

CITY OF OCALA, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended
September 30, 2022

Prepared by:

Finance Department

Emory Roberts Jr., CIA, CISA, CGAP

Interim Chief Financial Officer



**CITY OF OCALA, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2022**

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FINANCE DEPARTMENT
201 SE 3rd STREET
OCALA, FLORIDA 34471

March 30, 2023

To the Honorable Mayor, Members of the City Council and
Citizens of the City of Ocala, Florida,

It is our pleasure to submit this *Annual Comprehensive Financial Report* for the City of Ocala, Florida for the fiscal year ended September 30, 2022. The report fulfills the requirements set forth in the *Florida Statutes*, Chapter 166.241 and the *Rules of the Florida Auditor General*, Chapter 10.550. The organization, form, and content of this report together with accompanying financial statements and statistical tables are formulated in accordance with the principles prescribed by the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, the State of Florida, and the Government Finance Officers Association.

This report consists of management's representations concerning the finances of the City of Ocala. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Since the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Purvis, Gray and Company, a firm of licensed certified public accountants, has audited the City of Ocala's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements for the year ended September 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The

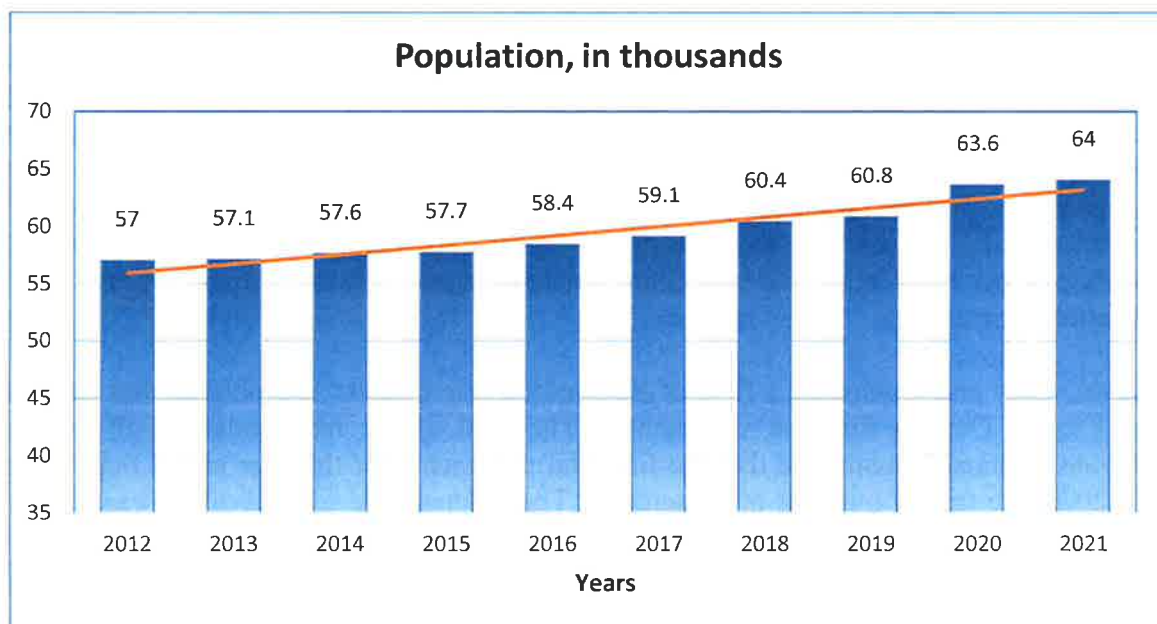
independent auditor concluded, based upon the audit, there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended September 30, 2022, as fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City

The City of Ocala is the most populous city in Marion County and serves as its county seat. Ocala is located in north central Florida approximately 67 miles northwest of Orlando and approximately 40 miles east of the Gulf of Mexico near the site of Ocale, a major Timucua village and chiefdom during the 16th century. The City takes its name from the historical village, the name of which is believed to mean "Big Hammock" in the Timucua language. There are approximately 47 square miles of land included within the corporate boundaries of the City. The City's population has been trending upwards for the last ten years and as of July 1, 2021, the official population estimate from Census.gov/quickfacts was 64,096.



In 1846, the City of Ocala was established to operate under a Council-Manager form of government. The City Council consists of six elected officials (the Mayor and five Council members) who are responsible for enacting the ordinances and resolutions which govern the City. The Council appoints the City Manager, City Auditor, City Attorney, and the City Clerk. The City Charter states the City Manager shall be the Chief Administrative Officer of the City and shall be responsible to the Council for the administration of all City affairs placed in their charge by or under the Charter.

The City of Ocala provides its constituents with a wide variety of public services as listed below:

- ✓ Airport
- ✓ Building Inspections
- ✓ Code Enforcement
- ✓ Community and Economic Development
- ✓ Electric Power
- ✓ Golf Course
- ✓ Mass Transit
- ✓ Parks, Recreation, and Cultural Affairs
- ✓ Police and Fire Protection
- ✓ Refuse Collection
- ✓ Stormwater Management
- ✓ Street Maintenance, Traffic Engineering and Parking
- ✓ Fiber Network
- ✓ Water and Wastewater

Internal support services include the following:

- ✓ Accounting and Financial Reporting
- ✓ Accounts Payable and Accounts Receivable
- ✓ Asset Management and Property Control
- ✓ Budget and Budget Monitoring
- ✓ Cash and Investment Management
- ✓ Citywide Management
- ✓ Debt Management
- ✓ Fleet Maintenance
- ✓ Facilities Maintenance
- ✓ Human Resources, Labor Relations, and Risk Management
- ✓ Internal Audit
- ✓ Information and Computer Systems
- ✓ Procurement Services
- ✓ Public Relations

Operating funds required to support the above-stated services are reflected in this report. This report includes all funds that are controlled by or are dependent on the City Council.

In addition to the above activities, the City exercises oversight responsibility for the Community Redevelopment Agency. Accordingly, these activities are included in the reporting entity and reflected in this report. Note 1 in the *Notes to Financial Statements* lists specific criteria used for establishing oversight responsibility.

The City also maintains budgetary controls. The objective is to ensure compliance with legal provisions contained in the annual budget approved by the City Council. Annual budgets are legally adopted for all funds including the *general funds, special revenue funds, enterprise funds, internal service funds, fiduciary funds, and debt service funds*. Budgets are controlled at the department level and total expenditures may not legally exceed appropriations for each budgeted fund without Council approval. Encumbrance accounting is utilized to reserve the encumbered portion of the appropriation. Appropriations lapse at year end and outstanding encumbrances are re-appropriated as part of the subsequent year's budget.

Factors Affecting the City's Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

The General Fund's main revenue sources include Property Tax, State Revenue Sharing, Half Cent Sales Tax, and transfers from the Enterprise Funds. During uncertain times of COVID-19, the General Fund has flourished the past few fiscal years. Ocala's economy continues to show signs of strengthening, with a 6.4% increase in real property valuations, heightened building permit activity, a low unemployment rate, and drops in the area's foreclosure rates, our COVID-19 recovery outlook remains positive. The City's long-range fiscal forecast projects the General Fund to remain constant over the next three fiscal years. Areas of concerns are growth pressures in annual pension contribution costs and inflationary pressures associated with day-to-day operations, capital expenses, and long- term debt arising from fire fee lawsuit settlement.

Local Economy. In recent years, Ocala has become a center for manufacturing, logistics, and distribution companies, and continues to market the Ocala International Airport Business Park. Healthcare and Social Services continues to be among the largest sectors for employment in the city; construction of Shands Teaching Hospital and Clinic is now underway. The City continues to implement sustainable strategies by identifying target industries and programs to make the local economy more resilient. The tourist industry also has a significant impact on the economy, with the Silver Springs and Rainbow Springs attractions, and the Ocala National Forest nearby. The completion of the world class 300-acre World Equestrian Center in western Marion County will further contribute to the existing \$2.6 billion equine industry.

The City's strategic investments in economic development made over the past five years are yielding meaningful results. Construction has commenced on a 34-acre parcel for the Ocala Marion County Business Park. Amazon, Chewy, AutoZone and FedEx are all located within the Business Park area and provide over 8 million square feet of distribution space. The recently approved sale of non-aviation property adjacent to the Ocala International Airport is expected to add an additional 2 million square feet of logistics and distribution to the Ocala International Airport Business Park. Peak Logistics is also under construction and only two properties of the original development remain for development.

The City has entered in two agreements providing incentives such as grants, property donation, capital improvements and tax increment financing for the redevelopment of catalytic opportunity sites identified in the Midtown Master Plan. The City has an open Call for Proposals and continues to evaluate proposals for available catalytic opportunity sites. Small and medium-sized enterprises (SMEs) located within the four Community Redevelopment Areas can apply to grant programs that support certain improvements to building and property.

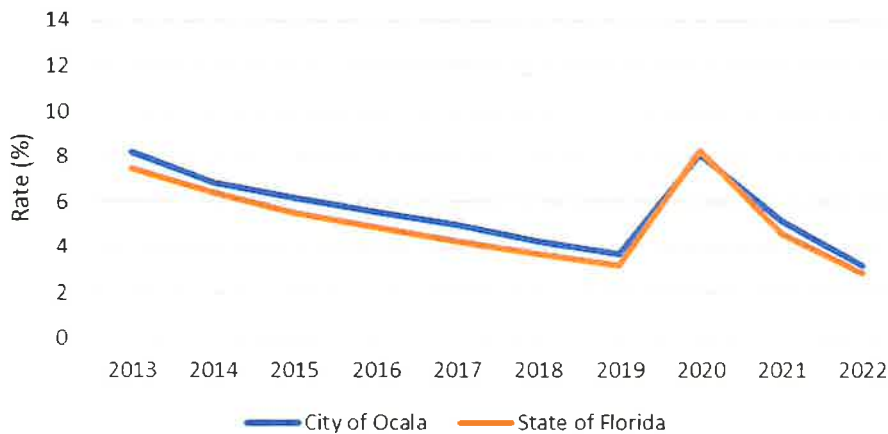
As of September 30, the City administered seventeen (17) Economic Investment Program agreements with city investments to be paid over several years based on company performance. Companies will add over 4000 new jobs to the local economy and make significant capital investments.

The City is actively engaged in the community by building strategic alliances with the private sector, site selectors, developers, business owners, other governmental agencies, and realtors to provide a business-friendly environment that creates opportunity for expansion. To support businesses and their employees, the City has entered into several redevelopment agreements to facilitate the creation of at least 1,240 new, market rate and affordable housing units within the next seven years.

The \$300,000 U.S. Environmental Protection Agency (EPA) Brownfield grant awarded to the City of Ocala to carry out environmental assessments on properties within the city that may contain hazardous substances or petroleum in the soil or groundwater has been used to conduct twenty-four assessments across fourteen properties. At completion of the grant the City expended 100% of the grant funds. The purpose of the grant is to encourage redevelopment of these sites by determining whether contamination exists and if so, the extent of the anticipated cleanup. The City submitted an outstanding application for the FY2021/22 EPA Brownfields Program and was selected as one of eleven communities in the state of Florida to receive a grant award. The community-wide grant in the amount of \$500,000 will be used to conduct eligible assessment-related activities. Activities under this grant will target the elimination of blight and further redevelopment, thereby creating economic development throughout the community.

The U.S. Bureau of Labor Statistics indicates the Ocala Metropolitan Statistical Area (MSA) average annual unemployment rate decreased from 7.7% in 2020 to 3.4% in 2022. The MSA average annual unemployment rate is higher than the State average of 2.9% but slightly lower than the national average of 3.7%. The unemployment rate in the City Averaged 3.2 % in 2022. The present outlook has improved significantly compared to 2020 where both State and City unemployment rate peaked at double digits due to the COVID-19 pandemic.

Unemployment Rate Average Annual Estimates



Long-term Financial Planning. Both General Government and the City-owned Utility Funds develop multi-year financial forecasts, including capital improvement plans. Some of the key projects in these capital improvement plans are:

- Downtown Hotel, Retail and Apartments
- Terminal Parking at Airport
- Recurring annual funding for the following areas:
 - Annual City-wide resurfacing and sidewalk program
 - Facilities maintenance
 - Fleet management
 - Information technology upgrades
- Historic District Improvements and upgrades
- Overhead/Underground/Lighting work orders
- Substation upgrades
- Drainage Retention Area upgrades
- Water and sanitary sewer main improvements and extensions
- Multiple Community Park improvements

Key Management Practices. The City has adopted the following key management practices:

- **General Fund Reserve Policy** – The General Fund will maintain an operating reserve of not less than 20 percent of planned budget expenditures.
- **Debt Management Policy** – Outlines allowable debt issuance purposes, debt structure, limitations on debt levels, allowable types of debt, promotes sound financial management and enhances the City’s credit ratings.
- **Capital Improvement Plan** – Requires the City to develop and implement a five-year capital improvement plan to anticipate long-term capital needs.

- **Electric Rate Stabilization Reserve (ERSR)** – The City will maintain a minimum targeted funding level of 15% of projected annual fuel costs, with a maximum level at 25%. If the existing reserves plus the amount of an over recovery brings the ERSR funding level above the targeted maximum, the utility retains the option of issuing a credit to customers or reducing the power cost adjustment (PCA) rate.
- **Utility Fund Transfer** –Transfers to the General Fund are a percentage of operating revenues which are consistent with competitive markets and are applied to the following utilities:
 - Electric 15%
 - Water Resources 10%
 - Fiber 15%
 - Sanitation 10%
- **Three-year Budget Model** – The City will develop and maintain a comprehensive three-year budget model to assist in making financial decisions regarding long-term revenue and expenditure requirements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ocala for its comprehensive annual financial report for the fiscal year ended September 30, 2021. This was the thirty-fifth year the City has received this prestigious award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such a financial report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting it to GFOA.

The GFOA also presented an Award for Distinguished Budget Presentation for the City's Annual Budget for the fiscal year beginning October 1, 2021, making the thirtieth year the City has received the award. It is based on a governmental unit's publishing a budget document that meets program criteria as a policy document, operations guide, financial plan, and communications medium.

An Annual Comprehensive Financial Report could not have been prepared without the efficient and dedicated services of many individuals responsible for its completion. The utmost appreciation is extended to employees throughout the organization who maintained financial records upon which this report is based. The year-end closing procedures required prior to the audit and the document preparation could not have been accomplished without the professional efforts of Peter Brill, Assistant Finance Director

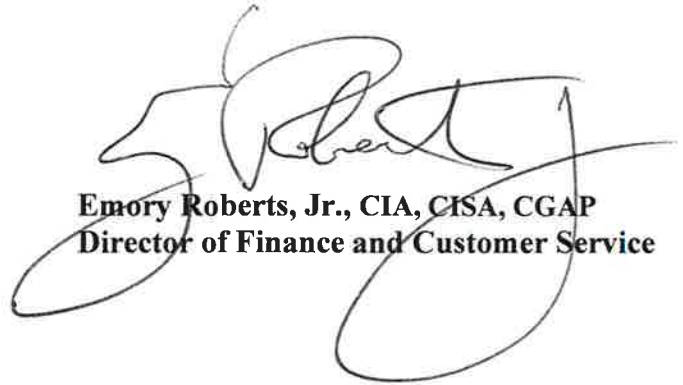
and Raymond Bachik, Accounting Manager. Special recognition is given to all the employees of the Finance Department and Budget Department who worked diligently to ensure the timeliness and accuracy of the report.

The Mayor, Council President, and Council members' continued support in planning and conducting the City's financial operations in a responsible manner are sincerely appreciated. This has proven to be an invaluable asset in the preparation of this report which is geared toward reflecting the financial health of the community while complying with the City's fiduciary responsibility. Their leadership demonstrates the interest to maintain a fiscally sound government.

Respectfully submitted,

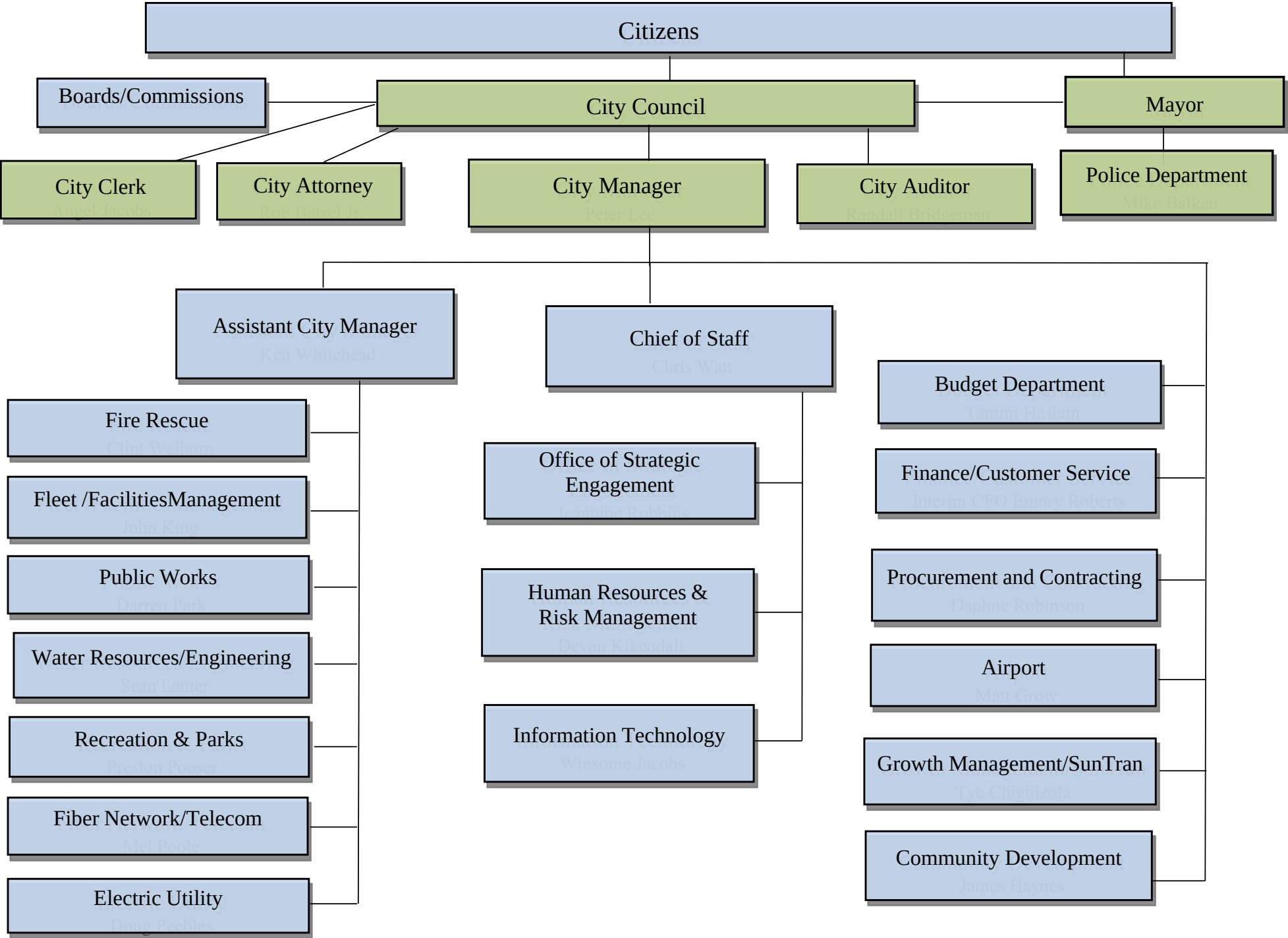


Peter A. Lee, AICP
City Manager



Emory Roberts, Jr., CIA, CISA, CGAP
Director of Finance and Customer Service

CITY OF OCALA - Organizational Chart



**CITY OF OCALA, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2022**

ELECTED OFFICIALS

Kent Guinn, Mayor
Ire J. Bethea Sr., Council President
James P. Hilty Sr., Pro Tem
Kristen Dreyer
Barry Mansfield
Jay A. Musleh

APPOINTED OFFICIALS

City Manager
City Attorney
City Clerk
Internal Auditor

Peter Lee
Robert W. Batsel, Jr.
Angel Jacobs
Randall Bridgeman

EXECUTIVE STAFF

Assistant City Manager
Chief of Staff, Support Services

Ken Whitehead
Christopher Watt

Finance Staff

Interim Chief Financial Officer
Assistant Director of Finance & CSO
Accounting Manager
Fiscal Operations Supervisor
Accountant I
Fiscal Operations Supervisor
Senior Accountant
Senior Accountant
Accounts Payable
Accounts Receivable
Payroll Manager
Accounting Specialist
Payroll Specialist II
Payroll Specialist II
Pension Benefits Coordinator
Administrative Specialist III

Emory Roberts Jr.
Peter Brill
Raymond Bachik
Anthony Webber
Maribel Lozada
Cathy Larson
Jessica Brown
Mackenzie Usher
Linda Wright
Nick Sammy
Melissa Demetropoulos
Hayley Masey
Porsha Ullrich
Rosanna Holmes
Alicia Gaither
Karen Czechowicz



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Ocala
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrell

Executive Director/CEO



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INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the City Council
City of Ocala
Ocala, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ocala, Florida (the City) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Matter

As described in Note 13 to the financial statements, in 2022, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Lakeland | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

The Honorable Members of the City Council
City of Ocala
Ocala, Florida

INDEPENDENT AUDITOR'S REPORT

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), budgetary comparison information, and certain pension and Other Postemployment Benefits trend information, as listed in the table of contents, be presented to

The Honorable Members of the City Council
City of Ocala
Ocala, Florida

INDEPENDENT AUDITOR'S REPORT

supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual non-major fund financial statements, non-major fund budgetary comparison schedules and Schedule of Expenditures of Federal Awards and State Projects, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, *Audits of States, Local Governmental, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, non-major fund budgetary comparison schedules and the Schedule of Expenditures of Federal Awards and State Projects are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The Honorable Members of the City Council
City of Ocala
Ocala, Florida

INDEPENDENT AUDITOR'S REPORT

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2023 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



March 30, 2023
Ocala, Florida

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

As management of the City of Ocala (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year (FY) ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished on our letter of transmittal, which can be found on pages i-viii of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City, exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$462,291,744 (net position), an increase of 7.03% from the prior year. Of this amount, \$370,403,874 represents investments in capital assets (net of related debt), \$89,259,486 in restricted net position and \$2,628,384 in unrestricted net position.
- Governmental general revenue and transfers-in totaled \$137,767,510 compared to \$125,483,840 in FY 2021, which is a 9.8% increase from the prior year. Expenses totaled \$111,925,339 compared to \$107,216,416 in 2021 or a 4.4% increase from the prior year. This is mostly attributable to increased costs in Transportation and Interest on long term debt.
- At the close of the fiscal year, the City's governmental activities reported combined ending net position of \$150,485,432 as compared to the prior year \$124,643,261, an increase of \$25,842,171 or 20.7%. Of the fiscal year end net position, (\$29,101,959) was unrestricted versus (\$41,956,351) the prior fiscal year. This change from last fiscal year's balance was due to a net adjustment for \$80,000,000 Fire Fee lawsuit liability and \$60,000,000 in loan proceeds to settle lawsuit claims.
- The business-type activities revenue totaled \$280,228,834 as compared to \$231,482,308 for a 21.1% increase over the prior year driven by higher charges for services. Expenses and transfers-out totaled \$275,719,885 as compared to \$219,289,465 in 2021, for a 25.7% increase from the prior year. This result produced an increase in business-type net assets of \$4,508,949 as compared to an increase of \$12,192,843 in the prior year.
- The City is committed to providing the Citizens of Ocala with the highest quality services while maintaining efficiency and cost effectiveness.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds and internal service funds.

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. This report also contains other supplementary information in addition to the basic financial statements that provide details about the City's internal service fund presented in a separate column in the basic financial statements.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 21-23 of this report.

The *statement of net position* presents financial information on the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, culture and recreation, economic environment, physical environment and transportation. The business-type activities of the City include operation of an electric utility, solid waste disposal system, water and sewer utilities, golf course, airport, public transportation and fiber network.

The Community Redevelopment Agency (CRA) is a blended component unit that for all practical purposes is treated as part of the primary government. The data from this component unit is presented separately in the financial statements.

Fund financial statements. A *fund* is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The basic governmental fund financial statements can be found on pages 24-27 of this report.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the CRA funds, which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of these non-major governmental funds is provided in the *combining statements* in the other supplemental information section of this report.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

The City adopts an annual appropriated budget for its various funds. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City maintains seven enterprise funds to account for the following operations: electric, water and sewer, sanitation, golf course, airport, fiber and transit. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for all of the City's proprietary funds. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the other supplemental information section of this report. The basic proprietary fund financial statements can be found on pages 28-32 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because their resources are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 33-34 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-103 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 105-132 of this report.

The combining statements and budgetary comparison schedules regarding non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements can be found on pages 134-162 of this report.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position. As noted earlier, the Statement of Net Position looks at the City as a whole and may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$462,291,744 at the close of the most recent fiscal year.

The City's net position for the past two fiscal years is summarized, as follows:

**Statement of Net Position
As of September 30**

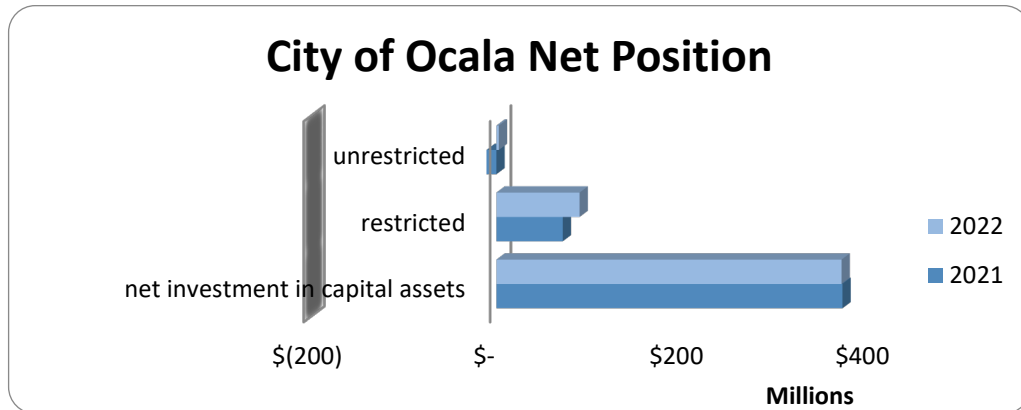
	Governmental Activities		Business -type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 164,786,742	\$ 144,359,768	\$ 164,974,449	\$ 156,671,489	\$ 329,761,191	\$ 301,031,257
Capital assets (net)	162,808,106	161,709,547	323,518,680	333,353,856	486,326,786	495,063,403
Total Assets	327,594,848	306,069,315	488,493,129	490,025,345	816,087,977	796,094,660
Total deferred outflows of resources	26,973,801	28,010,211	10,480,122	11,877,529	37,453,923	39,887,740
Long-term liabilities outstanding	145,704,912	190,459,082	129,134,468	145,252,622	274,839,380	335,711,704
Other liabilities	32,678,762	14,452,492	37,785,098	30,282,884	70,463,860	44,735,376
Total Liabilities	178,383,674	204,911,574	166,919,566	175,535,506	345,303,240	380,447,080
Total deferred inflows of resources	25,699,543	4,524,691	20,247,373	19,070,005	45,946,916	23,594,696
Net Position:						
Net investment in capital assets	144,120,074	141,919,068	226,283,800	229,459,133	370,403,874	371,378,201
Restricted	35,467,317	24,680,544	53,792,169	46,553,961	89,259,486	71,234,505
Unrestricted	(29,101,959)	(41,956,351)	31,730,343	31,284,269	2,628,384	(10,672,082)
Total Net Position	\$ 150,485,432	\$ 124,643,261	\$ 311,806,312	\$ 307,297,363	\$ 462,291,744	\$ 431,940,624

The largest portion of the City's net position \$370,403,874 (80.1% of total net position) reflects its investment in capital assets (land, building, improvements, utility improvements and extensions, machinery and equipment, infrastructure and construction in progress), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to citizens. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

An additional portion of the City's net position is restricted and represents resources that are subject to external restrictions on how they may be used. These resources have been set aside for capital projects, debt service payments and other contractual obligations. The City's restricted net position at the end of fiscal year 2022 has a balance of \$89,259,486 or 19.3% of total net position.

Unrestricted net position represents assets that may be used to meet the City's ongoing obligations to its citizens and creditors. For FY 2022 the City reported an unrestricted net position of \$2,628,384 or 0.6% of total net position.



Governmental Activities. During the current fiscal year, net position for governmental activities increased \$25,842,171 from the prior fiscal year for an ending balance of \$150,485,432. This increase in the overall net position is mostly the result of \$8,133,866 increase in charges for services and \$4,611,637 increase in operating grants and contributions.

Business-type Activities. For the City's business-type activities, the results for the current fiscal year were positive as overall net position increased to an ending balance of \$311,806,312. The total net position increased by \$4,508,949 as compared to an increase of \$12,192,843 in the prior year. This decrease in net position change is attributed to a \$48,746,526 increase in total revenues that was exceed by \$56,257,1413 increase in current program expenses mainly for the purchase and distribution of electricity.

CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

Statement of Activities. The City's net position for governmental activities increased by \$25,842,171 during the current fiscal year and business-type activity net position increased by \$4,508,949. The city's operations for the last two fiscal years are summarized as follows:

Changes in Net Position
For the Year Ended September 30

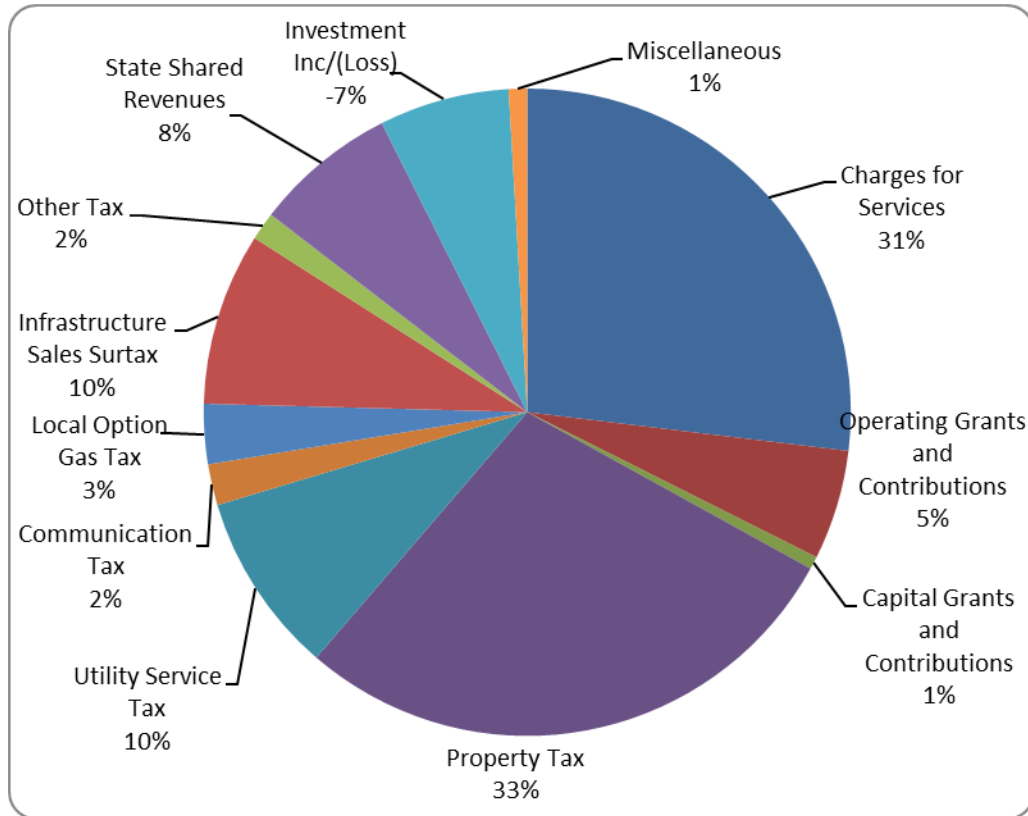
	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Program revenues:						
Charges for services	\$ 35,163,538	\$ 27,029,672	\$ 272,297,015	\$ 219,130,652	\$ 307,460,553	\$ 246,160,324
Operating grants and contributions	7,173,153	2,561,616	3,512,878	3,236,285	10,686,031	5,797,901
Capital grants and contributions	820,242	297,732	8,848,928	9,248,394	9,669,170	9,546,126
General revenues:						
Property taxes	36,949,326	34,874,426	-	-	36,949,326	34,874,426
Other taxes	31,549,291	27,600,762	-	-	31,549,291	27,600,762
State shared revenues	9,312,030	7,939,789	-	-	9,312,030	7,939,789
Other	(7,306,896)	1,246,296	(4,429,987)	(133,023)	(11,736,883)	1,113,273
Total Revenues	113,660,684	101,550,293	280,228,834	231,482,308	393,889,518	333,032,601
Program expenses:						
General government	11,952,518	12,543,745	-	-	11,952,518	12,543,745
Public safety	57,827,557	57,613,575	-	-	57,827,557	57,613,575
Physical environment	7,522,112	6,990,456	-	-	7,522,112	6,990,456
Transportation	19,538,618	16,513,398	-	-	19,538,618	16,513,398
Economic Environment	3,207,917	3,665,074	-	-	3,207,917	3,665,074
Culture and recreation	10,043,079	9,143,439	-	-	10,043,079	9,143,439
Interest on long term debt	1,833,538	746,729	-	-	1,833,538	746,729
Electric	-	-	188,453,689	137,572,943	188,453,689	137,572,943
Water and sewer	-	-	36,343,504	34,001,912	36,343,504	34,001,912
Sanitation	-	-	11,792,441	11,786,769	11,792,441	11,786,769
Municipal golf courses	-	-	1,783,802	1,658,800	1,783,802	1,658,800
International airport	-	-	2,925,026	1,518,031	2,925,026	1,518,031
Fiber Network	-	-	6,080,816	5,232,092	6,080,816	5,232,092
Suntran	-	-	4,233,781	3,585,371	4,233,781	3,585,371
Total Expenses	111,925,339	107,216,416	251,613,059	195,355,918	363,538,398	302,572,334
Change in net position before transfers	1,735,345	(5,666,123)	28,615,775	36,126,390	30,351,120	30,460,267
Transfers	24,106,826	23,933,547	(24,106,826)	(23,933,547)	-	-
Increase (Decrease) in net position	\$ 25,842,171	\$ 18,267,424	\$ 4,508,949	\$ 12,192,843	\$ 30,351,120	\$ 30,460,267
Net position - beginning	124,643,261	106,375,837	307,297,363	295,104,520	431,940,624	401,480,357
Net position - ending	\$ 150,485,432	\$ 124,643,261	\$ 311,806,312	\$ 307,297,363	\$ 462,291,744	\$ 431,940,624

At the end of the current fiscal year, the City was able to report positive balances in all reported categories of net position, for its business-type activities. Governmental activity reports positive net positions except for unrestricted net position due to net adjustment for the Fire Service Fee lawsuit liability and loan proceeds to pay for claims from the lawsuit. In the prior fiscal year, positive net position balances were also reported in all categories except unrestricted net position.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

The City's overall net position increased \$30,351,120 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Revenues by Source – Governmental Activities



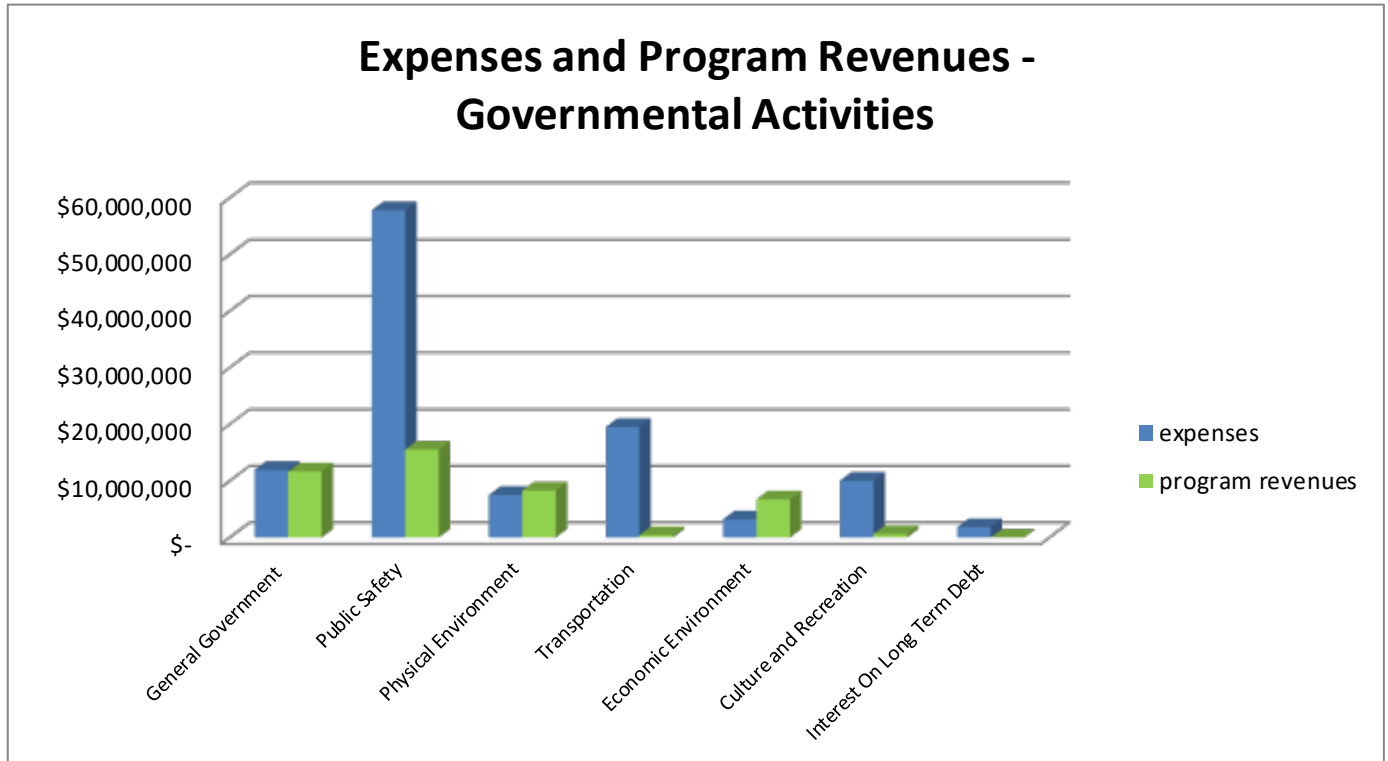
Key Elements of Revenues of Governmental Activities:

- Property taxes, which provided 33% of governmental revenues, increased by \$2,074,900. In FY 2022, the City's millage rate was 6.6177 per \$1,000 of taxable property. This was the same rate for FY 2021.
- Charges for services provided 31% of governmental revenues. Charges for services increased \$8,133,866 an increase of 30.1%.
- Utility services taxes provided 10.4% of governmental revenues and totaled \$11,842,744 for FY 2022. This was an increase of 16.3% or \$1,662,773 from prior year.
- Infrastructure Sales Tax and State Shared Revenues respectively contributed 10% (\$11,270,239) and 8% (\$9,312,030) of the total governmental revenue. These revenue source posted gains of 21.6% and 17.3% respectively.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

Key Element of Expenses of Governmental Activities

In FY 2022, expenses for Governmental Activities increased 4.4% to \$111,925,339. Total expenses increased by \$4,708,923 mostly due to increase in Transportation of \$3,025,220 for road resurfacing projects, interest on Long Term Debt of \$1,086,809 for new bank loan and \$899,640 in Culture and Recreation expenses. This was offset by \$591,227 decrease in General Government and \$457,157 in Economic Government expenses. As evidenced by the graph below, most of the governmental activities are not supported by program revenues.

