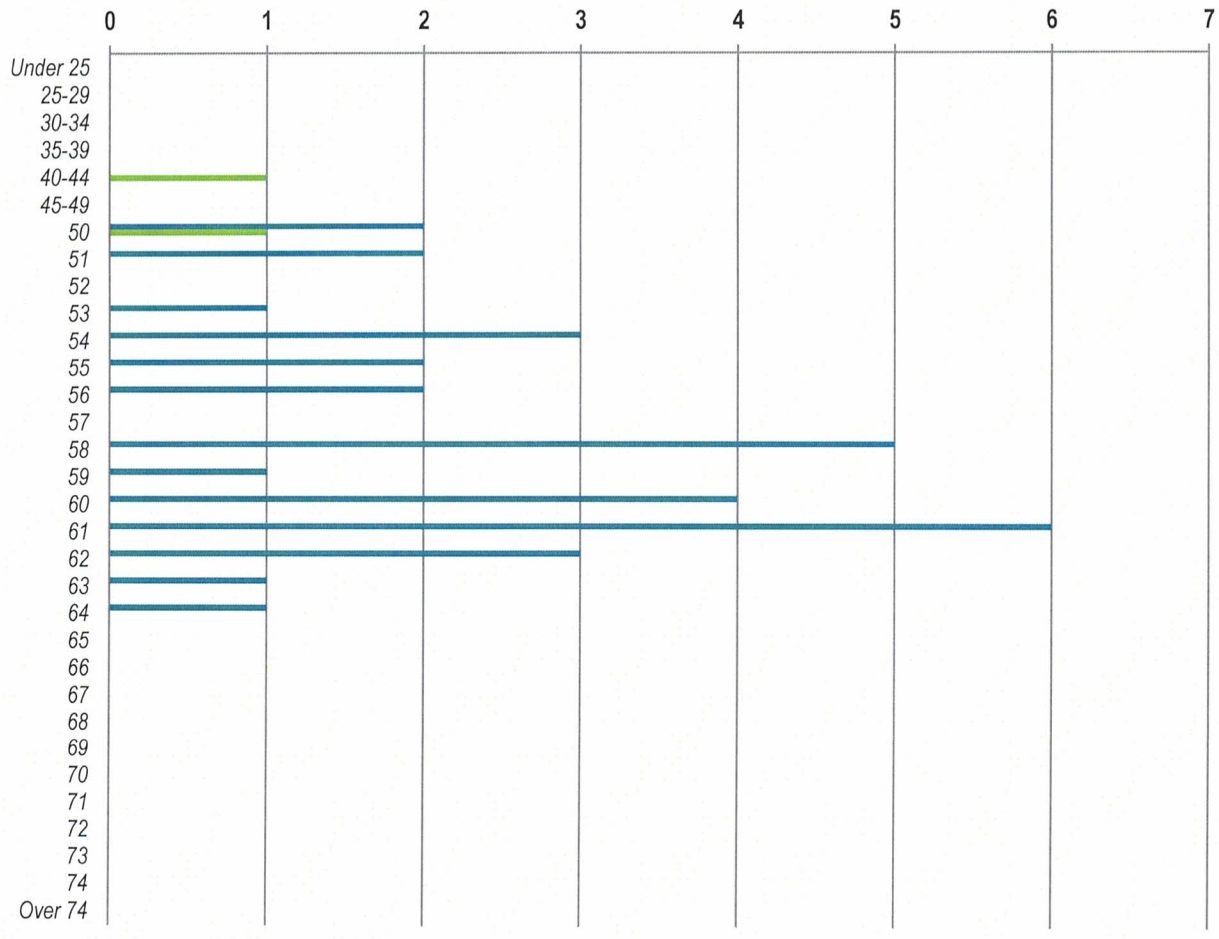
Active Age-Service-Salary Table

Table III-E

Attained Age	Completed Years of Service										
	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	Total
Under 25	**6**	**4**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**11**
Avg.Pay	25,124	30,399	37,040	0	0	0	0	0	0	0	28,125
25 to 29	**3**	**4**	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**9**
Avg.Pay	27,706	39,806	43,298	0	0	0	0	0	0	0	36,548
30 to 34	**1**	**2**	**4**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**7**
Avg.Pay	42,669	34,880	58,347	0	0	0	0	0	0	0	49,402
35 to 39	**3**	**2**	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**7**
Avg.Pay	30,968	52,839	49,553	0	0	0	0	0	0	0	42,527
40 to 44	**0**	**0**	**2**	**3**	**3**	**0**	**0**	**0**	**0**	**0**	**8**
Avg.Pay	0	0	50,765	47,470	64,994	0	0	0	0	0	54,865
45 to 49	**0**	**1**	**1**	**0**	**4**	**1**	**0**	**0**	**0**	**0**	**7**
Avg.Pay	0	34,013	32,112	0	61,064	49,526	0	0	0	0	51,415
50 to 54	**1**	**4**	**4**	**2**	**1**	**1**	**0**	**0**	**0**	**0**	**13**
Avg.Pay	20,752	45,056	63,527	42,334	38,300	73,639	0	0	0	0	50,130
55 to 59	**0**	**1**	**0**	**0**	**2**	**1**	**0**	**0**	**0**	**0**	**4**
Avg.Pay	0	50,734	0	0	38,886	43,902	0	0	0	0	43,102
60 to 64	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**1**
Avg.Pay	0	0	0	120,226	0	0	0	0	0	0	120,226
65 & up	**0**	**0**	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2**
Avg.Pay	0	0	39,982	0	0	0	0	0	0	0	39,982
Total	**14**	**18**	**18**	**6**	**10**	**3**	**0**	**0**	**0**	**0**	**69**
Avg.Pay	27,871	40,068	51,325	57,884	55,531	55,689	0	0	0	0	44,999

