Form 5500-SF

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Short Form Annual Return/Report of Small Employee Benefit Plan

This form is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA), and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500-SF.**

OMB Nos. 1210-0110
1210-0089

2016

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A This return/report is for:
- [X] a single-employer plan
- [ ] a multiple-employer plan (not multiemployer) (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
- [ ] a one-participant plan
- [ ] a foreign plan

B This return/report is
- [ ] the first return/report
- [ ] the final return/report
- [ ] an amended return/report
- [ ] a short plan year return/report (less than 12 months)

C Check box if filing under:
- [ ] Form 5558
- [ ] automatic extension
- [ ] DFVC program
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
THE WESTERN STATES MACHINE COMPANY RETIREMENT PLAN

1b Three-digit plan number (PN) ▶ 003

1c Effective date of plan 12/01/1942

2a Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street, or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)
THE WESTERN STATES MACHINE COMPANY

625 COMMERCE CENTER DRIVE
FAIRFIELD, OH 45011

2b Employer Identification Number (EIN) 31-0487310

2c Sponsor's telephone number 513-863-4758

2d Business code (see instructions) 333900

3a Plan administrator's name and address [X] Same as Plan Sponsor.

3b Administrator's EIN

3c Administrator's telephone number

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN, and the plan number from the last return/report.
a Sponsor's name

4b EIN

4c PN

5a Total number of participants at the beginning of the plan year	**5a**	94
b Total number of participants at the end of the plan year	**5b**	93
c Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**5c**	
d(1) Total number of active participants at the beginning of the plan year	**5d(1)**	14
d(2) Total number of active participants at the end of the plan year	**5d(2)**	13
e Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**5e**	0

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including, if applicable, a Schedule SB or Schedule MB completed and signed by an enrolled actuary, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	06/23/2017	TODD HERSHBERGER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor

Preparer's name (including firm name, if applicable) and address (include room or suite number)

Preparer's telephone number

6a Were all of the plan's assets during the plan year invested in eligible assets? (See instructions.) ..... [X] Yes [ ] No

b Are you claiming a waiver of the annual examination and report of an independent qualified public accountant (IQPA) under 29 CFR 2520.104-46? (See instructions on waiver eligibility and conditions.)..... [X] Yes [ ] No

If you answered "No" to either line 6a or line 6b, the plan cannot use Form 5500-SF and must instead use Form 5500.

c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ..... [X] Yes [ ] No [ ] Not determined

Part III Financial Information

7 Plan Assets and Liabilities		(a) Beginning of Year	(b) End of Year
a Total plan assets	7a	5033668	4757937
b Total plan liabilities	7b		
c Net plan assets (subtract line 7b from line 7a)	7c	5033668	4757937
8 Income, Expenses, and Transfers for this Plan Year		**(a) Amount**	**(b) Total**
a Contributions received or receivable from: (1) Employers	8a(1)	191100	
(2) Participants	8a(2)		
(3) Others (including rollovers)	8a(3)		
b Other income (loss)	8b	-38794	
c Total income (add lines 8a(1), 8a(2), 8a(3), and 8b)	8c		152306
d Benefits paid (including direct rollovers and insurance premiums to provide benefits)	8d	354536	
e Certain deemed and/or corrective distributions (see instructions)	8e		
f Administrative service providers (salaries, fees, commissions)	8f	73501	
g Other expenses	8g		
h Total expenses (add lines 8d, 8e, 8f, and 8g)	8h		428037
i Net income (loss) (subtract line 8h from line 8c)	8i		-275731
j Transfers to (from) the plan (see instructions)	8j		

Part IV Plan Characteristics

9a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
1B 1I

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

Part V Compliance Questions

10 During the plan year:		Yes	No	N/A	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? (See instructions and DOL's Voluntary Fiduciary Correction Program)	10a		X		
b Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 10a.)	10b		X		
c Was the plan covered by a fidelity bond?	10c	X			500000
d Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	10d		X		
e Were any fees or commissions paid to any brokers, agents, or other persons by an insurance carrier, insurance service, or other organization that provides some or all of the benefits under the plan? (See instructions.)	10e		X		
f Has the plan failed to provide any benefit when due under the plan?	10f		X		
g Did the plan have any participant loans? (If "Yes," enter amount as of year-end.)	10g		X		
h If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	10h				
i If 10h was answered "Yes," check the box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3	10i				

