

CITY OF KISSIMMEE
MUNICIPAL POLICE OFFICERS' RETIREMENT PLAN

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



March 29, 2024

VIA E-MAIL

Ms. Linda Gomez
City of Kissimmee
Police Officers' Retirement Plan
101 North Church Street
Kissimmee, FL 34741-5013

Re: City of Kissimmee Municipal Police Officers' Retirement Plan
Section 112.664, Florida Statutes Compliance

Dear Linda:

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

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	7.20%	5.20%
<u>Total Pension Liability</u>		
Service Cost	2,193,888	3,444,864
Interest	6,763,530	6,291,883
Share Plan Allocation	72,571	72,571
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(148,219)	(41,309)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(5,150,996)	(5,150,996)
Net Change in Total Pension Liability	3,730,774	4,617,013
Total Pension Liability - Beginning	94,319,526	120,128,387
Total Pension Liability - Ending (a)	<u>\$ 98,050,300</u>	<u>\$ 124,745,400</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,786,472	1,786,472
Contributions - State	1,249,688	1,249,688
Contributions - Employee	480,302	480,302
Net Investment Income	7,425,509	7,425,509
Benefit Payments, Including Refunds of Employee Contributions	(5,150,996)	(5,150,996)
Administrative Expenses	(62,617)	(62,617)
Net Change in Plan Fiduciary Net Position	5,728,358	5,728,358
Plan Fiduciary Net Position - Beginning	69,998,936	69,998,936
Plan Fiduciary Net Position - Ending (b)	<u>\$ 75,727,294</u>	<u>\$ 75,727,294</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 22,323,006</u>	<u>\$ 49,018,106</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.20%

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	77,849,741	-	6,240,753	-	5,380,514	76,989,502
2024	76,989,502	-	5,717,608	-	5,337,410	76,609,304
2025	76,609,304	-	5,949,377	-	5,301,692	75,961,619
2026	75,961,619	-	6,224,229	-	5,245,164	74,982,554
2027	74,982,554	-	6,430,321	-	5,167,252	73,719,485
2028	73,719,485	-	6,586,844	-	5,070,677	72,203,318
2029	72,203,318	-	6,729,983	-	4,956,360	70,429,695
2030	70,429,695	-	6,849,507	-	4,824,356	68,404,544
2031	68,404,544	-	6,983,219	-	4,673,731	66,095,056
2032	66,095,056	-	7,107,749	-	4,502,965	63,490,272
2033	63,490,272	-	7,199,721	-	4,312,110	60,602,661
2034	60,602,661	-	7,253,869	-	4,102,252	57,451,044
2035	57,451,044	-	7,307,874	-	3,873,392	54,016,562
2036	54,016,562	-	7,360,909	-	3,624,200	50,279,853
2037	50,279,853	-	7,360,829	-	3,355,160	46,274,184
2038	46,274,184	-	7,352,708	-	3,067,044	41,988,520
2039	41,988,520	-	7,300,379	-	2,760,360	37,448,501
2040	37,448,501	-	7,247,772	-	2,435,372	32,636,101
2041	32,636,101	-	7,184,524	-	2,091,156	27,542,733
2042	27,542,733	-	7,108,479	-	1,727,172	22,161,426
2043	22,161,426	-	7,027,709	-	1,342,625	16,476,342
2044	16,476,342	-	6,929,845	-	936,822	10,483,319
2045	10,483,319	-	6,821,900	-	509,211	4,170,630
2046	4,170,630	-	6,703,629	-	-	-

*All DROP and Share Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 23.62

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.20% 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 = 5.20%

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	77,849,741	-	6,240,753	-	3,885,927	75,494,915
2024	75,494,915	-	5,717,608	-	3,777,078	73,554,385
2025	73,554,385	-	5,949,377	-	3,670,144	71,275,152
2026	71,275,152	-	6,224,229	-	3,544,478	68,595,401
2027	68,595,401	-	6,430,321	-	3,399,773	65,564,853
2028	65,564,853	-	6,586,844	-	3,238,114	62,216,123
2029	62,216,123	-	6,729,983	-	3,060,259	58,546,399
2030	58,546,399	-	6,849,507	-	2,866,326	54,563,218
2031	54,563,218	-	6,983,219	-	2,655,724	50,235,723
2032	50,235,723	-	7,107,749	-	2,427,456	45,555,430
2033	45,555,430	-	7,199,721	-	2,181,690	40,537,399
2034	40,537,399	-	7,253,869	-	1,919,344	35,202,874
2035	35,202,874	-	7,307,874	-	1,640,545	29,535,545
2036	29,535,545	-	7,360,909	-	1,344,465	23,519,101
2037	23,519,101	-	7,360,829	-	1,031,612	17,189,884
2038	17,189,884	-	7,352,708	-	702,704	10,539,880
2039	10,539,880	-	7,300,379	-	358,264	3,597,765
2040	3,597,765	-	7,247,772	-	-	-

*All DROP and Share Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 17.50

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.20% 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

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.20%	5.20%
Minimum Required Contribution (Fixed \$)	\$4,725,002	\$7,471,640
Minimum Required Contribution (% of Payroll)	40.01%	63.28%
Expected Member Contribution	562,436	515,997
Expected State Money	1,177,117	1,177,117
Expected Sponsor Contribution (Fixed \$)	\$2,985,449	\$5,778,526
Expected Sponsor Contribution (% of Payroll)	25.12%	48.39%

ASSETS

Actuarial Value ¹	85,879,982	85,879,982
Market Value ¹	77,849,741	77,849,741

LIABILITIES

Present Value of Benefits		
Actives		
Retirement Benefits	51,983,601	76,877,166
Disability Benefits	2,139,028	2,993,492
Death Benefits	249,592	365,156
Vested Benefits	1,944,321	3,236,286
Refund of Contributions	354,915	376,236
Service Retirees	50,012,213	61,514,442
DROP Retirees ¹	4,505,084	5,546,487
Beneficiaries	2,564,656	3,180,424
Disability Retirees	2,452,684	3,034,237
Terminated Vested	1,839,502	2,508,023
Share Plan Balances ¹	276,704	276,704
Excess State Monies Reserve	0	0
Total:	118,322,300	159,908,653
Present Value of Future Salaries	88,081,742	98,831,782
Present Value of Future Member Contributions	3,849,172	4,318,949
Total Normal Cost	2,299,239	3,641,059
Present Value of Future Normal Costs (Entry Age Normal)	16,806,475	29,967,889
Total Actuarial Accrued Liability (EAN) ¹	101,515,825	129,940,764
Unfunded Actuarial Accrued Liability (UAAL)	15,635,843	44,060,782

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2024

	Valuation Date: 10/1/2023	
	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.20%	5.20%
<u>PENSION COST</u>		
Normal Cost ²	2,644,261	4,091,391
Administrative Expenses ²	71,291	69,656
Payment Required To Amortize UAAL ²	2,009,450	3,796,250
Minimum Required Contribution	\$4,725,002	\$7,957,297

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

² Contributions developed as of 10/1/2023 displayed above have been adjusted to account for assumed salary increase and interest components.