

KISSIMMEE UTILITY AUTHORITY
EMPLOYEES' RETIREMENT PLAN

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2023 VALUATION DATE



March 25, 2024

VIA E-MAIL

Ms. Keisha Fluelyn
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, 2023 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.

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.

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 #23-7778

Enclosures

cc via email: Scott R. Christiansen, Board Attorney

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, 2023 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, 2023

	ACTUAL	HYPOTHETICAL
Discount Rate:	7.75%	5.75%
<u>Total Pension Liability</u>		
Service Cost	3,475,276	5,503,262
Interest	10,796,232	10,145,064
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(1,384,077)	(1,541,962)
Changes of Assumptions	-	-
Contributions - Buy Back	18,857	18,857
Benefit Payments, Including Refunds of Employee Contributions	(7,892,295)	(7,892,295)
Net Change in Total Pension Liability	5,013,993	6,232,926
Total Pension Liability - Beginning	139,777,092	174,878,782
Total Pension Liability - Ending (a)	<u>\$ 144,791,085</u>	<u>\$ 181,111,708</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	4,842,574	4,842,574
Contributions - Employee	335,285	335,285
Contributions - Buy Back	18,857	18,857
Net Investment Income	9,985,717	9,985,717
Benefit Payments, Including Refunds of Employee Contributions	(7,892,295)	(7,892,295)
Administrative Expenses	(62,976)	(62,976)
Net Change in Plan Fiduciary Net Position	7,227,162	7,227,162
Plan Fiduciary Net Position - Beginning	103,718,266	103,718,266
Plan Fiduciary Net Position - Ending (b)	<u>\$ 110,945,428</u>	<u>\$ 110,945,428</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 33,845,657</u>	<u>\$ 70,166,280</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.65%

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
2023	109,702,646	-	10,783,619	-	7,979,779	106,898,806
2024	106,898,806	-	8,526,769	-	7,851,610	106,223,647
2025	106,223,647	-	8,695,667	-	7,793,500	105,321,480
2026	105,321,480	-	8,903,988	-	7,716,516	104,134,008
2027	104,134,008	-	9,093,946	-	7,618,408	102,658,470
2028	102,658,470	-	9,316,142	-	7,497,031	100,839,359
2029	100,839,359	-	9,522,709	-	7,349,967	98,666,617
2030	98,666,617	-	9,753,582	-	7,174,922	96,087,957
2031	96,087,957	-	10,299,654	-	6,956,767	92,745,070
2032	92,745,070	-	10,509,515	-	6,693,009	88,928,564
2033	88,928,564	-	10,614,473	-	6,397,032	84,711,123
2034	84,711,123	-	10,683,022	-	6,071,775	80,099,876
2035	80,099,876	-	10,736,805	-	5,716,958	75,080,029
2036	75,080,029	-	10,748,023	-	5,332,510	69,664,516
2037	69,664,516	-	10,749,741	-	4,918,158	63,832,933
2038	63,832,933	-	10,678,414	-	4,474,770	57,629,289
2039	57,629,289	-	10,602,283	-	4,003,103	51,030,109
2040	51,030,109	-	10,546,422	-	3,500,403	43,984,090
2041	43,984,090	-	10,474,718	-	2,964,125	36,473,497
2042	36,473,497	-	10,439,116	-	2,390,926	28,425,307
2043	28,425,307	-	10,298,072	-	1,780,635	19,907,870
2044	19,907,870	-	10,153,531	-	1,134,579	10,888,918
2045	10,888,918	-	9,940,765	-	452,768	1,400,921
2046	1,400,921	-	9,682,793	-	-	-

*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 23.14

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.65% 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: Discount Rate = 5.65%

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
2023	109,702,646	-	10,783,619	-	5,893,562	104,812,589
2024	104,812,589	-	8,526,769	-	5,681,030	101,966,850
2025	101,966,850	-	8,695,667	-	5,515,474	98,786,657
2026	98,786,657	-	8,903,988	-	5,329,908	95,212,577
2027	95,212,577	-	9,093,946	-	5,122,607	91,241,238
2028	91,241,238	-	9,316,142	-	4,891,949	86,817,045
2029	86,817,045	-	9,522,709	-	4,636,147	81,930,483
2030	81,930,483	-	9,753,582	-	4,353,534	76,530,435
2031	76,530,435	-	10,299,654	-	4,033,004	70,263,785
2032	70,263,785	-	10,509,515	-	3,673,010	63,427,280
2033	63,427,280	-	10,614,473	-	3,283,782	56,096,589
2034	56,096,589	-	10,683,022	-	2,867,662	48,281,229
2035	48,281,229	-	10,736,805	-	2,424,575	39,968,999
2036	39,968,999	-	10,748,023	-	1,954,617	31,175,593
2037	31,175,593	-	10,749,741	-	1,457,741	21,883,593
2038	21,883,593	-	10,678,414	-	934,758	12,139,937
2039	12,139,937	-	10,602,283	-	386,392	1,924,046
2040	1,924,046	-	10,546,422	-	-	-

*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 17.18

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.65% 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, 2024

Valuation Date: 10/1/2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.65%	5.65%
Minimum Required Contribution (Fixed \$)	\$6,089,346	\$10,423,911
Minimum Required Contribution (% of Payroll)	25.85%	44.26%
Expected Member Contribution	381,525	381,525
Expected State Money	0	0
Expected Sponsor Contribution (Fixed \$)	\$5,707,821	\$10,042,386
Expected Sponsor Contribution (% of Payroll)	24.23%	42.64%

ASSETS

Actuarial Value ¹	119,329,984	119,329,984
Market Value ¹	109,702,646	109,702,646

LIABILITIES

Present Value of Benefits

Actives

Retirement Benefits	89,836,446	140,772,329
Disability Benefits	3,474,552	5,098,315
Death Benefits	945,271	1,455,405
Vested Benefits	4,988,280	7,950,635
Refund of Contributions	0	0

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Service Retirees	61,352,074	72,977,466
DROP Retirees ¹	11,652,042	13,718,635
Beneficiaries	6,487,271	7,602,803
Disability Retirees	632,957	758,273
Terminated Vested	4,659,557	6,624,854
Share Plan Balances ¹	0	0
Excess State Monies Reserve	0	0
Total:	<u>184,028,450</u>	<u>256,958,715</u>

Present Value of Future Salaries	256,328,057	301,669,681
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Present Value of Future Member Contributions	4,152,515	4,887,049
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Total Normal Cost	3,625,153	5,786,441
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Present Value of Future Normal Costs (Entry Age Normal)	38,021,217	73,126,899
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Total Actuarial Accrued Liability (EAN) ¹	146,007,233	183,831,816
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Unfunded Actuarial Accrued Liability (UAAL)	26,677,249	64,501,832
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ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2024

	Valuation Date: 10/1/2023	
	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.65%	5.65%
<u>PENSION COST</u>		
Normal Cost (with interest)	3,625,153	5,786,441
Administrative Expenses (with interest)	57,136	57,136
Payment Required To Amortize UAAL (with interest)	2,407,057	4,580,334
Minimum Required Contribution	\$6,089,346	\$10,423,911

¹ The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2023.