Part VI Pension Funding Compliance

11	Is this a defined benefit plan subject to minimum funding requirements? (If "Yes," see instructions and complete Schedule SB (Form 5500) and line 11a below)	[X] Yes [ ] No
11a	Enter the unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40	**11a** 0
12	Is this a defined contribution plan subject to the minimum funding requirements of section 412 of the Code or section 302 of ERISA? (If "Yes," complete line 12a or lines 12b, 12c, 12d, and 12e below, as applicable.)	[ ] Yes [X] No
a	If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions, and enter the date of the letter ruling granting the waiver. Month _____ Day _____ Year _____	

If you completed line 12a, complete lines 3, 9, and 10 of Schedule MB (Form 5500), and skip to line 13.

b	Enter the minimum required contribution for this plan year	**12b**	
c	Enter the amount contributed by the employer to the plan for this plan year	**12c**	
d	Subtract the amount in line 12c from the amount in line 12b. Enter the result (enter a minus sign to the left of a negative amount)	**12d**	
e	Will the minimum funding amount reported on line 12d be met by the funding deadline?		[ ] Yes [ ] No [ ] N/A

Part VII Plan Terminations and Transfers of Assets

13a	Has a resolution to terminate the plan been adopted in any plan year?		[ ] Yes [X] No
	If "Yes," enter the amount of any plan assets that reverted to the employer this year	**13a**	
b	Were all the plan assets distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		[ ] Yes [X] No

c If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

13c(1) Name of plan(s):	**13c(2)** EIN(s)	**13c(3)** PN(s)

Part VIII Trust Information

14a Name of trust	**14b** Trust's EIN
14c Name of trustee or custodian	**14d** Trustee's or custodian's telephone number

Part IX IRS Compliance Questions

15a	Is the plan a 401(k) plan? If "No," skip b.	[ ] Yes [ ] No
15b	How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:	[ ] Design-based safe harbor [ ] "Prior year" ADP test [ ] "Current year" ADP test [ ] N/A
16a	What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:	[ ] Ratio percentage test [ ] Average benefit test [ ] N/A
16b	Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?	[ ] Yes [ ] No

17a If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter _____/_____/_____ and the serial number _____.

17b If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter _____/_____/_____.

18	Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	[ ] Yes [ ] No
19	Was any plan participant a 5% owner who had attained at least age 70 ½ during the prior plan year?	[ ] Yes [ ] No

SCHEDULE SB (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Single-Employer Defined Benefit Plan Actuarial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2016

This Form is Open to Public Inspection

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan
THE WESTERN STATES MACHINE COMPANY RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 003

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
THE WESTERN STATES MACHINE COMPANY

D Employer Identification Number (EIN)
31-0487310

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [X] 101-500 [ ] More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2016

2 Assets:

a Market value	**2a**	5033668
b Actuarial value	**2b**	5235075

3 Funding target/participant count breakdown

	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	57	3264666	3264666
b For terminated vested participants	23	510228	510228
c For active participants	14	1706455	1706455
d Total	94	5481349	5481349

4 If the plan is in at-risk status, check the box and complete lines (a) and (b) [ ]

a Funding target disregarding prescribed at-risk assumptions	**4a**	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	**4b**	
5 Effective interest rate	**5**	5.86 %
6 Target normal cost	**6**	48538

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE

Signature of actuary

06/14/2017
Date

DANIELLE WINEGARDNER, ASA, EA, MAAA
Type or print name of actuary

17-08260
Most recent enrollment number

NYHART
Firm name

317-845-3537
Telephone number (including area code)

8415 ALLISON POINTE BOULEVARD
SUITE 300
INDIANAPOLIS, IN 46250
Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions [ ]

Part II Beginning of Year Carryover and Prefunding Balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	761
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	761
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of -0.46%	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		21
	b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of 6.08 %		0
	b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
	c Total available at beginning of current plan year to add to prefunding balance		21
	d Portion of (c) to be added to prefunding balance		21
12	Other reductions in balances due to elections or deemed elections		0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	21

Part III Funding Percentages

14	Funding target attainment percentage	14	95.50%
15	Adjusted funding target attainment percentage	15	95.50%
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	95.58%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/13/2016	16700	0	08/10/2016	11500	0
03/10/2016	33400	0	09/14/2016	11500	0
04/29/2016	11500	0	10/13/2016	11500	0
05/16/2016	11500	0	11/04/2016	11500	0
06/14/2016	11500	0	12/08/2016	11500	0
07/12/2016	11500	0	01/09/2017	12500	0
			Totals ► **18(b)**	191100	**18(c)** 0

