

May 29, 2019

VIA EMAIL

Ms. Keisha Fluellyn
Risk Management Administrator
Kissimmee Utility Authority
1701 W. Carroll Street
Kissimmee, FL 34741

Re: Kissimmee Utility Authority Employees' Retirement Plan
Section 112.664, Florida Statutes Compliance

Dear Keisha:

Please find enclosed the annual disclosures that satisfy the October 1, 2018 financial reporting requirements made under Section 112.664.

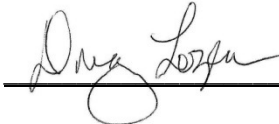
Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made clear in the law.

In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should contact its Investment Consultant for this information.

If there are any questions, concerns, or comments about any of the items contained in this report, please feel free to contact me.

Respectfully submitted,

Foster & Foster, Inc.

By: 

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #17-7778

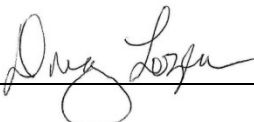
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Enclosures

cc via email: Scott R. Christiansen, Board Attorney

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: 5/29/2019

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #17-7778



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, 2018 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.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FISCAL YEAR SEPTEMBER 30, 2018

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.75% RP-2000 Generational	5.75% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	2,236,364	3,591,474
Interest	8,581,641	8,089,122
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(117,613)	173,246
Changes of Assumptions	-	-
Contributions - Buy Back	8,030	8,030
Benefit Payments, Including Refunds of Employee Contributions	(5,893,940)	(5,893,940)
Net Change in Total Pension Liability	4,814,482	5,967,932
Total Pension Liability - Beginning	111,441,455	140,035,870
Total Pension Liability - Ending (a)	<u>\$ 116,255,937</u>	<u>\$ 146,003,802</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	4,334,806	4,334,806
Contributions - Employee	304,627	304,627
Contributions - Buy Back	8,030	8,030
Net Investment Income	9,204,443	9,204,443
Benefit Payments, Including Refunds of Employee Contributions	(5,893,940)	(5,893,940)
Administrative Expenses	(64,682)	(64,682)
Net Change in Plan Fiduciary Net Position	7,893,284	7,893,284
Plan Fiduciary Net Position - Beginning	88,430,141	88,430,141
Plan Fiduciary Net Position - Ending (b)	<u>\$ 96,323,425</u>	<u>\$ 96,323,425</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 19,932,512</u>	<u>\$ 49,680,377</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.75% and RP-2000 Generational Mortality

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
2018	95,696,875	-	9,091,538	-	7,064,211	93,669,548
2019	93,669,548	-	6,789,020	-	6,996,315	93,876,843
2020	93,876,843	-	7,002,386	-	7,004,113	93,878,570
2021	93,878,570	-	7,194,378	-	6,996,807	93,680,999
2022	93,680,999	-	7,449,864	-	6,971,595	93,202,730
2023	93,202,730	-	7,540,950	-	6,931,000	92,592,780
2024	92,592,780	-	7,866,099	-	6,871,129	91,597,810
2025	91,597,810	-	8,118,542	-	6,784,237	90,263,505
2026	90,263,505	-	8,342,827	-	6,672,137	88,592,815
2027	88,592,815	-	8,506,319	-	6,536,323	86,622,819
2028	86,622,819	-	8,586,556	-	6,380,539	84,416,802
2029	84,416,802	-	8,679,028	-	6,205,990	81,943,764
2030	81,943,764	-	8,763,083	-	6,011,072	79,191,753
2031	79,191,753	-	8,909,079	-	5,792,134	76,074,808
2032	76,074,808	-	8,900,174	-	5,550,916	72,725,550
2033	72,725,550	-	8,886,291	-	5,291,886	69,131,145
2034	69,131,145	-	8,828,841	-	5,015,546	65,317,850
2035	65,317,850	-	8,765,221	-	4,722,481	61,275,110
2036	61,275,110	-	8,646,645	-	4,413,764	57,042,229
2037	57,042,229	-	8,550,090	-	4,089,457	52,581,596
2038	52,581,596	-	8,384,926	-	3,750,158	47,946,828
2039	47,946,828	-	8,250,945	-	3,396,155	43,092,038
2040	43,092,038	-	8,095,594	-	3,025,929	38,022,373
2041	38,022,373	-	7,915,464	-	2,640,010	32,746,919
2042	32,746,919	-	7,779,965	-	2,236,413	27,203,367
2043	27,203,367	-	7,555,648	-	1,815,480	21,463,199
2044	21,463,199	-	7,329,440	-	1,379,382	15,513,141
2045	15,513,141	-	7,053,439	-	928,948	9,388,650
2046	9,388,650	-	6,781,199	-	464,849	3,072,300
2047	3,072,300	-	6,493,752	-	-	-