Inactive Participant Data

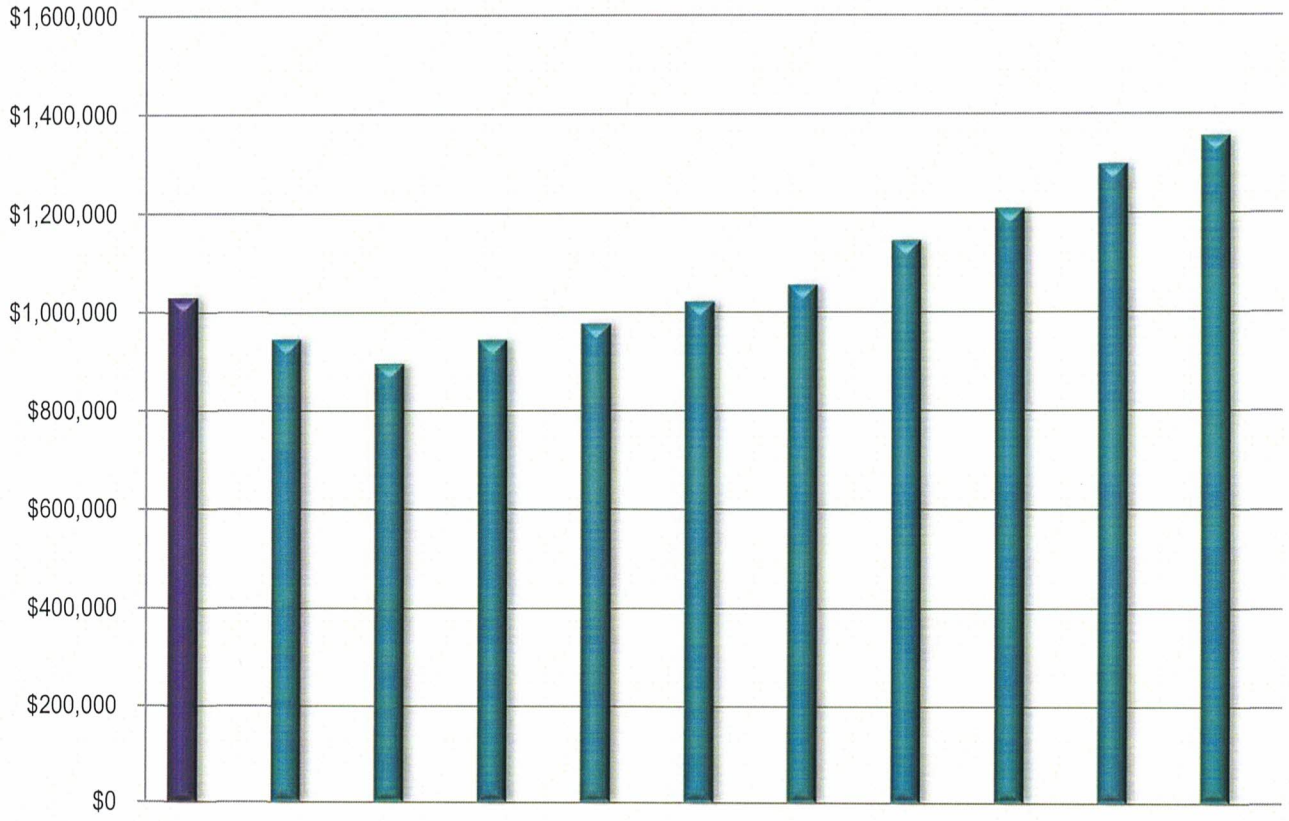
Table III-F



	Average Monthly Benefit
Service Retirements	*$1,788.24*
Disability Retirements	*$858.15*
Beneficiaries Receiving	*$1,063.10*
DROP Participants	*Not applicable*
Deferred Vested Participants	*$1,255.64*
Deferred Beneficiaries	*Not applicable*

Projected Benefit Payments

Table III-G



Actual	
For the period October 1, 2020 through September 30, 2021	$1,030,634
Projected	
For the period October 1, 2021 through September 30, 2022	$944,422
For the period October 1, 2022 through September 30, 2023	$895,291
For the period October 1, 2023 through September 30, 2024	$943,537
For the period October 1, 2024 through September 30, 2025	$976,174
For the period October 1, 2025 through September 30, 2026	$1,020,885
For the period October 1, 2026 through September 30, 2027	$1,054,918
For the period October 1, 2027 through September 30, 2028	$1,144,279
For the period October 1, 2028 through September 30, 2029	$1,209,343
For the period October 1, 2029 through September 30, 2030	$1,299,062
For the period October 1, 2030 through September 30, 2031	$1,356,190

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 PUB-2010 Headcount-Weighted Below Median Employee Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year *(applicable to general employees)*

Summary of Actuarial Methods and Assumptions — Table IV-A

(continued)

Sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Employee Mortality Table for public safety employees (Below Median table for males), with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year *(applicable to police officers)*

- Post-retirement mortality: Sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Healthy Retiree Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year