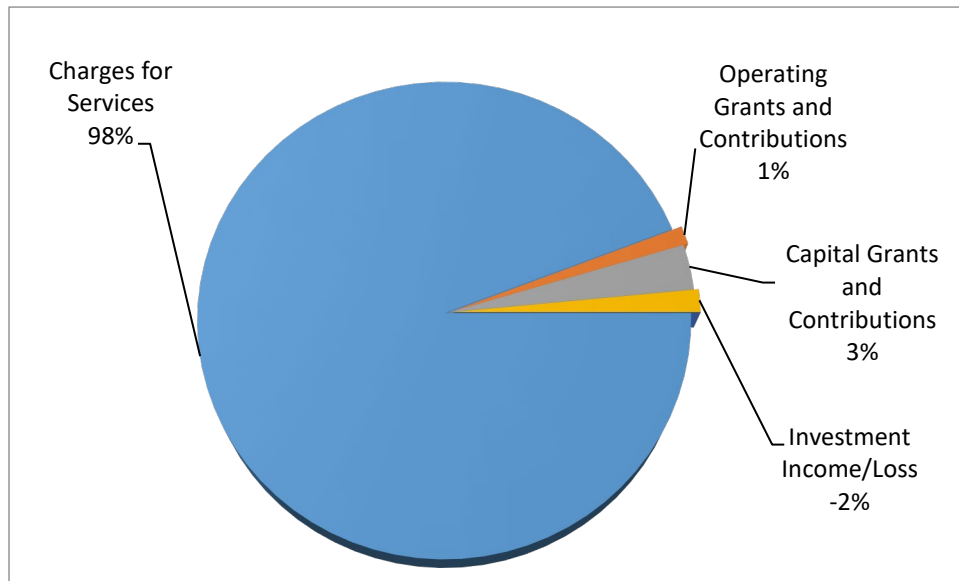


**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

Business-type Activities. Please note that all expenses include depreciation expense, which contributes to the net position. Management, in concert with City Council, continuously monitors the progress of policies aimed at achieving a net revenue position for funds.

The Charges for Services category accounts for 98% of the revenue generated in the enterprise funds as seen below. Rates should be established to ensure operating expenses are covered.

Revenues by Source – Business-type Activities



Program revenue derived from user fees and charges is designed to recoup the cost of providing services. The change in net position in the enterprise funds decreased from \$12,192,843, in FY 2021 to \$4,508,949, in FY 2022.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The Electric and Water and Sewer proprietary funds are reported as major funds. All the other proprietary funds are reported as non-major funds.

Summarized operating results for the Proprietary Funds are below. These numbers do not include any transfers or non-operating revenues or expenditures.

	Electric		Water and Sewer		Sanitation	
	2022	2021	2022	2021	2022	2021
Operating Revenues	\$ 206,593,219	\$ 157,769,238	\$ 38,034,582	\$ 33,913,128	\$ 15,595,352	\$ 15,386,939
Operating Expenses	186,959,666	135,983,941	34,169,743	31,691,930	11,792,441	11,786,769
Operating Income(Loss)	\$ 19,633,553	\$ 21,785,297	\$ 3,864,839	\$ 2,221,198	\$ 3,802,911	\$ 3,600,170

	Municipal Golf Course		Ocala International Airport		Ocala Fiber Network	
	2022	2021	2022	2021	2022	2021
Operating Revenues	\$ 1,595,230	\$ 1,492,628	\$ 1,758,906	\$ 1,571,301	\$ 8,498,919	\$ 7,885,924
Operating Expenses	1,783,802	1,658,800	2,925,026	2,301,682	6,070,388	5,232,092
Operating Income(Loss)	\$ (188,572)	\$ (166,172)	\$ (1,166,120)	\$ (730,381)	\$ 2,428,531	\$ 2,653,832

	SunTran		TOTALS	
	2022	2021	2022	2021
Operating Revenues	\$ 151,498	\$ 168,842	\$ 272,227,706	\$ 218,188,000
Operating Expenses	4,197,709	3,585,371	247,898,775	192,240,585
Operating Income(Loss)	\$ (4,046,211)	\$ (3,416,529)	\$ 24,328,931	\$ 25,947,415

Key elements of the City's business-type activities for FY 2022 are as follows:

Business-type activities had an operating income of \$24,328,931 a (\$1,618,484) or -6.2% decrease from the prior year.

The Electric Fund accounted for majority of this decrease. Operating income decreased \$2,151,744 or -9.9% resulting from an increase in operating expenses of \$50,975,725 or 37.5% due to increased costs for purchase and distribution of electricity. These increased costs were offset by \$48,823,981 or 30.9% increase in operating revenues.

The Water and Sewer Fund operating revenues increased \$4,121,454 or 12.2%. That gain was mitigated by \$2,477,813 or 7.8% increase in operating expenses due to higher costs for administration.

The Sanitation Fund operating income increased \$202,741 in FY 2022. This was due to a \$208,413 increase in operating revenues driven by rate and fee increase. This increase is the fifth and final increase approved in 2018.

The City outsourced management operations of the Municipal Golf Course in FY 2013. In FY 2021, the operating loss was \$188,572. This is \$22,400 worse than prior year loss of \$166,172. Increases in green fees and cart rental fees, combined with higher course utilization contributed to improved operating revenues of \$102,602. Operating costs also increased \$125,002 due to an increase in administration costs.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

The Ocala International Airport operating income/loss increased by \$435,739 from (\$730,381) in FY2021 to (\$1,166,120) in the current fiscal year. This higher operating loss was due to higher administration costs.

The Ocala Fiber Network (OFN) Fund had a reduction in operating income/loss of (\$225,301) or -8.5%. This is primarily due to a \$838,296 increase in operating expenses from higher administration costs. Operating revenues increased \$612,995 resulting from higher commercial internet services.

The City's public mass transit system, SunTran had an operating loss of \$4,046,211. This number, however, does not reflect non-operating revenue of \$3,357,478 and increase of 22% from prior year. The majority of revenue received in this fund is non-operating in nature and include Federal, State, and Local grants. Grant revenue is recorded as the related operating expenses are incurred.

The unrestricted portion of net position for each fund is as follows

Fund	Unrestricted Net Position
Electric	\$ 7,981,192
Water and Sewer	9,520,620
Sanitation	6,311,442
Municipal Golf Course	675,726
Ocala International Airport	(264,276)
Ocala Fiber Network	7,553,213
SunTran	(47,574)
Total	\$ 31,730,343

Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

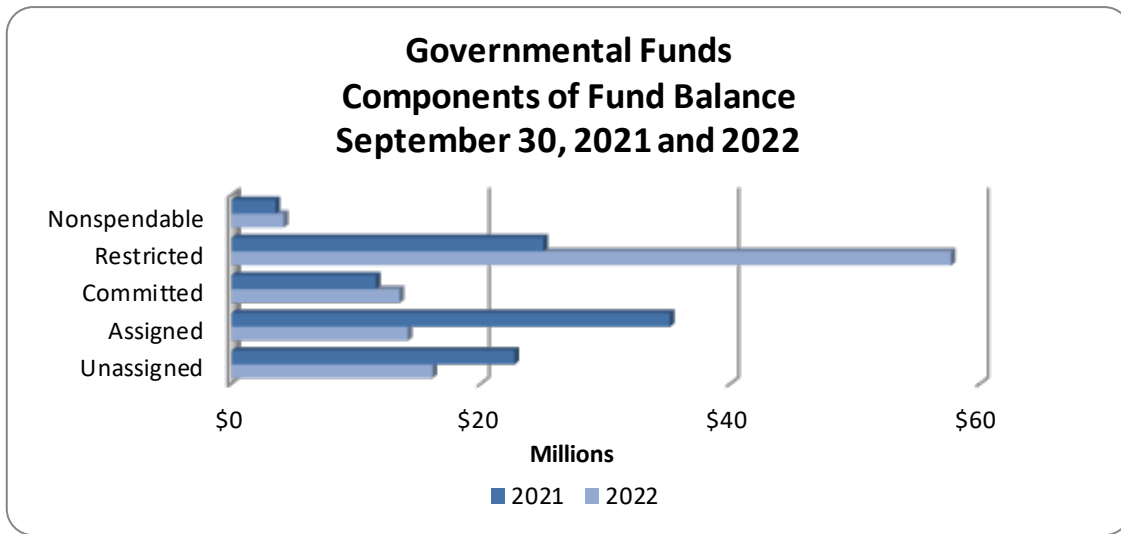
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of the fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for purposes by the City's Council.

On September 30, 2022, the City's governmental funds reported combined fund balances of \$105,371,100, an increase of \$7,492,6698 or 7.7% in comparison with the prior year. Approximately 13.4% of this amount \$15,954,765, constitutes unassigned fund balance, which is available for spending at the government's discretion. The total fund balance is made up as follows:

Governmental Fund Balance		
Fund Balances	Amount	% of Total
Nonspendable	4,188,178	4.0%
Restricted	57,644,660	54.7%
Committed	13,461,819	12.8%
Assigned	14,121,678	13.4%
Unassigned	15,954,765	15.1%
Total	\$ 105,371,100	100.0%

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**



The General Fund is the chief operating fund of the City. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to general fund expenditures. Unassigned fund balance of \$20,899,910 represents 12.1% of total general fund expenditures, while total fund balance of \$44,165,649 represents 25.6% of that amount.

The net change in fund balance of the General Fund was \$22,806,616 compared to \$10,919,017 in prior year. This was due to a \$84,747,987 increase in total expenditures mostly in Public Safety for refunds on claims from fire fee lawsuit. This increase in expense was partially reduced by \$13,115,917 increase in total revenues and \$39,367,613 higher transfers in.

The Community Redevelopment Agency Fund reports the financial activities for four subareas, Downtown Redevelopment, North Magnolia Redevelopment, West Ocala Redevelopment and East Ocala Redevelopment. At close of fiscal year, September 30, 2022, the restricted fund balance was \$3,795,337 which is a net decrease of \$2,128,252. These funds received \$510,660 in tax increment revenue, investment income/loss and other revenue along with \$1,496,118 in transfers from the General fund which is (\$216,625) less than prior year. Expenditures decreased (\$231,918) due to a reduction in economic environment costs of \$199,475.

The operating information for the Community Development Agency is as follows:

	Community Redevelopment Agency		
	2022	2021	Change
Revenues and other sources	\$ 2,006,778	\$ 2,223,403	\$ (216,625)
Expenses and other uses	4,135,030	4,366,948	(231,918)
Increase (decrease) in Net Position	\$ (2,128,252)	\$ (2,143,545)	\$ 15,293

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

GENERAL FUND BUDGETARY HIGHLIGHTS

The original General Fund budget, not including reserves, totaled \$107,391,491. Various budget amendments were approved by City Council. During the year, appropriations increased \$104,300,064 from the original to the final budget in the General Fund. Fiscal Year 2022 revenues was \$1,436,702 less than budget. This variance was caused by a lower intergovernmental revenue of \$7,316,413, investment income of \$4,053,720 and miscellaneous revenue \$1,828,000 offset by gains in utility service taxes and permit fees. Actual expenditures were \$33,543,023 less than budget. Reductions in public safety of \$11,320,843, capital outlay \$7,582,817, general government of \$6,433,430, and economic environment costs totaling \$5,002,196 all contributed to this reduction.

The General Fund FY22 adopted budget increased over the final budget for the following reasons:

- Fire fee refund loan - \$60,000,000
- American Rescue Plan Act grant funds \$6,100,000
- Grant carryforward - \$4,200,000
- Supplemental appropriation to reserve and operating for projects - \$22,200,000

Additional budget to actual information on the City's General Fund can be found on page 105.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022, totaled \$486,326,786 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, intangibles, equipment, infrastructure, and construction in progress. The City's investment in capital assets decreased \$8,736,616 or -1.8% from FY 2021.

**CAPITAL ASSETS
(NET OF DEPRECIATION)**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 28,140,498	\$ 26,305,329	\$ 20,803,110	\$ 21,976,858	\$ 48,943,608	\$ 48,282,187
Intangible (Easement, ROW)	1,935,359	1,935,359	2,720,323	1,506,566	4,655,682	3,441,925
Buildings and Improvements	44,064,005	45,636,279	257,324,109	269,060,378	301,388,114	314,696,657
Equipment	20,456,927	20,549,902	22,583,989	22,626,641	43,040,916	43,176,543
Intangible (Software)	1,403,882	1,157,179	200,132	285,267	1,604,014	1,442,446
Infrastructure	55,072,938	61,220,732	-	-	55,072,938	61,220,732
Construction in Progress	11,734,497	5,440,026	19,887,017	17,898,145	31,621,514	23,338,171
Total	\$ 162,808,106	\$ 162,244,806	\$ 323,518,680	\$ 333,353,855	\$ 486,326,786	\$495,598,661

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

Major capital asset events during the current fiscal year included the following:

Governmental Activities:

- Tuscawilla Drainage Well \$259,087
- SE 11th Ave Suntree Box \$492,675.50
- Skate Park Improvements \$132,095

Business-type Activities:

- Ocala International Airport Restaurant Build Out \$498,227
- Pine Oaks Wetlands Aquifer Project \$2,074,225
- Transmission & Distribution Wire Storage Shed \$279,643
- Paddock Mall Substation Upgrades \$789,107

Additional information on the City's capital assets can be found in the Notes to Financial Statements on pages 63-64.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$178,870,000. That was an increase of \$50,535,000 or 39.4% from outstanding long-term debt of \$128,335,000 at the end of FY 2021. Electric and Water & Sewer debt is paid with operating revenues. The capital improvements debt is serviced by the pledge of non-ad valorem revenues such as gas taxes, sales tax revenues and State revenue sharing.

On March 18, 2022, the City issued \$60,000,000 Taxable Revenue Bonds, Series 2022 (Fire Fee Reimbursement) to finance refunds to claimants from the lawsuit settled in 2021.

Additional information on the City's long-term debt can be found in the Notes to Financial Statements on pages 92-97 of this report.

Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Capital Improvement bonds	\$ 18,920,000	\$ 20,925,000	\$ -	\$ -	\$ 18,920,000	\$ 20,925,000
Utility system bonds	-	-	99,950,000	107,410,000	99,950,000	107,410,000
Bank Loan	60,000,000	-	-	-	60,000,000	-
Total	\$ 78,920,000	\$ 20,925,000	\$ 99,950,000	\$ 107,410,000	\$ 178,870,000	\$ 128,335,000

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following were some of the significant factors considered in preparing the City's FY 22-23 budget:

- The FY 2022 budget was prepared as the City continues to carefully plan using conservative fiscal oversight. This disciplined approach resulted in high quality municipal services, investment in public facilities, and maintaining appropriate reserves to provide resiliency during uncertain economic times which are proving to be the norm in the current economic environment.
- The City's leadership, the City Council and Mayor, recognizes its critical role in establishing the appropriate tenor and investment required for economic transformation of the local economy. The City's strategic plan has four goals: economic hub, fiscal sustainability, operational excellence, and quality of place. These goals serve as drivers for directing the City's limited resources.
- Ocala's economy improved with an 5.81% increase in real property valuations. The City has aggressively, but strategically, continued sowing the seeds for tomorrow's economic recovery. The City's investments in economic development made over the past three to four years are beginning to yield meaningful results. The FY 2023 budget continues strategic funding for economic development projects while preserving flexibility for pursuing additional economic opportunities.
- Through strong financial policies, as adopted by the City Council, the City presented stakeholders a balanced budget that addresses the priority, needs, and maintains or enhances service levels.
- The balanced budget was possible due to an increase in property valuations and transfers to cover the cost-of-service delivery. The General Fund Budget for FY 2023 totals \$136,132,730.
- The Citywide Comprehensive FY 2023 Budget totals \$968,333,613.
- The FY 2023 Budget was prepared by utilizing available resources in the most efficient manner to ensure that the City can provide services that have been established as priorities for the current fiscal year. The City continues to monitor growth pressures in annual pension contribution costs and inflationary pressures associated with day-to-day operations and capital expenses.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

Each department reviewed its operations and recommended strategies to reduce expenditures without significantly impacting services. These efficiencies to date include reorganization of some department and/or divisions, consolidation of service functions, re-assignment of staff to critical tasks, and better utilization of technology. Each department will continue to focus on all areas of their operation to reduce costs while maintaining operational efficiency.

- A rate study for water and wastewater rates was completed in October 2020. City Council has approved an annual increase of 8% over a five-year period, starting in February 2021.

During the current fiscal year, the unassigned fund balance in the general fund was \$21,056,894.

REQUESTS FOR INFORMATION

This financial report is designed to present users with a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 201 SE 3rd Street, Ocala, Florida 34471, or telephone (352) 629-2489.

CITY OF OCALA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and investments	\$ 322,503	\$ 84,758	\$ 407,261
Equity In pooled cash and investment fund	146,243,454	97,830,272	244,073,726
Receivables-net of allowance for uncollectibles	2,388,369	58,035,041	60,423,410
Accrued interest receivable	413,922	153,650	567,572
Internal balances	8,094,153	(8,094,153)	-
Due from other governments	3,744,886	3,374,936	7,119,822
Lease receivable	991,276	212,789	1,204,065
Prepays	2,364,113	434,187	2,798,300
Inventories	224,066	12,942,969	13,167,035
Capital assets not being depreciated	41,810,354	43,411,450	85,221,804
Capital assets, being depreciated, net	120,997,752	280,107,230	401,104,982
Total assets	327,594,848	488,493,129	816,087,977
Deferred outflows of resources			
Deferred outflows pension related	21,744,165	4,971,494	26,715,659
Deferred outflows from debt refunding	1,178,747	3,615,517	4,794,264
Deferred outflows from OPEB	4,050,889	1,893,111	5,944,000
Total deferred outflows of resources	26,973,801	10,480,122	37,453,923
Liabilities			
Accounts payable and accrued liabilities	21,432,307	22,040,338	43,472,645
Contract retainage	450,955	452,819	903,774
Accrued interest payable	1,418,484	1,641,200	3,059,684
Unearned revenue	7,835,870	3,636,413	11,472,283
Escrow and deposits	1,541,146	-	1,541,146
Other liabilities	-	10,014,328	10,014,328
Noncurrent liabilities:			
Due within one year	7,633,103	9,548,690	17,181,793
Due in more than one year	138,071,809	119,585,778	257,657,587
Total liabilities	178,383,674	166,919,566	345,303,240
Deferred inflows of resources			
Deferred inflows leases related	991,276	212,789	1,204,065
Deferred inflows from debt refunding	-	193,208	193,208
Deferred inflows pension related	23,945,396	6,518,941	30,464,337
Deferred inflows from OPEB	762,871	377,129	1,140,000
Regulatory liability-rate stabilization	-	12,945,306	12,945,306
Total deferred inflows of resources	25,699,543	20,247,373	44,742,851
Net Position			
Net invested in capital assets	144,120,074	226,283,800	370,403,874
Restricted for:			
Transportation	4,170,684	-	4,170,684
Capital projects	22,556,387	46,117,169	68,673,556
Debt service	917,230	7,675,000	8,592,230
Development district improvements	4,099,414	-	4,099,414
Public safety	2,590,340	-	2,590,340
Grants	1,133,262	-	1,133,262
Unrestricted	(29,101,959)	31,730,343	2,628,384
Total net position	\$ 150,485,432	\$ 311,806,312	\$ 462,291,744

The notes to the financial statements are an integral part of the financial statements.

CITY OF OCALA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 11,952,518	\$ 10,777,935	\$ 74,250	\$ 820,242
Public safety	57,827,557	15,186,680	344,851	-
Physical environment	7,522,112	8,330,631	-	-
Transportation	19,538,618	-	445,121	-
Economic environment	3,207,917	259,532	6,303,769	-
Culture and recreation	10,043,079	608,760	5,162	-
Interest on long term debt	1,833,538	-	-	-
Total governmental activities	111,925,339	35,163,538	7,173,153	820,242
Business-type activities:				
Electric	188,453,689	206,625,372	-	1,733,621
Water and sewer	36,343,504	38,070,524	-	6,832,755
Sanitation	11,792,441	15,596,566	155,400	-
Municipal golf courses	1,783,802	1,595,230	-	-
International airport	2,925,026	1,758,906	-	282,552
Fiber Network	6,080,816	8,498,919	-	-
Suntran	4,233,781	151,498	3,357,478	-
Total business-type activities	251,613,059	272,297,015	3,512,878	8,848,928
Total Primary Government	\$ 363,538,398	\$ 307,460,553	\$ 10,686,031	\$ 9,669,170

General Revenues:

Property tax
Utility service tax
Communication tax
Local option gas tax
Infrastructure sales tax
Other tax
State shared revenues
Investment income (loss)
Miscellaneous

Transfers:

Transfers

Total general revenues and transfers

Change In net position

Net position - October 1

Net position - September 30

The notes to the financial statements are an integral part of the financial statements.

Net (Expense) Revenue and Change In Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (280,091)	\$ -	\$ (280,091)
(42,296,026)	-	(42,296,026)
808,519	-	808,519
(19,093,497)	-	(19,093,497)
3,355,384	-	3,355,384
(9,429,157)	-	(9,429,157)
(1,833,538)	-	(1,833,538)
(68,768,406)	-	(68,768,406)
-	19,905,304	19,905,304
-	8,559,775	8,559,775
-	3,959,525	3,959,525
-	(188,572)	(188,572)
-	(883,568)	(883,568)
-	2,418,103	2,418,103
-	(724,805)	(724,805)
-	33,045,762	33,045,762
\$ (68,768,406)	\$ 33,045,762	\$ (35,722,644)
36,949,326	-	36,949,326
11,842,744	-	11,842,744
2,681,273	-	2,681,273
3,919,597	-	3,919,597
11,270,239	-	11,270,239
1,835,438	-	1,835,438
9,312,030	-	9,312,030
(8,504,610)	(4,429,987)	(12,934,597)
1,197,714	-	1,197,714
24,106,826	(24,106,826)	-
94,610,577	(28,536,813)	66,073,764
25,842,171	4,508,949	30,351,120
124,643,261	307,297,363	431,940,624
\$ 150,485,432	\$ 311,806,312	\$ 462,291,744

**CITY OF OCALA, FLORIDA
BALANCE SHEET
ALL GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	General Fund	Community Redevelopment Agency (CRA) Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 322,503	\$ -	\$ -	\$ 322,503
Equity In pooled cash and investment fund	51,105,217	5,933,254	60,103,224	117,141,695
Receivables-net of				
allowance for uncollectibles	561,514	-	971,563	1,533,077
Accrued interest receivable	189,551	18,877	117,002	325,430
Due from other funds	13,372,217	-	-	13,372,217
Advances to other funds	1,600,000	-	-	1,600,000
Due from other governments	1,831,480	-	1,913,406	3,744,886
Prepays	1,253,821	1,113	1,109,178	2,364,112
Inventories	224,066	-	-	224,066
Leases receivable	991,276	-	-	991,276
Accrued unbilled revenues	855,292	-	-	855,292
Total assets	72,306,937	5,953,244	64,214,373	142,474,554
Liabilities:				
Accounts payable and accrued liabilities	18,499,935	16,833	746,703	19,263,471
Interfund advances payable	-	6,400,000	-	6,400,000
Unearned revenue	7,835,870	-	-	7,835,870
Retainage on contracts	204,949	207,041	38,965	450,955
Escrow and deposits	533,081	-	1,008,065	1,541,146
Due to other funds	-	478,065	-	478,065
Total liabilities	27,073,835	7,101,939	1,793,733	35,969,507
Deferred Inflows of Resources				
Deferred inflows from future revenues	76,177	-	66,494	142,671
Deferred inflows lease related	991,276	-	-	991,276
Total deferred inflows of resources	1,067,453	-	66,494	1,133,947
Fund Balances:				
Nonspendable	3,077,887	1,113	1,109,178	4,188,178
Restricted	3,322,068	3,795,337	50,527,255	57,644,660
Committed	2,744,106	-	10,717,713	13,461,819
Assigned	14,121,678	-	-	14,121,678
Unassigned	20,899,910	(4,945,145)	-	15,954,765
Total fund balances	44,165,649	(1,148,695)	62,354,146	105,371,100
Total liabilities, deferred inflows of resources and fund balances	\$ 72,306,937	\$ 5,953,244	\$ 64,214,373	\$ 142,474,554

The notes to the financial statements are an integral part of the financial statements.

CITY OF OCALA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2022

Total fund balances of governmental funds	\$ 105,371,100
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets including leases used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$509,037,889 and the accumulated depreciation/amortization is \$346,229,783.	162,808,106
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The pension liability is a liability for the government-wide statement of net position. A pension liability is not considered to represent a financial liability and, therefore, is not reported in the governmental funds.	
Net Pension Liability General Employees Plan	(20,619,096)
Net Pension Liability Police Plan	(7,914,648)
Net Pension Liability Fire Plan	(4,052,352)
Deferred outflows of resources related to pensions	21,744,165
Deferred inflows of resources related to pensions	(23,945,396)

The internal service funds are used by management to charge the costs of fleet, facilities, information technology and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	18,958,859
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Other long-term assets are not available to pay for current period expenditures and therefore, are reported as deferred inflows of unavailable revenue and receivable in the funds.	142,671
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Long term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long term are reported in the Statement of Net Position. Long term liabilities at year end consist of:	
Other liabilities-Fire fee settlement	(7,857,139)
Bonds payable	(78,920,000)
Leases payable	(495,824)
Unamortized (gain)loss on refunding (to be amortized as interest expense).	1,178,747
Accrued interest payable	(1,418,484)
Compensated absences	(4,371,821)
OPEB liability payable	(13,411,473)
Deferred inflows related to OPEB	(762,872)
Deferred outflows related to OPEB	4,050,889

Net position of governmental activities	\$ 150,485,432
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The notes to the financial statements are an integral part of the financial statements

CITY OF OCALA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General	CRA	Other	Total
	Fund	Fund	Governmental	Governmental
Revenues			Funds	Funds
Property tax	\$ 35,841,384	\$ 999,263	\$ 108,679	\$ 36,949,326
Utility service tax	11,842,744	-	-	11,842,744
Communication service tax	2,681,273	-	-	2,681,273
Local option gas tax	-	-	3,919,597	3,919,597
Infrastructure sales surtax	-	-	11,270,239	11,270,239
Other tax	1,835,438	-	-	1,835,438
State shared revenues	9,312,030	-	-	9,312,030
Other intergovernmental revenues	6,109,641	-	1,923,868	8,033,509
Permits and fees	4,349,468	-	-	4,349,468
Fines and forfeitures	378,668	-	-	378,668
Charges for services	22,067,483	-	8,327,805	30,395,288
Investment income (loss)	(4,053,720)	(488,603)	(2,065,526)	(6,607,849)
Miscellaneous	1,186,925	-	13,917	1,200,842
Total revenues	91,551,334	510,660	23,498,579	115,560,573
Expenditures				
Current:				
General government	12,441,300	-	31,973	12,473,273
Public safety	133,333,170	-	356,142	133,689,312
Physical environment	26,182	-	5,105,192	5,131,374
Transportation	6,760,844	-	3,548,789	10,309,633
Economic environment	2,464,039	375,578	426,955	3,266,572
Culture and recreation	9,359,787	-	6,484	9,366,271
Capital outlay	8,052,789	3,703,410	2,447,240	14,203,439
Debt service:				
Principal payments	-	-	2,005,000	2,005,000
Costs of issuance	144,500	-	-	144,500
Interest and fees	-	-	585,328	585,328
Total expenditures	172,582,611	4,078,988	14,513,103	191,174,702
Excess (deficiency) of revenues over expenditures	(81,031,277)	(3,568,328)	8,985,476	(75,614,129)
Other financing sources (uses)				
Transfers in	63,768,395	1,496,118	2,693,229	67,957,742
Transfers out	(5,543,734)	(56,042)	(39,251,139)	(44,850,915)
Loan proceeds	-	-	60,000,000	60,000,000
Total other financing sources (uses)	58,224,661	1,440,076	23,442,090	83,106,827
Net change in fund balances	(22,806,616)	(2,128,252)	32,427,566	7,492,698
Fund balances - October 1	66,972,265	979,557	29,926,580	97,878,402
Fund balances - September 30	\$ 44,165,649	\$ (1,148,695)	\$ 62,354,146	\$ 105,371,100

The notes to the financial statements are an integral part of the financial statements.

CITY OF OCALA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Net change in fund balances - total governmental funds \$ 7,492,698

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

The details of the difference are as follows:

Capital outlay	14,203,439	
Less current year depreciation/amortization	(13,699,750)	
Contributed capital assets	261,010	
Loss on disposition of capital assets	<u>(161,963)</u>	602,736

The issuance of bonds and similar long term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premium, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amounts of the items that make up these differences in treatment of long term debt and related items are:

Debt issued or incurred		
Proceeds- bank loan		(60,000,000)
Principal repayments:		
Bonds and certificates payable		2,005,000
Amortization of bond discount, premium, and deferred amounts on refundings		(135,395)

Some expenses reported in the statement of activities such as compensated absences, accrued interest and OPEB liability payable, do not require the use of current financial resources and are not reported as expenditures in governmental funds:

Compensated absences		(233,474)
Accrued interest on long term debt		(1,112,816)
Changes in OPEB liability payable and related deferred outflows and inflows		404,201
Other liabilities-Fire fee settlement		72,142,861

Changes in pension liability payable and related deferred outflows and inflows		9,571,810
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (3,129)

The internal service funds are used by management to charge the costs of fleet, facilities, information technology and risk management to individual funds. The net income(expense) of the internal services funds is reported with governmental activities. (4,892,321)

Change in net position of governmental activities \$ 25,842,171

The notes to the financial statements are an integral part of the financial statements.

**CITY OF OCALA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022**

BUSINESS-TYPE ACTIVITIES -					
	Electric System Revenue	Water and Sewer	Nonmajor Enterprise	Totals	Internal Service Funds
Assets					
Current Assets:					
Cash and investments	\$ 2,899	\$ -	\$ 81,859	\$ 84,758	\$ -
Equity in pooled cash and investment fund	-	8,014,091	21,490,416	29,504,507	29,101,759
Restricted assets available for current liabilities	3,711,721	5,999,191	-	9,710,912	-
Receivables (net, where applicable, of allowances for uncollectibles):					
Accounts and notes	16,438,462	2,253,811	1,708,558	20,400,831	-
Accrued interest	13,120	27,163	60,457	100,740	88,492
Unbilled revenues	34,740,588	1,802,454	1,091,168	37,634,210	-
Due from other funds	228,063	150,000	-	378,063	-
Prepays	367,571	23,453	43,163	434,187	-
Lease receivable	-	104,356	-	104,356	-
Inventories	9,613,493	2,219,685	1,109,790	12,942,968	-
Due from other governments	84,727	1,100,656	2,189,553	3,374,936	-
Total current assets	65,200,644	21,694,860	27,774,964	114,670,468	29,190,251
Noncurrent Assets:					
Restricted Assets:					
Equity in pooled cash and investment fund:					
Construction accounts	12,598,720	12,060,473	-	24,659,193	-
Debt service accounts	3,653,364	5,662,836	-	9,316,200	-
Impact fee accounts	2,936,724	16,786,588	-	19,723,312	-
Rate stabilization	12,945,306	-	-	12,945,306	-
Renewal and replacement	-	1,681,754	-	1,681,754	-
Accrued interest receivable:					
Impact fee accounts	-	52,910	-	52,910	-
Less: Portion classified as current	(3,711,721)	(5,999,191)	-	(9,710,912)	-
Non restricted assets:					
Lease receivable	-	108,433	-	108,433	-
Interfund advances	2,400,000	2,400,000	-	4,800,000	-
Total non-current assets	30,822,393	32,753,803	-	63,576,196	-
Capital assets:					
Right to use leased assets	-	-	252,296	252,296	-
Capital assets not being depreciated	8,192,105	23,051,083	12,168,262	43,411,450	-
Capital assets being depreciated, net	96,305,522	140,922,342	42,627,071	279,854,935	-
Total capital assets (net)	104,497,627	163,973,425	55,047,629	323,518,681	-
Total noncurrent assets	135,320,020	196,727,228	55,047,629	387,094,877	-
Total assets	\$ 200,520,664	\$ 218,422,088	\$ 82,822,593	\$ 501,765,345	\$ 29,190,251
Deferred outflows of resources:					
Deferred amount on debt refunding	1,382,111	2,233,406	-	3,615,517	-
Deferred amount pension related	2,796,968	1,236,547	937,979	4,971,494	-
Deferred amount OPEB related	922,728	508,360	462,023	1,893,111	-
Total deferred outflows of resources	\$ 5,101,807	\$ 3,978,313	\$ 1,400,002	\$ 10,480,122	\$ -

The notes to the financial statements are an integral part of the financial statements.