*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 29.47

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: 5.75% and RP-2000 Generational Mortality

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
2018	95,696,875	-	9,091,538	-	5,241,189	91,846,526
2019	91,846,526	-	6,789,020	-	5,085,991	90,143,497
2020	90,143,497	-	7,002,386	-	4,981,932	88,123,043
2021	88,123,043	-	7,194,378	-	4,860,237	85,788,902
2022	85,788,902	-	7,449,864	-	4,718,678	83,057,716
2023	83,057,716	-	7,540,950	-	4,559,016	80,075,782
2024	80,075,782	-	7,866,099	-	4,378,207	76,587,890
2025	76,587,890	-	8,118,542	-	4,170,396	72,639,744
2026	72,639,744	-	8,342,827	-	3,936,929	68,233,846
2027	68,233,846	-	8,506,319	-	3,678,889	63,406,416
2028	63,406,416	-	8,586,556	-	3,399,005	58,218,865
2029	58,218,865	-	8,679,028	-	3,098,063	52,637,900
2030	52,637,900	-	8,763,083	-	2,774,741	46,649,558
2031	46,649,558	-	8,909,079	-	2,426,214	40,166,693
2032	40,166,693	-	8,900,174	-	2,053,705	33,320,224
2033	33,320,224	-	8,886,291	-	1,660,432	26,094,365
2034	26,094,365	-	8,828,841	-	1,246,597	18,512,121
2035	18,512,121	-	8,765,221	-	812,447	10,559,347
2036	10,559,347	-	8,646,645	-	358,571	2,271,273
2037	2,271,273	-	8,550,090	-	-	-

*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 19.27

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, 2019

Valuation Date: 10/1/2018

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.75%	5.75%
	RP-2000	RP-2000
	Generational	Generational
Minimum Required Contribution (Fixed \$)	\$4,855,063	\$7,997,124
Minimum Required Contribution (% of Payroll)	25.43%	41.87%
Expected Member Contribution	313,242	313,242
Expected Sponsor Contribution (Fixed \$)	\$4,541,821	\$7,683,882
Expected Sponsor Contribution (% of Payroll)	23.82%	40.26%

ASSETS

Actuarial Value ¹	90,084,172	90,084,172
Market Value ¹	95,696,875	95,696,875

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	61,904,004	91,268,089
Disability Benefits	1,733,486	2,404,443
Death Benefits	1,927,241	2,817,734
Vested Benefits	4,267,740	6,796,349
Refund of Contributions	22,292	22,976
Service Retirees	45,100,776	53,760,647
DROP Retirees ¹	11,887,176	13,905,198
Beneficiaries	4,679,628	5,498,510
Disability Retirees	1,074,566	1,321,509
Terminated Vested	3,197,855	4,457,820
Total:	<u>135,794,764</u>	<u>182,253,275</u>
Present Value of Future Salaries	158,908,981	180,096,677
Present Value of Future Member Contributions	2,560,187	2,901,542
Total Normal Cost	2,363,644	3,793,036
Present Value of Future Normal Costs (Entry Age Normal)	18,839,976	34,807,605
Total Actuarial Accrued Liability ¹	116,954,788	147,445,670
Unfunded Actuarial Accrued Liability (UAAL)	26,870,616	57,361,498

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2019

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL
	7.75%	5.75%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost (with interest)	2,363,644	3,793,036
Administrative Expenses (with interest)	64,683	64,683
Payment Required To Amortize UAAL (with interest)	2,426,736	4,139,405
Minimum Required Contribution	\$4,855,063	\$7,997,124

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2018.