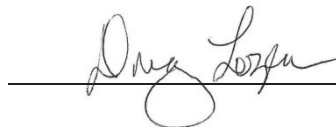


KISSIMMEE UTILITY AUTHORITY  
EMPLOYEES' RETIREMENT PLAN

SECTION 112.664, FLORIDA STATUTES  
COMPLIANCE

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed 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, meet the requirements of Section 112.664(1), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.

By:



Date: 3/21/2016

Douglas H. Lozen, EA, MAAA  
Enrolled Actuary #14-7778



When reviewing the following schedules, please note the following:

- 1) The purpose of producing this report is solely to satisfy the requirements set forth by Section 112.664, Florida Statutes, and is mandatory for every Florida public pension fund, excluding the Florida Retirement System (FRS).
- 2) None of the schedules shown have any impact on the funding requirements of the Plan. These schedules are for statutory compliance purposes only.
- 3) In the schedules that follow, the columns labeled “ACTUAL” represent the final recorded GASB 67/68 results. The columns labeled “HYPOTHETICAL” illustrate what the results would have been if different assumptions were used.
- 4) It is our opinion that the Plan’s actual assumptions utilized in the October 1, 2015 Actuarial Valuation Report, as adopted by the Board of Trustees, are reasonable individually and in the aggregate, and represent our best estimate of future Plan experience.
- 5) The “Number of Years Expected Benefit Payments Sustained” calculated in Section II: Asset Sustainability should not be interpreted as the number of years the Plan has left until it is insolvent. This calculation is required by 112.664, Florida Statutes, but the numeric result is irrelevant, since in its calculation we are to assume there will be no further contributions to the Fund. As long as the Actuarially Determined Contribution is made each year the Plan will never become insolvent.

ACTUAL	HYPOTHETICAL	
7.75% RP-2000 Generational Scale BB 9/30/2015	7.75% RP-2000 Generational Scale AA 9/30/2015	5.75% RP-2000 Generational Scale AA 9/30/2015

GASB 67: Schedule of Changes in Net Pension LiabilityTotal Pension Liability

Service Cost	1,946,740	2,011,002	3,183,064
Interest	7,539,096	7,713,297	7,413,833
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(1,187,068)	(1,226,728)	(1,623,754)
Changes of Assumptions	1,110,810	(2,206,983)	(3,707,619)
Contributions - Buy Back	60,468	60,468	60,468
Benefit Payments, Including Refunds of Employee Contributions	(3,714,459)	(3,714,459)	(3,714,459)
Net Change in Total Pension Liability	5,755,587	2,636,597	1,611,533
Total Pension Liability - Beginning	94,149,184	96,262,440	122,238,048
Total Pension Liability - Ending (a)	<u>\$ 99,904,771</u>	<u>\$ 98,899,037</u>	<u>\$ 123,849,581</u>

Plan Fiduciary Net Position

Contributions - Employer	4,735,674	4,735,674	4,735,674
Contributions - Employee	111,814	111,814	111,814
Contributions - Buy Back	60,468	60,468	60,468
Net Investment Income	(138,816)	(138,816)	(138,816)
Benefit Payments, Including Refunds of Employee Contributions	(3,714,459)	(3,714,459)	(3,714,459)
Administrative Expenses	(80,276)	(80,276)	(80,276)
Net Change in Plan Fiduciary Net Position	974,405	974,405	974,405
Plan Fiduciary Net Position - Beginning	68,890,068	68,890,068	68,890,068
Plan Fiduciary Net Position - Ending (b)	<u>\$ 69,864,473</u>	<u>\$ 69,864,473</u>	<u>\$ 69,864,473</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 30,040,298</u>	<u>\$ 29,034,564</u>	<u>\$ 53,985,108</u>

GASB 68: Pension Expense for Fiscal Year Ending September 30, 2015

Pension Expense	<u>\$ 4,668,437</u>	<u>\$ 4,349,868</u>	<u>\$ 5,768,254</u>
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## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 7.75% and RP-2000 Generational Mortality Projected with Scale BB

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2015	69,864,473	-	7,833,670	-	5,110,942	67,141,745
2016	67,141,745	-	5,475,439	-	4,991,312	66,657,618
2017	66,657,618	-	5,777,134	-	4,942,101	65,822,585
2018	65,822,585	-	6,109,956	-	4,864,490	64,577,119
2019	64,577,119	-	6,437,819	-	4,755,261	62,894,561
2020	62,894,561	-	6,620,752	-	4,617,774	60,891,583
2021	60,891,583	-	6,759,566	-	4,457,165	58,589,182
2022	58,589,182	-	6,947,151	-	4,271,460	55,913,491
2023	55,913,491	-	7,027,491	-	4,060,980	52,946,980
2024	52,946,980	-	7,245,204	-	3,822,639	49,524,415
2025	49,524,415	-	7,442,617	-	3,549,741	45,631,539
2026	45,631,539	-	7,565,279	-	3,243,290	41,309,550
2027	41,309,550	-	7,638,472	-	2,905,499	36,576,577
2028	36,576,577	-	7,637,410	-	2,538,735	31,477,902
2029	31,477,902	-	7,660,495	-	2,142,693	25,960,100
2030	25,960,100	-	7,677,976	-	1,714,386	19,996,510
2031	19,996,510	-	7,710,767	-	1,250,937	13,536,680
2032	13,536,680	-	7,629,579	-	753,447	6,660,548
2033	6,660,548	-	7,554,950	-	-	-

\*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 18.88

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.75% interest.