(Continued)

CITY OF OCALA, FLORIDA
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	BUSINESS-TYPE ACTIVITIES -				GOVERNMENTAL ACTIVITIES
	Electric System Revenue	Water and Sewer	Nonmajor Enterprise	Total	Internal Service Funds
Liabilities					
Current Liabilities:					
Payable from unrestricted assets:					
Accounts payable and accrued liabilities	\$ 19,289,155	\$ 778,671	\$ 1,577,799	\$ 21,645,625	\$ 2,168,834
Contract retainage	-	204,143	248,676	452,819	-
Claims payable	-	-	-	-	2,338,624
Compensated absences payable	933,247	325,863	273,055	1,532,165	-
OPEB obligation payable	126,939	69,548	63,520	260,007	-
Leases payable	-	-	81,518	81,518	-
Due to other funds	9,053,865	-	4,218,352	13,272,217	-
Customer deposits	9,889,422	-	124,906	10,014,328	-
Unearned revenue	1,666,273	128,881	1,841,259	3,636,413	-
Total current liabilities payable from unrestricted assets	40,958,901	1,507,106	8,429,085	50,895,092	4,507,458
Payable from restricted assets:					
Accounts payable and accrued liabilities	58,357	336,355	-	394,712	-
Accrued interest payable	679,914	961,286	-	1,641,200	-
Revenue bonds payable within one year	2,973,450	4,701,550	-	7,675,000	-
Total current liabilities payable from restricted assets	3,711,721	5,999,191	-	9,710,912	-
Total current liabilities	44,670,622	7,506,297	8,429,085	60,606,004	4,507,458
Noncurrent Liabilities:					
Claims payable	-	-	-	-	5,723,935
Compensated absences payable	226,381	88,183	148,578	463,142	-
OPEB obligation payable	3,043,644	1,676,874	1,524,002	6,244,520	-
Leases payable	-	-	172,853	172,853	-
Net pension liability	11,493,821	5,081,909	3,854,533	20,430,263	-
Revenue bonds and notes payable after one year	37,687,100	54,587,900	-	92,275,000	-
Total noncurrent liabilities	52,450,946	61,434,866	5,699,966	119,585,778	5,723,935
Total liabilities	\$ 97,121,568	\$ 68,941,163	\$ 14,129,051	\$ 180,191,782	\$ 10,231,393
Deferred Inflows of Resources:					
Deferred inflows lease related	-	212,789	-	212,789	-
Deferred amount on debt refunding	-	193,208	-	193,208	-
Deferred inflows pension related	3,667,541	1,621,467	1,229,933	6,518,941	-
Deferred inflows OPEB related	178,782	107,849	90,498	377,129	-
Regulatory liability-rate stabilization	12,945,306	-	-	12,945,306	-
Total deferred inflows of resources	16,791,629	2,135,313	1,320,431	20,247,373	-
Net Position					
Net investment in capital assets	65,219,188	106,520,030	54,544,582	226,283,800	-
Restricted for debt service	2,973,450	4,701,550	-	7,675,000	-
Restricted for capital projects	15,535,444	30,581,725	-	46,117,169	-
Unrestricted (accumulated deficit)	7,981,192	9,520,620	14,228,531	31,730,343	18,958,858
Total net position	\$ 91,709,274	\$ 151,323,925	\$ 68,773,113	\$ 311,806,312	\$ 18,958,858

The notes to the financial statements are an integral part of the financial statements.

CITY OF OCALA, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	BUSINESS-TYPE ACTIVITIES -				GOVERNMENTAL ACTIVITIES
	Electric System Revenue	Water and Sewer	Nonmajor Enterprise	Total	Internal Service Funds
Operating Revenues:					
Charges for services	\$ 197,130,274	\$ 37,989,236	\$ 27,532,729	\$ 262,652,239	\$ 13,134,900
Other	9,462,945	45,346	67,176	9,575,467	573,238
Total operating revenues	206,593,219	38,034,582	27,599,905	272,227,706	13,708,138
Operating Expenses:					
Purchase of electricity	147,625,936	-	-	147,625,936	-
Distribution	13,105,757	4,982,539	-	18,088,296	-
Operation and maintenance	4,381,848	250,726	12,293,040	16,925,614	-
Water and sewer treatment	-	6,899,584	-	6,899,584	-
Sewer collection	-	4,170,342	-	4,170,342	-
Internal service	-	-	-	-	17,703,699
Administration	12,178,247	7,059,206	9,892,562	29,130,015	-
Amortization-leases	-	-	96,456	96,456	-
Depreciation	9,667,878	10,807,346	4,487,308	24,962,532	-
Total operating expenses	186,959,666	34,169,743	26,769,366	247,898,775	17,703,699
Operating income (loss)	19,633,553	3,864,839	830,539	24,328,931	(3,995,561)
Non-Operating Revenues (Expenses):					
Investment income (loss)	(1,592,617)	(1,706,535)	(1,130,835)	(4,429,987)	(1,896,761)
Interest expense	(1,494,023)	(2,173,761)	(10,428)	(3,678,212)	-
Interest income leases	-	5,192	-	5,192	-
Gain (loss) on sale of fixed asset	46	750	(75,069)	(74,273)	-
Other non-operating revenue (loss)	32,107	30,000	3,512,878	3,574,985	-
Total non-operating revenues (expenses)	(3,054,487)	(3,844,354)	2,296,546	(4,602,295)	(1,896,761)
Income (loss) before capital contributions, grants and transfers	16,579,066	20,485	3,127,085	19,726,636	(5,892,322)
Capital contributions, grants, and impact fees	1,733,621	6,832,755	322,763	8,889,139	-
Transfers:					
Transfers in	-	-	527,387	527,387	1,000,000
Transfers out	(18,862,090)	(3,392,855)	(2,379,268)	(24,634,213)	-
Total transfers	(18,862,090)	(3,392,855)	(1,851,881)	(24,106,826)	1,000,000
Change in net position	(549,403)	3,460,385	1,597,967	4,508,949	(4,892,322)
Net position - October 1	\$ 92,258,677	\$ 147,863,540	\$ 67,175,146	\$ 307,297,363	\$ 23,851,180
Net position - September 30	\$ 91,709,274	\$ 151,323,925	\$ 68,773,113	\$ 311,806,312	\$ 18,958,858

The notes to the financial statements are an integral part of the financial statements.

**CITY OF OCALA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	BUSINESS-TYPE ACTIVITIES -				GOVERNMENTAL ACTIVITIES
	Electric System Revenue	Water and Sewer	Nonmajor Enterprise	Total	Internal Service Funds
Cash Flows from Operating Activities:					
Cash received from customers	\$ 185,119,866	\$ 36,899,387	\$ 27,350,988	\$ 249,370,241	\$ 573,238
Cash paid to suppliers for goods and services	(168,310,119)	(14,287,529)	(14,546,604)	(197,144,252)	(5,998,084)
Cash paid to employees for services	(16,593,854)	(7,726,612)	(7,962,363)	(32,282,829)	-
Net cash provided by (used in) operating activities	215,893	14,885,246	4,842,021	19,943,160	(3,895,524)
Cash Flows from Non-Capital Financing Activities:					
Transfers in	-	-	527,387	527,387	1,000,000
Transfers out	(18,862,091)	(3,392,855)	(2,379,268)	(24,634,214)	-
Cash receipts from other funds	9,312,990	180,000	-	9,492,990	-
Operating grants	-	-	2,958,003	2,958,003	-
Net cash provided by (used in) non-capital financing activities	(9,549,101)	(3,212,855)	1,106,122	(11,655,834)	1,000,000
Cash Flows from Capital and Related Financing Activities:					
Principal paid on bonds and notes	(2,889,900)	(4,570,100)	-	(7,460,000)	-
Interest paid on bonds and notes	(1,409,741)	(1,991,594)	-	(3,401,335)	-
Proceeds from sale of capital assets	46	750	92,836	93,632	-
Acquisition and construction of capital assets	(5,378,507)	(5,967,720)	(3,694,667)	(15,040,894)	-
Contributions received from other governments and developers	1,733,621	6,832,756	796,703	9,363,080	-
Net cash provided by (used in) capital and related financing activities	(7,944,481)	(5,695,908)	(2,805,128)	(16,445,517)	-
Cash Flows from Investing Activities:					
Investment income (loss)	(1,528,803)	(1,725,277)	(1,160,023)	(4,414,103)	(1,901,763)
Net cash provided by investing activities	(1,528,803)	(1,725,277)	(1,160,023)	(4,414,103)	(1,901,763)
Net increase (decrease) in cash and cash equivalents	(18,806,492)	4,251,206	1,982,992	(12,572,294)	(4,797,287)
Cash and cash equivalents, beginning	\$ 50,943,505	\$ 39,954,536	\$ 19,589,283	\$ 110,487,324	\$ 33,899,046
Cash and cash equivalents, ending	\$ 32,137,013	\$ 44,205,742	\$ 21,572,275	\$ 97,915,030	\$ 29,101,759

The notes to the financial statements are an integral part of the financial statements.

(Continued)

**CITY OF OCALA, FLORIDA
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	BUSINESS-TYPE ACTIVITIES -				GOVERNMENTAL ACTIVITIES
	Electric System Revenue	Water and Sewer	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of Cash and Cash Equivalents to Balance Sheet:					
Total current cash and investments per the balance sheet	\$ 2,899	\$ 8,014,091	\$ 21,572,275	\$ 29,589,265	\$ 29,101,759
Total noncurrent cash and investments per the balance sheet	32,134,114	36,191,651	-	68,325,765	-
Cash and cash equivalents, end of year	32,137,013	44,205,742	21,572,275	97,915,030	29,101,759
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	19,633,553	3,864,839	830,539	24,328,931	(3,995,561)
Adjustments to reconcile operating income (loss) to cash provided by operating activities:					
Depreciation & amortization	9,667,878	10,807,346	4,487,308	24,962,532	-
(Increase) decrease in assets and deferred outflow of resources:					
Accounts and notes receivable	(4,886,661)	(510,214)	(166,876)	(5,563,751)	-
Accrued unbilled revenue	(20,947,201)	39,767	1,380	(20,906,054)	-
Inventories	(2,399,779)	(190,776)	(256,947)	(2,847,502)	-
Due from other governments	-	(664,747)	-	(664,747)	-
Other current assets	(38,259)	(4,334)	(8,882)	(51,475)	-
Deferred outflows pension	(76,216)	(33,698)	(25,559)	(135,473)	-
Deferred outflow OPEB	(296,386)	(136,748)	(145,857)	(578,991)	-
Increase (decrease) in liabilities and deferred inflow of resources:					
Accounts payable	6,191,970	434,330	134,694	6,760,994	100,037
Compensated absences payable	77,197	(33,181)	(20,842)	23,174	-
OPEB obligation payable	211,433	116,485	105,867	433,785	-
Net pension liability	(6,964,477)	(846,690)	(1,558,317)	(9,369,484)	-
Deferred inflows pension	4,628,499	2,046,459	1,552,200	8,227,158	-
Customer deposits	803,185	-	(3,212)	799,973	-
Deferred inflows of resources	(5,519,521)	-	-	(5,519,521)	-
Deferred inflows OPEB	(6,520)	(3,592)	(3,265)	(13,377)	-
Unearned revenue	137,198	-	(80,210)	56,988	-
Net cash provided by (used in) operating activities	\$ 215,893	\$ 14,885,246	\$ 4,842,021	\$ 19,943,160	\$ (3,895,524)

The notes to the financial statements are an integral part of the financial statements.

**CITY OF OCALA, FLORIDA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2022**

	PENSION TRUST FUNDS
Assets	
Cash and cash equivalents	\$ 6,029,489
Receivables:	
Interest and dividends receivable	236,410
Accounts receivable	7,798
Total receivables	244,208
Investments, at fair value	
Bonds and notes	89,461,584
Common stock	50,346,587
Mutual funds: real estate	37,915,091
Mutual funds: equities	90,809,424
Emerging markets	28,639,981
Hedge fund (mutual fund)	12,789,996
Mutual funds (other)	4,289,428
Total investments	314,252,091
Total assets	320,525,788
Liabilities	
Accounts payable	387,946
Total liabilities	387,946
Net Position	
Restricted for pensions	\$ 320,137,842

The notes to the financial statements are an integral part of the financial statements.

**CITY OF OCALA, FLORIDA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	PENSION TRUST FUNDS
Additions	
Contributions:	
Employer	\$ 16,331,405
State	1,377,801
Employee	2,193,562
Total contributions	<u>19,902,768</u>
Investment income:	
Investment gain (loss)	(62,002,000)
Interest and dividend income	5,622,995
Less: Investment management fees	(1,510,703)
Net investment gain	<u>(57,889,708)</u>
Total additions	<u>(37,986,940)</u>
Deductions	
Pension payments	24,315,898
Refunds to employees	133,796
Administration	431,561
Total deductions	<u>24,881,255</u>
Change in net position	(62,868,195)
Net position - beginning	<u>383,006,037</u>
Net position - ending	<u><u>\$ 320,137,842</u></u>

The notes to the financial statements are an integral part of the financial statements.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Ocala (the “City”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with the subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these policies are described below.

A. Reporting Entity

The City of Ocala, Florida (the “City”) operates under a council-manager form of government, including a six-member City Council comprised of a mayor (elected at large) and five district Councilmen and provides the following services as authorized by its charter: public safety, public works, public utilities, culture, recreation, and community development. The City of Ocala, Florida was created pursuant to the Laws of Florida, Chapter 67-1782.

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may or may not be financially accountable and, as such, be includable within the City’s financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization’s governing board and (1) can impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Management determined that the Community Redevelopment Agency is the only organization that should be included in the City’s financial statements as a component unit.

Blended Component Unit

The Community Redevelopment Agency (CRA) was created pursuant to Chapter 163.356, Florida Statutes, City Ordinance 2009, and City Resolutions 88-37, 88-52 and 89-44. The City Council approved revised Ordinance 2016-2, resolutions 2016-1 and 2016-4 establishing two additional CRA subareas. The City Council serves as the CRA Board, and the City has operational responsibility for all the CRAs. Although legally separate, the CRAs are appropriately blended as governmental fund type component units into the primary government. The CRAs are presented as major governmental funds and present separate financial statements.

The Ocala Downtown Development District (DDD) was created under the laws of Florida, Chapter 67-1782, and Ordinance No. 266 of the City of Ocala. The Governing Board is appointed by the Ocala City Council and, therefore, the City exercises significant influence over its operations and fiscal management. The DDD is considered a component unit for financial reporting purposes since management of the primary government has operational responsibility for the component unit. and is included as a blended special revenue fund and issues separate financial statements every three years.

The City includes advisory boards and commission within the City in its financial statements in circumstances where the City selects the governing authority, designates management, can influence operations, and has accountability for fiscal matters of the advisory boards and commissions. Therefore, it meets the reporting requirements under GASB 61.

Related Organizations

The following entity is not included in the accompanying financial statements:

Ocala Housing Authority (OHA) – Although the City is responsible for appointing the OHA’s board, the City does not exercise the other prerequisites for inclusion as a component unit. The City’s accountability for this organization does not extend beyond making these appointments. The OHA was established in 1973 and is funded primarily by the United States Department of Housing and Urban Development. The OHA service area is

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Marion County. The OHA currently provides financial assistance through its Housing Choice Voucher (HCV) Program (Section 8) for low-income families, seniors, and person with disabilities. The HCV program provides rental subsidies for eligible families, via direct monthly payments for private landlords who rent units throughout Marion County. A significant number of these units are in the unincorporated areas of the county.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Positions and the Statement of Activities) report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary or fiduciary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Projects Funds

Proprietary Funds are used to account for the City's ongoing activities which are similar to those often found in the private business sector. The following are the City's proprietary fund types:

- Enterprise Funds
- Internal Service Funds

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City's fiduciary fund type includes:

- Pension Trust Funds

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and pension trust funds within the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the period. Measurable refers to the ability to quantify in monetary terms the amount of the revenue and receivable. Available means collectible in the current period or soon enough thereafter to be used to pay liabilities at the balance sheet date. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as substantially all eligibility requirements imposed by the provider have been met. Transfers are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for unmatured principal and interest on long term-debt. As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Material revenues are considered susceptible to accrual because they are both measurable and available to finance expenditures of the current period. Interest and investment income earnings are recognized when earned and allocated monthly based on each fund's equity in the pool. Some governmental fund revenues are not considered susceptible to accrual because they are not both measurable and available to finance expenditures of the current period.

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses.

Accounting standards set forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major governmental funds are combined in a single column in the fund financial statements and detailed in the combining statements section.

The City reports two major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources traditionally associated with general governments except those required to be accounted for in another fund.

The CRA Fund is the Community Redevelopment Agency Trust Fund. It is used to account for receipts and transfers of the tax increment fees collected for improving and redeveloping the downtown area including the magnolia area.

The City reports two major and five non-major proprietary funds:

The Electric System Fund (major fund) accounts for the construction, operation, and maintenance of the City-owned electric system as well as sales of electricity and other services to the general public. Electricity rates charged to customers are set by the City Council within the rate structure established (guidelines are approved) by the Florida Public Service Commission.

The Water and Sewer System Fund (major fund) accounts for the costs and recovery of costs in the form of user charges related to the production, treatment, and distribution of potable water, along with the collection, treatment, and disposal of sewage waste with the City. The maintenance and improvement of the utility plant required to provide these goods and services are financed primarily from user charges.

The Sanitation Fund (non-major fund) accounts for the operations and maintenance of the City's refuse collection system.

The Municipal Golf Course Fund (non-major fund) accounts for the construction, operations, and maintenance of the City's golf course.

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The Ocala International Airport Fund (non-major fund) accounts for the construction, operations and maintenance of the City's airport and the Foreign Trade Zone #217.

The Ocala Fiber Network Fund (non-major fund) accounts for the construction, operations, and maintenance of the City's broadband communications (fiber optics) network.

The SunTran Fund (non-major fund) accounts for the operations and maintenance of the regional mass transit system that began operations during 1999.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City's internal service funds related to general insurance and fleet, facilities, and information technology management record operating revenue from the charges to other funds for services. For the internal service fund related to health insurance, the principal operating revenues are employer and employee contributions. Operating expense for enterprise funds and internal service funds include the cost of sales and service, administrative expenses, depreciation on capital assets, and benefits paid. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

Additionally, the City reports the following fund types:

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted for specified purposes.

Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Internal Service Funds account for the activities of the City's risk management. The City's risk management program includes amounts collected and the claims paid for workers' compensation, property, general liability, health, dental and prescription medicine self-insurance. Information technology management covers the entire City's operations.

Pension Trust Funds account for the activities of the City's General Employees', Firefighters', and Police Officers' Retirement Systems, which accumulate resources for pension benefit payments to qualified retiring employees. They are excluded from the government-wide financial statements because they are fiduciary in nature and do not represent resources available to the government for operations.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Fund Balance

1. *Cash & Cash Equivalents*

The City has defined Cash and Cash Equivalents to include cash on hand, demand deposits and cash with fiscal agents. Investments with original maturities of three months or less are considered cash equivalents.

2. *Equity in Pooled Cash and Investments*

The City maintains a pooled cash investment fund which allows the various funds of the City to pool monies for investment purposes. The City maintains records to identify the equity of each fund investing in the pool as well as amounts borrowed from the pool. Investment earnings of the pool are recorded as earned and are allocated to the participating funds based on the respective fund's equity in the pool at the end of each month.

All investments are stated at fair value based on quoted market prices at the end of the fiscal year. Income from other investments owned by the individual funds is recorded in the respective funds as earned.

3. *Accounts Receivable*

Accounts receivables are recorded in the Governmental, Business-type, and Fiduciary funds. Where appropriate, an associated allowance for doubtful accounts has been established in the related fund. Utility receivables are shown net of the allowance for uncollectible accounts. For the most part, receivables and the related revenues are recognized when determined and billed – either for services rendered, grant entitlements, or reimbursements due, or otherwise measurable and available. Utility service receivables are recorded at year end for services rendered but unbilled.

4. *Due From/Due to Other Funds*

Amounts receivable from, or payable to, other funds are reflected in the accounts of the fund until liquidated, usually within one year. Any residual balances outstanding between government activities and business-type activities are reported in the government-wide statements as "internal balances".

5. *Prepaid Items and Inventory*

Certain payments to vendors for services that will benefit periods beyond September 30, 2022 are recorded as prepaid items using the purchases method and are recorded as prepaid items in both the government-wide and fund financial statements.

All City inventories, excluding golf, are maintained on a consumption basis of accounting where items are purchased for inventory and charged to the budgetary accounts as the items are consumed. Golf inventory is expensed as purchased and after year-end inventory is adjusted on balance sheet. Inventories held by the General Fund consist of maintenance supplies and fuel which are expensed as consumed. Inventories included in the Enterprise Funds consist of chemicals, fuels, food concessions, golf retail merchandise, and equipment and supplies held for maintenance use or for capital improvements and are stated at the lower of average cost or market. Obsolete and unusable items have been reduced to estimated salvage values.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Fund Balance (Continued)

Allowances for obsolete or unusable items have been set at 7.5% of inventory values and are as follows:

	<u>Inventory</u>	<u>Allowance for Obsolete</u>	<u>Adjusted Inventory</u>
Governmental:			
Fleet-bulk fuel	\$ 242,233	\$ (18,167)	\$ 224,066
Total Governmental	\$ 242,233	\$ (18,167)	\$ 224,066
Business-type:			
Electric	10,392,965	(779,472)	9,613,493
Water & Sewer	2,399,659	(179,974)	2,219,685
Golf	109,953	(8,246)	101,707
Fiber	1,089,820	(81,736)	1,008,084
Total Business-type	\$ 13,992,397	\$ (1,049,428)	\$ 12,942,969

6. Restricted Assets

Certain proceeds of the City's revenue bonds (enterprise funds), as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants or other legal agreements. The revenue bond debt service funds are used to segregate resources accumulated for debt service payments over the next twelve months. The renewal and replacement funds are used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The City would typically use restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use thereof to a future project of replacement equipment acquisition.

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant, and equipment with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets. Roads, bridges, and sidewalks are capitalized when their initial costs equal or exceed \$25,000 and possess estimated useful lives of more than one year.

Capital assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 1 D (20) below) or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and capital assets received in a service concession arrangement, are reported at acquisition value rather than fair value. For intangible assets, the capital outlay must be greater than \$5,000. For software costs, the capital outlay must be greater than \$5,000 per user license. Other costs incurred for repairs and maintenance are expensed as incurred. Amortization of intangible assets including software costs is included with depreciation expense in the financial statements.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Fund Balance (Continued)

Property, plant, equipment, and right to use assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

	<u># Of Years</u>
Buildings	15-40
Improvements Other than Buildings	20-30
Machinery and Equipment	5-15
Infrastructure	15-40
Right to Use Infrastructure	15-40

The City is recording all easements and rights of way that are determined to have limited useful lives at estimated fair market value on the date received.

8. Self-Insurance Claims

Liabilities for reported claims and incurred, but not reported claims are estimated based on an actuarial review of claims pending and historical experience.

9. Compensated Absences

In governmental fund financial statements, the amount of compensated absences associated with employee terminations prior to year-end, if any, is recorded as expenditures and represents the amounts that would normally be liquidated with available spendable resources. In the government-wide financial statements, all governmental fund compensated absences are recorded and split between the current and noncurrent portions. The compensated absences payable and other postemployment benefits from the governmental funds are typically liquidated from the General Fund.

In proprietary funds, the amount of compensated absences associated with employee vacations that are recorded as expenses represent the amounts accrued during the year and the amount of compensated absences associated with employee sick leave is based on the historical annual trend of adjusted sick leave payments made at retirement. The entire liability for compensated absences of these funds is reflected in the respective financial statements split between the current and noncurrent portions.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Fund Balance (Continued)

10. Interfund Activity

During normal operations, the City has numerous transactions between funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due from and to other funds”. Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds”. Loans are reported as receivables and payable as appropriate and are subject to elimination upon consolidation. Interfund payables and receivables are non-interest bearing. Interfund advances are liquidated in accordance with the City Council’s resolution and may bear interest. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

11. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. Issuance of long-term debt and financing through leases are reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

12. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Items that qualify for reporting in this category include deferred outflows on pension liabilities, OPEB liabilities and the deferred charge on refunding reported in the government-wide statement of net position and the statement of net position-proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

13. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Items in this category include unavailable revenue, deferred pension, OPEB related, deferred debt refunding, rate stabilization and leases. The City has several types of items which arise under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from several sources: liens, forfeitures, and rental income. These amounts are deferred and recognized as an inflow of sources in the period that the amounts become available.

14. Accrued Revenue

Revenues of enterprise funds are accrued based on estimated unbilled services provided to customers at the end of the fiscal year.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Fund Balance (Continued)

15. Rate Stabilization/Regulatory Operations

A Rate Stabilization account was created by the City which allows current income to be deferred to a future time to stabilize electric rates. Accounting standards allow for the deferral of revenues and expenses to future periods in which the revenues are earned or the expenses are recovered through the rate-making process, which is a resolution approved by City Council. Unearned revenues are recorded as a Deferred Inflow titled Regulatory Liability-Rate Stabilization and as a Restricted Asset-Rate Stabilization. The funds are used to “stabilize” the customers’ utility bills and will be recognized as revenue when used. The targeted maximum funding level is 25% of projected annual fuel costs, while the minimum funding level is 15%. At the end of the fiscal year the rate stabilization fund balance was \$12,945,306 which at an 8.78% funding level is not in compliance with the minimum funding level. Due to increased costs of fuel to purchase bulk power from Florida Municipal Power Agency (FMPA), reserves were used to fund this increase. In an effort to bring reserves back in line, two rate increases in the power cost adjustment were done in Fiscal Year 2022.

16. Power Cost Adjustment (PCA)

The Power Cost Adjustment (PCA) represents the City’s utility rate mechanism to ensure: 1) that all power costs are recovered through utility billings revenue or through Council approved usage of Rate Stabilization funds or 2) that any excess utility billings revenues for power costs not incurred are returned to customers or used for other lawful purposes in accordance with the City’s rate tariff on file with the Public Service Commission. The balance in this account could be an asset (for “under”-collection of power costs) or a liability (for “over”-collection of power costs). As of September 30, 2022, there was an under collection in the amount of \$24,214,304. This number is included in unbilled accounts receivable. To alleviate this deficit, rate increases were done in February 2022 and June 2022.

17. On-Behalf Payments for Fringe Benefits

The City receives on-behalf payments from the State of Florida to be used for Police and Fire Pension Plan enhancements. On-behalf payments to the City totaled \$1,377,801 for fiscal year 2022. Such payments are recorded as other tax revenue and public safety expenditures in the GAAP basis government-wide and General Fund financial statements. Funds received are recorded as revenue in the General Fund and immediately transferred to the Police and Fire Pension Plan as an expense to the General Fund.

18. Cost Allocations

Certain expenses are incurred by the City’s Electric System Revenue Fund on behalf of the Water and Sewer and Sanitation funds. The Electric System Revenue Fund charges for these services based on the receiving fund’s original budgeted appropriations. The reimbursement for these services is recorded as an operating expense of the Water and Sewer and Sanitation funds and as a contra expense of the Electric Revenue Fund.

The City’s General Fund also incurs certain expenditures on behalf of the other funds for Fleet, Facilities, Information Technology, Customer Service, Communications, Risk Management, Health Insurance, and Workers Compensation. The General Fund is reimbursed for these expenditures based on actual cost allocations. The amounts reimbursed are recorded as reductions in expenditures of the General Fund. The related reimbursements are recorded as either an operating expense of the proprietary funds or as an expenditure of the governmental funds.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Fund Balance (Continued)

19. Fund Balance

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Non-spendable

The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not spendable form” criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

Restricted

This fund balance has spending constraints that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted

Committed – This fund balance represents amounts that have internally imposed restrictions mandated by formal action of the government’s highest level of decision-making authority. The specific purposes are determined by a formal action (resolution) of the City Council, the City’s highest level of decision making. These amounts cannot be used for other purposes unless the same type of formal action is taken by the highest level of decision-making authority to reverse or modify the previously imposed restriction.

Assigned – This fund balance reports amounts that are constrained by the government’s intent that they will be used for specific purposes. This includes spendable fund balance amounts established by management of the City that are intended to be used for specific purposes that are neither considered restricted or committed. City Council adopted a Resolution that authorizes management of the City to assign fund balances.

Unassigned – This fund balance is the residual fund balance for the General Fund. It reflects the resources that are available for further appropriation and expenditure for general governmental purposes. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that can report a positive unassigned fund balance. If there is a negative fund balance in the Special Revenue, Capital Project, or Debt Service due to expenditures incurred exceeding the amounts restricted, committed, or assigned for specific purposes in these funds, then it is possible that those funds would report a negative unassigned fund balance.

Spending Order of Fund Balances

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Fund Balance (Continued)

	GENERAL FUND	CRA FUND	OTHER GOVTL FUNDS	TOTALS
<u>NONSPENDABLE:</u>				
Inventory	\$ 224,066	\$ -	\$ -	\$ 224,066
Prepays	1,253,821	1,113	1,109,178	2,364,112
Advances to other funds	1,600,000	-	-	1,600,000
Total Nonspendable	3,077,887	1,113	1,109,178	4,188,178
<u>RESTRICTED:</u>				
Transportation				
Parking Fees	188,006	-	-	188,006
Gas Tax Revenues from State	-	-	3,982,678	3,982,678
	188,006	-	3,982,678	4,170,684
Debt Service				
Capital Improvement Bonds 2007A	-	-	1,416,200	1,416,200
Capital Improvement Bonds 2012	-	-	919,512	919,512
	-	-	2,335,712	2,335,712
Capital Projects				
Capital Road Projects	-	-	22,556,387	22,556,387
	-	-	22,556,387	22,556,387
Public Safety				
Fire Impact Fees	1,749,211	-	-	1,749,211
Police Automation	146,495	-	-	146,495
Police Education & Training	146,904	-	-	146,904
Local Confiscations	48,741	-	-	48,741
Federal Confiscations	316,055	-	-	316,055
Other Public Safety Programs	182,934	-	-	182,934
	2,590,340	-	-	2,590,340
Litigation Settlement	-	-	20,758,861	20,758,861
	-	-	20,758,861	20,758,861
Development District Improvements				
Downtown Development Board	-	-	304,077	304,077
Community Redevelopment Trust	-	3,795,337	-	3,795,337
	-	3,795,337	304,077	4,099,414
Grants				
State Housing Impv Project (SHIP)	-	-	589,540	589,540
Tree Mitigation	543,722	-	-	543,722
	543,722	-	589,540	1,133,262
Total Restricted	\$ 3,322,068	\$ 3,795,337	\$ 50,527,255	\$ 57,644,660

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Fund Balance (Continued)

	GENERAL FUND	CRA FUND	OTHER GOVTL FUNDS	TOTALS
<u>UNRESTRICTED:</u>				
Committed				
Stormwater Utility	\$ -	\$ -	\$ 10,717,713	\$ 10,717,713
Payroll	22,047	-	-	22,047
Economic Improvement Program	2,722,059	-	-	2,722,059
Total Committed	2,744,106	-	10,717,713	13,461,819
Assigned				
Subsequent year budget	5,599,984	-	-	5,599,984
Public safety- special investigations	56,993	-	-	56,993
Fire/Streets/Sidewalks	8,464,701	-	-	8,464,701
Total Assigned	14,121,678	-	-	14,121,678
Unassigned	20,899,910	(4,945,145)	-	15,954,765
Total Unrestricted	37,765,694	(4,945,145)	10,717,713	43,538,262
Total Fund Balances	\$ 44,165,649	\$ (1,148,695)	\$ 62,354,146	\$ 105,371,100

20. Leases

Lessee: The City is a lessee for a noncancellable lease of equipment and infrastructure. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct cost. Subsequently the lease asset is amortized on a straight-line basis over its useful life.

Lessor: The City is a lessor for a non-cancellable lease of land and equipment. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

E. Revenues, Expenditures, and Expenses

Substantially all governmental funds revenues (including sales taxes, franchise fees, and licenses) are accrued. Property taxes are generally billed and collected within the same period in which the taxes are levied. In addition, revenue from the Federal and State reimbursement type grants for which eligibility requirements have been met have been accrued and recognized as revenues of the period. All other revenue items are measurable and available only when cash is received by the City. Operating revenues for proprietary operations generally result from providing services in connection with a proprietary fund's principal on-going operation (e.g., electric, water, sewer, sanitation).

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Revenues, Expenditures, and Expenses (continued)

The principal operating revenue of the proprietary funds is receipts from customers. Operating expenses are costs to provide the service, including salaries, contractual services, depreciation, and administrative expense. All other revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Expenditures are recognized when the related fund liability is incurred except for the following:

- General obligation long-term debt principal and interest and compensated absences are reported, if any, only when due.
- Litigation
- Inventory costs, excluding the Golf Fund, are reported in the period when inventory items are consumed, rather than in the period purchased.

1. Property Taxes

The City is permitted under its charter to levy taxes up to \$10 per \$1,000 of assessed valuation for general government services other than the payment of principal and interest on general long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. Additional taxes assessed for the payment of general long-term debt issues of the City must be approved by the public. The tax rate assessed by the City for the year ended September 30, 2022 was \$6.6177 per \$1,000 of assessed property value. Current tax collections (inclusive of legally available early payment discounts) for the City were approximately 96.4% of the total tax levy. The property tax calendar provides for the tax revenue to be billed and collected within the applicable fiscal year.

Under Florida law, the assessment of all properties and the collection of all county, municipal, special district, and school board property taxes are provided by the County's Property Appraiser and Tax Collector, who are elected County officials. State Statutes provide for tax discounts for installment payments or full payments before certain dates. Installment prepayment dates and discounts of each installment (one-fourth of estimated taxes) are: June 30 – 6%, September 30 – 4.5%, December 31 – 3%, and March 31 – 0%, Full payment dates and discounts are: November 30 – 4%, December 31 – 3%, January 31 – 2%, February 28 – 1% and March 31 – 0%.

The property tax calendar for revenues billed and received for fiscal year ended September 30, 2022 is shown as follows:

Lien Date	January 1, 2021
Certification of Taxable Value	July 1, 2021
Final public hearing to adopt proposed millage rate	September 28, 2021
Certification of final Taxable Value	October 11, 2021
Beginning of fiscal year for tax assessment	October 1, 2021
Tax bills rendered	November 1, 2021
Property Tax Payable:	
Maximum Discount by	November 30, 2021
Due Date	March 31, 2022
Delinquent on	April 1, 2022
Tax Certificates issued for delinquent taxes by	May 31, 2022

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Revenues, Expenditures, and Expenses (continued)

2. *Operating Subsidies, Grants, and Impact Fees*

Program and capital grants received by governmental funds are recorded in the applicable governmental fund as receivables and revenues at the time reimbursable costs are incurred and all significant grant restrictions are satisfied. Grant revenues received in advance of meeting all major grant restrictions are deferred.

Capital grants received by proprietary funds are also recorded as revenues and receivables when reimbursable project costs are incurred or as deferred credits if the grant money is received in advance of project expenditures. Subsidies and grants to proprietary funds, which finance either capital or current operations, are recorded as non-operating revenue when earned.

Water and Sewer impact fees are restricted. These fees represent a capacity charge for the proportionate share of the cost of expanding, over-sizing, separating, or constructing new additions to the Water or Sewer systems. The City is obligated to expend these funds only to provide expanded capacity to the systems.

Deposits received which reserve capacity in the City's future water or sewer systems are recorded as a liability upon receipt.