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
	a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
	b Contributions made to avoid restrictions adjusted to valuation date	19b	0
	c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	184853

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] Yes [ ] No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part II Beginning of Year Carryover and Prefunding Balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)		
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)		
9	Amount remaining (line 7 minus line 8)		
10	Interest on line 9 using prior year's actual return of _____%		
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		
	b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of _____%		
	b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		
	c Total available at beginning of current plan year to add to prefunding balance		
	d Portion of (c) to be added to prefunding balance		
12	Other reductions in balances due to elections or deemed elections		
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)		

Part III Funding Percentages

14	Funding target attainment percentage	14	%
15	Adjusted funding target attainment percentage	15	%
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
02/09/2017	12500	0			
03/08/2017	12500	0			
			Totals ► 18(b)		18(c)

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
	a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	
	b Contributions made to avoid restrictions adjusted to valuation date	19b	
	c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☐ No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:

a Segment rates:	1st segment: 4.43%	2nd segment: 5.91%	3rd segment: 6.65%	☐ N/A, full yield curve used
b Applicable month (enter code)			**21b**	4
22 Weighted average retirement age			**22**	68

23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment		☒ Yes	☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment		☒ Yes	☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment		☒ Yes	☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	**27**		

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	**28**	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	**29**	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	**30**	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	**31a**		48538
b Excess assets, if applicable, but not greater than line 31a	**31b**		0
32 Amortization installments:		Outstanding Balance	Installment
a Net shortfall amortization installment		246295	104522
b Waiver amortization installment		0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	**33**		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	**34**		153060

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0

36 Additional cash requirement (line 34 minus line 35)	**36**	153060
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	184853
38 Present value of excess contributions for current year (see instructions)		
a Total (excess, if any, of line 37 over line 36)	**38a**	31793
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	**39**	0
40 Unpaid minimum required contributions for all years	**40**	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

42 Amount of acceleration adjustment	**42**	
43 Excess installment acceleration amount to be carried over to future plan years	**43**	

Active Participant Schedule

Active participant information grouped based on age and credited service.

Age Group	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
Under 25										
25 to 29										
30 to 34										
35 to 39										
40 to 44					1					
45 to 49							1			
50 to 54										
55 to 59					1		2			
60 to 64									1	2
65 to 69										3
70 & up								1	1	1

Except where otherwise indicated, the following assumptions were selected by the plan sponsor with the concurrence of the actuary. Prescribed assumptions are based on the requirements of the relevant law, the Internal Revenue Code and applicable regulation. The actuary was not able to evaluate the prescribed assumptions for reasonableness for the purpose of the measurement.

Valuation Date

January 1, 2016

Participant and Asset Information Collected as of

January 1, 2016

Retirement Rates *(FE)*

100% of participants are assumed to retire upon the attainment of age 65 and 5 years of service

Mortality Rates *(FE)*

Healthy & Disabled - Prescribed

IRS 2016 Static Mortality - sex distinct RP2000 separate for annuitants and non-annuitants as provided in IRC 430(h)(3). Mortality is projected 7 years past the valuation date for annuitants and 15 years past the valuation date for non-annuitants using scale AA

Lump Sum

N/A

ASC 960

RP-2014 Healthy projected from 2006 with the MP-2015 Generational Improvement Scale

Disability Rates *(FE)*

None

Withdrawal Rates *(FE)*

Sample probabilities are as follows:

Age	Male Rate	Female Rate
25	79.0%	91.0%
40	29.2%	33.7%
55	0.0%	0.0%

Annual Pay Increases *(CO)*

N/A

Interest Rates

	1st Segment (0-5 years)	2nd Segment (5-20 years)	3rd Segment (20+ years)
Minimum Funding and Benefit Restrictions - Prescribed *(CO)*	4.43%	5.91%	6.65%
PBGC and Maximum Funding - Prescribed *(CO)*	1.34%	4.03%	5.06%
ASC 960 *(CO)*	7.50%	7.50%	7.50%

All segment rates are based on the sponsor's election to use a four month lookback. The PBGC interest rates are based on the sponsor's election to use the Alternative calculation method. The Alternative calculation method was elected in 2008.

Payment Form Election *(FE)*

100% of participants are assumed to elect a 10 year Certain & Life Annuity

Expense and/or Contingency Loading *(FE)*

The Target Normal Cost is increased by $46,000 to cover anticipated administrative expenses paid from the trust for the plan year beginning January 1, 2016

Marital Status and Ages *(FE)*

90% of Participants assumed to be married with wives assumed to be three years younger than their husbands

Market Value of Assets

Equal to the fair value of assets as of the valuation date, plus the discounted value of contributions (if applicable) made following the valuation date and before the date of this report for the purpose of satisfying the prior year's funding requirements.