**It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.**

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2  
Hypothetical Assumptions: 7.75% and RP-2000 Generational Mortality Projected with Scale AA

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2015	69,864,473	-	7,821,351	-	5,111,419	67,154,541
2016	67,154,541	-	5,454,664	-	4,993,109	66,692,986
2017	66,692,986	-	5,750,059	-	4,945,892	65,888,819
2018	65,888,819	-	6,079,401	-	4,870,807	64,680,225
2019	64,680,225	-	6,405,390	-	4,764,509	63,039,344
2020	63,039,344	-	6,586,690	-	4,630,315	61,082,969
2021	61,082,969	-	6,723,948	-	4,473,377	58,832,398
2022	58,832,398	-	6,909,012	-	4,291,787	56,215,173
2023	56,215,173	-	6,988,185	-	4,085,884	53,312,872
2024	53,312,872	-	7,211,364	-	3,852,307	49,953,815
2025	49,953,815	-	7,411,152	-	3,584,239	46,126,902
2026	46,126,902	-	7,533,346	-	3,282,918	41,876,474
2027	41,876,474	-	7,605,534	-	2,950,712	37,221,652
2028	37,221,652	-	7,600,833	-	2,590,146	32,210,965
2029	32,210,965	-	7,620,397	-	2,201,059	26,791,627
2030	26,791,627	-	7,633,492	-	1,780,553	20,938,688
2031	20,938,688	-	7,660,209	-	1,325,915	14,604,394
2032	14,604,394	-	7,568,040	-	838,579	7,874,933
2033	7,874,933	-	7,480,850	-	320,424	714,507
2034	714,507	-	7,343,713	-	-	-

\*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 19.10

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.75% interest.

**It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.**

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3  
Hypothetical Assumptions: 5.75% and RP-2000 Generational Mortality Projected with Scale AA

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2015	69,864,473	-	7,821,351	-	3,792,343	65,835,465
2016	65,835,465	-	5,454,664	-	3,628,718	64,009,519
2017	64,009,519	-	5,750,059	-	3,515,233	61,774,693
2018	61,774,693	-	6,079,401	-	3,377,262	59,072,554
2019	59,072,554	-	6,405,390	-	3,212,517	55,879,681
2020	55,879,681	-	6,586,690	-	3,023,714	52,316,705
2021	52,316,705	-	6,723,948	-	2,814,897	48,407,654
2022	48,407,654	-	6,909,012	-	2,584,806	44,083,448
2023	44,083,448	-	6,988,185	-	2,333,888	39,429,151
2024	39,429,151	-	7,211,364	-	2,059,849	34,277,636
2025	34,277,636	-	7,411,152	-	1,757,893	28,624,377
2026	28,624,377	-	7,533,346	-	1,429,318	22,520,349
2027	22,520,349	-	7,605,534	-	1,076,261	15,991,076
2028	15,991,076	-	7,600,833	-	700,963	9,091,206
2029	9,091,206	-	7,620,397	-	303,658	1,774,467
2030	1,774,467	-	7,633,492	-	-	-

\*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 15.23

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.75% interest.

**It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.**

**ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2016**

Valuation Date: 10/1/2015

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	
	7.75% RP-2000 Generational Scale BB	7.75% RP-2000 Generational Scale AA	5.75% RP-2000 Generational Scale AA
Total Required Contribution (Fixed \$)	\$4,679,051	\$4,575,396	\$7,187,850
Total Required Contribution (% of Payroll)	27.44%	26.83%	42.15%
Expected Member Contribution	107,424	107,424	107,424
Expected Sponsor Contribution (Fixed \$)	\$4,571,627	\$4,467,972	\$7,080,426
Expected Sponsor Contribution (% of Payroll)	26.81%	26.20%	41.52%

**ASSETS**

Actuarial Value <sup>1</sup>	72,120,480	72,120,480	72,120,480
Market Value <sup>1</sup>	69,864,473	69,864,473	69,864,473

**LIABILITIES**

Present Value of Benefits

Active Members

Retirement Benefits	56,763,792	57,890,680	83,788,132
Disability Benefits	1,501,160	1,667,763	2,354,466
Death Benefits	2,985,359	1,322,752	1,897,065
Vested Benefits	3,896,121	4,041,706	6,315,209
Refund of Contributions	3,498	3,504	3,569

Service Retirees	30,685,306	30,057,914	35,343,592
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DROP Retirees <sup>1</sup>	12,722,214	12,601,843	14,646,338
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Beneficiaries	3,606,004	3,492,639	4,099,680
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Disability Retirees	2,035,287	2,025,838	2,460,880
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Terminated Vested	2,929,584	2,972,578	4,008,480
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Total:	117,128,325	116,077,217	154,917,411
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Present Value of Future Salaries	134,760,798	136,485,477	154,192,489
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Present Value of Future Member Contributions	848,993	859,859	971,413
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Total Normal Cost	2,078,943	2,058,949	3,308,784
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Present Value of Future Normal Costs (Entry Age Normal)	15,774,734	15,762,866	28,907,086
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Total Actuarial Accrued Liability <sup>1</sup>	101,353,591	100,314,351	126,010,325
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Unfunded Actuarial Accrued Liability (UAAL)	29,233,111	28,193,871	53,889,845
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ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational Scale BB	7.75% RP-2000 Generational Scale AA	5.75% RP-2000 Generational Scale AA
<b><u>PENSION COST</u></b>			
Normal Cost (with interest)	2,078,943	2,058,949	3,308,784
Administrative Expenses (with interest)	80,276	80,276	80,276
Payment Required To Amortize UAAL (with interest)	2,519,832	2,436,171	3,798,790
Total Required Contribution	\$4,679,051	\$4,575,396	\$7,187,850

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015.