3. *Excess of Expenditures Over Appropriations in Individual Funds*

The City has no excess of expenditures over appropriations in the General Fund or major special revenue funds. The non-major governmental funds may reflect immaterial excesses of expenditures over appropriations (less than \$15,000). There was none at the end of this fiscal year.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

Following the governmental fund balance sheet is a reconciliation between fund balances of total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

B. Explanation of certain differences between the governmental statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

Following the governmental fund statement of revenues expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances, total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

An annual budget is prepared for all governmental and proprietary funds. The City Council annually adopts the budget through a Budget Resolution. Budgetary control is legally maintained at the fund level. The budget amounts presented in the accompanying financial statements for the governmental funds are as originally adopted, or as legally amended, by the City Council during the year ended September 30, 2022.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

A. Budgetary Data (Continued)

The City's Budget Resolution provides transfer authority to the City Manager to transfer budgeted amounts between departments within any fund; however, any budget amendments that alter the total expenditures of any fund must be approved by the City Council. During 2022, the City Council approved various supplemental budget appropriations to provide for unanticipated requirements of the period. Budget appropriations may not be legally exceeded on a fund basis. Appropriations lapse at the end of each fiscal year. The budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The budgetary comparisons reflect only those activities for which legally adopted budgets are prepared. For the year ended September 30, 2022, no expenditures exceeded the budget at the fund level.

B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve a portion of the applicable budget appropriation, is utilized by the governmental funds of the City. Appropriations lapse at year end and outstanding encumbrances are re-appropriated as part of the subsequent year's budget. See Liabilities Note 11, Commitments and Contingent Liabilities, for a breakdown of significant encumbrances in total by each major fund and nonmajor fund.

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Pooling of Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds, except the pension trust funds and certain other funds required to have separate bank accounts. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in pooled cash and investment fund". The investment policy specifies limits by instrument and issue (within instrument) and establishes a diversified investment strategy, minimum credit quality, and authorized institutions available. In addition, investments are held separately by several of the City's funds. The deposits and investments of the pension trust funds are held separately from those of other City funds.

As of September 30, 2022, the carrying amount of the City's deposits was \$35,667,039, not including \$112,774 in cash drawers, petty cash, and \$20,758,861 held in the Common Fund bank account for fire service fee refunds. These deposits, consisting of interest and non-interest demand accounts, were entirely insured by federal deposit insurance or by collateral held by the City's agent pursuant to the Public Depository Security Act of the State of Florida. This Act requires that the City maintain deposits only in "qualified public depositories". All qualified public depositories must deposit with the State Treasurer eligible collateral in such amounts as required by the Act. In addition, qualified public depositories are required under the Act to assume mutual responsibility against loss caused by the default or insolvency of other qualified public depositories of the same type. Should a default or insolvency occur, the State Treasurer would implement procedures for payment of losses according to the validated claims of the City.

The City maintains a liquid pooled cash fund to meet its obligation needs. Funds not prohibited by bond covenants have pooled their cash balances to maximize investment earnings. The City's banking arrangement provides that the City's balances will be used to offset any monthly direct service charge with excess balances earning interest.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

A. Pooling of Cash and Investments (continued)

Cash equivalents consist of:

- 1) Amounts placed with the State Board of Administration (SBA) for participation in the Local Government Surplus Funds Trust Fund investment pool created by Section 218.405, Florida Statutes. The City's investment in the amount of \$8,274,255 is reported at net asset value. The Florida PRIME investment pool had weighted average days to maturity of 72 days as of September 30, 2022.
- 2) Amounts placed with the Florida Fixed Income Trust (FL-FIT) is a commingled pool designed to provide a high level of current income consistent with low volatility of net asset value and provide positive holding period returns for time horizons of 1-3 years or greater. The investment policy adheres to current Florida Investment Statutes under Chapter 218.415. Investments in this pool totaled \$8,408,618 as of September 30, 2022.

B. Restricted Assets

The balances in the restricted assets for the enterprise funds as of September 30, 2022 were \$58,667,763. Details of these balances can be found on the City's Statement of Net Position on pages 28-29.

C. Investments

The City's investment guidelines, except for pension fund and deferred compensation are defined by City Ordinance and a written investment policy that is approved by the City Council. The investment policy specifies limits by instrument and issuer (within instrument) and establishes a diversified investment strategy, minimum credit quality, and authorized institutions available as counterparties. Implementation and direction of investment strategies, within policy limits, are established by an internal Investment Committee and managed by external money managers.

The fair values of the City's fixed-maturity investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of those instruments. Fair values of interest rate-sensitive instruments may also be affected by the credit worthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument, duration of the instrument and other general market conditions.

Derivatives

The City has no derivative investments in its portfolio at September 30, 2022. As noted below, the City has established investment policy guidelines for each investment portfolio. Pursuant to these guidelines, derivative investment instruments are authorized, but limited in use only if the Chief Financial Officer has sufficient understanding or expertise.

General Investment Guidelines

On December 8, 1992, as amended September 5, 1995, and further amended on September 17, 2013, the City of Ocala adopted a comprehensive investment policy pursuant to Section 218.415, Florida Statutes that established permitted investments, asset allocation limits, issue limits, credit ratings requirements, and maturity limits to protect the City's cash and investment assets. The City maintains a common cash and investment pool for the use of all funds.

The City's investment policy allows for the following investments: Local Government Investment Pools, United States government securities, United States government agency securities, federal instrumentalities, interest bearing time certificates of deposit or saving accounts, repurchase agreements, commercial paper, bankers'

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Investments (Continued)

acceptances, state and/or local government taxable and/or tax exempt debt, money market mutual funds, intergovernmental investment pools, corporate obligations or corporate notes, collateralized mortgage obligations (CMOs), mortgage-backed securities (MBS), asset-backed securities (ABS), Yankee securities, Eurodollar securities money market mutual funds, bond funds and any investment security authorized by Florida Statutes 218.415.

The City's investment policy also requires that investments be rated as follows: Corporate notes, State and local government debt, General obligation or revenue bonds rated BBB by Standard & Poor's (S&P) or Moody's Rating Services; Commercial paper rated at least Prime-2 by Moody's or A-3 by S&P; Mortgage and ABS rated AAA or equivalent by Moody's or S & P; Money market mutual funds comprised of only those investment instruments authorized in the policy. The City's policy does not require a minimum rating for U.S. Government securities, agencies, or federal instrumentalities.

Third Party Portfolio Managers

Under the City's investment policy, third party managers were set up in a well-diversified pool of three tiers.

Pool I (short-term investments) duration of 1 to 3 years,

Pool II (short intermediate investments) durations of 1 to 5 years,

Pool III (intermediate investments) durations of 1 to 10 years.

The City uses an independent advisor that provides performance measurement service, which (a) compares individual manager performances to their respective index monthly, (b) compares manager performance to their respective industry peer group quarterly, and (c) reviews portfolio compliance. Each manager has a goal of exceeding their respective benchmark, net of fees, over a market cycle. Each manager has an individual policy limitation that, when combined, does not exceed 10% for each sector. The effective duration of the portfolio shall not exceed 120%, nor be less than 50% of the target benchmark.

The benchmarks for each portfolio were chosen to better reflect the investments held in the account. Pool I is measured against Bank of America Merrill Lynch 1-3 Year Unsubordinated U.S. Treasury/Agencies index, Pool II is benchmarked against Bank of America Merrill Lynch 1-5 Year Government/Corporate index, and Pool III is compared to the Bank of America Merrill Lynch 1-10 Year Domestic Master index.

<u>Security Type</u>	<u>Average Rating</u>	<u>Fair Value</u>	<u>Effective Duration (In Years)</u>
Carrying Value of Cash	n/a	\$ 56,765,039	n/a
Treasury Investment Portfolio	AA+	171,033,075	2.66
SBA Florida PRIME	AAAm	8,274,255	72 days
Florida Fixed Income Trust	AAAf/S1	8,408,618	83 days
Total		\$ 244,480,987	1.88

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Investments (Continued)

The City utilizes “effective duration” as a measurement of interest rate risk and as of September 30, 2022, the Treasury investment portfolio had an overall effective duration of 1.88 years. The Treasury investment portfolio had the following investment types and effect duration presented in terms of years as of September 30, 2022.

Total Treasury Portfolio (Pools I, II, III)			Weighted Average Maturity Years
Security Type	Average Rating	Fair Value	
U.S. Treasury Bond / Note	AA+	\$ 67,902,067	2.27
Federal Agency Bond / Note	AA	15,847,480	0.65
Mortgage Backed Pass-through Security	AA+	22,008,439	8.82
Corporate Notes	A+	50,619,563	1.69
ABS / CMBS	AAA	10,557,469	0.86
GSE Collateralized Mortgage Obligations	AA	329,958	0.00
Municipal Bond / Note	AA+	808,174	1.40
Money Market Mutual Fund	A-1	2,959,925	0.00
Total Treasury Portfolio-Pools I, II, and III		\$ 171,033,075	2.66

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment’s fair value.

The City’s investment policy sets limits for investment maturities to match known cash needs and anticipated cash flow requirements. Investments of bond reserves, construction funds, and other non-operating funds, “core funds”, shall have a term appropriate to the need for the funds and in accordance with debt covenants, but in no event, shall exceed seven years. No more than 50% of the City’s total investment portfolio shall be placed in securities maturing more than three years.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Investments (Continued)

POOL I - Short-Term Investments:

Security Type	Average Rating	Fair Value	Weighted Average Maturity Years
U.S. Treasury Bond / Note	AA+	\$ 15,846,435	1.95
Federal Agency Bond / Note	AA+	5,608,606	1.01
Mortgage Backed Pass-through Security	AA+	2,602,745	5.47
Corporate Notes	A	17,120,463	1.93
Municipal Bond / Note	AA-	808,174	1.40
Asset Backed Securities	AAA	8,570,634	3.80
GSE Collateralized Mortgage Obligations	AA+	329,958	8.89
Money Market Mutual Fund	A+	979,022	0.00
Sub-total Pool I		\$ 51,866,037	2.32

POOL II - Short Intermediate Investments:

Security Type	Average Rating	Fair Value	Weighted Average Maturity Years
U.S. Treasury Bond / Note	AA	\$ 30,852,810	1.44
Federal Agency Bond / Note	AA	10,238,874	0.46
Mortgage Backed Pass-through Security	AAA	1,274	0.00
Corporate Notes	A	27,966,018	0.77
Money Market Mutual Fund	AAA	68,608	0.00
Sub-total Pool II		\$ 69,127,584	1.02

POOL III - Intermediate Investments

Security Type	Average Rating	Fair Value	Weighted Average Maturity Years
U.S. Treasury Bond / Note	AA+	\$ 21,202,822	3.72
Mortgage Backed Securities	AA+	19,404,420	9.27
Corporate Notes	A-	5,533,082	5.64
ABS / CMBS	AAA	1,986,835	4.57
Money Market Mutual Fund	A-1	1,912,295	0.00
Sub-total Pool III		50,039,454	5.98
Total of Pools I, II, and III		\$ 171,033,075	2.39

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Investments (Continued)

Credit Risk

Credit risk is the risk that an issuer of a debt security will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating to each debt security by a nationally recognized credit rating agency. The City's investment policy limits investments to those described above.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City's investment policy, pursuant to Section 218.415(18), Florida Statutes, requires securities, except for certificates of deposits, shall be held with a third- party custodian; and all securities purchased by, and all collateral obtained by the City should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution. A third-party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts, and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.

As of September 30, 2022, the City's investment portfolio was held with a third-party custodian as required by the City's investment policy.

Concentration of Credit Risk

It is the policy of the City of Ocala to diversify its investment portfolio. Assets held are diversified to control the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, a specific instrument, a class of instruments, or a dealer through whom these instruments are bought and sold.

The City's investment policy has established asset allocation and issuer limits on the following investments, which are designed to reduce concentration of credit risk of the City's investment portfolio and must be observed by investment managers.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Investments (Continued)

	<u>Sector Allocations</u>		<u>Individual Issue/ Fund Limit</u>
	<u>Minimum</u>	<u>Maximum</u>	
U.S. Treasury & Federal Agencies	35%	None	None
Corporate Debt Obligations	None	50%	5%
Mortgage/Asset Backed Securities	None	30%	5%
Municipal Securities	None	20%	5%
Certificates of Deposit	None	20%	5%
Repurchase Agreements	None	25%	15%
Local Government Investment Pools	None	25%	25%
Participation in collateral or otherwise collateralized debt instruments (Issuer Level)	None	20%	5%
Participation in collateral or otherwise collateralized debt instruments (Security Level)	None	None	5%
Money Market Mutual/Trust	None	30%	15%
Yankee and Euro Dollars Securities	None	15%	3%

As of September 30, 2022, the City's investment portfolio was in compliance with all diversification requirements of the City's investment policy.

Foreign Currency Risk – The City is not exposed to this type of risk.

Fair Value Measurement – The City measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. GASB defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- Level 1: Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the City can access;
- Level 2: Investments whose inputs – other than quoted market prices – are observable either directly or indirectly; and,
- Level 3: Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. The City does not have any investments that are measured using Level 3 inputs.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Investments (Continued)

The following table summarizes the City's investments, excluding the pension funds, with the fair value hierarchy as of September 30, 2022:

	Fair Value	Level 1	Level 2
U.S. Treasury Bond / Note	\$ 67,902,067	\$ 67,902,067	\$ -
Federal Agency Bond / Note	15,847,480	-	15,847,480
Mortgage Backed Pass-through Security	22,008,439	-	22,008,439
Corporate Notes	50,619,563	-	50,619,563
ABS / CMBS	10,557,469	-	10,557,469
GSE Collateralized Mortgage Obligations	329,958	-	329,958
Municipal Bond / Note	808,174	-	808,174
Total investments at fair value	<u>\$ 168,073,150</u>	<u>\$ 67,902,067</u>	<u>\$ 100,171,083</u>
Investments measured at net asset value (NAV)			
Money Market Mutual Fund	<u>2,959,925</u>		
	<u>\$ 171,033,075</u>		

Debt securities categorized as Level 1 are valued based on prices quoted in active markets for those securities. Debt securities categorized as level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

D. Pension Trust Funds – Cash and Investments

The City maintains single-employer, Defined Benefit (DB) pension plans which cover its full-time certified law enforcement officers (the Police Officers' Retirement System); its full-time certified firefighters (the Firefighters' Retirement Plan); and some of the City's full-time employees (the General Employees' Retirement System).

The provisions of each of the Plans are established by City Ordinance. Effective October 1, 2013, the City's pension plan for General Employees was restructured. The City moved to a 401a Defined Contribution plan for non-vested and new employees, and 226 out of the 561 employees chose this option as their retirement plan.

The Florida Constitution requires local governments to make the actuarially determined contributions to their DB plans. The Florida Division of Retirement reviews and approves each local government's actuarial report to ensure its appropriateness for funding purposes. Additionally, the State collects two locally authorized insurance premium surcharges (one for the Police Pension Plan on casualty insurance policies and one for the Firefighter Pension Plan on certain real and personal property insurance policies within the corporate limits) which can only be distributed after the State has ascertained that the local government has met their actuarial funding requirements for the most recently complete fiscal year.

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

D. Pension Trust Funds – Cash and Investments (Continued)

Pension plan contributions include provision for normal cost plus an amount sufficient to amortize the past service liability over a twenty-five-year period. These plans do not participate in the City's equity in pooled cash and investment fund. The deposits and investments of each plan are held separately from those of other City funds.

Cash and Deposits

At September 30, 2022, the cash carrying amounts of the City's pension plans' deposits were as follows:

General Employees' Retirement System	\$ 776,152
Police Officers' Retirement System	356,647
Firefighters' Retirement Plan	380,884
Total Pension Trust Funds	<u>\$ 1,513,683</u>

These deposits, consisting of non-interest-bearing demand accounts, were entirely insured by federal depository insurance or by collateral held by the City's agent pursuant to the Public Depository Security Act of the State of Florida. This Act requires that the City maintain deposits only in "qualified public depositories". All qualified public depositories must deposit with the State Treasurer eligible collateral in such amounts as required by the Act. In addition, qualified public depositories are required under the Act to assume mutual responsibility against loss caused by the default or insolvency of other qualified public depositories of the same type. Should a default occur, the State Treasurer would implement procedures for payment of losses according to the validated claims of the City.

Investment Guidelines

Each of the three City pension plans are governed by an independent board of directors who have adopted a comprehensive investment policy pursuant to Section 112.661, Florida Statutes that establish permitted investments, asset allocation limits, issuer limits, credit rating requirements, and maturity limits to protect their pension plan's cash and investment assets. Each of the plans employs multiple investment managers to manage the various security types used by the plan. These managers along with the plan's investment advisor attempt to attain the plan's stated investment objective, which is to match a benchmark developed from appropriate published security indexes in the same proportions as those asset types occur in the portfolio, as well as to achieve, over the long run, the assumed interest rate used for the plan's actuarial calculations.

Section 215.47, Florida Statutes, limits the types of investments a government pension plan can invest in unless specifically authorized in an investment policy. The investment policies for the three pension plans generally allow for cash and fixed-income instruments similar to those permitted for the City's investment pool, i.e., Local Government Investment Pools, United States government securities, United States government agency securities federal instrumentalities, non-negotiable interest bearing time certificates of deposit or saving accounts, repurchase agreements, commercial paper, bankers' acceptances, state and/or local government taxable and/or tax-exempt debt, money market mutual funds, intergovernmental investment pools, corporate obligations or corporate notes, mortgage-backed securities (MBS), asset-backed securities (ABS), and bond funds. The General Employees' plan, Police Officers' plan and the Firefighters' plan are permitted to invest corporate bonds and asset, or mortgage-back securities rated at investment grade, BBB or better.

In addition, the investment policies of all three pension plans permit, within plan guidelines, investment in domestic and international equities. All three plans, either by policy requirement or prudent practice, diversify their domestic equity holdings between large and small capitalizations and between growth and value equity securities. The plans are also permitted to invest in pooled real estate vehicles, limited partnerships or other types of real estate investments as determined by the board in consultation with their investment adviser.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

D. Pension Trust Funds – Cash and Investments (Continued)

As of September 30, 2022, the cash and investments of the City's pension plans are as follows:

Investment Type		% of Portfolio	Credit Rating	Duration (In Years)
<u>General Employees Retirement System:</u>				
Cash Checking	\$ 776,152	n/a	n/a	n/a
Cash and Cash Equivalents	1,399,057	0.85%	n/a	n/a
Bonds & Notes	44,630,024	26.96%	A+	5.92
Common Stock	23,823,891	14.39%	n/a	n/a
Mutual Funds: Real Estate	24,318,333	14.69%	n/a	n/a
Mutual Funds: Equities	25,662,494	15.49%	n/a	n/a
Emerging Markets	28,639,981	17.30%	n/a	n/a
Pooled cash & cash equivalents	4,289,428	2.59%	n/a	n/a
Hedge Funds (Mutual Fund)	12,789,996	7.73%	n/a	n/a
Fund total	\$ 166,329,356	100.00%		
<u>Police Officers Retirement System:</u>				
Cash Checking	\$ 356,647	n/a	n/a	n/a
Cash and Cash Equivalents	1,968,626	2.56%	n/a	n/a
Bonds & Notes	26,715,048	34.77%	Aa2	4.29
Common Stock	23,741,639	30.90%	n/a	n/a
Mutual Funds: Real Estate	4,939,596	6.43%	n/a	n/a
Mutual Funds: Equities	19,458,397	25.33%	n/a	n/a
Fund total	\$ 77,179,953	100.00%		
<u>Firefighters Retirement Plan:</u>				
Cash Checking	\$ 380,884	n/a	n/a	n/a
Cash and Cash Equivalents	1,148,123	1.50%	n/a	n/a
Bonds & Notes	18,116,512	23.72%	AA	4.35
Mutual Funds: Real Estate	11,438,219	14.97%	n/a	n/a
Mutual Funds: Equities	45,688,533	59.82%	n/a	n/a
Fund total	\$ 76,772,271	100.00%		
Total pension plan cash and investments	\$ 320,281,580			

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair market value to changes in market interest rates. The pension plan investment policies provide specific limits for investment maturities. One method of measuring interest rate risk is "effective duration". As of September 30, 2022, the securities in the City's pension plans had the effective durations presented above and complied with their respective investment policies.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

D. Pension Trust Funds – Cash and Investments (Continued)

Credit Risk

Credit risk is the risk that an issuer of a debt security will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating to each debt security by a nationally recognized credit rating agency. Each of the plans provides guidelines for the credit ratings of specific types of investments. All the investment policies permit investment only in fully marketable securities rated at institutional investment grade quality or higher by Standard & Poor's or Moody's, with higher quality rating required for specific asset classes. As of September 30, 2022, the three pension plans had the credit exposures listed above as a percentage of total investments. All investments were in compliance with their respective investment policies.

Custodial Credit Risk

Investment securities are exposed to custodial credit risk if they are uninsured and are not registered in the name of the government and are held by either the counterpart or the counterpart's trust department or agent, but not in the government's name. The pension plans' investment policies, pursuant to Section 112.661(10), Florida Statutes, require that the plan's securities shall be held with a third-party custodian; and that all securities purchased by, and all collateral obtained by the plan should be properly designated as an asset of the plan. The securities must be held in an account separate and apart from the assets of the financial institution. A third-party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. As of September 30, 2022, all identifiable investment securities of the pension plan portfolios are registered in the respective plan's name and are held by a third-party custodian as required.

Concentration of Credit Risk

It is the policy of the three City pension plans to diversify their investment portfolios. Assets held are diversified to control the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, a specific instrument, a class of instruments, or a dealer through whom these instruments are bought and sold. The plan's investment policies have established asset allocation and issuer limits, which are designed to reduce concentration of credit risk and must be observed by Investment Managers. In general, all three investment policies require that investment in the securities of a single issuer cannot exceed 5% of the market value of the portfolio. Compliance with the provisions of the investment policies which are designed to maintain appropriate diversification are monitored on an ongoing basis by the Investment Advisors employed by each plan.

Foreign Currency Risk

Foreign currency risk occurs when securities held in a portfolio are denominated in one or more foreign currencies with the attendant potential risk of loss arising from changes in the exchange rate. While all three of the City's pension plans invest a small portion of their portfolios in international equities, these securities are not denominated in foreign currencies, and thus the plans are not exposed to this risk. All three pension plans (General Employees, Firefighters, and Police) may have up to 25% of assets allocated to international equities according to the Florida Statutes 215.47, 175.071 and 185.06 respectively.

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

D. Pension Trust Funds – Cash and Investments (Continued)

Fair Value Measurement – The City measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. GASB defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- Level 1: Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the City can access;
- Level 2: Investments whose inputs – other than quoted market prices – are observable either directly or indirectly; and,
- Level 3: Investments whose inputs are unobservable.

The following tables summarize the Pension Plan's investments within the fair value hierarchy at September 30, 2022:

General Employees:

	Fair Value	Level 1	Level 2	Level 3
Bonds & Notes	\$ 44,630,024	\$ 19,539,789	\$ 25,090,235	\$ -
Common Stock	23,823,891	22,130,444	1,693,447	-
Mutual Funds: Real Estate	24,318,333	-	-	24,318,333
Mutual Funds: Equities	25,662,494	-	25,662,494	-
Hedge Funds (Mutual Fund)	12,789,996	-	9,223,170	3,566,826
Mutual Funds-other	4,289,428	-	4,289,428	-
Emerging Markets	28,639,981	-	12,636,960	16,003,021
Total investments at fair value	<u>\$ 164,154,147</u>	<u>\$ 41,670,233</u>	<u>\$ 78,595,734</u>	<u>\$ 43,888,180</u>

Police:

	Fair Value	Level 1	Level 2	Level 3
Bonds & Notes	\$ 26,715,048	\$ 10,915,961	\$ 15,799,087	\$ -
Common Stock	23,741,639	17,471,676	6,269,963	-
Mutual Funds: Real Estate	4,939,596	-	161,729	4,777,867
Mutual Funds: Equities	19,458,397	154,426	14,669,970	4,634,001
Total investments at fair value	<u>\$ 74,854,680</u>	<u>\$ 28,542,063</u>	<u>\$ 36,900,749</u>	<u>\$ 9,411,868</u>

Fire:

	Fair Value	Level 1	Level 2	Level 3
Bonds & Notes	\$ 18,116,512	\$ 8,331,463	\$ 9,785,049	\$ -
Mutual Funds: Real Estate	11,438,219	-	6,586,266	4,851,953
Mutual Funds: Equities	45,688,533	15,031,275	30,657,258	-
Total investments at fair value	<u>\$ 75,243,264</u>	<u>\$ 23,362,738</u>	<u>\$ 47,028,573</u>	<u>\$ 4,851,953</u>

Debt securities categorized as Level 1 are valued based on prices quoted in active markets for those securities. Debt securities categorized as level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices. Debt securities categorized as Level 3 are valued based upon unobservable inputs using the Trader Entered Price methodology under ASC Topic 820 reporting.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 5 – RECEIVABLES AND INTERFUND ACTIVITY

A. Due from Other Governments

The following amounts were due from other governments as of September 30, 2022:

	General Government	Business- Type	Totals
Federal Government	\$ 1,635,090	\$ 1,553,628	\$ 3,188,718
State Government	2,025,392	1,749,197	3,774,589
Local Government	84,404	72,111	156,515
Total	<u>\$ 3,744,886</u>	<u>\$ 3,374,936</u>	<u>\$ 7,119,822</u>

B. Interfund Transactions

Interfund transfers for the year ended September 30, 2022, consisted of the following:

Transfers to General Fund from:

Electric System Revenue Fund	\$ 18,862,091
Water and Sewer Fund	3,392,855
Bank Loan Series 2022 Fund	39,241,139
Non-major business type funds	2,206,268
CRA Fund	56,042
Non-major Governmental Funds	10,000
Total transfers to General Fund	<u>63,768,395</u>

Transfers to nonmajor governmental funds from:

Non-major business type funds	173,000
General Fund	2,520,229
Total transfers to nonmajor governmental funds	<u>2,693,229</u>

Transfers to CRA Fund from:

General Fund	1,496,118
Total transfers to CRA Fund	<u>1,496,118</u>

Transfers to non-major business type funds from:

General Fund	527,387
Total transfers to Sun Tran Fund	<u>527,387</u>

Transfer to Internal Service Fund from:

General Fund	1,000,000
Total transfers to Internal Service Fund	<u>1,000,000</u>

Total transfers at the fund level	<u>\$ 69,485,129</u>
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**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 5 – RECEIVABLES AND INTERFUND ACTIVITY (Continued)

B. Interfund Transactions (Continued)

Interfund receivables and payables are the result of the allocation of unbilled receivables between utility funds and the elimination of negative equity in pooled cash accounts in funds where grant drawdowns have not yet been received as of the end of the fiscal year. These balances are expected to be liquidated within one year.

Interfund advances, which are approved by City Council and usually bear interest, are for the funding of various projects which are too small for bond issuance and for the City's grant matches on some grants.

The composition of interfund balances as of September 30, 2022, is as follows:

<u>Fund</u>	<u>Interfund Advances Receivables</u>	<u>Interfund Advances Payables</u>
General fund	\$ 1,600,000	\$ -
Major Governmental Funds:		
CRA Fund	-	6,400,000
Enterprise funds:		
Water and Sewer Fund	2,400,000	-
Electric Fund	2,400,000	
Total interfund receivables/payables	<u>\$ 6,400,000</u>	<u>\$ 6,400,000</u>

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 13,372,217	\$ -
Major Governmental Funds:		
CRA Fund	-	478,065
Non-Major governmental funds:		
Enterprise funds:		
Non-major Business Type Funds	-	4,218,352
Water and Sewer Fund	150,000	-
Electric Fund	228,065	9,053,865
Total due to/from	<u>\$ 13,750,282</u>	<u>\$ 13,750,282</u>

The interfund receivables between the General, Water and Sewer, and Electric Funds represent loans made to the West Ocala Redevelopment (CRA) for the construction of the Ocala Community Center. The interfund receivable between the General Fund and Suntran Fund represents a short-term loan to fund temporary cash shortages for projects expended in advance of grant funds received.

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 5 – RECEIVABLES AND INTERFUND ACTIVITY (Continued)

B. Interfund Transactions (Continued)

Interfund transfers are normally recurring and are approved by City Council during the budget process or by separate resolutions. The transfers from the Enterprise Funds to the General Fund are in support of general government operations. Other transfers are for debt service requirements, for City grant matches, and for capital projects for enterprise funds.

The differences in the interfund transfers represent capital assets, compensated absences and OPEB transferred from enterprise funds to the governmental funds. These items are not recorded in governmental funds but are reported in the government-wide reports.

Reconciliation of Transfers-In & Transfers-Out - Government-Wide Level

	In	Out	
	Governmental	Business-Type	
General Fund	\$ 18,862,091	\$ (18,862,091)	Electric Fund
General Fund	3,392,855	(3,392,855)	Water & Sewer Fund
General Fund	1,678,880	(1,678,880)	Non-major Business-Type Funds
Non-major Funds	173,000	(173,000)	Non-major Business-Type Funds
TOTAL TRANSFERS	\$ 24,106,826	\$ (24,106,826)	

C. Receivables

Receivables as of year-end for the City's individual major funds and nonmajor funds including the applicable allowances for uncollectible accounts are as follows:

	Governmental	Business-type	Total
	Activities	Activities	
Customers:			
Billed	\$ 539,187	\$ 20,013,832	\$ 20,553,019
Unbilled	1,257,740	37,634,211	38,891,951
Miscellaneous	661,966	1,630,979	2,292,945
Gross receivables	2,458,893	59,279,022	61,737,915
Less: allowance for uncollectibles	(70,524)	(1,243,981)	(1,314,505)
Net total receivables	\$ 2,388,369	\$ 58,035,041	\$ 60,423,410

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets not being depreciated:					
Land and improvements	\$ 26,305,329	\$ 1,835,169	\$ -	\$ -	\$ 28,140,498
Intangible (easement, rights of way)	1,935,359	-	-	-	1,935,359
Construction In progress	5,440,026	7,766,652	(27,411)	(1,444,770)	11,734,497
Total capital assets not being depreciated	33,680,714	9,601,821	(27,411)	(1,444,770)	41,810,354
Capital assets being depreciated:					
Buildings and improvements	74,684,134	43,816	(49,908)	1,235,989	75,914,031
Right to use asset infrastructure	535,259	-	-	-	535,259
Collections and other fixed assets	405,972	62,833	-	-	468,805
Equipment	61,968,677	4,285,068	(1,744,548)	-	64,509,197
Intangible (software)	5,344,717	456,068	-	208,781	6,009,566
Infrastructure (roads and streets)	319,766,708	23,969	-	-	319,790,677
Total capital assets being depreciated	462,705,467	4,871,754	(1,794,456)	1,444,770	467,227,535
Less accumulated depreciation and amortization:					
Buildings and improvements	(29,047,855)	(2,802,171)	-	-	(31,850,026)
Right to use asset infrastructure	-	(58,326)	-	-	(58,326)
Collections and other fixed assets	(4,451)	(4,107)	-	-	(8,558)
Equipment	(42,355,555)	(4,245,237)	1,611,342	-	(44,989,450)
Intangible (Software)	(4,187,538)	(418,146)	-	-	(4,605,684)
Infrastructure (roads and streets)	(258,545,976)	(6,171,763)	-	-	(264,717,739)
Total accumulated depreciation	(334,141,375)	(13,699,750)	1,611,342	-	(346,229,783)
Total capital assets being depreciated-net	128,564,092	(8,827,996)	(183,114)	1,444,770	120,997,752
Governmental activities capital assets-net	\$ 162,244,806	\$ 773,825	\$ (210,525)	\$ -	\$ 162,808,106
Business Type Activities:					
Capital assets not being depreciated:					
Land and improvements	\$ 21,976,858	\$ 9	\$ -	\$ (1,173,757)	\$ 20,803,110
Intangible (easement, rights of way)	1,506,566	-	-	1,213,757	2,720,323
Collections & other fixed assets	1,000	-	-	-	1,000
Construction in progress	17,898,145	6,856,210	(567,260)	(4,300,078)	19,887,017
Total capital assets not being depreciated	41,382,569	6,856,219	(567,260)	(4,260,078)	43,411,450
Capital assets being depreciated:					
Buildings	35,466,940	-	-	(40,000)	35,426,940
Right to use asset equipment	224,918	123,835	-	-	348,753
Improvements other than buildings	629,539,229	5,543,650	-	4,300,078	639,382,957
Equipment	37,388,566	3,144,285	(2,279,336)	(17,042)	38,236,473
Intangible (software)	5,427,434	125,423	-	17,042	5,569,899
Total capital assets being depreciated	708,047,087	8,937,193	(2,279,336)	4,260,078	718,965,022
Less accumulated depreciation and amortization:					
Buildings	(20,619,327)	(845,143)	-	-	(21,464,470)
Right to use asset equipment	-	(96,457)	-	-	(96,457)
Improvements other than buildings	(375,326,463)	(20,694,855)	-	-	(396,021,318)
Equipment	(14,762,925)	(3,194,934)	2,052,079	-	(15,905,780)
Intangible (software)	(5,142,167)	(227,600)	-	-	(5,369,767)
Total accumulated depreciation	(415,850,882)	(25,058,989)	2,052,079	-	(438,857,792)
Total capital assets being depreciated-net	292,196,205	(16,121,796)	(227,257)	4,260,078	280,107,230
Business-type activities capital assets-net	\$ 333,578,774	\$ (9,265,577)	\$ (794,517)	\$ -	\$ 323,518,680

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 6 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the government as follows:

	Depreciation/ Amortization Expense
Governmental activities:	
General government	\$ 913,975
Public safety	995,824
Physical environment	954,900
Transportation	9,780,902
Economic environment	109,131
Culture and recreation	945,018
Total depreciation expense - governmental activities	<u>\$ 13,699,750</u>
Business-type activities:	
Electric	\$ 9,667,878
Water and sewer	10,807,346
Non-major enterprise	4,583,765
Total depreciation expense - business-type activities	<u>\$ 25,058,989</u>

NOTE 7 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Risk Management attempts to identify, define, and evaluate the areas of potential loss to the City to reduce their occurrences. Acknowledging that some loss is inevitable, routine, or predictable losses are self-insured, while other more unpredictable or catastrophic losses are transferred to insurance companies.

The City has established a self-insurance fund (an internal service fund) to account for the City's self-insured programs. This fund is used to account for the City's workers' compensation, general liability, automobile liability, disability income replacement and medical programs. The City uses a combination of self-insurance and private insurance to protect itself against risks which cannot be eliminated.

The City has general liability insurance with a \$200,000 retention per claimant and \$300,000 retention per occurrence with a \$1,000,000 per occurrence limit. The City has workers' compensation insurance with \$500,000 retention per occurrence with statutory limits per F.S 440. The disability income replacement and auto liability programs are fully self-insured. The City's employee health insurance program was fully self-insured through February 1994, after which it is fully insured except for the prescription program which was fully self-insured through December 1997. Beginning October 1, 2010, the City's employee health insurance program was partially self-insured, with a pooling limit of \$150,000. The City had no significant reductions in insurance coverage during the fiscal year ended September 30, 2022.

All departments of the City participate in the program. Payments are made by various funds to the Self Insurance Fund based on past experience of the amounts needed to pay current year claims. For the year ended September 30, 2022 the City obtained actuarially determined estimates of the total loss reserves for all self-insurance risks. The claims liability of \$8,062,559 reported in the Fund at September 30, 2022 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued when insured events occur. In addition, there have been no settlements which exceeded the City's insurance coverage in any of the

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – RISK MANAGEMENT (Continued)

past three fiscal years. Changes in the Fund's claim liability amounts during the past three fiscal years are as follows:

	Beginning-of- Fiscal-Year-Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2019-2020	\$7,981,434	\$1,708,250	\$2,056,342	\$7,633,342
2020-2021	7,633,342	4,145,645	3,441,428	8,337,559
2021-2022	8,337,559	1,560,989	1,835,989	8,062,559

NOTE 8 – LEASES

A. Lessor Agreements- Governmental Activities

In 2021, the City leased an antenna tower to T-Mobile South for the purposes of transmission and reception of radio communication signals. The tenant (T-Mobile South) has the right to extend the lease for five (5) additional and successive five-year terms. The lease initially expires April 10, 2026. Currently, the City receives \$2,889 monthly and the payments are subject to a two percent increase annually beginning January 1st of each year. The present value of the lease receivable and deferred inflow of resources as of September 30, 2022 was \$991,276. The agreement is summarized below:

<u>Lessee</u>	<u>Initial Term</u>	<u>Contract Start Date</u>	<u>Contract End Date</u>	<u>Lease Receivable</u>	<u>Lease Revenue</u>	<u>Interest Revenue</u>
T Mobile South	5 yrs	4/10/2021	4/10/2051	\$ 991,276	\$ 4,681	\$ 29,662
Total				\$ 991,276	\$ 4,681	\$ 29,662

Future payments due to the City under this agreement as follows for the years ending September 30:

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 5,783	\$ 29,662
2024	7,038	29,471
2025	8,361	29,243
2026	9,760	28,972
2027	11,234	28,660
2028-2032	81,228	136,929
2033-2037	131,725	121,180
2038-2042	196,331	96,854
2043-2047	278,281	61,600
2048-2051	261,535	14,913
Total	\$ 991,276	\$ 577,484

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 8- LEASES (Continued)

B. Lessor Agreements- Water & Sewer Fund

The City currently has three agreements for the lease of its Water and Sewer assets. The City leases a water tower to AT&T Wireless for the tenant's purposes of transmission and reception of communication signals. The initial term is five years and will automatically renew for five additional years. The City currently receives monthly payments of \$3,156 which will increase at a rate of three percent each year.