Plan Asset Valuation Method

PPA Smoothed Value of Assets. Gains or losses on the Market Value of Assets are recognized over three years, subject to a 10% corridor around the Market Value of Assets

Expected Rate of Return on Assets (CO)	For determination of the Plan Asset value, the expected return on assets is equal to the Effective Interest Rate.
Cost Method	PPA requires the use of the Unit Credit cost method for determining the minimum required contribution and PBGC premiums. The maximum tax deductible contribution calculation includes limited Projected Unit Credit calculations as required under IRC 404(o). ASC 960 requires the use of the Unit Credit cost method.

FE indicates an assumption representing an estimate of future experience
MD indicates an assumption representing observations of estimates inherent in market data
CO indicates as assumption representing a combination of an estimate of future experience and observations of market data

SCHEDULE SB (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Single-Employer Defined Benefit Plan Actuarial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ File as an attachment to Form 5500 or 5500-SF.

OMB No. 1210-0110

2016

This Form is Open to Public Inspection

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan
The Western States Machine Company Retirement Plan

B Three-digit plan number (PN) ▶ 003

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
The Western States Machine Company

D Employer Identification Number (EIN)
31-0487310

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [X] 101-500 [ ] More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2016

2 Assets:

a Market value	**2a**	5,033,668
b Actuarial value	**2b**	5,235,075

3 Funding target/participant count breakdown

	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	57	3,264,666	3,264,666
b For terminated vested participants	23	510,228	510,228
c For active participants	14	1,706,455	1,706,455
d Total	94	5,481,349	5,481,349

4 If the plan is in at-risk status, check the box and complete lines (a) and (b) [ ]

a Funding target disregarding prescribed at-risk assumptions	**4a**	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	**4b**	
5 Effective interest rate	**5**	5.86%
6 Target normal cost	**6**	48,538

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE

Danielle Winegardner

Signature of actuary

06/14/2017
Date

Danielle Winegardner, ASA, EA, MAAA
Type or print name of actuary

1708260
Most recent enrollment number

Nyhart
Firm name

317-845-3537
Telephone number (including area code)

8415 Allison Pointe Boulevard
Suite 300
Indianapolis IN 46250
Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions [ ]

Part II Beginning of Year Carryover and Prefunding Balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	761
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	761
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of -0.46%	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		21
	b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of 6.08%		0
	b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		-0
	c Total available at beginning of current plan year to add to prefunding balance		21
	d Portion of (c) to be added to prefunding balance		21
12	Other reductions in balances due to elections or deemed elections		0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	21

Part III Funding Percentages

14	Funding target attainment percentage	14	95.50%
15	Adjusted funding target attainment percentage	15	95.50%
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	95.58%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/13/2016	16,700	0			
03/10/2016	33,400	0			
04/29/2016	11,500	0			
05/16/2016	11,500	0			
06/14/2016	11,500	0			
07/12/2016	11,500	0			
08/10/2016	11,500	0			
09/14/2016	11,500	0			
10/13/2016	11,500	0			
11/04/2016	11,500	0			
12/08/2016	11,500	0			
01/09/2017	12,500	0			
02/09/2017	12,500	0			
03/08/2017	12,500	0			
			Totals ▶ 18(b)	191,100	18(c) 0

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
	a Contributions allocated toward unpaid minimum required contributions from prior years	19a	0
	b Contributions made to avoid restrictions adjusted to valuation date	19b	0
	c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	184,853

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] Yes [ ] No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:

a Segment rates:

1st segment:	2nd segment:	3rd segment:	
4.43 %	5.91 %	6.65 %	☐ N/A, full yield curve used

b Applicable month (enter code)	**21b**	4
22 Weighted average retirement age	**22**	68

23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment	☒ Yes	☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment	☒ Yes	☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment	☒ Yes	☐ No

27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	**27**	

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	**28**	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	**29**	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	**30**	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6)	**31a**	48,538
b Excess assets, if applicable, but not greater than line 31a	**31b**	0

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment	246,295	104,522
b Waiver amortization installment	0	0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	**33**	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	**34**	153,060

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0

36 Additional cash requirement (line 34 minus line 35)	**36**	153,060
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	184,853
38 Present value of excess contributions for current year (see instructions)		
a Total (excess, if any, of line 37 over line 36)	**38a**	31,793
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	**39**	0
40 Unpaid minimum required contributions for all years	**40**	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:

a Schedule elected	☐ 2 plus 7 years	☐ 15 years
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011	

42 Amount of acceleration adjustment	**42**	
43 Excess installment acceleration amount to be carried over to future plan years	**43**	

Summary of Contributions

Below is a summary of historical contributions.