- 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.

Summary of Actuarial Methods and Assumptions

Table IV-A

(continued)

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 (nominally)**

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

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

The following additional assumption and method changes were made during the past 10 years:

(1) *Effective October 1, 2020, the mortality basis was changed from the RP-2000 Combined Mortality Table with generational improvements in mortality using Scale BB to selected PUB-2010 Mortality Tables with generational improvements in mortality using Scale MP-2018.*

(2) *Effective October 1, 2016, 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.*

(3) *Effective October 1, 2014, the assumed interest (or discount) rate was decreased from 7.50% per annum to 7.00% per annum.*

(4) *Effective October 1, 2014, the assumed increase in future salaries for those employees with less than five years of service was decreased from 7.40% per year to 5.00% per year.*

(5) *Effective October 1, 2014, the mortality basis was changed from the RP-2000 Mortality Table, projected to 2007 by Scale AA, to the RP-2000 Mortality Table, projected to 2015 by Scale AA.*

Summary of Plan Provisions

Table 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**
  7.00% 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 plan amendments were adopted since the completion of the previous valuation.

The following additional plan amendments were adopted during the past 10 years and were reflected in prior valuation reports:

(1) Effective June 11, 2018, the plan was amended to provide a one-time 5% cost-of-living adjustment to individuals who retired prior to that date. (Ordinance 2018-05)