The City leases property a/k/a WRF-3 Reuse Site/Horse Farm Spray Field to Quality by Design to conduct active farming operations on 190 acres of land and to use the City's reclaimed water to irrigate as required. The agreement was entered into on November 8, 2006 and is subject to three (3) five-year renewal options ending February 1, 2027. Payments are adjusted annually at a rate of three (3) percent.

The City leased property to Agri Land and Cattle for agricultural operations. The payment is \$62,000 annually and an implicit rate of three (3) percent was used to determine present value of the lease receivable. The agreement is renewable on a year-to-year basis.

As of September 30, 2022, the balance of deferred inflows of resources was \$212,789.

Lessee	Contract Start Date	Contract End Date	Lease Receivable	Lease Revenue	Interest Revenue
AT&T WIRELESS	10/31/2020	10/31/2025	\$ 117,428	\$ 33,534	\$ 3,039
QUALITY BY DESIGN, INC.	11/8/2006	2/1/2027	33,695	6,562	916
AGRI LAND & CATTLE CO.	9/7/2022	9/7/2023	61,666	-	-
Totals			\$ 212,789	\$ 40,096	\$ 3,955

Future payments due to the City under this agreement as follows for the years ending September 30:

Year Ended		
<u>September 30</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 104,356	\$ 4,290
2024	45,408	2,638
2025	48,255	1,234
2026	11,863	234
2027	2,907	20
Total	\$ 212,789	\$ 8,416

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 8- LEASES (Continued)

C. Lessee Agreements- Governmental Activities

The City entered into an agreement with Concord Parking, LLC for space in the Concord Building for Cultural Arts offices. The lease with Concord Parking, LLC provides adequate office space and parking for the Cultural Arts staff within the Downtown/Central Business District. Based on this agreement, the City is paying \$4,479 monthly with annual adjustments of three (3) percent. The lease is for five years with renewal options of an additional five years. The value of the right-to-use asset at September 30, 2022 was \$535,259 and had accumulated amortization of \$58,326. The present value of the lease payable, \$495,824, is accounted for in the Governmental Activities Fund. The implicit rate used to determine present value was three (3) percent. The terms of the lease are summarized below:

Lessor	Initial Term	Renewal Terms	Start Date	Contract End Date	Lease Payable	Lease Expense	Interest Expense
Concord Parking	4 years	5 years	9/1/2021	8/31/2031	\$ 495,824	\$ 39,435	\$ 15,522
Totals					\$ 495,824	\$ 39,435	\$ 15,522

Future payments due to the City under this agreement as follows for the years ending September 30:

Year Ended September 30	Principal	Interest
2023	\$ 42,304	\$ 14,302
2024	45,312	12,992
2025	48,464	11,589
2026	51,765	10,090
2027	55,221	8,490
2028-2031	252,758	15,761
Total	\$ 495,824	\$ 73,224

D. Lessee Agreements- Ocala Fiber Network

Ocala Fiber Network Fund has three (3) lease agreements in place for the utilization of vendor's fiber optic transport circuits to connect its fiber optic telecommunications network. The implicit interest rate for all agreements was three (3) percent.

The City has entered into a three-year lease agreement as lessee with Opticaltel for the utilization of fiber services. An initial liability of \$66,426 was recorded during the current fiscal year. The City is required to make monthly principal and interest payments of \$3,250. The value of the right-to-use asset at the end of the current fiscal year was \$65,208 with accumulated amortization of \$46,575.

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 8- LEASES (Continued)

D. Lessee Agreements- Ocala Fiber Network (continued)

In 2013, the City entered into a lease agreement with Level 3 Communications for the purpose of granting the use of certain dark fiber to the City. There are four renewal terms for five years each. The City has exercised its third of the four renewal terms expiring July 2023. The fourth term for an additional five years will expire July 2028. The City is required to make monthly principal and interest payments of \$2,137 per month. The value of the right-to-use asset at the end of the current fiscal year was \$145,417 with accumulated amortization of \$21,276.

In June 2021, entered into a lease agreement with Treasure Lake to utilize fiber connectivity. The agreement may be renewed for up to four (4) consecutive, one (1) year periods. A CPI-U adjustment may apply to each renewal period. The final expiration date is June 30, 2025. The City is required to make monthly principal and interest payments of \$2,026 per month. The value of the right-to-use asset at the end of the current fiscal year was \$91,553 with accumulated amortization of \$28,605.

Terms of the lease are summarized below:

Lessee	Start Date	Contract End Date	Lease Payable	Lease Expense	Interest Expense
Opticaltel	7/1/2021	6/30/2024	\$ 66,426	\$ 36,422	\$ 2,588
Level 3 Communications	10/1/2021	7/22/2028	123,835	21,582	4,068
Treasure Lake	6/30/2021	6/30/2025	64,112	22,034	2,283
Totals			\$ 254,373	\$ 80,038	\$ 8,939

Future payments due to the City under this agreement as follows for the years ending September 30:

Year Ended September 30	Principal	Interest
2023	\$ 81,518	\$ 6,514
2024	73,898	4,066
2025	40,280	2,348
2026	22,943	1,447
2027	23,642	748
2028	12,092	101
Total	\$ 254,373	\$ 15,224

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 8- LEASES (Continued)

E. Regulated Lease Revenue-Ocala Airport

The City has entered into agreements with twenty-three (23) tenants for the lease of real property (ground leases) located at Ocala International Airport. The leases include the right of ingress and egress across the Airport to be used in common with others having similar rights of passage. These leases are to tenants in the aviation industry and are regulated by the Federal Aviation Administration (FAA). Such leases require FAA approval, and the FAA requires similar lease rates for similarly situated aviation related leases and prohibits unfair discrimination against certain aviation types.

The Airport also has four lease agreements with concessionaires for the privilege of operating a concession at the Airport. These include three rental car companies, and one restaurant. The terms for each lease are three years.

In 2019, the City finished construction of new airport terminal space. Under a lease agreement with Sheltair Ocala (tenant), the City received \$2 million from the tenant toward the cost of designing, planning, and constructing the new terminal. The monthly rent for the terminal is \$6,684. The upfront funds advanced were recorded as unearned revenue and repayment to Sheltair will be applied to future rents and recognized as revenue. The term of the lease will expire May 31, 2050.

Most of the lease terms are for thirty years with the last one expiring December 31, 2050 and the renewal terms are two terms at five years each. Other lease terms are five and ten years with no renewal terms. The rental rates are increased at a rate of three percent each year. The airport recognized \$254,000 of lease revenue from these agreements for the year ended September 30, 2022. A schedule of expected future minimum payments under these agreements are as follows:

<u>Year Ended</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 165,253	\$ 64,998
2024	123,518	61,042
2025	126,518	57,393
2026	91,903	54,017
2027	79,373	51,625
2028-2032	299,703	230,966
2033-2037	381,326	183,645
2038-2042	470,077	122,973
2043-2047	421,490	58,025
2048-2051	186,551	8,570
Totals	<u>\$ 2,345,712</u>	<u>\$ 893,254</u>

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9 – PENSION PLANS

A. General Employees Retirement System

Plan Descriptions

The City maintains a single-employer defined benefit (2-tiers) pension plan. The original plan (tier 1) was adopted in 1944. A variable hybrid defined benefit (DBVH) pension plan (tier 2) was added for years of service after September 30, 2013. The original plan was amended through local ordinance on August 6, 2013, with an effective date of October 1, 2013, resulting in a benefit freeze on September 30, 2013. The City also added a 401a Defined Contribution Plan. The sole and exclusive administration of and responsibility for the proper operation of the System and for making effective provisions of this ordinance is hereby vested in a Board of Trustees. The Plan is maintained as a Pension Trust Fund and included as part of the City's reporting entity; hence separate financial statements are not issued. The provisions of each of the Plans are established by City Ordinance. Administrative costs are financed through investment earnings. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. This plan is closed to any new participants.

The plan is administered by a five-member pension Board of Trustees which consist of three members appointed by the City Council, and two members of the Plan, who are elected by a majority of General Employees who are members of the Plan. The City is obligated to fund all Plan costs based upon actuarial valuations. The City is also authorized to establish benefit levels and the Plan's Board of Trustees approves the actuarial assumptions used in the determination of the contribution levels. There are three actuarial assumptions that are defined by Ordinance 2013-48: Mortality Rate, Interest Rate and Amortization Method.

As of September 30, 2013, there were 59 employees grandfathered into the defined benefit plan (tier 1) in existence prior to any changes by the ordinance. There were 226 employees that moved to the defined contribution plan and the remaining 276 employees moved into the DBVH plan (tier 2).

At September 30, 2022 the Plan's participants consisted of:

	<u>2022</u>	<u>2021</u>
Retirees and beneficiaries (Inactive members):		
Currently receiving benefits	791	782
DROP retirees	17	19
Disability Retirees	3	3
Terminated employees entitled to benefits, but not yet receiving them	249	264
Active plan members	<u>119</u>	<u>135</u>
	<u>1,179</u>	<u>1,203</u>

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9 – PENSION PLANS (Continued)

A. General Employees Retirement System (Continued)

Pension Benefits:

The Plan provides retirement, termination, disability, and death benefits. Benefits were frozen as of September 30, 2013, and Members began a new “DBVH and Contribution Program” on October 1, 2013. Any Member within 5 years of their Normal Retirement Date was grandfathered into the benefit provisions in effect as of September 30, 2013.

Normal Retirement:

Date: First of the month following the earlier of: 1) age 65 and the completion of 5 years of Credited Service, or 2) 30 years of Credited Service, regardless of age.

Benefit: Credited Service on and after October 1, 2013 for Grandfathered Members (tier 1): 2.55% of Average Final Compensation (AFC) times Credited Service plus \$100 supplement.

Benefit for Credited Service on October 1, 2013 and after (tier 2):

Minimum	1.00%
Maximum	2.55%
Current	1.00% as of 10/1/2017

Early Retirement:

Date: Earlier of: 1) age 55 and the completion of 5 years of Credited Service, or 2) the completion of 25 years of Credited Service, regardless of age.

Benefit: Same as for Normal Retirement but reduced by 3% for each year that Early Retirement precedes Normal Retirement.

Vesting:

Less than 5 years: Refund of Member Contributions without interest

5 years or more: Vested accrued benefit (determined as for Normal Retirement) paid beginning at the otherwise Normal Retirement Date, or a refund of Member Contributions without interest.

Disability Retirement:

Eligibility: After completion of 5 years of Credited Service, or from date of hire if service incurred.

Benefit: \$50, plus 1% of AFC times Credited Service. Minimum benefit is \$100 per month.

Death Benefits:

Vested or Eligible to Retire: Accrued benefit payable to beneficiary for 10 years.

Non-Vested: Refund of Member Contributions without interest.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9 – PENSION PLANS (Continued)

A. General Employees Retirement System (Continued)

Cost of Living Adjustment (COLA) (tier 1) (if employed prior to October 1, 2013):

All Retirees, including Normal, Early, Disability, DROP, and Vested Terminated participants, and their joint pensioners and beneficiaries (but excluding pre-retirement death beneficiaries) shall receive a 3% automatic lifetime COLA, beginning the first October 1 after one year of benefit payments.

Supplemental Benefit (tier 1) (if employed prior to October 1, 2013):

\$100 per month, payable for life, to all retirees (including disability retirees).

Contributions:

Remaining amount required to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes. The member contribution rate for those grandfathered into the original plan is 8.18% and those in the DBVH plan is set at 3%.

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2022:

Asset Class	Target Allocation	
	2022	2021
Equity Securities	24.00%	20.00%
Non US Equity	18.00%	22.00%
Fixed Income Securities	25.00%	32.00%
Hedge Fund of Funds	6.00%	13.50%
Real Estate	12.00%	12.50%
Private equity	5.00%	0.00%
Private debt	5.00%	0.00%
Opportunistic	5.00%	0.00%
Total	100.00%	100.00%

Concentrations:

The Plan did not hold investments in any one organization that represent 5% or more of the Pension Plan's fiduciary net position.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9 – PENSION PLANS (Continued)

A. General Employees Retirement System (Continued)

Rate of Return:

For the year ended September 30, 2022 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was (14.20%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Deferred Retirement Option Program (DROP)

Eligibility: Satisfaction of Normal Retirement requirement's (earlier of (1) Age 65 and 5 years of Credited Service, or (2) 30 years of Credited Service, regardless of age).

Participation: Not to exceed 96 months (60 months for members entering DROP from January 31, 2011 through February 11, 2013).

Rate of Return: 6.5% or actual net rate of investment return (total return net of brokerage commissions and transaction costs) credited each fiscal quarter.

The DROP balance as of September 30, 2022 is \$2,336,862.

Annual Pension Cost

The contribution requirement for the General Employees' Retirement System for Fiscal Year 2022, established through an actuarial valuation performed as of October 1, 2020, was \$9,497,997 (99.52% of current covered payroll). Actual employee contributions to the General Employees Retirement System totaled \$452,786 (4.74% of current covered payroll); actual employer contributions to the General Employees' Retirement System were \$10,006,354 (104.85% of current covered payroll).

Net Pension Liability

The City has used the alternate measurement date of September 30, 2021 to record the net pension liability, deferred inflows and outflows of resources, and pension expense in its September 30, 2022 financial statements.

	Measurement Date	
	9/30/22	9/30/21
Total Pension Liability	\$ 239,986,252	\$ 240,864,347
Plan Fiduciary Net Position	(166,174,112)	(199,814,988)
Sponsor's Net Pension Liability	<u>\$ 73,812,140</u>	<u>\$ 41,049,359</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	69.24%	73.25%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2021 updated to September 30, 2022 using the following actuarial assumptions.

	2022	2021
Inflation	2.00%	2.00%
Salary Increases	(Service Based)	(Service Based)
Investment Rate of Return	6.80%	6.90%

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9 – PENSION PLANS (Continued)

A. General Employees Retirement System (Continued)

Mortality Rate Healthy Active Lives:

Females: PubG.H-2010 (Above median) for employees.

Males: PubG.H-2010 for employees, set back one year.

Mortality Rate Healthy Retiree Lives

Females: PubG.H-2010 for healthy retirees.

Males: PubG.H-2010 for healthy retirees, set back one year.

Mortality Rate Beneficiary Lives:

Females: PubG.H-2010 (Below median) for healthy retirees.

Males: PubG.H-2010 for healthy retirees, set back one year.

Mortality Rate Disabled Lives:

PubG.H-2010 for disabled retirees, set forward three years.

All rates are projected generationally with Mortality Improvement Scale MP-2018.

Pension expense, Deferred Outflows and Deferred Inflows of Resources

For the year ended September 30, 2022, the City recognized pension expense of \$4,145,854 as the result of implementing GASB No. 68. Contributions made after the measurement date in the amount of \$9,991,650, will be recognized as a reduction of net pension liability in the subsequent fiscal period. As of September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions based on a measurement date of September 30, 2021 from the following sources:

Deferred Outflows

Contributions subsequent to the
measurement date
Total deferred outflows

\$	9,991,650
\$	9,991,650

Deferred inflows

Difference between expected and
actual earnings on investments
Total deferred inflows

\$	13,118,436
\$	13,118,436

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense (income) as follows:

2023	\$ (2,141,913)
2024	(2,915,426)
2025	(4,246,508)
2026	(3,814,589)
Thereafter	-
	<u>\$ (13,118,436)</u>

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 – PENSION PLANS (Continued)

A. General Employees Retirement System (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan

investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	
	2022	2021
Equity Securities	6.11%	6.28%
Developed Non US Equity	6.49%	7.00%
Emerging Non US Equity	8.12%	8.82%
Fixed Income Securities	0.38%	0.38%
Hedge Fund of Funds	2.63%	2.35%
Real Estate	3.50%	3.50%
Private equity	9.93%	N/A
Private debt	5.06%	N/A
Opportunistic	6.40%	N/A

Discount Rate:

The discount rate used to measure the total pension liability was 6.80 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Measurement Date	1% Decrease	Current Discount Rate	1% Increase
	5.80%	6.80%	7.80%
Sponsor's Net Pension Liability 09/30/22			
Measurement Date	\$ 101,732,253	\$ 73,812,140	\$ 50,482,857
Sponsor's Net Pension Liability 09/30/21			
Measurement Date	\$ 69,322,947	\$ 41,049,359	\$ 17,524,396

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9 – PENSION PLANS (Continued)

A. General Employees Retirement System (Continued)

Net Pension Liability

The following table shows the changes in net pension liability along with the breakdown detailing the changes since September 30, 2020.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning balances 9/30/20	\$ 236,452,329	\$ 173,268,154	\$ 63,184,175
Service Cost	901,990	-	901,990
Interest	16,089,455	-	16,089,455
Differences between Expected and Actual Experience	(112,857)	-	(112,857)
Changes in Assumptions	2,543,358	-	2,543,358
Contributions - Employer	-	10,222,493	(10,222,493)
Contributions - Employee	-	477,170	(477,170)
Net Investment Income	-	31,044,311	(31,044,311)
Benefit Payments	(15,009,928)	(15,009,928)	-
Administrative Expenses	-	(187,212)	187,212
Net Changes	4,412,018	26,546,834	(22,134,816)
Ending balance 9/30/21	<u>\$ 240,864,347</u>	<u>\$ 199,814,988</u>	<u>\$ 41,049,359</u>
Beginning balances 9/30/21	\$ 240,864,347	\$ 199,814,988	\$ 41,049,359
Service Cost	831,827	-	831,827
Interest	16,152,980	-	16,152,980
Differences between Expected and Actual Experience	(5,188,968)	-	(5,188,968)
Change in assumptions	2,516,081	-	2,516,081
Contributions - Employer	-	10,006,355	(10,006,355)
Contributions - Employee	-	452,786	(452,786)
Net Investment Income	-	(28,662,814)	28,662,814
Benefit Payments	(15,190,015)	(15,190,015)	-
Administrative Expenses	-	(205,613)	205,613
Net Changes	(878,095)	(33,599,301)	32,721,206
Ending balance 09/30/22	<u>\$ 239,986,252</u>	<u>\$ 166,215,687</u>	<u>\$ 73,770,565</u>

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9 – PENSION PLANS (Continued)

A. General Employees' 401(a) Defined Contribution Plan

On October 1, 2013, the City implemented a 401 (a) Defined Contribution Plan. Members are 100% vested after their six-month probationary period. The members have a mandatory contribution of 3% of their salary, while the City contributes 8%. Investments are made by the members. The City does not report the balances in this plan on its statements.

B. Police Officers' Retirement System

Plan Descriptions

The City maintains a single-employer, defined benefit pension plan for the police officers known as the *Police Officers' Retirement System*. This is a contributory defined benefit pension plan covering any person employed full-time in the Ocala Police Department who is certified as a law enforcement officer in compliance with the provisions of Chapter 943.14 of the Florida Statutes. Florida Statutes Chapter 185 allows contributions to the Plan by the State of Florida. The provisions of this plan are established by City Ordinance. All benefit provisions, including changes in contribution requirements can be amended by City Ordinance. Administrative costs are financed through investment earnings.

The plan is administered by a five-member Board of Trustees comprised of: two City residents appointed by the City Council, two Police Officers elected by the majority of covered members, and a fifth member elected by the other four and appointed by City Council (as a ministerial duty).

At September 30, 2022 the Plan's participants consisted of:

	<u>Police</u>	
	<u>2022</u>	<u>2021</u>
Retirees and beneficiaries (Inactive members):		
Currently receiving benefits	128	129
DROP retirees	10	7
Disability Retirees	4	4
Terminated employees entitled to benefits, but not yet receiving them	22	23
Active plan members	188	167
	<u>352</u>	<u>330</u>

Pension Benefits:

The Plan provides retirement, termination, disability, and death benefits.

Normal Retirement:

Date: Earlier of 1) Age 52 and 10 years of Credited Service, or 2) 25 years of Credited Service regardless of age.

Benefit: 3.33% of Average Final Compensation multiplied by Credited Service. For members not within 5 years of normal retirement as of November 1, 2015, the benefit accrual is 3% of average final compensation for credited service after October 31, 2015.

Early Retirement:

Date: Age 50 and the completion of 10 years of Credited Service.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9 – PENSION PLANS (Continued)

B. Police Officers' Retirement System (Continued)

Benefit: Accrued benefit reduced 3% for each year that Early Retirement precedes Normal Retirement.

Vesting (Termination):

Less than 10 years of service: Refund of Member Contributions without interest

10 years or more: Accrued benefit payable at otherwise Normal Retirement Date, or a refund of Member Contributions without interest.

Disability Retirement:

Eligibility:

Service Incurred – Covered from Date of Employment

Non-Service Incurred – 10 years of Credited Service.

Benefit: Benefit accrued to date of disability, but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Death Benefits:

Vested: Accrued benefit payable at Member's otherwise Early or Normal Retirement Date to beneficiary for 10 years.

Non-Vested: Refund of Member Contributions without interest to designated beneficiary.

Supplemental Benefit:

Eligibility: Normal and Early Retirees and their joint pensioners or beneficiaries, excluding vested terminated persons.

Benefit: \$10 per month, for each full year of Credited Service. For members not within 5 years of normal retirement as of November 1, 2015, credited service for the supplemental benefit ceases as of October 31, 2015.

Contributions:

Remaining amount required to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes. For Fiscal Year 2022 the City is required to contribute 25.22% and the members contribute 8.0% of their salaries or wages to the Police Officers' Retirement System.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9 – PENSION PLANS (Continued)

B. Police Officers' Retirement System (Continued)

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2022:

Asset Class	Target Allocation	
	2022	2021
Domestic Equity	37.50%	37.50%
International Equity	15.00%	15.00%
Bonds	25.00%	25.00%
Convertibles	10.00%	10.00%
Private Real Estate	7.50%	7.50%
Infrastructure	5.00%	5.00%
Total	100.00%	100.00%

Concentrations:

The Plan did not hold investments in any one organization that represent 5% or more of the Pension Plan's fiduciary net position.

Rate of Return:

For the year ended September 30, 2022 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was (16.74%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Deferred Retirement Option Program (DROP):

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: At member's election (may change method once during DROP participation either: a) 6.5% annual rate, or b) Net Investment Return (total return less brokerage commission, transaction costs and management fees) credited each fiscal quarter.

The DROP balance as of September 30, 2022 is \$1,550,609.

Annual Pension Cost

The contribution requirement for the Police Officers' Retirement System for the 2022 fiscal year, established through an actuarial valuation performed as of October 1, 2020, was \$2,954,571 (25.22% of current covered payroll). Actual employee contributions to the Police Officers' Retirement System totaled \$1,057,924 (8.00% of current covered payroll), actual City contributions were \$2,990,891 (22.62% of current covered payroll) plus state contributions deposited directly to the plan amounted to \$763,084 (5.77% of current covered payroll). Accumulated excess contributions in the Funding Standard (Contribution Surplus) Account were available to assist in funding the City's contribution requirement for the year.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9 – PENSION PLANS (Continued)

B. Police Officers' Retirement System (Continued)

Net Pension Liability

The City has used the alternate measurement date of September 30, 2021 to record the net pension liability, deferred inflows and outflows of resources, and pension expense in its September 30, 2022 financial statements.

	Measurement Date	
	9/30/22	9/30/21
Total Pension Liability	\$ 107,819,338	\$ 101,262,604
Plan Fiduciary Net Position	(77,186,078)	(93,347,956)
Sponsor's Net Pension Liability	<u>\$ 30,633,260</u>	<u>\$ 7,914,648</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	71.59%	92.18%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2020 updated to September 30, 2022 using the following actuarial assumptions applied to all measurement periods.

	2022	2021
Inflation	2.70%	2.70%
Salary Increases	(Service Based)	(Service Based)
Investment Rate of Return	7.25%	7.50%

Mortality Rate Healthy Active Lives:

Females: PubS.H-2010 (below median) for employees set forward one year.

Males: PubS.H-2010 (below median) for employees set forward one year.

Mortality Rate Healthy Retiree Lives

Females: PubS.H-2010 for healthy retirees, set forward one year.

Males: PubS.H-2010 for healthy retirees, set forward one year.

Mortality Rate Beneficiary Lives:

Females: PubG.H-2010 for healthy retirees.

Males: PubG.H-2010 for healthy retirees, set back one year.

Mortality Rate Disabled Lives:

80% PubG.H-2010 for disabled retirees / 20% PubS.H-2010 for disabled retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2018.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9 – PENSION PLANS (Continued)

B. Police Officers' Retirement System (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	
	2022	2021
Domestic Equity	7.10%	8.30%
International Equity	3.10%	4.10%
Bonds	2.00%	3.10%
Convertibles	6.40%	7.80%
Private Real Estate	6.40%	5.50%
Infrastructure	5.60%	7.00%

Pension expense, Deferred Outflows and Deferred Inflows of Resources

For the year ended September 30, 2022, the City recognized pension expense of \$1,440,837 as the result of implementing GASB No. 68. Contributions made after the measurement date in the amount of \$3,753,975 will be recognized as a reduction of net pension liability in the subsequent fiscal period. As of September 30, 2022, based on a measurement date of September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows

Difference between expected and actual experience	\$ 222,628
Contributions subsequent to the measurement date	3,753,975
Changes in assumptions	1,632,475
Total deferred outflows	<u>\$ 5,609,078</u>

Deferred Inflows

Difference between expected and actual experience	249,907
Difference between expected and actual earnings on investments	7,400,328
Total deferred inflows	<u>\$ 7,650,235</u>

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9 – PENSION PLANS (Continued)

B. Police Officers' Retirement System (Continued)

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense (income) as follows:

2023	\$	(1,167,753)
2024		(1,013,383)
2025		(1,889,120)
2026		(1,724,876)
Thereafter		-
	\$	<u>(5,795,132)</u>

Discount Rate:

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	1% Decrease	Current Discount	1% Increase
	6.25%	Rate	8.25%
		7.25%	
Sponsor's Net Pension Liability 09/30/22			
Measurement Date	\$ 44,775,736	\$ 30,633,260	\$ 21,986,668
Sponsor's Net Pension Liability 09/30/21			
Measurement Date	\$ 21,468,001	\$ 7,914,648	\$ 281,213

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 – PENSION PLANS (Continued)

B. Police Officers' Retirement System (Continued)

Net Pension Liability

The following table shows the changes in net pension liability along with the breakdown detailing the changes since September 30, 2020.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning balances 9/30/20	\$ 97,931,940	\$ 80,914,606	\$ 17,017,334
Service Cost	2,146,200	-	2,146,200
Interest	7,321,459	-	7,321,459
Change in assumptions	1,043,477	-	1,043,477
Differences between Expected and Actual Experience	278,283	-	278,283
Contributions - Employer	-	2,450,000	(2,450,000)
Contributions - State	-	683,980	(683,980)
Contributions - Employee	-	885,087	(885,087)
Contributions - Buy Back	27,555	27,555	-
Net Investment Income	-	15,961,589	(15,961,589)
Benefit Payments	(7,486,310)	(7,486,310)	-
Administrative Expenses	-	(88,551)	88,551
Net Changes	3,330,664	12,433,350	(9,102,686)
Ending balance 09/30/21	\$ 101,262,604	\$ 93,347,956	\$ 7,914,648
Beginning balances 9/30/21	\$ 101,262,604	\$ 93,347,956	\$ 7,914,648
Service Cost	2,110,794	-	2,110,794
Interest	7,560,734	-	7,560,734
Change in assumptions	3,198,090	-	3,198,090
Differences between Expected and Actual Experience	(1,191,428)	-	(1,191,428)
Contributions - Employer	-	2,990,891	(2,990,891)
Contributions- State	-	763,084	(763,084)
Contributions - Employee	-	1,057,924	(1,057,924)
Contributions - Buy Back	5,761	5,761	-
Net Investment Income	-	(15,762,887)	15,762,887
Benefit Payments	(5,127,217)	(5,127,217)	-
Administrative Expenses	-	(89,434)	89,434
Net Changes	6,556,734	(16,161,878)	22,718,612
Ending balance 9/30/22	\$ 107,819,338	\$ 77,186,078	\$ 30,633,260

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9 – PENSION PLANS (Continued)

C. Firefighters' Retirement Plan

Plan Descriptions

The City maintains single-employer, defined benefit pension plan for the firefighters known as the *Firefighters' Retirement Plan*. This is a contributory defined benefit pension plan covering any person employed full-time in the Ocala Fire Department who is certified as a firefighter as a condition of employment in accordance with the provisions of Section 633.35 of the Florida Statutes. Florida Statutes Chapter 175 allows contributions to the Plan by the State of Florida. The provisions of this plan are established by City Ordinance. All benefit provisions, including changes in contribution requirements can be amended by City Ordinance. Administrative costs are financed through investment earnings.

The plan is administered by a five-member Board of Trustees comprised of: two City residents appointed by the City Council, two Firefighters elected by majority of covered members, and a fifth member elected by the other four and appointed by City Council (as a ministerial duty).

At September 30, 2022 the Plan's participants consisted of:

	Fire	
	<u>2022</u>	<u>2021</u>
Retirees and beneficiaries (Inactive members):		
Currently receiving benefits	76	74
DROP retirees	16	17
Disability Retirees	9	9
Terminated employees entitled to benefits, but not yet receiving them	4	4
Active plan members	122	122
	<u>227</u>	<u>226</u>

Pension Benefits:

The Plan provides retirement, termination, disability, and death benefits.

Normal Retirement:

Date: Earlier of 1) Age 55 and 10 years of Credited Service, or 2) Rule of 70, or 25 years of Credited Service regardless of age.

Benefit: 3.00% of Average Monthly Earnings (AME) times Credited Service, maximum of 93% of AME.

Early Retirement:

Date: Age 50 and the completion of 10 years of Credited Service.

Benefit: Accrued benefit reduced 2% for each year prior to normal retirement date.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9 – PENSION PLANS (Continued)

C. Firefighters' Retirement Plan (Continued)

Termination Benefit:

Eligibility:

Less than 10 years of service: Refund of member contributions without interest.

10 years or more (fully vested): Accrued benefit payable at participant's normal retirement date.

Disability Retirement:

Eligibility:

Service Incurred – Immediately upon permanent disability.

Non-Service Incurred – If not vested, refund of contributions.

Benefit:

Service Incurred – Benefit accrued to date of disability, but not less than 42% of AME.

Non-Service Incurred – If vested, accrued benefit, but not less than 30% of AME.

Death Benefits:

Vested:

Service Incurred – Choice of: 1) accrued benefit payable for 120 months; or 2) 50% of AME to spouse until death.

Non-Service Incurred – If not eligible for either early or normal retirement, same as for Service Incurred Death Benefits. If eligible for either early or normal retirement, choice of 1) accrued benefit for 120 months; or 2) 50% of accrued benefit to spouse until death.

Non-Vested: Refund of Member Contributions without interest to designated beneficiary.

COLA:

Benefit payment schedule to be designed by Board. Funding is from 0.50% of member contributions, market return and 50% of State Premium Tax Revenues in excess of \$200,000 (percentage increased to 100% once the Plan becomes 90% funded). A portion of excess returns on COLA assets will be transferred to the plan until the plan becomes 90% funded.

Contributions:

Remaining amount required to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes. For Fiscal Year 2022, the City is required to contribute 43.25% and the members contribute 7.67% of covered payroll to Regular Retirement Plan and 0.50% to COLA Fund (8.17% total).

Pursuant to Florida Statutes Section 175.101, an excise tax amounting to 1.85% of the gross amount of receipts of premiums from policyholders on all premiums collected on casualty insurance policies covering property within the corporate limits of the City is collected by the Insurance Commissioner. Such amounts collected by the Insurance Commissioner, less expenses, are contributed annually to the plan. For the 2022 fiscal year the amount of these contributions totaled \$614,717; however, the amount available to the plan for the provision of benefits is frozen, in accordance with Chapter 175, Florida Statutes at \$200,000.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9 – PENSION PLANS (Continued)

C. Firefighters' Retirement Plan (Continued)

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2022:

Asset Class	Target Allocation	
	2022	2021
Domestic Fixed Income	25.00%	25.00%
Domestic Equity/Mutual Funds	45.00%	45.00%
International Equity	15.00%	15.00%
International Fixed Income	5.00%	5.00%
Real Estate	10.00%	10.00%
Total	100.00%	100.00%

Concentrations:

The Plan did not hold investments in any one organization that represent 5% or more of the Pension Plan's fiduciary net position.

Rate of Return:

For the year ended September 30, 2022 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was negative (-14.99%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Deferred Retirement Option Program (DROP):

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: A member shall earn 100 basis points less than the plan's assumed investment rate of return, which would currently be 7.00%.

The DROP balance as of September 30, 2022 is \$5,011,183.

Annual Pension Cost

The contribution requirement for the Firefighters' Retirement Plan for the 2022 fiscal year, established through an actuarial valuation performed as of October 1, 2020, was \$3,376,436 (42.47% of current covered payroll). Actual employee contributions to the Firefighters' Retirement Plan totaled \$677,090 (8.79% of current covered payroll), actual City contributions were \$3,334,160 (41.94% of current covered payroll) plus state contributions deposited directly to the plan amounted to \$541,289. Accumulated excess contributions in the Accrued (Prepaid) Position Account were available to assist in funding the City's contribution requirement for the year.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9 – PENSION PLANS (Continued)

C. Firefighters' Retirement Plan (Continued)

Net Pension Liability

The City has used the alternate measurement date of September 30, 2021 to record the net pension liability, deferred inflows and outflows of resources, and pension expense in its September 30, 2022 financial statements.

	Measurement Date	
	9/30/22	9/30/21
Total Pension Liability	\$ 99,641,323	\$ 93,974,927
Plan Fiduciary Net Position	(76,775,260)	(89,922,575)
Sponsor's Net Pension Liability	<u>\$ 22,866,063</u>	<u>\$ 4,052,352</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	77.05%	95.69%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2020 updated to September 30, 2022 using the following actuarial assumptions.

	2022	2021
Inflation	2.50%	2.50%
Salary Increases	0.00%-8.00%	2.50%-8.00%
Investment Rate of Return	7.00%	7.00%

Mortality Rates:

Active:

Pub-2010 Generational using scale MP-2018. Females, Headcount Weighted Safety Employee Female Table, set forward 1 year.

Pub-2010 Generational using scale MP-2018. Males, Headcount Weighted Safety Employee Female Table, set forward 1 year.

Disabled:

Pub-2010 80% Headcount Weighted General Disabled Retiree Female Table/ 20% Headcount Weighted Safety Disabled Retiree Female Table.

Pub-2010 80% Headcount Weighted General Disabled Retiree Male Table/ 20% Headcount Weighted Safety Disabled Retiree Male Table.

10% of active deaths are assumed to be in the line of duty.

The most recent experience study was completed in September 2019, considered 7 years of data experience, and resulted in several updates to the actuarial assumptions. The impact to the total pension liability (TPL) resulting from these updated assumptions is first reflected in TPL as of September 30, 2020.