Effective Rate: 5.86%

Contributions for Plan Year Beginning in 2016

Contribution Date	Amount	Discounted Value
January 13, 2016	$16,700	$16,669
March 10, 2016	$33,400	$33,043
April 29, 2016	$11,500	$11,289
May 16, 2016	$11,500	$11,259
June 14, 2016	$11,500	$11,209
July 12, 2016	$11,500	$11,160
August 10, 2016	$11,500	$11,110
September 14, 2016	$11,500	$11,049
October 13, 2016	$11,500	$10,999
November 14, 2016	$11,500	$10,945
December 08, 2016	$11,500	$10,904
January 09, 2017	$12,500	$11,793
February 09, 2017	$12,500	$11,737
March 08, 2017	$12,500	$11,687
Totals	**$191,100**	**$184,853**

Age	Expected Actives at Age	Retirement Rate	Expected Retirements	Weighted Age
65.00	6.96	100.00%	6.96	452.40
66.00	0.00	100.00%	0.00	0.00
67.00	0.00	100.00%	0.00	0.00
68.00	1.00	100.00%	1.00	68.00
69.00	1.00	100.00%	1.00	69.00
70.00	1.00	100.00%	1.00	70.00
71.00	1.00	100.00%	1.00	71.00
72.00	0.00	100.00%	0.00	0.00
73.00	0.00	100.00%	0.00	0.00
74.00	1.00	100.00%	1.00	74.00
75.00	0.00	100.00%	0.00	0.00
76.00	0.00	100.00%	0.00	0.00
77.00	0.00	100.00%	0.00	0.00
78.00	1.00	100.00%	1.00	78.00
Total			12.96	882.40

Weighted Average Retirement Age = Weighted Age/Expected Retirements : 68.08

*** Please note that the retirement rates are a weighted average of the rates shown in Part V for active participants eligible to retire at the age and zero for all other active participants.**

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Plan Effective Date

December 1, 1942.

Plan Status

The plan is closed to new participants.

Covered Employees

The plan covers all salaried employees of the Company, except that leased employees and employees hired after December 31, 1998 are excluded from coverage.

Eligibility for Participation

A covered employee becomes a participant on the earlier of June 30th or December 31st following the completion of one year of service.

Normal Retirement Date

The first day of the month coincident with or next following the date a plan participant attains age 65 or completes five years of plan participation, if later.

Credited Service

All years and completed months of service with the employer from date of employment to the earlier of retirement, termination of employment, or death.

Vesting

All participants became 100% vested on December 31, 1998.

Earnings

Basic compensation, including cost of living adjustments, but excluding overtime, commissions and bonuses. However, earnings in any year are not permitted to exceed the maximum amount specified in Internal Revenue Code (IRC) Section 401.

Final Average Monthly Earnings

Total of the highest earnings received during any three (3) calendar years of the last five (5) calendar years preceding the earlier of retirement, termination of employment, or December 31, 1998, divided by 36.

Benefits

Normal Retirement

Eligibility	Age 65 with 5 years of participation
Benefit	The monthly benefit payable at the normal retirement date is equal to ¾ of 1% of Final Average Monthly Earnings multiplied by years of Credited Service, provided that such benefit shall not exceed $1,010. However, no benefits shall accrue beyond December 31, 1998 under the foregoing formula, except that active participants who are not highly compensated employees (as defined under Section 414(q) of the Internal Revenue Code) and have attained age 60 or older as of that date shall continue to accrue Credited Service for purposes of determining the benefit described above until the earlier of retirement and December 31, 2003. In addition, a Supplemental Pension is payable as follows: If an employee retires on or after June 1, 1995, he will be paid a Supplemental Pension of $8.00 per month multiplied by Credited Service not in excess of 30. If an employee retired prior to June 1, 1995 and is listed in Supplement C of the plan document, his monthly pension benefit shall be increased by $200.00.