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 – PENSION PLANS (Continued)

C. Firefighters' Retirement Plan (Continued)

Pension expense, Deferred Outflows and Deferred Inflows of Resources

For the year ended September 30, 2022, the City recognized pension expense of \$1,271,472 as the result of implementing GASB No. 68. Contributions made after the measurement date in the amount of \$3,948,876 will be recognized as a reduction of net pension liability in the subsequent fiscal period. As of September 30, 2022, based on a measurement date of September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows

Changes in assumptions	\$ 4,857,633
Difference between expected and actual experience	2,308,422
Contributions subsequent to the measurement date	<u>3,948,876</u>
Total deferred outflows	<u><u>\$ 11,114,931</u></u>

Deferred Inflows

Difference between expected and actual experience	\$ 269,968
Difference between expected and actual earnings on investments	<u>9,425,698</u>
Total deferred inflows	<u><u>\$ 9,695,666</u></u>

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense (income) as follows:

2023	\$ (14,121)
2024	95,865
2025	(913,155)
2026	(1,698,200)
Thereafter	-
	<u><u>\$ (2,529,611)</u></u>

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 – PENSION PLANS (Continued)

C. Firefighters' Retirement Plan (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	
	2022	2021
Fixed Income	2.50%	2.50%
Domestic Equity	7.50%	7.50%
International Equity	8.50%	8.50%
Real Estate	4.50%	4.50%
International Fixed Income	3.50%	3.50%

Discount Rate:

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.00%	7.00%	8.00%
Sponsor's Net Pension Liability			
09/30/22 Measurement Date	\$ 34,477,003	\$ 22,866,063	\$ 13,248,965
Sponsor's Net Pension Liability(asset)			
09/30/21 Measurement Date	\$ 15,108,423	\$ 4,052,352	\$ (5,118,395)

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 – PENSION PLANS (Continued)

C. Firefighters' Retirement Plan (Continued)

Net Pension Liability

The following table shows the changes in net pension liability along with the breakdown detailing the changes since September 30, 2020.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning balances 9/30/20	\$ 89,049,694	\$ 74,876,538	\$ 14,173,156
Service Cost	1,534,997	-	1,534,997
Interest	6,205,220	-	6,205,220
Differences between Expected and Actual Experience	1,062,384	-	1,062,384
Contributions - Employer	-	2,960,648	(2,960,648)
Contributions- State	-	541,289	(541,289)
Contributions - Employee	-	734,643	(734,643)
Net Investment Income	-	14,803,229	(14,803,229)
Benefit Payments	(3,877,368)	(3,877,368)	-
Administrative Expenses	-	(116,404)	116,404
Net Changes	4,925,233	15,046,037	(10,120,804)
Ending balance 09/30/21	\$ 93,974,927	\$ 89,922,575	\$ 4,052,352
Beginning balances 9/30/21	\$ 93,974,927	\$ 89,922,575	\$ 4,052,352
Service Cost	1,573,269	-	1,573,269
Interest	6,542,516	-	6,542,516
Differences between Expected and Actual Experience	1,717,962	-	1,717,962
Contributions - Employer	-	3,334,160	(3,334,160)
Contributions- State	-	614,717	(614,717)
Contributions - Employee	-	677,091	(677,091)
Net Investment Income	-	(13,470,714)	13,470,714
Benefit Payments	(4,167,351)	(4,167,351)	-
Administrative Expenses	-	(135,218)	135,218
Net Changes	5,666,396	(13,147,315)	18,813,711
Ending balance 9/30/22	\$ 99,641,323	\$ 76,775,260	\$ 22,866,063

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9 – PENSION PLANS (Continued)

D. Other Pension Plan Information

Summary of Pension Plan Information

Below is a summary of deferred inflows, outflows, and net pension liability for all three employee pension plans:

	General Employees	Police Plan	Firefighters' Plan	Total
Deferred outflows of resources	\$ 9,991,650	\$ 5,609,078	\$ 11,114,931	\$ 26,715,659
Deferred inflows of resources	13,118,436	7,650,235	9,695,666	30,464,337
Net pension liability	41,049,359	7,914,648	4,052,352	53,016,359
Pension expense	4,145,854	1,440,837	1,271,469	6,858,160

The following is the net position for each pension trust fund as of September 30, 2022:

	General Employees' Retirement System	Police Officers' Retirement System	Firefighters' Retirement Plan	Total
Assets				
Cash and cash equivalents	\$ 2,175,209	\$ 2,325,273	\$ 1,529,007	\$ 6,029,489
Receivables:				
Accrued interest receivable	5,840	110,963	119,607	236,410
Accounts receivable	2,966	4,832	-	7,798
Total receivables	8,806	115,795	119,607	244,208
Investments, at fair value	164,154,147	74,854,680	75,243,264	314,252,091
Total investments	164,154,147	74,854,680	75,243,264	314,252,091
Total Assets	166,338,162	77,295,748	76,891,878	320,525,788
Liabilities				
Accounts payable	164,050	107,277	116,619	387,946
Total liabilities	164,050	107,277	116,619	387,946
Net Position				
Net Position Restricted for Pensions	\$ 166,174,112	\$ 77,188,471	\$ 76,775,259	\$ 320,137,842

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9 – PENSION PLANS (Continued)

D. Other Pension Plan Information (Continued)

The following is the statement of changes in net position for each pension trust fund for the fiscal year ended September 30, 2022:

	General Employees' Retirement System	Police Officers' Retirement System	Firefighters' Retirement Plan	Total
Additions:				
Contributions:				
Employer	\$ 10,006,354	\$ 2,990,891	\$ 3,334,160	\$ 16,331,405
State	-	763,084	614,717	1,377,801
Employee	452,786	1,063,685	677,091	2,193,562
Total contributions	<u>10,459,140</u>	<u>4,817,660</u>	<u>4,625,968</u>	<u>19,902,768</u>
Investment income:				
Investment income (loss)	(27,832,699)	(15,282,973)	(13,263,334)	(56,379,006)
Less: Investment management fees	(866,601)	(436,722)	(207,380)	(1,510,703)
Net investment income (loss)	<u>(28,699,300)</u>	<u>(15,719,695)</u>	<u>(13,470,714)</u>	<u>(57,889,709)</u>
Total additions (reductions)	<u>(18,240,160)</u>	<u>(10,902,035)</u>	<u>(8,844,746)</u>	<u>(37,986,941)</u>
Deductions:				
Pension payments	15,171,642	4,996,292	4,147,964	24,315,898
Refunds to employees	-	114,409	19,387	133,796
Administration	206,708	89,634	135,218	431,560
Total deductions	<u>15,378,350</u>	<u>5,200,335</u>	<u>4,302,569</u>	<u>24,881,254</u>
Net Increase (Decrease)	(33,618,510)	(16,102,370)	(13,147,315)	(62,868,195)
Net Assets Reserved for Employees'				
Pension Benefits:				
Beginning of year	<u>199,792,622</u>	<u>93,290,841</u>	<u>89,922,574</u>	<u>383,006,037</u>
End of year	<u>\$ 166,174,112</u>	<u>\$ 77,188,471</u>	<u>\$ 76,775,259</u>	<u>\$ 320,137,842</u>

NOTE 10 – LONG-TERM OBLIGATIONS

Revenue bonds and other long-term liabilities directly related to and intended to be paid from Proprietary Funds (of the Primary Government) are included in the accounts of such funds. All other long-term indebtedness of the Primary Government is accounted for in the governmental activities column of the government-wide statement of net position. The City's outstanding long-term debt includes bonds payable, notes payable, claims payable and compensated absences payable.

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

Schedule Of Long-Term Debt

Long-term liability activity for the year ended September 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Direct borrowing					
2012 Refdg Capital Improvement Certif	\$ 1,805,000	\$ -	\$ (895,000)	\$ 910,000	\$ 910,000
2015 Capital Improvement Certificates	19,120,000	-	(1,110,000)	18,010,000	1,145,000
2022 Bank Loan	-	60,000,000	-	60,000,000	-
Total direct borrowing	20,925,000	60,000,000	(2,005,000)	78,920,000	2,055,000
Other liabilities:					
Leases payable	\$ 535,259	\$ -	\$ (39,435)	\$ 495,824	\$ 42,304
Net Pension Liability	64,574,918	-	(31,988,822)	32,586,096	-
Compensated Absences	4,138,347	4,244,096	(4,010,622)	4,371,821	2,642,313
OPEB Liability	12,483,258	928,215	-	13,411,473	554,862
Liability for fire fees	80,000,000	-	(72,142,861)	7,857,139	-
Claims and Judgments	8,337,559	-	(275,000)	8,062,559	2,338,624
Total other liabilities	170,069,341	5,172,311	(108,456,740)	66,784,912	5,578,103
Total Governmental Activities	<u>\$ 190,994,341</u>	<u>\$ 65,172,311</u>	<u>\$ (110,461,740)</u>	<u>\$ 145,704,912</u>	<u>\$ 7,633,103</u>
Business-type Activities:					
Direct borrowing					
2014A Utility Systems Bonds	\$ 13,895,000	\$ -	\$ (25,000)	\$ 13,870,000	\$ 25,000
2014B Utility Systems Bonds	19,480,000	-	(1,945,000)	17,535,000	1,995,000
2015 Utility Systems Bonds	55,655,000	-	(3,085,000)	52,570,000	3,180,000
2017 Utility Systems Bonds	18,380,000	-	(2,405,000)	15,975,000	2,475,000
Total direct borrowing	107,410,000	-	(7,460,000)	99,950,000	7,675,000
Other liabilities:					
Leases payable	224,918	\$ 123,835	\$ (94,382)	\$ 254,371	\$ 81,518
Net Pension Liability	29,799,747	-	(9,369,484)	20,430,263	-
Compensated Absences	1,972,133	1,824,397	(1,801,224)	1,995,306	1,532,165
OPEB Liability	6,070,742	433,786	-	6,504,528	260,007
Total other liabilities	38,067,540	2,382,018	(11,265,090)	29,184,468	1,873,690
Total Business-type Activities	<u>\$ 145,477,540</u>	<u>\$ 2,382,018</u>	<u>\$ (18,725,090)</u>	<u>\$ 129,134,468</u>	<u>\$ 9,548,690</u>

Compensated absences, OPEB payable and Net pension liabilities from the governmental funds are typically liquidated in the General Fund.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

Debt issued by the City

On March 18, 2022, the City issued \$60,000,000 Taxable Revenue Bonds, Series 2022 (Fire Fee Reimbursement). Proceeds were used to finance refunds to customers as a result of a lawsuit settled in 2021. Interest on the bank loan will be paid semi-annually on each April 1 and October 1. Principal will be paid annually commencing October 2023 through October 2038. The City will covenant to budget and appropriate in each fiscal year an amount of non-ad valorem revenues sufficient to provide for timely payment of principal and interest. This debt will be accounted for in the Governmental Activities Fund.

Bond Series	True Interest Cost	Average Coupon Rate	Maturity Date	Net Proceeds	Cost of Issuance
Bank Loan, Series 2022	3.9822%	3.9822%	10/1/2038	\$ 60,000,000	\$ 144,500

Fiscal Year	Principal	Interest
2023	\$ -	\$ 2,333,480
2024	2,755,000	2,334,465
2025	2,865,000	2,222,565
2026	2,975,000	2,106,285
2027	3,095,000	1,985,425
2028-2032	17,425,000	7,938,217
2033-2037	21,185,000	4,106,544
2038-2039	9,700,000	390,056
	<u>\$60,000,000</u>	<u>\$23,417,037</u>

Bonds Payable Collateral:

The City has gas tax revenue bonds, capital improvement certificates, water and sewer revenue bonds and utility systems revenue bonds outstanding at year-end. Gas tax revenue bonds are collateralized by a pledge of the City's sixth cent optional gas tax; the capital improvement certificates are collateralized by a pledge of certain non-ad valorem revenues of the City; and the enterprise revenue bonds are collateralized by a pledge of the net revenues generated by the issuing fund or by a pledge of the net revenues of the combined utility systems.

Pledged Revenue:

The City has pledged certain revenues, to repay certain bonds and notes outstanding as of September 30, 2022. Information related to the revenues, sometimes net of related operating expenses, pledged for each debt issue,

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

the amounts of such revenues received in the current year, the current year principal and interest paid on the debt, the approximate percentage of each revenue which is pledged to meet the debt obligation, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenues for each debt, which is the amount of the remaining principal and interest on the bonds and notes at September 30, 2022 has been incorporated into the schedules which show the debt service requirements to maturity for the City's bonded indebtedness for the City's governmental activities and for the City's business-type activities.

The following is a schedule of bonds outstanding at September 30, 2022:

Direct Borrowing		Purpose Of Issue	Amount Issued	Amount Outstanding	Interest Rates
Governmental Activities:					
2012	Refdg Capital Improvement Certif	Refunding	8,405,000	\$ 910,000	2.09%
2015	Capital Improvement Certificate	Refunding	21,440,000	18,010,000	3.67%
2022	Bank Loan Series 2022	Bank Loan	60,000,000	60,000,000	3.98%
Total Governmental Activities				<u>\$ 78,920,000</u>	
Business-Type Activities:					
2014A	Utility Systems Bonds	Refunding	24,165,000	\$ 13,870,000	3.67%
2014B	Utility Systems Bonds	Refunding	28,465,000	17,535,000	3.069%
2015	Utility Systems Bonds	Refunding	65,635,000	52,570,000	3.67%
2017	Utility Systems Bonds	Refunding	18,565,000	15,975,000	2.705%
Total Business-Type Activities				<u>\$ 99,950,000</u>	

For the year ended September 30, 2022, principal and interest payments were as follows:

	Governmental Activities	Business-Type Activities
Interest Paid	\$ 585,328	\$ 3,398,141
Principal Paid	2,005,000	7,460,000
	<u>\$ 2,590,328</u>	<u>\$ 10,858,141</u>

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

The following schedules show debt service requirements maturity for the City's bonded indebtedness for the City's governmental activities and for the City's business-type activities as well as pledged revenue information:

Fiscal Year	Direct Borrowing	
	Principal	Interest
2023	\$ 2,055,000	\$ 2,848,950
2024	4,225,000	2,818,365
2025	4,380,000	2,661,690
2026	4,535,000	2,499,285
2027	4,705,000	2,330,875
2028-2032	26,215,000	8,900,917
2033-2037	23,105,000	4,135,343
2038-2039	9,700,000	390,057
Total	<u>\$ 78,920,000</u>	<u>\$ 26,585,482</u>

Pledged revenue description Local government half-cent sales tax, franchise fees, business tax receipts, fines and forfeitures, communications services tax, guaranteed entitlement portion of state revenue sharing, mobile home licenses.

Fiscal year 2022 pledged revenues	10,585,026
Fiscal year 2022 principal and interest paid	\$ 2,590,328
Outstanding principal and interest not including principal and interest Series 2022 Bank Loan	\$ 22,088,445
Pledged through fiscal year	2033
Estimated percentage pledged	18.97%

Fiscal Year	Business-Type Activities	
	Direct Borrowing	
	Principal	Interest
2023	\$ 7,675,000	\$ 3,163,312
2024	7,895,000	2,921,721
2025	8,125,000	2,673,155
2026	8,355,000	2,417,467
2027	8,600,000	2,154,290
2028-2032	48,300,000	6,214,366
2033	11,000,000	188,637
Total	<u>\$ 99,950,000</u>	<u>\$ 19,732,948</u>

Pledged revenue description Net revenues of the combined Electric Revenue System and the Water and Sewer System (as defined in bond resolutions)

Fiscal year 2022 pledged revenues	\$ 40,515,708
Fiscal year 2022 principal and interest paid	\$ 10,858,141
Outstanding principal and interest	\$ 119,682,948
Pledged through fiscal year	2033
Estimated percentage pledged	26.85%

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

Bond Arbitrage

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the U.S. Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates or pay a calculated penalty. Rebates are paid to the Internal Revenue Service every fifth year after the year of issuance. Within the five-year period, any positive arbitrage (liability) can be offset by any negative arbitrage (non-liability). At September 30, 2022, the City had no arbitrage rebate liability.

Disclosure of Legal Debt Margin

The City has no legal debt margin requirements set forth by State Statute; however, the City's charter limits the aggregate amount of general obligation bonds outstanding to 20% of the assessed valuation of the taxable real and personal property in the City. At September 30, 2022, there was no general obligation debt outstanding.

Synopsis of Revenue Bond Covenants, Revenue Bonds Debt Service and Transfer Requirements

Provisions of revenue bonds require monthly sinking fund contributions for debt service of one-twelfth and one-sixth of the next maturing principal and interest payment, respectively.

Fund Deficits

The Community Redevelopment Agency Fund deficit of \$1,148,695 represents cumulative costs associated with the construction of a community center. As part of an agreement with the county, funds were received in 2023 which will put the fund back to a surplus for the next fiscal year.

NOTE 11 – COMMITMENTS AND CONTINGENT LIABILITIES

Litigation

Various suits and claims arising in the ordinary course of City operations are pending against the City of Ocala. While the ultimate effect of such litigation cannot be ascertained at this time, the City does not expect any of these items except for an ongoing lawsuit for Fire Service Fees (discussed below) to have a material impact on the financial condition of the City.

Fire Service Fees

Since 2014, the City has been the defendant in a lawsuit related to Fire Service Fees. In January 2014, Discount Sleep of Ocala LLC d/b/a Mattress Barn and Dale W. Birch filed a lawsuit alleging the City was illegally charging fire user fees in violation of the State Constitution (Case No: 5D19-1899). After numerous appeals, the Florida Fifth District Court of Appeals ruled in favor of the plaintiff. The final judgement awarded to the plaintiff was \$79,282,090 including attorneys' fees of \$6,393,188. The court also ordered the City establish a separate bank account, a/k/a The Common Fund to disperse claims incurred. As a result, a line of credit has been established in the amount of \$60 million and the closing date was March 17, 2022. Details of the bank loan can be found in Note 10.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 11 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Other Commitments

The City has outstanding commitments on various contracts for construction and other projects. These commitments, as of September 30, 2022, in the respective funds are as follows:

General Fund	\$ 1,623,275
Electric	754,001
Water and Sewer	827,474
Nonmajor Business Type Funds	3,364,770
Nonmajor Governmental Funds	2,732,754
CRA Fund	129,332
Total	<u>\$ 9,431,606</u>

FMPA All Requirements Project (ARP)

The City purchases power exclusively from the Florida Municipal Power Agency (FMPA) through FMPA's All Requirements Power Supply Project (ARP). The City and FMPA have entered into an ARP Power Supply Contract (effective March 22, 1985, as amended on May 24, 1991, and January 22, 1999) which requires: 1) FMPA to sell and deliver to the City, and 2) the City to purchase from FMPA, all electric power that the City requires. The initial term of the ARP contract had an expiration date of October 1, 2030, however, on each October 1st, after the effective date, the contract automatically extends for an additional one-year period unless either party, at least one year prior to such automatic extension date, notifies the other party in writing of its decision not to extend the contract.

The City pays for electric power under the contract at the rates set forth in the rate schedules to the ARP contract, which FMPA may revise from time to time in accordance with the contract. The contract provides the option for the City to withdraw from the All-requirements Project after notice and making the debt payment, provided for in Section 29 of the contract (which, generally, is equal to the City's portion of the ARP Debt and other costs incurred, or expected to be incurred, by the ARP because of the City's withdrawal).

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Post-employment benefits extended to retirees include the continued coverage for the retiree and their dependents in the City's health insurance plan, dental plan, vision plan and life insurance plan. A portion of the health insurance benefits for family coverage is currently being subsidized by the City, but the subsidy is being phased out over time. No other form of direct subsidy is offered to retirees accepting medical coverage. There are currently 266 retirees participating in the plan. Premiums for insurances other than health insurance are fully paid by the retiree.

Plan Description

The Other Postemployment Benefit Plan is a single-employer benefit plan administered by the City. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. Since the older retirees have higher costs which means that the City is subsidizing the cost of the retiree coverage because it pays all or a significant portion of that premium on behalf of the active

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

employees. Accounting standards calls this the “implicit rate subsidy”. This subsidy is only available until the retiree becomes Medicare eligible.

Retirees and their dependents are permitted to remain covered under the City’s respective medical and insurance plans if they pay a full premium applicable to coverage elected, subject to direct subsidies discussed above. The postemployment benefits are extended to retirees and continued at the discretion of the City, which reserves the right (subject to State Statute and any collective bargaining agreements) to change or terminate benefits, and to change contributions required from retirees in the future as circumstances change. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, Florida Statutes. The Other Postemployment Benefit Plan does not issue a stand-alone report.

Funding Policy

The contribution requirements of the plan members and the City are established and may be amended by the City Council. Because “funding” the OPEB obligations would involve using an irrevocable trust fund, the City did not “fund” the net OPEB obligation. Contributions are being made based on a pay-as-you-go financing requirement. Each fund was assessed its share of OPEB costs based on the number of employees in the fund divided by the total number of City employees.

Plan Membership

As of October 1, 2020 (the valuation date) the following employees were covered by the benefit terms:

	Count	Total OPEB Liability
Inactive employees or beneficiaries currently receiving benefits	266	\$ 11,174,000
Active employees	830	8,451,000
Total	1,096	\$ 19,625,000

Net OPEB Liability

The employer’s net OPEB liability is reported herein as of September 30, 2022 for the employer fiscal year and reporting period of October 1, 2021 to September 30, 2022. The values shown for this fiscal year and reporting period are based on a measurement date of October 1, 2021 and the corresponding measurement period of October 1, 2020 to October 1, 2021. The measurement of the total OPEB liability is based on a valuation date of October 1, 2020.

Actuarial Assumptions and Actuarial Methods

The total OPEB liability in the October 1, 2021 actuarial valuation was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Expected Return on Assets:	None
Discount Rate:	2.19%
Salary Scale:	5.35%
Healthcare Cost Trend Rates:	0.00% for fiscal year ended 2022, then 7% for Fiscal Year 2023, decreasing 0.25% per year to an ultimate rate of 5%.

General employees

RP-2000 Fully Generational Mortality Table for females with 100% annuitant white collar adjustment, using improvement scale BB. RP-2000 Fully Generational Mortality Table for males with 50% annuitant white collar adjustments and 50% annuitant blue collar adjustment using improvement scale BB.

Police Officers and Firefighters

RP-2000 Fully Generational Mortality Table for females with 100% white collar adjustment, using improvement scale BB. RP-2000 Fully Generational Mortality Table for males with 10% white collar adjustment and 90% blue collar adjustment, using improvement scale BB.

Actuarial Cost Method:	Entry Age Actuarial Cost Method
------------------------	---------------------------------

Discount rate

The discount rate has been set equal to 2.19% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.

Net OPEB liability

The following table shows the changes in net OPEB liability along with the breakdown detailing the changes in the current fiscal year.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning balances 10/01/21	\$ 18,554,000	\$ -	\$ 18,554,000
Service Cost	667,000	-	667,000
Interest	446,000	-	446,000
Differences between expected and actual experience	(202,000)		(202,000)
Contributions-employer	-	1,477,000	(1,477,000)
Benefit Payments	(1,477,000)	(1,477,000)	-
Assumption changes	1,928,000	-	1,928,000
Net Changes	1,362,000	-	1,362,000
Ending balance 09/30/22	<u>\$ 19,916,000</u>	<u>\$ -</u>	<u>\$ 19,916,000</u>

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City calculated using the discount rate of 2.19% as what the City's total OPEB liability would be if it were calculated using a trend rate that is 1% lower and 1% higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Employer's Net OPEB Liability	\$ 23,527,000	\$ 19,916,000	\$ 17,128,000

Sensitivity of the total OPEB liability to changes in the trend rate:

The following presents the total OPEB liability/(asset) of the City as of the measurement date calculated using the discount, as well as what the employer's net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
Employer's Net OPEB Liability	\$ 16,831,000	\$ 19,916,000	\$ 23,994,000

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2022, the City recognized OPEB expense of \$1,676,000 as the result of implementing GASB No.75. Contributions made after the measurement date in the amount of \$1,477,000 will be recognized as a reduction of OPEB liability in the subsequent fiscal period.

The deferred outflows of resources and deferred inflows of resources related to OPEB as of September 30, 2022 from various sources are as follows:

<u>Deferred outflows</u>	
Differences between expected and actual experience	\$ 673,000
Changes of assumptions	3,794,000
Contributions subsequent to the measurement date	1,477,000
Total deferred outflows	<u>\$ 5,944,000</u>
<u>Deferred inflows</u>	
Changes of assumptions	331,000
Expected and actual experience	809,000
Total deferred inflows	<u>\$ 1,140,000</u>

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2023	\$ 554,000
2024	554,000
2025	554,000
2026	562,000
2027	597,000
Thereafter	506,000
	<u>\$ 3,327,000</u>

NOTE 13 – CHANGES IN ACCOUNTING STANDARDS

A. Adoption of New Accounting Standard

The City adopted GASB Statement No. 87, Leases, in Fiscal Year 2022. This statement enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's 2022 financial statements. For Governmental Activities and the Water & Sewer Fund, the City recognized \$991,276 and \$212,789 respectively in leases receivable; however, this entire amount was offset by deferred inflows or resources for leases.

B. Future Adoption of New Accounting Standards

The City, where applicable anticipates adopting the following new accounting standards in future years:

GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.

NOTE 14 – TAX ABATEMENTS

As of September 30, 2022, the City currently has Economic Investment Program agreements with 17 active participants. There are no agreements that have current tax abatements as required by GASB 77.



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CITY OF OCALA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts (GAAP Basis)		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property tax	\$ 35,358,848	\$ 35,358,848	\$ 35,841,384	\$ 482,536
Utility service tax	8,725,000	8,725,000	11,842,744	3,117,744
Communication service tax	2,472,665	2,691,617	2,681,273	(10,344)
Other tax	1,613,807	1,613,807	1,835,438	221,631
State shared revenues	7,765,195	8,114,500	9,312,030	1,197,530
Permits and fees	2,287,450	2,287,450	4,349,468	2,062,018
Intergovernmental revenues	115,500	13,583,038	6,109,641	(7,473,397)
Charges for services	17,124,351	17,143,351	22,067,483	4,924,132
Fines and forfeitures	455,500	455,500	378,668	(76,832)
Investment income	-	-	(4,053,720)	(4,053,720)
Miscellaneous	354,500	3,014,925	1,186,925	(1,828,000)
Total revenues	76,272,816	92,988,036	91,551,334	(1,436,702)
Expenditures				
Current:				
General government	18,825,806	18,874,730	12,441,300	6,433,430
Public safety	61,430,572	144,654,013	133,333,170	11,320,843
Physical Environment	70,000	96,950	26,182	70,768
Transportation	5,879,859	8,407,030	6,760,844	1,646,186
Economic environment	3,499,387	7,466,235	2,464,039	5,002,196
Culture and recreation	10,517,744	10,846,570	9,359,787	1,486,783
Capital outlay	2,922,913	15,635,606	8,052,789	7,582,817
Debt service:				
Costs of Issuance	144,500	144,500	144,500	-
Total expenditures	103,290,781	206,125,634	172,582,611	33,543,023
Excess (deficiency) of revenues over expenditures	(27,017,965)	(113,137,598)	(81,031,277)	32,106,321
Other Financing Sources (Uses)				
Transfers in	24,479,734	84,479,734	63,768,395	(20,711,339)
Transfers out	(4,100,710)	(5,565,921)	(5,543,734)	22,187
Total other financing sources (uses)	20,379,024	78,913,813	58,224,661	(20,689,152)
Net change in fund balance	(6,638,941)	(34,223,785)	(22,806,616)	11,417,169
Fund balance - beginning	66,972,265	66,972,265	66,972,265	-
Fund balance - ending	\$ 60,333,324	\$ 32,748,480	\$ 44,165,649	\$ 11,417,169

CITY OF OCALA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
COMMUNITY REDEVELOPMENT AGENCY (CRA) FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts (GAAP Basis)		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues				
Property tax	\$ 1,005,136	\$ 999,263	\$ 999,263	\$ -
Investment income	-	-	(488,603)	(488,603)
Total revenues	1,005,136	999,263	510,660	(488,603)
Expenditures				
Current:				
Economic Environment	1,303,308	2,247,901	375,578	1,872,323
Culture and recreation	-	75,000	-	75,000
Capital outlay	972,000	6,398,359	3,703,410	2,694,949
Total expenditures	2,275,308	8,721,260	4,078,988	4,642,272
Excess (deficiency) of revenues over expenditures	(1,270,172)	(7,721,997)	(3,568,328)	4,153,669
Other Financing Sources (Uses)				
Transfers in	1,504,906	1,496,118	1,496,118	-
Transfers out	-	-	(56,042)	(56,042)
Total other financing sources (uses)	1,504,906	1,496,118	1,440,076	(56,042)
Net change in fund balance	234,734	(6,225,879)	(2,128,252)	4,097,627
Fund balance - beginning	979,557	979,557	979,557	-
Fund balance - ending	\$ 1,214,291	\$ (5,246,322)	\$ (1,148,695)	\$ 4,097,627



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CITY OF OCALA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES' RETIREMENT SYSTEM

Last 10 Fiscal Years *

Reporting Period Ending Measurement Date	9/30/2023 9/30/2022	9/30/2022 9/30/2021	9/30/2021 9/30/2020	9/30/2020 9/30/2019
Total pension liability				
Service cost	\$ 831,827	\$ 901,990	\$ 986,562	\$ 1,133,206
Interest	16,152,980	16,089,455	16,021,917	15,765,056
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(5,188,968)	(112,857)	(1,001,087)	552,340
Changes of assumptions	2,516,081	2,543,358	(414,750)	-
Contributions - buy back	-	-	-	-
Benefit payments, including refunds of employee contributions	(15,190,015)	(15,009,928)	(14,076,564)	(13,192,455)
Net change in total pension liability	(878,095)	4,412,018	1,516,078	4,258,147
Total pension liability - beginning	240,864,347	236,452,329	234,936,251	230,678,104
Total pension liability- ending	<u>\$ 239,986,252</u>	<u>\$ 240,864,347</u>	<u>\$ 236,452,329</u>	<u>\$ 234,936,251</u>
Plan fiduciary net position				
Contributions - employer	10,006,355	10,222,493	13,799,155	14,822,313
Contributions - employee	452,786	477,170	511,521	540,161
Contributions - buy back	-	-	-	-
Net investment income	(28,662,814)	31,044,311	13,352,784	4,173,467
Benefit payments, including refunds of employee contributions	(15,190,015)	(15,009,928)	(14,076,564)	(13,192,455)
Administrative expense	(205,613)	(187,212)	(137,131)	(204,769)
Net change in plan fiduciary net position	(33,599,301)	26,546,834	13,449,765	6,138,717
Plan fiduciary net position - beginning	199,814,988	173,268,154	159,818,389	153,679,672
Plan fiduciary net position - ending	<u>166,215,687</u>	<u>199,814,988</u>	<u>173,268,154</u>	<u>159,818,389</u>
Net pension liability - ending	<u>\$ 73,770,565</u>	<u>\$ 41,049,359</u>	<u>\$ 63,184,175</u>	<u>\$ 75,117,862</u>
Plan fiduciary net position as a percentage of the total pension liability	69.26%	82.96%	73.28%	68.03%
Covered payroll	\$ 9,055,666	\$ 9,543,908	\$ 10,229,855	\$ 10,785,500
Net pension liability as a percentage of covered payroll	814.63%	430.11%	617.64%	696.47%

The City has used the alternate measurement date to record the net pension liability

* Information prior to fiscal year 2014 is not available.

	9/30/2019 9/30/2018	9/30/2018 9/30/2017	9/30/2017 9/30/2016	9/30/2016 9/30/2015	9/30/2015 9/30/2014
\$	1,288,820	\$ 1,567,489	\$ 1,852,029	\$ 1,955,680	\$ 2,122,184
	15,359,295	14,832,634	14,160,117	13,857,718	13,643,262
	-	-	-	-	(1,321,935)
	2,072,529	1,126,640	1,198,983	1,329,173	-
	-	3,182,088	5,202,901	-	-
	-	-	-	-	114,387
	(12,344,439)	(13,468,466)	(11,575,745)	(13,862,112)	(11,437,247)
	6,376,205	7,240,385	10,838,285	3,280,459	3,120,651
	224,301,899	217,061,514	206,223,229	202,942,770	199,822,119
\$	230,678,104	\$ 224,301,899	\$ 217,061,514	\$ 206,223,229	\$ 202,942,770
	15,482,762	14,802,319	14,187,965	13,053,609	10,253,005
	608,171	740,871	574,059	584,624	675,791
	-	-	-	-	114,387
	6,324,077	13,427,988	10,585,043	(2,523,690)	10,569,771
	(12,344,439)	(13,468,466)	(11,575,745)	(13,862,112)	(11,437,247)
	(225,097)	(224,873)	(225,101)	(172,861)	(159,258)
	9,845,474	15,277,839	13,546,221	(2,920,430)	10,016,449
	143,834,198	128,556,359	115,010,138	117,930,568	107,914,119
	153,679,672	143,834,198	128,556,359	115,010,138	117,930,568
\$	76,998,432	\$ 80,467,701	\$ 88,505,155	\$ 91,213,091	\$ 85,012,202
	66.62%	64.13%	59.23%	55.77%	58.11%
\$	11,804,951	\$ 13,747,075	\$ 14,722,210	\$ 21,970,446	\$ 15,593,924
	652.26%	585.34%	601.17%	415.16%	545.16%

**CITY OF OCALA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
GENERAL EMPLOYEES' RETIREMENT SYSTEM**

Last 10 Fiscal Years *

At the fiscal year end	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Actuarially determined contribution	\$ 9,497,997	\$ 9,716,181	\$ 13,858,120	\$ 14,822,313
Contributions in relation to the				
Actuarially determined contribution	10,006,355	10,222,493	13,858,120	14,894,139
Contribution Deficiency (Excess)	<u>\$ (508,358)</u>	<u>\$ (506,312)</u>	<u>\$ -</u>	<u>\$ (71,826)</u>
Covered payroll	\$ 9,055,666	\$ 9,543,908	\$ 10,229,855	\$ 10,785,500
Contributions as a percentage of				
Covered payroll	110.50%	107.11%	135.47%	138.09%

* Information prior to fiscal year 2014 is not available.

<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
\$ 15,254,002	\$ 14,802,319	\$ 14,186,322	\$ 13,053,609	\$ 10,253,005
<u>15,482,762</u>	<u>14,802,319</u>	<u>14,187,965</u>	<u>13,053,609</u>	<u>10,253,005</u>
<u>\$ (228,760)</u>	<u>\$ -</u>	<u>\$ (1,643)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 11,804,951	\$ 13,747,075	\$ 14,722,210	\$ 21,970,446	\$ 15,593,924
131.15%	107.68%	96.37%	59.41%	65.75%

**CITY OF OCALA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
GENERAL EMPLOYEES' RETIREMENT SYSTEM**

Last 10 Fiscal Years ⁽¹⁾

<u>For the Year Ending</u>	<u>Weighted Rate Of Returns ⁽²⁾</u>
9/30/2014	9.86%
9/30/2015	-0.21%
9/30/2016	9.08%
9/30/2017	10.46%
9/30/2018	4.41%
9/30/2019	2.59%
9/30/2020	8.03%
9/30/2021	17.61%
9/30/2022	-14.20%

(1) Information prior to 2014 is not available

(2) Net of investment expense



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**CITY OF OCALA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE OFFICERS' RETIREMENT SYSTEM**

Last 10 Fiscal Years *

Reporting Period Ending Measurement Date	9/30/2023 9/30/2022	9/30/2022 9/30/2021	9/30/2021 9/30/2020	9/30/2020 9/30/2019	9/30/2019 9/30/2018
Total pension liability					
Service cost	\$ 2,110,794	\$ 2,146,200	\$ 2,006,052	\$ 1,741,664	\$ 1,558,052
Interest	7,560,734	7,321,459	7,171,736	6,952,007	6,630,559
Changes of benefit terms	-	-	-	-	-
Change in Funding Standard Account	-	-	-	-	-
Differences between expected and actual experience	(1,191,428)	278,283	(116,394)	(450,176)	1,433,941
Changes of assumptions	3,198,090	1,043,477	382,036	1,421,185	-
Contributions - buy back	5,761	27,555	-	34,025	-
Benefit payments, including refunds of employee contributions	(5,127,217)	(7,486,310)	(5,289,742)	(5,478,770)	(5,943,808)
Net change in total pension liability	6,556,734	3,330,664	4,153,688	4,219,935	3,678,744
Total pension liability - beginning	\$ 101,262,604	\$ 97,931,940	\$ 93,778,252	\$ 89,558,317	\$ 85,879,573
Total pension liability- ending	<u>\$ 107,819,338</u>	<u>\$ 101,262,604</u>	<u>\$ 97,931,940</u>	<u>\$ 93,778,252</u>	<u>\$ 89,558,317</u>
Plan fiduciary net position					
Contributions - employer	2,990,891	2,450,000	2,783,760	3,014,876	4,077,869
Contributions - State	763,084	683,980	688,440	636,601	584,334
Contributions - employee	1,057,924	885,087	901,945	823,654	731,022
Contributions - buy back	5,761	27,555	-	34,025	-
Net investment income	(15,762,887)	15,961,589	6,830,174	2,344,271	6,110,450
Benefit payments, including refunds of employee contributions	(5,127,217)	(7,486,310)	(5,289,742)	(5,478,770)	(5,943,808)
Administrative expense	(89,434)	(88,551)	(92,774)	(79,693)	(89,863)
Net change in plan fiduciary net position	(16,161,878)	12,433,350	5,821,803	1,294,964	5,470,004
Plan fiduciary net position - beginning	93,347,956	80,914,606	75,092,803	73,797,839	68,327,835
Plan fiduciary net position - ending	77,186,078	93,347,956	80,914,606	75,092,803	73,797,839
Net pension liability - ending	<u>\$ 30,633,260</u>	<u>\$ 7,914,648</u>	<u>\$ 17,017,334</u>	<u>\$ 18,685,449</u>	<u>\$ 15,760,478</u>
Plan fiduciary net position as a percentage of the total pension liability	71.59%	92.18%	82.62%	80.07%	82.40%
Covered payroll	\$ 13,224,044	\$ 11,063,586	\$ 11,274,315	\$ 10,295,675	\$ 9,137,770
Net pension liability as a percentage of covered payroll	231.65%	71.54%	150.94%	181.49%	172.48%

The City has used the alternate measurement date to record the net pension liability

* Information prior to fiscal year 2014 is not available.

9/30/2018 9/30/2017	9/30/2017 9/30/2016	9/30/2016 9/30/2015	9/30/2015 9/30/2014
\$ 1,579,043	\$ 1,629,468	\$ 1,639,535	\$ 1,688,742
6,600,886	6,316,211	6,207,407	5,940,330
-	(1,150,613)	-	-
-	-	-	56,039
(252,579)	(727,086)	(971,456)	-
(35,707)	1,741,528	-	-
-	-	83,865	-
(5,888,193)	(4,814,327)	(4,062,918)	(4,531,980)
2,003,450	2,995,181	2,896,433	3,153,131
\$83,876,123	\$ 80,880,942	77,984,509	74,831,378
\$85,879,573	\$ 83,876,123	\$80,880,942	\$77,984,509
3,582,817	3,469,395	3,111,881	2,961,297
530,026	516,594	471,520	440,294
669,044	672,201	629,554	632,728
-	-	83,865	-
6,716,321	5,151,384	(1,046,879)	5,733,534
(5,888,193)	(4,814,327)	(4,062,918)	(4,531,980)
(88,507)	(83,196)	(72,024)	(72,694)
5,521,508	4,912,051	(885,001)	5,163,179
62,806,327	57,894,276	58,779,277	53,616,098
68,327,835	62,806,327	57,894,276	58,779,277
\$17,551,738	\$ 21,069,796	\$22,986,666	\$19,205,232
79.56%	74.88%	71.58%	75.37%
\$ 8,363,052	\$ 8,402,515	\$ 9,288,611	\$ 7,909,106
209.87%	250.76%	247.47%	242.82%

**CITY OF OCALA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
POLICE OFFICERS' RETIREMENT SYSTEM**

Last 10 Fiscal Years *

At the fiscal year end	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Actuarially determined contribution	\$ 4,131,191	\$ 3,534,816	\$ 3,716,014	\$ 4,250,054
Contributions in relation to the				
Actuarially determined contribution	<u>3,753,975</u>	<u>3,133,980</u>	<u>3,472,200</u>	<u>3,651,477</u>
Contribution Deficiency (Excess)	<u>\$ 377,216</u>	<u>\$ 400,836</u>	<u>\$ 243,814</u>	<u>\$ 598,577</u>
Covered payroll	\$ 13,224,044	\$ 11,063,586	\$ 11,274,315	\$ 10,295,675
Contributions as a percentage of				
Covered payroll	28.39%	28.33%	30.80%	35.47%

* Information prior to fiscal year 2014 is not available.

<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
\$ 4,076,359	\$ 3,582,731	\$ 3,762,646	\$ 3,505,831	\$ 3,345,551
4,662,203	4,112,843	3,985,989	3,583,401	3,345,551
<u>\$ (585,844)</u>	<u>\$ (530,112)</u>	<u>\$ (223,343)</u>	<u>\$ (77,570)</u>	<u>\$ -</u>
\$ 9,137,770	\$ 8,363,052	\$ 8,402,515	\$ 9,288,611	\$ 7,909,106
51.02%	49.18%	47.44%	38.58%	42.30%

**CITY OF OCALA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
POLICE OFFICERS' RETIREMENT SYSTEM**

Last 10 Fiscal Years ⁽¹⁾

<u>For the Year Ending</u>	<u>Weighted Rate Of Returns ⁽²⁾</u>
9/30/2014	10.63%
9/30/2015	-1.76%
9/30/2016	8.95%
9/30/2017	10.82%
9/30/2018	9.04%
9/30/2019	3.14%
9/30/2020	9.04%
9/30/2021	19.91%
9/30/2022	-16.74%

(1) Information prior to 2014 is not available

(2) Net of investment expense



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CITY OF OCALA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' RETIREMENT PLAN

Last 10 Fiscal Years *

Reporting Period Ending Measurement Date	9/30/2023 9/30/2022	9/30/2022 9/30/2021	9/30/2021 9/30/2020	9/30/2020 9/30/2019
Total pension liability				
Service cost	\$ 1,573,269	\$ 1,534,997	\$ 1,394,105	\$ 1,455,310
Interest	6,542,516	6,205,220	5,853,602	5,479,962
Changes of benefit terms	-	-	58,566	-
Differences between expected and actual experience	1,717,962	1,062,384	310,138	1,406,892
Changes of assumptions	-	-	6,753,635	165,836
Benefit payments, including refunds of employee contributions	(4,167,351)	(3,877,368)	(3,948,542)	(2,981,313)
Net change in total pension liability	5,666,396	4,925,233	10,421,504	5,526,687
Total pension liability - beginning	93,974,927	89,049,694	78,628,190	73,101,503
Total pension liability- ending	<u>\$ 99,641,323</u>	<u>\$ 93,974,927</u>	<u>\$ 89,049,694</u>	<u>\$ 78,628,190</u>
Plan fiduciary net position				
Contributions - employer	3,334,160	2,960,648	2,627,755	2,299,394
Contributions - State	614,717	734,643	520,367	488,640
Contributions - employee	677,091	541,289	673,724	638,372
Net investment income	(13,470,714)	14,803,229	9,444,624	2,012,954
Benefit payments, including refunds of employee contributions	(4,167,351)	(3,877,368)	(3,948,542)	(2,981,313)
Administrative expense	(135,218)	(116,404)	(109,725)	(84,759)
Other	-	-	(73,667)	157,698
Net change in plan fiduciary net position	(13,147,315)	15,046,037	9,134,536	2,530,986
Plan fiduciary net position - beginning	89,922,575	74,876,538	65,742,002	63,211,016
Plan fiduciary net position - ending	<u>76,775,260</u>	<u>89,922,575</u>	<u>74,876,538</u>	<u>65,742,002</u>
Net pension liability - ending	<u>\$ 22,866,063</u>	<u>\$ 4,052,352</u>	<u>\$ 14,173,156</u>	<u>\$ 12,886,188</u>
Plan fiduciary net position as a percentage of the total pension liability	77.05%	95.69%	84.08%	83.61%
Covered payroll	\$ 7,949,354	\$ 7,703,127	\$ 7,367,409	\$ 7,366,658
Net pension liability as a percentage of covered payroll	287.65%	52.61%	192.38%	174.93%

The City has used the alternate measurement date to record the net pension liability

* Information prior to fiscal year 2014 is not available.

	9/30/2019 9/30/2018	9/30/2018 9/30/2017	9/30/2017 9/30/2016	9/30/2016 9/30/2015	9/30/2015 9/30/2014
\$	1,326,905 5,276,956 -	\$ 1,317,786 4,878,081 -	\$ 1,227,874 4,637,901 (556,590)	\$ 1,121,980 4,471,685 -	\$ 1,163,818 4,274,720 -
	(809,914) -	1,862,026 2,528,873	258,882 -	(904,013) -	142,133 -
	(3,449,899)	(2,909,019)	(2,208,735)	(3,092,921)	(2,901,757)
	2,344,048	7,677,747	3,359,332	1,596,731	2,678,914
	70,757,455	63,079,708	59,720,376	58,123,645	55,444,731
\$	<u>73,101,503</u>	<u>\$ 70,757,455</u>	<u>\$ 63,079,708</u>	<u>\$ 59,720,376</u>	<u>\$ 58,123,645</u>
	2,495,113 472,989 736,600 5,087,763	1,945,055 434,616 664,806 6,250,958	2,490,684 434,473 643,628 4,770,021	2,180,098 467,838 554,915 13,508	2,117,780 553,787 450,140 3,792,085
	(3,449,899) (85,835) -	(2,909,019) (67,415) -	(2,208,735) (84,143) -	(3,092,921) (77,503) -	(2,901,757) (67,517) -
	5,256,731	6,319,001	6,045,928	45,935	3,944,518
	57,954,285 63,211,016	51,635,284 57,954,285	45,589,356 51,635,284	45,543,421 45,589,356	41,598,903 45,543,421
\$	<u>9,890,487</u>	<u>\$ 12,803,170</u>	<u>\$ 11,444,424</u>	<u>\$ 14,131,020</u>	<u>\$ 12,580,224</u>
	86.47%	81.91%	81.86%	76.34%	78.36%
\$	7,657,531	\$ 6,886,009	\$ 7,333,107	\$ 6,507,660	\$ 6,311,053
	129.16%	185.93%	156.07%	217.14%	199.34%

**CITY OF OCALA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FIREFIGHTERS' RETIREMENT PLAN**

Last 10 Fiscal Years

At the fiscal year end	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Actuarially determined contribution	\$ 3,741,519	\$ 3,331,293	\$ 2,987,939	\$ 2,816,168
Contributions in relation to the				
Actuarially determined contribution	3,741,519	3,331,293	2,987,939	2,643,714
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172,454</u>
Covered payroll	\$ 8,244,756	\$ 7,703,127	\$ 7,367,409	\$ 7,366,658
Contributions as a percentage of				
Covered payroll	45.38%	43.25%	40.56%	35.89%

* Information prior to fiscal year 2014 is not available.

<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
\$ 2,881,523	\$ 2,236,606	\$ 2,370,353	\$ 2,355,312	\$ 2,482,131
2,968,102	2,185,456	2,731,085	2,420,499	2,358,181
<u>\$ (86,579)</u>	<u>\$ 51,150</u>	<u>\$ (360,732)</u>	<u>\$ (65,187)</u>	<u>\$ 123,950</u>
\$ 7,657,531	\$ 6,886,009	\$ 7,333,107	\$ 6,507,660	\$ 6,311,053
38.76%	31.74%	37.24%	37.19%	37.37%

**CITY OF OCALA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS' RETIREMENT SYSTEM**

Last 10 Fiscal Years ⁽¹⁾

<u>For the Year Ending</u>	<u>Weighted Rate Of Returns ⁽²⁾</u>
9/30/2014	9.31%
9/30/2015	0.06%
9/30/2016	10.88%
9/30/2017	12.80%
9/30/2018	9.22%
9/30/2019	3.42%
9/30/2020	14.31%
9/30/2021	19.78%
9/30/2022	-14.99%

(1) Information prior to 2014 is not available

(2) Net of investment expense



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**CITY OF OCALA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2022**

Last 10 Fiscal Years

	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB liability					
Service cost	\$ 667,000	\$ 611,000	\$ 462,000	\$ 498,000	\$ 473,000
Interest	446,000	459,000	568,000	527,000	518,000
Differences between expected and actual experience	(202,000)	828,000	(1,029,000)	131,000	-
Changes of assumptions	1,928,000	917,000	2,339,000	(675,000)	-
Benefit payments, including refunds of employee contributions	(1,477,000)	(656,000)	(606,000)	(763,000)	(748,000)
Net change in total OPEB liability	1,362,000	2,159,000	1,734,000	(282,000)	243,000
Total OPEB liability - beginning	18,554,000	16,395,000	14,661,000	14,943,000	14,700,000
Total OPEB liability- ending	<u>\$ 19,916,000</u>	<u>\$ 18,554,000</u>	<u>\$ 16,395,000</u>	<u>\$ 14,661,000</u>	<u>\$ 14,943,000</u>
Contributions- employer	\$ 1,477,000	\$ 656,000	\$ 606,000	\$ 763,000	\$ 748,000
Benefit payments, including refunds of employee contributions	(1,477,000)	(656,000)	(606,000)	(763,000)	(748,000)
Net change in plan fiduciary net position	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's net OPEB liability	<u>\$ 19,916,000</u>	<u>\$ 18,554,000</u>	<u>\$ 16,395,000</u>	<u>\$ 14,661,000</u>	<u>\$ 14,943,000</u>
Plan fiduciary net position as a percentage of the total OPEB Liability	0%	0%	0%	0%	0%
Covered employee payroll	\$ 51,712,000	\$ 51,712,000	\$ 55,028,000	\$ 55,028,000	\$ 50,556,000
Employer's net OPEB liability as a percentage of covered employee payroll	38.51%	35.88%	29.79%	26.64%	29.56%

Notes to Schedule:

The City has elected not to fund the OPEB liability, therefore no assets are held in trust for payment of the OPEB liability.

*10 years of data will be presented as it becomes available

**CITY OF OCALA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
OPEB PLAN**

Last 10 Fiscal Years *

	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Actuarially determined contribution	\$ 1,477,000	\$ 656,000	\$ 606,000	\$ 763,000	\$ 748,000
Contributions in relation to the					
Actuarially determined contribution	1,477,000	656,000	606,000	763,000	748,000
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 51,712,000	\$ 51,712,000	\$ 55,028,000	\$ 55,028,000	\$ 50,556,000
Contributions as a percentage of					
Covered employee payroll	2.86%	1.27%	1.10%	1.39%	1.48%

Notes to Schedule:

The employer has elected to make an annual contribution equal to the benefit payments. The employer share of net benefits is the difference between the expected benefit payments and the retiree contributions. It is sometimes referred to as "pay-as-you go."

The expected benefit payments are actuarially determined to reflect the age difference between the overall covered group and the retiree group.

Actuarially determined contributions, which are based on the "pay-as-you-go" cost, and actual contributions are from the measurement periods ending June 30 of the year prior to the year-end of the reporting periods shown.

* Information prior to fiscal year 2018 is not available.

CITY OF OCALA FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2022

NOTE 1 - BUDGETARY INFORMATION

A. Budgeting Policy

An annual budget is prepared for all governmental and proprietary funds. The City Council annually adopts the budget through a Budget Resolution. Budgetary control is legally maintained at the fund level. The budget amounts presented in the accompanying financial statements for the governmental funds are as originally adopted, or as legally amended, by the City Council during the year ended September 30, 2022.

The City's Budget Resolution provides transfer authority to the City Manager to transfer budgeted amounts between departments within any fund; however, any budget amendments that alter the total expenditures of any fund must be approved by the City Council. During 2022, the City Council approved various supplemental budget appropriations to provide for unanticipated requirements of the period. Budget appropriations may not be legally exceeded on a fund basis. Appropriations lapse at the end of each fiscal year. The budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The budgetary comparisons reflect only those activities for which legally adopted budgets are prepared. For the year ended September 30, 2022, no expenditures exceeded the budget at the fund level.

B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable budget appropriation, is utilized by the governmental funds of the City. Appropriations lapse at year end and outstanding encumbrances are re-appropriated as part of the subsequent year's budget. See Liabilities Note 11, Other Commitments, for a breakdown of significant encumbrances in total by each major fund and nonmajor fund.

NOTE 2 – CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

GENERAL EMPLOYEES' RETIREMENT SYSTEM:

Valuation Date: October 1, 2020

The actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method (level percentage of pay).

Amortization Method: Layered 10-year periods.

Remaining Amortization Period: 17 Years (as of 10/01/2020 valuation).

Actuarial Asset Method: The Actuarial Value of Assets is based upon a 5-year straight line recognition of the difference between expected earnings on the net market value of assets and actual earnings on the net market value of assets. The net market value of assets shall be the total fiduciary net position as defined by GASB 67/68, excluding any reserves held which are not designated for currently adopted plan benefits valued as part of the plan liabilities. The resulting value shall be adjusted if it does not fall between 120% and 80% of the market value of assets. This change shall be made assuming that this 5-year recognition method applies to differences between the expected and actual investment returns for the years ending September 30, 2009 and later. This method is mandated by the proposed ordinance.

**CITY OF OCALA FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2022**

NOTE 2 – CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (Continued)

GENERAL EMPLOYEES' RETIREMENT SYSTEM (Continued)

Prior Method:	The Actuarial Value of Assets was brought forward using the historical five-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in an insignificant bias that is above or below the Market Value.
Inflation:	2.0% per year.
Salary Increases:	Service based
Payroll Increase:	None
Interest Rate:	6.80% per year, compounded annually, net of investment related expenses. The interest rate is mandated by Ordinance 2013-48.
Cost of Living Increases:	3% automatic lifetime COLA, beginning one year after retirement for all categories except pre-retirement death. Applies to future retirees on and after October 1, 2008 to the frozen accrued benefit as of September 30, 2013 only. The grandfathered Members maintain this provision on their entire benefit. No COLA on the variable benefit earned for Credited Service on and after October 1, 2013.

Normal Retirement:	<u>Age</u>	<u>Probability of Retirement</u>
	65	50%
	66-67	33%
	68 +	100%

Members with at least 30 years of Credited Service are assumed to retire immediately.

Early Retirement:	Commencing upon eligibility for Early Retirement, Members are assumed to retire with an immediate benefit at the rate of 2% per year.
Termination Rates:	See Table Below.
Disability Rates:	See Table Below. 75% of disablements are assumed to be service incurred.
Mortality:	RP-2000 Combined Healthy with generational projection by AA- - Sex Distinct. This assumption is mandated by Ordinance 2013-48. Disabled lives are valued using the RP-2000 Combined Healthy projected to 2012 with Schedule AA – Sex Distinct set forward 5 years.

CITY OF OCALA FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2022

NOTE 2 – CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (Continued)

GENERAL EMPLOYEES' RETIREMENT SYSTEM (Continued)

Other Information: Termination and Disability Rate Table.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	20.0%	0.051%
30	12.0%	0.058%
40	8.0%	0.121%
50	6.0%	0.429%
60	5.0%	1.611%

POLICE OFFICERS' RETIREMENT SYSTEM

Valuation Date: October 1, 2020

The actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost
 Amortization Method: New UAAL are amortized over the following amortization periods:
 Experience: 10 years
 Assumption/Method changes: 20 years
 Benefit changes: 30 years

Actuarial Asset Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 5-year average Market Value return and is then diminished by the Funding Standard Account Credit Balance and further adjusted for the Administrative Expense Account. It is possible that over time this technique will produce an insignificant bias that is above or below the Market Value.

Inflation: 2.70% per year.

<u>Salary Increases:</u>	<u>Years of Credited Service</u>	<u>Salary Scale</u>
	<3	6.50%
	3-9	6.00%
	10-19	5.00%
	20-24	4.50%
	>25	4.00%

**CITY OF OCALA FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2022**

NOTE 2 – CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (Continued)

POLICE OFFICERS' RETIREMENT SYSTEM (Continued)

Partial Lump Sums:	For valuation purposes, no future retirees are assumed to opt for a partial lump sum.
Payroll Increase:	2.95% (previously 1.3%).
Interest Rate:	7.5% per year, compounded annually, net of investment related expenses.
Retirement Age:	Earlier of 1) Age 52 and 10 years of service or 2) 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Early Retirement:	Commencing with the earliest Retirement Age, Members are assumed to retire with an immediate benefit at the rate of 5% per year.
Termination Rates:	See Table Below.
Disability Rates:	See Table Below. 75% of disablements are assumed to be service related.
Mortality:	Healthy Active Lives: PubS.H-2010 (Below Median) for employees set forward one year. Retiree Lives: PubS.H-2010 for healthy retirees set forward one year.
Other Information:	Termination and Disability Rate Table.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	10.00%	0.14%
30	10.00%	0.18%
40	9.00%	0.30%
50	7.00%	1.00%

FIREFIGHTERS' RETIREMENT PLAN:

Valuation Date: October 1, 2020

The actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Method	
Amortization Method:	Unfunded liability	25 years
	Benefit improvements for actives	25 years
	Benefit improvements for inactive	15 years
	Actuarial gains/losses	20 years
	Changes in assumptions	20 years

**CITY OF OCALA FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2022**

NOTE 2 – CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (Continued)

FIREFIGHTERS' RETIREMENT PLAN (Continued)

Actuarial Asset Method: 20% Phase-In Method with a fresh start methodology as of October 1, 2019.

Inflation: 2.5%

Salary Increases:	Age	General
	<= 25	5.50%
	<= 30	4.10%
	<= 35	3.10%
	<= 40	2.10%
	<= 45	1.10%
	> 50	0.00%

Partial Lump Sums: For valuation purposes, no future retirees are assumed to opt for a partial lump sum.

Interest Rate: 7% net of investment expenses

Retirement Age: Age 55 and 10 years of service, Rule of 70, or 25 years of service.

Early Retirement: Age 50 and 10 years of credited service. Benefits are reduced by 2% for each year prior to normal retirement date.

Termination Rates: See Table Below.

Disability Rates: See Table Below. 75% of disablements are assumed to be service related

Mortality: Healthy - RP-2000 Mortality Table, projected to 2020.

Disabled: RP-2000 Mortality Table for Disabled Lives, projected to 2020.

Other Information: Termination and Disability Rate Table.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	6.68%	0.10%
30	4.18%	0.14%
40	2.28%	0.29%
50	0.98%	0.92%



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**CITY OF OCALA, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

SPECIAL REVENUE FUNDS:

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditure for specific purposes. Special revenue funds used by the City are:

Downtown Development Fund - This fund accounts for property taxes levied against downtown property owners.

Local Gasoline Tax Fund - This fund accounts for street related maintenance and improvement projects financed by the City's share of local gasoline taxes. These taxes are required by law to be used to maintain streets.

Stormwater Utility Fund - This fund accounts for resources collected that are to be used for additions to, improvements to and maintenance of the storm drainage system.

SHIP Local Housing Assistance Fund - This fund accounts for the receipt and uses of funds received from the Florida "local housing assistance trust fund" for the State Housing Initiative Partnership (low income housing).

Infrastructure Sales Surtax Fund – This fund accounts for Public Safety capital needs and road projects.

DEBT SERVICE FUNDS:

Debt service funds are used to account for the accumulation of resources for the payment of principal, interest and related costs of the City's general long-term debt. Debt service funds used by the City are:

2007A/2015 Improvement Certificates Fund - This fund is used for the payment of principal, interest and related costs of the Capital Improvement Revenue Certificates, Series 2015, which refunded the Capital Improvement Revenue Certificates, Series 2007A.

2012 Improvement Certificates Fund - This fund is used for payment of principal, interest and related costs of the Capital Improvement Refunding Revenue Certificates, Series 2012.

Bank Loan Series 2022 Fund- This fund is used for payment of principal, interest and related costs for \$60 million bank loan in FY 2022.



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**CITY OF OCALA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Assets			
Equity in pooled cash fund	\$ 37,008,651	\$ 23,094,573	\$ 60,103,224
Accounts and notes receivables	971,563	-	971,563
Accrued interest receivable	117,002	-	117,002
Prepaid Expenses	1,109,178	-	1,109,178
Due from other governments	1,913,406	-	1,913,406
Total assets	<u>41,119,800</u>	<u>23,094,573</u>	<u>64,214,373</u>
Liabilities and fund balances			
Liabilities:			
Accounts payable and accrued liabilities	746,703	-	746,703
Retainage on contracts	38,965	-	38,965
Escrow/Deposits	1,008,065	-	1,008,065
Total liabilities	<u>1,793,733</u>	<u>-</u>	<u>1,793,733</u>
Deferred inflows of resources			
Deferred inflows from future revenues	66,494	-	66,494
Total deferred inflows of resources	<u>66,494</u>	<u>-</u>	<u>66,494</u>
Fund Balances:			
Nonspendable	1,109,178	-	1,109,178
Restricted	27,432,682	23,094,573	50,527,255
Committed	10,717,713	-	10,717,713
Total fund balances	<u>39,259,573</u>	<u>23,094,573</u>	<u>62,354,146</u>
Total liabilities and fund balances	<u>\$ 41,119,800</u>	<u>\$ 23,094,573</u>	<u>\$ 64,214,373</u>

CITY OF OCALA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Revenues			
Property tax	\$ 108,679	\$ -	\$ 108,679
Local option gas tax	3,919,597	-	3,919,597
Infrastructure Sales Surtax	11,270,239	-	11,270,239
Intergovernmental revenues	1,923,868	-	1,923,868
Charges for services	8,327,805	-	8,327,805
Investment income (loss)	(1,987,671)	(77,855)	(2,065,526)
Miscellaneous	13,917	-	13,917
Total revenues	<u>23,576,434</u>	<u>(77,855)</u>	<u>23,498,579</u>
Expenditures			
Current:			
Physical environment	5,105,192	-	5,105,192
Public safety	356,142	-	356,142
Transportation	3,548,789	-	3,548,789
Economic environment	426,955	-	426,955
Capital outlay	2,447,240	-	2,447,240
Debt service:			
Principal payments	-	2,005,000	2,005,000
Interest and fees	-	585,328	585,328
Total expenditures	<u>11,922,775</u>	<u>2,590,328</u>	<u>14,513,103</u>
Excess (deficiency) of revenues over expenditures	<u>11,653,659</u>	<u>(2,668,183)</u>	<u>8,985,476</u>
Other financing sources (uses)			
Transfers in	-	2,693,229	2,693,229
Transfers out	(10,000)	(39,241,139)	(39,251,139)
Loan Proceeds	-	60,000,000	60,000,000
Total other financing sources (uses)	<u>(10,000)</u>	<u>23,452,090</u>	<u>23,442,090</u>
Net change in fund balances	11,643,659	20,783,907	32,427,566
Fund balances - beginning	27,615,914	2,310,666	29,926,580
Fund balances - ending	<u>\$ 39,259,573</u>	<u>\$ 23,094,573</u>	<u>\$ 62,354,146</u>

**CITY OF OCALA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Downtown Development	Local Gasoline Tax
Assets		
Equity in pooled cash and investment fund	\$ 301,806	\$ 4,810,340
Accrued interest receivable	951	15,378
Accounts and notes receivable	-	-
Prepaid Expenses	-	7,712
Due from other governments	1,320	361,352
Total assets	<u>304,077</u>	<u>5,194,782</u>
 Liabilities and fund balances		
Liabilities:		
Accounts payable and accrued liabilities	-	185,133
Retainage on contracts	-	11,193
Escrow	-	1,008,065
Total liabilities	<u>-</u>	<u>1,204,391</u>
 Deferred inflows of resources		
Deferred inflows from future revenues	-	-
Total deferred inflows from resources	<u>-</u>	<u>-</u>
Fund Balances:		
Nonspendable	-	7,712
Restricted	304,077	3,982,679
Committed	-	-
Total fund balances	<u>304,077</u>	<u>3,990,391</u>
 Total liabilities and fund balances	<u>\$ 304,077</u>	<u>\$ 5,194,782</u>

Stormwater Utility	SHIP Local Housing Assistance	Infrastructure Sales Surtax	Total
\$ 9,224,978	\$ 587,415	\$ 22,084,112	\$ 37,008,651
29,214	1,851	69,608	117,002
822,200	73,349	76,014	971,563
8,039	-	1,093,427	1,109,178
808,597	-	742,137	1,913,406
<u>10,893,028</u>	<u>662,615</u>	<u>24,065,298</u>	<u>41,119,800</u>
155,851	6,581	399,138	746,703
11,425	-	16,347	38,965
-	-	-	1,008,065
<u>167,276</u>	<u>6,581</u>	<u>415,485</u>	<u>1,793,733</u>
-	66,494	-	66,494
-	<u>66,494</u>	-	<u>66,494</u>
8,039	-	1,093,427	1,109,178
-	589,540	22,556,386	27,432,682
10,717,713	-	-	10,717,713
<u>10,725,752</u>	<u>589,540</u>	<u>23,649,813</u>	<u>39,259,573</u>
<u>\$ 10,893,028</u>	<u>\$ 662,615</u>	<u>\$ 24,065,298</u>	<u>\$ 41,119,800</u>

CITY OF OCALA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Downtown Development</u>	<u>Local Gasoline Tax</u>
Revenues		
Property taxes	\$ 108,679	\$ -
Local option gas tax	-	3,919,597
Infrastructure sales surtax	-	-
Intergovernmental revenues	-	410,633
Charges for services	-	-
Investment income (loss)	(17,795)	(262,837)
Miscellaneous	-	12,660
Total revenues	<u>90,884</u>	<u>4,080,053</u>
Expenditures		
Current:		
General government	-	-
Public safety	-	-
Physical environment	-	-
Transportation	-	3,376,151
Culture and recreation	6,484	-
Economic environment	19,223	-
Capital outlay	-	34,841
Total expenditures	<u>25,707</u>	<u>3,410,992</u>
Excess (deficiency) of revenues over expenditures	<u>65,177</u>	<u>669,061</u>
Other financing sources (uses)		
Transfers out	(10,000)	-
Total other financing sources (uses)	<u>(10,000)</u>	<u>-</u>
Net change in fund balances	55,177	669,061
Fund balances - beginning	<u>248,900</u>	<u>3,321,330</u>
Fund balances - ending	<u>\$ 304,077</u>	<u>\$ 3,990,391</u>

Stormwater Utility	SHIP Local Housing Assistance	Infrastructure Sales Surtax	Total
\$ -	\$ -	\$ -	\$ 108,679
-	-	-	3,919,597
-	-	11,270,239	11,270,239
830,806	682,429	-	1,923,868
8,327,805	-	-	8,327,805
(534,911)	(35,396)	(1,136,732)	(1,987,671)
-	1,257	-	13,917
<u>8,623,700</u>	<u>648,290</u>	<u>10,133,507</u>	<u>23,576,434</u>
31,973	-	-	31,973
-	-	356,142	356,142
5,105,192	-	-	5,105,192
-	-	172,638	3,548,789
-	-	-	6,484
-	407,732	-	426,955
<u>1,466,054</u>	<u>-</u>	<u>946,345</u>	<u>2,447,240</u>
<u>6,603,219</u>	<u>407,732</u>	<u>1,475,125</u>	<u>11,922,775</u>
<u>2,020,481</u>	<u>240,558</u>	<u>8,658,382</u>	<u>11,653,659</u>
-	-	-	(10,000)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
2,020,481	240,558	8,658,382	11,643,659
<u>8,705,271</u>	<u>348,982</u>	<u>14,991,431</u>	<u>27,615,914</u>
<u>\$ 10,725,752</u>	<u>\$ 589,540</u>	<u>\$ 23,649,813</u>	<u>\$ 39,259,573</u>

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
DOWNTOWN DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Property taxes	\$ 108,679	\$ 106,914	\$ 1,765
Investment income (loss)	(17,795)	-	(17,795)
Total revenues	<u>90,884</u>	<u>106,914</u>	<u>(16,030)</u>
Expenditures			
Current:			
Economic Environment	19,223	40,223	21,000
Culture and Recreation	6,484	10,000	3,516
Total expenditures	<u>25,707</u>	<u>50,223</u>	<u>24,516</u>
Excess (deficiency) of revenues over expenditures	<u>65,177</u>	<u>56,691</u>	<u>8,486</u>
Other financing (uses)			
Transfers out	(10,000)	(10,000)	-
Total other financing (uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Net change in fund balance	55,177	46,691	8,486
Fund balance - beginning	<u>248,900</u>	<u>248,900</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 304,077</u></u>	<u><u>\$ 295,591</u></u>	<u><u>\$ 8,486</u></u>

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
LOCAL GASOLINE TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Local option gas tax	\$ 3,919,597	\$ 3,755,449	\$ 164,148
Intergovernmental revenues	410,633	-	410,633
Investment income (loss)	(262,837)	-	(262,837)
Miscellaneous	12,660	25,000	(12,340)
Total revenues	<u>4,080,053</u>	<u>3,780,449</u>	<u>299,604</u>
Expenditures			
Current:			
Transportation	3,376,151	3,822,313	446,162
Capital outlay	34,841	1,935,517	1,900,676
Total expenditures	<u>3,410,992</u>	<u>5,757,830</u>	<u>2,346,838</u>
Excess (deficiency) of revenues over expenditures	<u>669,061</u>	<u>(1,977,381)</u>	<u>2,646,442</u>
Net change in fund balance	669,061	(1,977,381)	2,646,442
Fund balance - beginning	<u>3,321,330</u>	<u>3,321,330</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 3,990,391</u></u>	<u><u>\$ 1,343,949</u></u>	<u><u>\$ 2,646,442</u></u>

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
STORMWATER UTILITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental revenues	\$ 830,806	\$ 1,981,123	\$ (1,150,317)
Charges for services	8,327,805	7,885,056	442,749
Investment income (loss)	(534,911)	-	(534,911)
Other	-	4,000	(4,000)
Total revenues	<u>8,623,700</u>	<u>9,870,179</u>	<u>(1,246,479)</u>
Expenditures			
Current:			
General Government	31,973	16,000	(15,973)
Physical environment	5,105,192	5,901,503	796,311
Capital outlay	1,466,054	5,290,762	3,824,708
Total expenditures	<u>6,603,219</u>	<u>11,208,265</u>	<u>4,605,046</u>
Excess (deficiency) of revenues over expenditures	<u>2,020,481</u>	<u>(1,338,086)</u>	<u>3,358,567</u>
Net change in fund balance	2,020,481	(1,338,086)	3,358,567
Fund balance - beginning	<u>8,705,271</u>	<u>8,705,271</u>	<u>-</u>
Fund balance - ending	<u>\$ 10,725,752</u>	<u>\$ 7,367,185</u>	<u>\$ 3,358,567</u>

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
SHIP LOCAL HOUSING ASSISTANCE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental revenues	\$ 682,429	\$ 758,152	\$ (75,723)
Investment income (loss)	(35,396)	-	(35,396)
Other	1,257	-	1,257
Total revenues	<u>648,290</u>	<u>758,152</u>	<u>(109,862)</u>
Expenditures			
Current:			
Economic environment	407,732	1,120,255	712,523
Total expenditures	<u>407,732</u>	<u>1,120,255</u>	<u>712,523</u>
Excess (deficiency) of revenues over expenditures	240,558	(362,103)	602,661
Net change in fund balance	240,558	(362,103)	602,661
Fund balance - beginning	<u>348,982</u>	<u>348,982</u>	<u>-</u>
Fund balance - ending	<u>\$ 589,540</u>	<u>\$ (13,121)</u>	<u>\$ 602,661</u>

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
INFRASTRUCTURE SALES SURTAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental revenues	\$ 11,270,239	\$ 9,270,433	\$ 1,999,806
Investment income (loss)	(1,136,732)	-	(1,136,732)
Total revenues	<u>10,133,507</u>	<u>9,270,433</u>	<u>863,074</u>
Expenditures			
Current:			
Public Safety	356,142	357,707	1,565
Transportation	172,638	650,191	477,553
Capital outlay	946,345	11,638,890	10,692,545
Total expenditures	<u>1,475,125</u>	<u>12,646,788</u>	<u>11,171,663</u>
Excess (deficiency) of revenues over expenditures	<u>8,658,382</u>	<u>(3,376,355)</u>	<u>12,034,737</u>
Net change in fund balance	8,658,382	(3,376,355)	12,034,737
Fund balance - beginning	<u>14,991,431</u>	<u>14,991,431</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 23,649,813</u></u>	<u><u>\$ 11,615,076</u></u>	<u><u>\$ 12,034,737</u></u>

**CITY OF OCALA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
SEPTEMBER 30, 2022**

	2007A/2015 Improvement Certificates	2012 Refunded Improvement Certificates	2022 Bank Loan	Total
Assets				
Equity in pooled cash and investment fund	<u>\$ 1,416,200</u>	<u>\$ 919,512</u>	<u>\$ 20,758,861</u>	<u>\$ 23,094,573</u>
Total restricted assets	<u>1,416,200</u>	<u>919,512</u>	<u>\$ 20,758,861</u>	<u>23,094,573</u>
Fund Balances				
Fund Balances: Restricted	<u>1,416,200</u>	<u>919,512</u>	<u>\$ 20,758,861</u>	<u>23,094,573</u>
Total fund balances	<u>\$ 1,416,200</u>	<u>\$ 919,512</u>	<u>\$ 20,758,861</u>	<u>\$ 23,094,573</u>

CITY OF OCALA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	2007A/2015 Improvement Certificates	2012 Refunded Improvement Certificates	2022 Bank Loan	Total
Revenues				
Investment income (loss)	\$ (48,086)	\$ (29,769)	\$ -	\$ (77,855)
Total Revenues	<u>(48,086)</u>	<u>(29,769)</u>	<u>-</u>	<u>(77,855)</u>
Expenditures				
Debt service:				
Principal payments	1,110,000	895,000	-	2,005,000
Interest and paying agents' fees	556,950	28,378	-	585,328
Total expenditures	<u>1,666,950</u>	<u>923,378</u>	<u>-</u>	<u>2,590,328</u>
(Deficiency) of revenues over expenditures	<u>(1,715,036)</u>	<u>(953,147)</u>	<u>-</u>	<u>(2,668,183)</u>
Other financing sources (uses)				
Transfers in	1,734,436	958,793	-	2,693,229
Transfers out	-	-	(39,241,139)	(39,241,139)
Loan proceeds	-	-	60,000,000	60,000,000
Total other financing sources (uses)	<u>1,734,436</u>	<u>958,793</u>	<u>20,758,861</u>	<u>23,452,090</u>
Net change in fund balances	19,400	5,646	20,758,861	20,783,907
Fund balances - beginning	<u>1,396,800</u>	<u>913,866</u>	<u>-</u>	<u>2,310,666</u>
Fund balances - ending	<u>\$ 1,416,200</u>	<u>\$ 919,512</u>	<u>\$ 20,758,861</u>	<u>\$ 23,094,573</u>

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
2007A/2015 IMPROVEMENT CERTIFICATES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Investment income (loss)	\$ (48,086)	\$ 4,120	\$ (52,206)
Total revenues	<u>(48,086)</u>	<u>4,120</u>	<u>(52,206)</u>
Expenditures			
Debt service:			
Principal payments	1,110,000	1,110,000	-
Interest and paying agents' fees	556,950	557,550	600
Total expenditures	<u>1,666,950</u>	<u>1,667,550</u>	<u>600</u>
Excess (deficiency) of revenues over expenditures	<u>(1,715,036)</u>	<u>(1,663,430)</u>	<u>(51,606)</u>
Other financing sources (uses)			
Transfers in	1,734,436	1,685,300	49,136
Transfers out	-	(3,520)	3,520
Total other financing sources (uses)	<u>1,734,436</u>	<u>1,681,780</u>	<u>52,656</u>
Net change in fund balance	19,400	18,350	1,050
Fund balance - beginning	<u>1,396,800</u>	<u>1,396,800</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,416,200</u>	<u>\$ 1,415,150</u>	<u>\$ 1,050</u>

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
2012 IMPROVEMENT CERTIFICATES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Investment income (loss)	\$ (29,769)	\$ 5,000	\$ (34,769)
Total revenues	<u>(29,769)</u>	<u>5,000</u>	<u>(34,769)</u>
Expenditures			
Debt service:			
Principal payments	895,000	895,000	-
Interest and paying agents' fees	28,378	28,378	-
Total expenditures	<u>923,378</u>	<u>923,378</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(953,147)</u>	<u>(918,378)</u>	<u>(34,769)</u>
Other financing sources (uses)			
Transfers in	958,793	929,024	29,769
Transfers out	-	(5,000)	5,000
Total other financing sources (uses)	<u>958,793</u>	<u>924,024</u>	<u>34,769</u>
Net change in fund balance	5,646	5,646	-
Fund balance - beginning	<u>913,866</u>	<u>913,866</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 919,512</u></u>	<u><u>\$ 919,512</u></u>	<u><u>\$ -</u></u>

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
2022 BANK LOAN
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Investment income (loss)	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Debt service:			
Principal payments	-	-	-
Interest and paying agents' fees	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)			
Loan proceeds	60,000,000	60,000,000	-
Transfers in	-	-	-
Transfers out	(39,241,139)	(60,000,000)	20,758,861
Total other financing sources (uses)	<u>20,758,861</u>	<u>-</u>	<u>20,758,861</u>
Net change in fund balance	20,758,861	-	20,758,861
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 20,758,861</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 20,758,861</u></u>

**CITY OF OCALA, FLORIDA
BUSINESS TYPE FUNDS
SEPTEMBER 30, 2022**

NONMAJOR BUSINESS TYPE FUNDS:

Sanitation Fund - This fund accounts for the operations and maintenance of the City's refuse collection system.