Early Retirement

Eligibility	Age 55 and 10 years of vesting service
Benefit	The benefit payable to a plan participant who retires early is the participant's normal retirement benefit as determined by the benefit formula, but using service to his early retirement date only. The benefit is reduced by ¼% for each month benefits commence early.

Late Retirement

Eligibility	Participation continues after normal retirement date
Benefit	A participant who retires on a postponed retirement date will be paid a benefit calculated on the same basis as it would be if the participant had retired on his Normal Retirement Date, but on the basis of the benefit level and service in effect on the Postponed Retirement Date.

Death before Retirement

Eligibility	5 years of vesting service
Benefit	Upon the death of a participant who has completed five (5) or more years of service, a monthly benefit shall be payable to the participant's surviving spouse, if any, provided the participant had been married at least one year at death. The amount of the benefit to the surviving spouse is actuarially equivalent to 50% of the participant's accrued benefit reduced for early receipt, if applicable, and further reduced for payment as a 50% joint and survivor annuity. The benefit begins no earlier than the first day of the month the participant could have retired.

Employee Contributions

Participants shall not be required or permitted to make contributions under the Plan

Payment Forms

Normal Form

The normal form of payment is a benefit payable for the lifetime of the retiring participant, with 120 monthly payments guaranteed. A participant who is married at the time of retirement will automatically receive a reduced joint and 50% survivor annuity unless another form of payment is elected with the consent of the participant's spouse.

Optional Forms

Life annuity; life annuity with 60, 120, 180, or 240 monthly payments guaranteed; joint and survivor options with 50%, 66-2/3%, 75%, or 100% to beneficiary.

Actuarial Equivalence

For non-decreasing annuities: Actuarial equivalence is based on 6% interest and the 71 GAM Male Mortality rates, set back 1 year for participants and 5 years for beneficiaries.

For accelerated forms of payment: Actuarial Equivalence will be computed using the greater of the actuarial equivalence for non-decreasing annuities or the equivalent annual benefit computed using the "PPA applicable mortality table" and the interest rate determined under Code Section 417(e)(3) for the month of December preceeding the Plan Year that contains the annuity start date.

Plan Provisions Not Included

We are not aware of any plan provisions not included in the valuation

Adjustments Made for Subsequent Events

We are not aware of any event following the measurement date and prior to the date of this report that would materially impact the results of this report

Development of Shortfall Amortization Charge

Type of Base	Present Value of Remaining Installments	Valuation Date Established	Years Remaining	Amortization Installment
Shortfall	$ 161,388	1/1/2016	7	$ 26,665
Shortfall	$ (13,899)	1/1/2015	6	$ (2,601)
Shortfall	$ 49,636	1/1/2014	5	$ 10,806
Shortfall	$ 92,306	1/1/2013	4	$ 24,598
Shortfall	$ (224,234)	1/1/2012	3	$ (78,007)
Shortfall	$ 118,645	1/1/2011	2	$ 60,608
Shortfall	$ 62,453	1/1/2010	1	$ 62,453
	$ 246,295			$ 104,522

Changes since Prior Valuation and Key Notes

There have been no changes to the plan provisions since the last valuation.

The interest rates and other mortality assumptions have been updated as required under the Pension Protection Act, all subsequent legislation, and associated IRS Regulations, including the changes presented by the Bipartisan Budget Act of 2015. These changes resulted in an increase in the Funding Target and the Target Normal Cost.

To better reflect anticipated plan experience, the ASC 960 assumption for mortality improvements was changed from Scale MP-2014 to Scale MP-2015. This change resulted in a decrease in the Present Value of Accrued Benefits.

Effective January 1, 2016, there was a funding method change due to the change in firm and enrolled actuary for the plan. The funding method qualifies for automatic approval under IRS Announcement 2010-3 since the methods are substantially the same and target liability, target normal cost, and plan assets are within 5%.

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There have been no changes to the plan provisions since the last valuation.

The interest rates and other mortality assumptions have been updated as required under the Pension Protection Act, all subsequent legislation, and associated IRS Regulations, including the changes presented by the Bipartisan Budget Act of 2015. These changes resulted in an increase in the Funding Target and the Target Normal Cost.

The Target Normal Cost is increased by $46,000 to cover anticipated administrative expenses paid from the trust for the plan year beginning January 1, 2016. It was increased by $35,000 for the plan year beginning January 1, 2015.

To better reflect anticipated plan experience, the ASC 960 assumption for mortality improvements was changed from Scale MP-2014 to Scale MP-2015. This change resulted in a decrease in the Present Value of Accrued Benefits.

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