Municipal Golf Course Fund - This fund accounts for the construction, operations and maintenance of the City's golf course.

Ocala International Airport Fund- Accounts for the construction, operations and maintenance of the City's airport and the Foreign Trade Zone #217.

Ocala Fiber Network Fund- This fund accounts for the construction, operations and maintenance of the City's broadband communications (fiber optics) network.

Sun Tran Fund- This fund accounts for the operations and maintenance of the regional mass transit system that began operations in 1999.

**CITY OF OCALA, FLORIDA
STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2022**

	Non-Major Enterprise Funds					
	Sanitation	Municipal Golf Course	Ocala International Airport	Ocala Fiber Network	SunTran	Total
Assets						
Current Assets:						
Cash and investments	\$ -	\$ 81,859	\$ -	\$ -	\$ -	\$ 81,859
Equity in pooled cash and investment fund	9,112,048	734,808	1,408,455	7,227,485	3,007,620	21,490,416
Receivables (net, where applicable, of allowances for uncollectibles):						
Accounts and notes	861,592	450,735	112,065	281,338	2,828	1,708,558
Accrued interest	29,268	2,331	6,021	22,837	-	60,457
Unbilled revenues	739,993	-	-	351,175	-	1,091,168
Prepays	1,525	19,893	580	5,300	15,865	43,163
Inventories	-	101,706	-	1,008,084	-	1,109,790
Due from other governments	-	-	746,089	17,500	1,425,964	2,189,553
Total current assets	<u>10,744,426</u>	<u>1,391,332</u>	<u>2,273,210</u>	<u>8,913,719</u>	<u>4,452,277</u>	<u>27,774,964</u>
Noncurrent Assets:						
Capital assets:						
Right to use lease assets, net	-	-	-	252,296	-	252,296
Capital assets not being depreciated	38,991	23,797	11,889,207	216,267	-	12,168,262
Capital assets being depreciated, net	7,026,676	339,513	20,262,281	9,674,469	5,324,132	42,627,071
Total capital assets (net)	<u>7,065,667</u>	<u>363,310</u>	<u>32,151,488</u>	<u>10,143,032</u>	<u>5,324,132</u>	<u>55,047,629</u>
Total noncurrent assets	<u>7,065,667</u>	<u>363,310</u>	<u>32,151,488</u>	<u>10,143,032</u>	<u>5,324,132</u>	<u>55,047,629</u>
Total assets	<u>\$ 17,810,093</u>	<u>\$ 1,754,642</u>	<u>\$ 34,424,698</u>	<u>\$ 19,056,751</u>	<u>\$ 9,776,409</u>	<u>\$ 82,822,593</u>
Deferred outflows of resources:						
Deferred amount pension related	653,393	-	91,866	192,720	-	937,979
Deferred amount OPEB related	312,937	-	48,652	100,434	-	462,023
Total deferred outflows of resources	<u>\$ 966,330</u>	<u>\$ -</u>	<u>\$ 140,518</u>	<u>\$ 293,154</u>	<u>\$ -</u>	<u>\$ 1,400,002</u>
Liabilities						
Current Liabilities:						
Payable from unrestricted assets:						
Accounts payable and accrued liabilities	\$ 439,731	\$ 657,149	\$ 66,084	\$ 133,336	\$ 281,499	1,577,799
Contract retainage	-	-	248,676	-	-	248,676
Compensated absences payable	138,912	-	32,620	101,523	-	273,055
OPEB obligation payable	42,971	-	6,828	13,721	-	63,520
Leases payable	-	-	-	81,518	-	81,518
Due to other funds	-	-	-	-	4,218,352	4,218,352
Customer deposits	-	23,357	101,549	-	-	124,906
Unearned revenue	-	35,100	1,806,159	-	-	1,841,259
Advances from other funds	-	-	-	-	-	-
Total current liabilities	<u>621,614</u>	<u>715,606</u>	<u>2,261,916</u>	<u>330,098</u>	<u>4,499,851</u>	<u>8,429,085</u>
Noncurrent Liabilities:						
Compensated absences payable	141,538	-	-	7,040	-	148,578
OPEB obligation payable	1,032,240	-	160,469	331,293	-	1,524,002
Leases payable	-	-	-	172,853	-	172,853
Net pension liability	2,684,628	-	377,653	792,252	-	3,854,533
Total noncurrent liabilities	<u>3,858,406</u>	<u>-</u>	<u>538,122</u>	<u>1,303,438</u>	<u>-</u>	<u>5,699,966</u>
Total liabilities	<u>\$ 4,480,020</u>	<u>\$ 715,606</u>	<u>\$ 2,800,038</u>	<u>\$ 1,633,536</u>	<u>\$ 4,499,851</u>	<u>\$ 14,129,051</u>
Deferred Inflows of Resources:						
Deferred inflows pension related	856,734	-	120,472	252,727	-	1,229,933
Deferred inflows OPEB related	62,560	-	6,170	21,768	-	90,498
Deferred inflows leases related	-	-	-	-	-	-
Total deferred inflows of resources	<u>919,294</u>	<u>-</u>	<u>126,642</u>	<u>274,495</u>	<u>-</u>	<u>1,320,431</u>
Net Position						
Net investment in capital assets	7,065,667	363,310	31,902,812	9,888,661	5,324,132	54,544,582
Unrestricted (accumulated deficit)	6,311,442	675,726	(264,276)	7,553,213	(47,574)	14,228,531
Total net position	<u>\$ 13,377,109</u>	<u>\$ 1,039,036</u>	<u>\$ 31,638,536</u>	<u>\$ 17,441,874</u>	<u>\$ 5,276,558</u>	<u>\$ 68,773,113</u>

CITY OF OCALA, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Non-Major Enterprise Funds					
	Sanitation	Municipal Golf Course	Ocala International Airport	Ocala Fiber Network	SunTran	Total
Operating Revenues:						
Charges for services	\$ 15,549,396	\$ 1,595,230	\$ 1,740,862	\$ 8,498,919	\$ 148,322	\$ 27,532,729
Other	45,956	-	18,044	-	3,176	67,176
Total operating revenues	<u>15,595,352</u>	<u>1,595,230</u>	<u>1,758,906</u>	<u>8,498,919</u>	<u>151,498</u>	<u>27,599,905</u>
Operating Expenses:						
Operation and maintenance	6,948,581	67,151	514,366	1,098,283	3,664,659	12,293,040
Administration	4,177,511	1,667,471	1,062,389	2,985,191	-	9,892,562
Amortization expense	-	-	-	96,456	-	96,456
Depreciation	666,349	49,180	1,348,271	1,890,458	533,050	4,487,308
Total operating expenses	<u>11,792,441</u>	<u>1,783,802</u>	<u>2,925,026</u>	<u>6,070,388</u>	<u>4,197,709</u>	<u>26,769,366</u>
Operating income (loss)	<u>3,802,911</u>	<u>(188,572)</u>	<u>(1,166,120)</u>	<u>2,428,531</u>	<u>(4,046,211)</u>	<u>830,539</u>
Non-Operating Revenues (Expenses):						
Investment income (loss)	(544,218)	(51,714)	(112,759)	(422,144)	-	(1,130,835)
Interest expense	-	-	-	(10,428)	-	(10,428)
Gain (loss) on sale of fixed asset	(38,997)	-	-	-	(36,072)	(75,069)
Other non-operating revenue (loss)	155,400	-	-	-	3,357,478	3,512,878
Total non-operating revenues (expenses)	<u>(427,815)</u>	<u>(51,714)</u>	<u>(112,759)</u>	<u>(432,572)</u>	<u>3,321,406</u>	<u>2,296,546</u>
Income (loss) before capital contributions and transfers	<u>3,375,096</u>	<u>(240,286)</u>	<u>(1,278,879)</u>	<u>1,995,959</u>	<u>(724,805)</u>	<u>3,127,085</u>
Capital Contributions	<u>40,211</u>	<u>-</u>	<u>282,552</u>	<u>-</u>	<u>-</u>	<u>322,763</u>
Transfers in	-	154,481	-	-	372,906	527,387
Transfers out	(1,403,080)	(173,000)	-	(803,188)	-	(2,379,268)
Total transfers	<u>(1,403,080)</u>	<u>(18,519)</u>	<u>-</u>	<u>(803,188)</u>	<u>372,906</u>	<u>(1,851,881)</u>
Change in net position	<u>2,012,227</u>	<u>(258,805)</u>	<u>(996,327)</u>	<u>1,192,771</u>	<u>(351,899)</u>	<u>1,597,967</u>
Net position - October 1	<u>\$ 11,364,882</u>	<u>\$ 1,297,841</u>	<u>\$ 32,634,863</u>	<u>\$ 16,249,103</u>	<u>\$ 5,628,457</u>	<u>\$ 67,175,146</u>
Net position - September 30	<u>\$ 13,377,109</u>	<u>\$ 1,039,036</u>	<u>\$ 31,638,536</u>	<u>\$ 17,441,874</u>	<u>\$ 5,276,558</u>	<u>\$ 68,773,113</u>

**CITY OF OCALA, FLORIDA
STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Non-Major Enterprise Funds					
	Sanitation	Municipal Golf Course	Ocala International Airport	Ocala Fiber Network	SunTran	Total
Cash Flows from Operating Activities:						
Cash received from customers	\$ 15,487,873	\$ 1,591,898	\$ 1,685,806	\$ 8,432,813	\$ 152,598	\$ 27,350,988
Cash paid to suppliers for goods and services	(7,214,693)	(1,720,284)	(440,206)	(1,907,264)	(3,264,157)	(14,546,604)
Cash paid to employees for services	(4,600,316)	-	(673,238)	(2,368,538)	(320,271)	(7,962,363)
Net cash provided by (used in) operating activities	3,672,864	(128,386)	572,362	4,157,011	(3,431,830)	4,842,021
Cash Flows from Non-Capital Financing Activities:						
Transfers in	-	154,481	-	-	372,906	527,387
Transfers out	(1,403,080)	(173,000)	-	(803,188)	-	(2,379,268)
Operating grants	155,400	-	-	-	2,802,603	2,958,003
Net cash provided by (used in) non-capital financing activities	(1,247,680)	(18,519)	-	(803,188)	3,175,509	1,106,122
Cash Flows from Capital and Related Financing Activities:						
Proceeds from sale of capital assets	76,000	-	-	-	16,836	92,836
Acquisition and construction of capital assets	(843,584)	-	(524,061)	(2,194,283)	(132,739)	(3,694,667)
Contributions received from other governments and developers	40,211	-	756,492	-	-	796,703
Net cash provided by (used in) capital and related financing activities	(727,373)	-	232,431	(2,194,283)	(115,903)	(2,805,128)
Cash Flows from Investing Activities:						
Investment income (loss)	(554,169)	(51,745)	(114,657)	(439,452)	-	(1,160,023)
Net cash provided by investing activities	(554,169)	(51,745)	(114,657)	(439,452)	-	(1,160,023)
Net increase (decrease) in cash and cash equivalents	1,143,642	(198,650)	690,136	720,088	(372,224)	1,982,992
Cash and cash equivalents, beginning	\$ 7,968,406	\$ 1,015,317	\$ 718,319	\$ 6,507,397	\$ 3,379,844	\$ 19,589,283
Cash and cash equivalents, ending	\$ 9,112,048	\$ 816,667	\$ 1,408,455	\$ 7,227,485	\$ 3,007,620	\$ 21,572,275

The notes to the financial statements are an integral part of the financial statements.

CITY OF OCALA, FLORIDA
STATEMENT OF CASH FLOWS (Continued)
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Non-Major Enterprise Funds

	Sanitation	Municipal Golf Course	Ocala International Airport	Ocala Fiber Network	SunTran	Total
Reconciliation of Cash and Cash Equivalents to Balance Sheet:						
Total current cash and investments per the balance sheet	\$ 9,112,048	\$ 816,667	\$ 1,408,455	\$ 7,227,485	\$ 3,007,620	\$ 21,572,275
Cash and cash equivalents, end of year	<u>9,112,048</u>	<u>816,667</u>	<u>1,408,455</u>	<u>7,227,485</u>	<u>3,007,620</u>	<u>21,572,275</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Operating income (loss)	3,802,911	(188,572)	(1,166,120)	2,428,531	(4,046,211)	830,539
Adjustments to reconcile operating income (loss) to cash provided by operating activities:						
Depreciation & amortization						
Amortization	666,349	49,180	1,348,271	1,890,458	533,050	4,487,308
Loss(gain) on capital asset disposal						
Other (income) expense						
(Increase) decrease in assets and deferred outflow of resources:						
Accounts and notes receivable	(118,372)	3,655	3,334	(56,593)	1,100	(166,876)
Accrued unbilled revenue	10,894	-	-	(9,514)	-	1,380
Inventories	-	(32,985)	-	(223,962)	-	(256,947)
Other current assets	(21)	(1,100)	(360)	-	(7,401)	(8,882)
Deferred outflows pension	(17,801)	-	(2,504)	(5,254)	-	(25,559)
Deferred outflow OPEB	(98,593)	-	(23,180)	(24,084)	-	(145,857)
Increase (decrease) in liabilities and deferred inflow of resources:						
Accounts payable	62,426	48,423	27,870	(91,657)	87,632	134,694
Compensated absences payable	(2,469)	-	(21,170)	2,797	-	(20,842)
OPEB obligation payable	71,706	-	11,148	23,013	-	105,867
Net pension liability	(1,783,039)	-	319,772	(95,050)	-	(1,558,317)
Deferred inflows pension	1,081,084	-	152,080	319,036	-	1,552,200
Customer deposits	-	(6,987)	3,775	-	-	(3,212)
Deferred inflows OPEB	(2,211)	-	(344)	(710)	-	(3,265)
Unearned revenue	-	-	(80,210)	-	-	(80,210)
Net cash provided by (used in) operating activities	<u>\$ 3,672,864</u>	<u>\$ (128,386)</u>	<u>\$ 572,362</u>	<u>\$ 4,157,011</u>	<u>\$ (3,431,830)</u>	<u>\$ 4,842,021</u>

The notes to the financial statements are an integral part of the financial statements.



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**CITY OF OCALA, FLORIDA
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2022**

INTERNAL SERVICE FUNDS:

The Internal Service Funds account for the operation of departments which exist solely to provide services to other City departments. The revenues of the Internal Service Funds are derived from user fees and self-insurance premiums charged to other City funds. The Internal Service Funds used by the City are:

Fleet & Facilities and Information Technology Management Fund - This fund formally accounted for the operation of the fleet and facilities management department. Fleet and facilities management are now accounted for in the General Fund. This fund will be closed out in a future period.

Self-Insurance Fund - This fund accounts for the operation of the risk management department and for the costs of the City's insurance and self-insurance plans.

**CITY OF OCALA, FLORIDA
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2022**

	Fleet, Facilities and Information Technology Management	Self- Insurance	Total
Assets			
Current Assets:			
Equity in pooled cash and investment fund	\$ 1,101,968	\$ 27,999,791	\$ 29,101,759
Accrued interest receivable	3,473	85,019	88,492
Total current assets	<u>1,105,441</u>	<u>28,084,810</u>	<u>29,190,251</u>
Total assets	<u><u>1,105,441</u></u>	<u><u>28,084,810</u></u>	<u><u>29,190,251</u></u>
Liabilities			
Current Liabilities:			
Accounts payable and accrued liabilities	-	2,168,834	2,168,834
Claims payable	-	2,338,624	2,338,624
Total current liabilities	<u>-</u>	<u>4,507,458</u>	<u>4,507,458</u>
Noncurrent Liabilities:			
Claims payable	-	5,723,935	5,723,935
Total noncurrent liabilities	<u>-</u>	<u>5,723,935</u>	<u>5,723,935</u>
Total liabilities	<u><u>-</u></u>	<u><u>10,231,393</u></u>	<u><u>10,231,393</u></u>
Net Position			
Unrestricted	<u>1,105,441</u>	<u>17,853,417</u>	<u>18,958,858</u>
Total net position	<u><u>\$ 1,105,441</u></u>	<u><u>\$ 17,853,417</u></u>	<u><u>\$ 18,958,858</u></u>

CITY OF OCALA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Fleet, Facilities and Information Technology Management	Self- Insurance	Total
Operating Revenues:			
City insurance contributions	\$ -	\$ 10,836,393	\$ 10,836,393
Employee insurance contributions	-	2,298,507	2,298,507
Other	-	573,238	573,238
Total operating revenues	<u>-</u>	<u>13,708,138</u>	<u>13,708,138</u>
Operating Expenses:			
Insurance, administration and other	-	17,703,699	17,703,699
Total operating expenses	<u>-</u>	<u>17,703,699</u>	<u>17,703,699</u>
Operating income (loss)	<u>-</u>	<u>(3,995,561)</u>	<u>(3,995,561)</u>
Non-Operating Revenues (Expenses):			
Investment income (loss)	(70,502)	(1,826,259)	(1,896,761)
Total non-operating revenues	<u>(70,502)</u>	<u>(1,826,259)</u>	<u>(1,896,761)</u>
Income before operating transfers	<u>(70,502)</u>	<u>(5,821,820)</u>	<u>(5,892,322)</u>
Transfers:			
Transfers in	-	1,000,000	1,000,000
Total transfers	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
Change in net position	<u>(70,502)</u>	<u>(4,821,820)</u>	<u>(4,892,322)</u>
Net position - October 1	<u>\$ 1,175,943</u>	<u>\$ 22,675,237</u>	<u>\$ 23,851,180</u>
Net position - September 30	<u><u>\$ 1,105,441</u></u>	<u><u>\$ 17,853,417</u></u>	<u><u>\$ 18,958,858</u></u>

**CITY OF OCALA, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Fleet, Facilities and Information Technology Management	Self- Insurance	Total
Cash Flows from Operating Activities:			
Cash received from employees	\$ -	\$ 2,298,507	\$ 2,298,507
Cash received from customers		573,238	573,238
Cash paid to suppliers for goods and services	-	(5,998,084)	(5,998,084)
Cash received from other funds	-	15,351,779	15,351,779
Cash paid for insurance claims	-	(16,120,964)	(16,120,964)
Net cash provided by operating activities	-	(3,895,524)	(3,895,524)
Cash Flows from Non-Capital Financing Activities:			
Transfers in	-	1,000,000	1,000,000
Net cash used in non-capital financing activities	-	1,000,000	1,000,000
Cash Flows from Investing Activities:			
Investment income (loss)	(71,080)	(1,830,683)	(1,901,763)
Net cash provided by investing activities	(71,080)	(1,830,683)	(1,901,763)
Net increase (decrease) in cash and cash equivalents	(71,080)	(4,726,207)	(4,797,287)
Cash and cash equivalents, beginning	<u>\$ 1,173,048</u>	<u>\$ 32,725,998</u>	<u>\$ 33,899,046</u>
Cash and cash equivalents, ending	<u><u>\$ 1,101,968</u></u>	<u><u>\$ 27,999,791</u></u>	<u><u>\$ 29,101,759</u></u>

(Continued)

CITY OF OCALA, FLORIDA
COMBINING STATEMENT OF CASH FLOWS (Continued)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Fleet, Facilities and Information Technology Management</u>	<u>Self- Insurance</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Cash Provided by Operating Activities:			
Operating income (loss)	\$ -	\$ (3,995,561)	\$ (3,995,561)
Adjustment to reconcile operating income to cash flows provided by operating activities:			
Increase (decrease) in liabilities:			
Accounts payable	-	375,037	375,037
Claims payable	-	(275,000)	(275,000)
	<u>-</u>	<u>(275,000)</u>	<u>(275,000)</u>
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ (3,895,524)</u>	<u>\$ (3,895,524)</u>

**CITY OF OCALA, FLORIDA
STATISTICAL SECTION
Description of Schedules**

This part of the City of Ocala, Florida's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	<u>Pages</u>
Financial Trends	164-173
These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	174-178
These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	179-185
These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	186-191
These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	192-195
These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

CITY OF OCALA, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2013	2014	2015	2016
Governmental activities				
Net invested in capital assets	\$ 141,311,511	\$ 138,868,835	\$ 136,345,185	\$ 142,447,242
Restricted	14,389,998	16,443,002	14,253,874	8,975,960
Unrestricted	64,263,573	(11,486,172)	(6,091,460)	(4,629,276)
Total governmental activities net position	<u>219,965,082</u>	<u>143,825,665</u>	<u>144,507,599</u>	<u>146,793,926</u>
Business-type activities				
Net invested in capital assets	232,258,907	217,624,156	226,332,226	228,909,169
Restricted	16,814,430	14,661,259	12,975,219	12,966,465
Unrestricted	80,593,174	54,698,310	56,262,159	49,974,407
Total business-type activities net position	<u>329,666,511</u>	<u>286,983,725</u>	<u>295,569,604</u>	<u>291,850,041</u>
Primary government				
Net invested in capital assets (1)	373,570,418	356,492,991	362,677,411	371,356,411
Restricted (3)	31,204,428	31,104,261	27,229,093	21,942,425
Unrestricted (2) (4) (5)	144,856,747	43,212,138	50,170,699	45,345,131
Total primary government net position	<u>\$ 549,631,593</u>	<u>\$ 430,809,390</u>	<u>\$ 440,077,203</u>	<u>\$ 438,643,967</u>

(1) Fiscal year 2013 net invested in capital assets has been restated due to adjustment of the City's capital assets.

(2) Fiscal year 2014 unrestricted net position has been restated due to the implementation of GASB 68.

(3) Fiscal year 2016 unrestricted net position has been restated due to change in accrued interest payable.

(4) Fiscal year 2018 unrestricted net position has been restated due to the implementation of GASB 75.

(5) Fiscal year 2019 unrestricted net position has been restated due to interfund loan.

2017	2018	2019	2020	2021	2022
\$ 142,579,197	\$ 144,116,288	\$ 140,551,684	\$ 144,263,587	\$ 141,919,068	\$ 144,120,074
13,711,945	12,538,873	15,994,010	17,847,468	24,680,544	35,467,317
(9,538,921)	(3,874,746)	16,002,683	(55,735,218)	(41,956,351)	(29,101,959)
<u>146,752,221</u>	<u>152,780,415</u>	<u>156,554,367</u>	<u>106,375,837</u>	<u>124,643,261</u>	<u>150,485,432</u>
205,989,676	208,016,157	219,640,297	229,806,945	229,459,133	226,283,800
33,647,458	40,452,063	39,985,327	40,316,227	46,553,961	53,792,169
41,988,027	33,787,661	22,368,955	24,981,348	31,284,269	31,730,343
<u>281,625,161</u>	<u>282,255,881</u>	<u>281,994,579</u>	<u>295,104,520</u>	<u>307,297,363</u>	<u>311,806,312</u>
348,568,873	352,132,445	360,191,981	374,070,532	371,378,201	370,403,874
47,359,403	52,990,936	55,979,337	58,163,695	71,234,505	89,259,486
32,449,106	29,912,915	38,371,638	(30,753,870)	(10,672,082)	2,628,384
<u>\$ 428,377,382</u>	<u>\$ 435,036,296</u>	<u>\$ 454,542,956</u>	<u>\$ 401,480,357</u>	<u>\$ 431,940,624</u>	<u>\$ 462,291,744</u>

CITY OF OCALA, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2013	2014	2015	2016
Expenses				
Governmental Activities:				
General government	\$ 19,281,318	\$ 19,534,066	\$ 12,098,361	\$ 11,597,693
Public safety	37,679,867	40,478,307	39,867,780	42,665,312
Public safety- Fire fee settlement	-	-	-	-
Physical environment	3,360,975	3,237,167	4,827,696	6,154,252
Transportation	13,965,893	13,795,747	16,251,420	17,375,706
Economic environment	1,307,330	1,161,368	2,145,278	3,778,358
Human services	24,280	16,097	2,825	5,247
Culture and recreation	5,277,119	6,344,312	5,982,171	7,159,916
Interest on long-term debt	1,539,021	1,081,931	768,408	2,417,186
Total Governmental Activities	<u>82,435,803</u>	<u>85,648,995</u>	<u>81,943,939</u>	<u>91,153,670</u>
Business-type Activities:				
Electric	138,811,204	139,883,927	131,540,076	136,853,553
Water and sewer	28,609,880	29,073,065	29,444,099	30,830,593
Sanitation	7,882,244	8,500,528	8,218,564	8,933,087
Municipal Golf Course	1,677,306	1,713,929	1,791,935	1,938,067
International airport	2,118,046	1,559,991	1,718,391	1,838,267
Fiber Network	1,920,583	1,867,882	2,472,288	2,695,714
SunTran	3,218,583	3,064,160	3,213,971	3,059,382
Total Business-type Activities	<u>184,237,846</u>	<u>185,663,482</u>	<u>178,399,324</u>	<u>186,148,663</u>
Total Expenses	<u><u>266,673,649</u></u>	<u><u>271,312,477</u></u>	<u><u>260,343,263</u></u>	<u><u>277,302,333</u></u>
Program Revenues				
Governmental Activities:				
Charges for services:				
General government	12,120,493	12,573,121	11,976,789	12,961,644
Public safety	8,633,327	9,222,433	9,316,289	9,401,196
Physical environment	-	-	6,621	128
Economic environment	63,899	73,697	33,269	61,865
Culture and recreation	391,944	615,502	625,997	585,640
Operating grants and contributions	3,576,996	1,730,087	2,080,103	2,429,040
Capital grants and contributions	2,453,222	2,055,142	101,321	1,867,635
Total governmental activities	<u>27,239,881</u>	<u>26,269,982</u>	<u>24,140,389</u>	<u>27,307,148</u>
Business-type Activities:				
Charges for services:				
Electric	150,344,736	149,081,307	143,366,578	143,790,825
Water and sewer	26,228,504	26,343,265	26,665,395	28,267,876
Sanitation	10,035,141	10,226,021	10,212,366	10,598,109
Municipal golf courses	1,141,808	1,162,307	1,014,454	1,227,082
International airport	767,090	771,685	988,125	1,065,576
Fiber Network	2,530,414	2,709,641	3,100,306	3,588,651
SunTran	361,693	381,085	430,559	365,528
Operating grants and contributions	2,936,061	2,096,501	2,495,443	2,027,718
Capital grants and contributions	1,479,180	3,105,852	7,548,606	2,879,731
Total Business-type Activities	<u>195,824,627</u>	<u>195,877,664</u>	<u>195,821,832</u>	<u>193,811,096</u>
Total Program Revenues	<u><u>\$ 223,064,508</u></u>	<u><u>\$ 222,147,646</u></u>	<u><u>\$ 219,962,221</u></u>	<u><u>\$ 221,118,244</u></u>

2017	2018	2019	2020	2021	2022
\$ 15,103,102	\$ 16,541,510	\$ 14,173,067	\$ 12,539,845	\$ 12,543,745	\$ 11,952,518
42,095,725	45,582,373	47,822,519	58,112,349	57,613,575	57,827,557
-	-	-	80,000,000	-	-
6,413,857	7,012,507	6,132,488	6,629,347	6,990,456	7,522,112
18,046,664	19,400,855	20,192,533	17,937,405	16,513,398	19,538,618
1,182,204	1,595,196	2,954,852	3,604,606	3,665,074	3,207,917
5,113	17,021	-	-	-	-
8,747,638	9,856,771	10,225,166	9,746,534	9,143,439	10,043,079
863,436	816,261	846,853	797,420	746,729	1,833,538
92,457,740	100,822,494	102,347,478	189,367,506	107,216,416	111,925,339
144,857,424	139,377,776	141,562,509	134,900,874	137,572,943	188,453,689
32,970,648	34,326,111	35,295,692	35,235,871	34,001,912	36,343,504
9,271,356	10,932,803	11,035,028	11,648,985	11,786,769	11,792,441
1,999,735	2,139,314	2,111,379	1,792,709	1,658,800	1,783,802
1,829,899	1,752,284	2,118,597	1,490,607	1,518,031	2,925,026
3,315,091	3,819,983	4,299,046	4,657,453	5,232,092	6,080,816
3,118,029	2,929,334	3,144,422	3,227,376	3,585,371	4,233,781
197,362,182	195,277,605	199,566,673	192,953,875	195,355,918	251,613,059
289,819,922	296,100,099	301,914,151	382,321,381	302,572,334	363,538,398
13,247,342	15,323,733	14,881,579	8,113,682	8,545,958	10,777,935
9,790,569	10,339,923	10,865,438	11,052,473	9,842,226	15,186,680
442	135,074	103,704	7,178,037	8,100,060	8,330,631
103,597	-	-	54,897	56,294	259,532
547,225	671,332	818,514	427,141	485,134	608,760
3,941,191	2,093,493	4,366,727	2,193,649	2,561,616	7,173,153
1,707,662	2,231,867	897,270	951,787	297,732	820,242
29,338,028	30,795,422	31,933,232	29,971,666	29,889,020	43,156,933
149,362,971	151,400,553	150,735,604	155,074,881	158,037,816	206,625,372
28,841,424	29,574,011	31,065,814	31,400,930	34,340,257	38,070,524
11,235,445	12,507,267	13,390,517	14,369,835	15,415,424	15,596,566
1,456,241	1,442,187	1,463,600	1,276,066	1,711,086	1,595,230
1,103,267	1,107,269	1,114,247	1,265,518	1,571,302	1,758,906
4,095,942	5,203,224	6,782,699	7,150,454	7,885,925	8,498,919
420,010	342,775	315,487	255,155	168,842	151,498
2,739,807	2,964,470	2,040,475	7,466,671	3,236,285	3,512,878
5,390,271	6,509,675	7,858,521	7,619,198	9,248,394	8,848,928
204,645,378	211,051,431	214,766,964	225,878,708	231,615,331	284,658,821
\$ 233,983,406	\$ 241,846,853	\$ 246,700,196	\$ 255,850,374	\$ 261,504,351	\$ 327,815,754

(Continued)

CITY OF OCALA, FLORIDA
CHANGES IN NET POSITION (continued)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2013	2014	2015	2016
Net (Expense)/Revenue:				
Governmental Activities	\$ (55,195,922)	\$ (59,379,013)	\$ (57,803,550)	\$ (63,846,522)
Business-type Activities	11,586,781	10,214,182	17,422,508	7,662,433
Total net expense	(43,609,141)	(49,164,831)	(40,381,042)	(56,184,089)
General Revenues				
Governmental Activities:				
Property taxes	21,305,973	21,894,229	22,160,053	25,500,381
Utility service tax	8,599,445	8,664,000	9,786,858	9,144,899
Other taxes	8,972,446	7,689,252	7,494,498	7,470,991
Unrestricted revenues	4,840,855	5,163,266	5,465,229	5,917,854
Investment income	82,061	1,061,063	1,424,026	1,760,743
Miscellaneous	1,009,236	375,033	1,339,232	853,394
Transfers	11,232,009	14,789,361	10,815,588	13,914,315
Total governmental revenues and transfers	56,042,025	59,636,204	58,485,484	64,562,577
Business-type Activities:				
Investment income	762,696	1,507,101	1,978,959	2,532,319
Transfers	(11,232,009)	(14,789,361)	(10,815,588)	(13,914,315)
Total business-type activities	(10,469,313)	(13,282,260)	(8,836,629)	(11,381,996)
Total primary government	45,572,712	46,353,944	49,648,855	53,180,581
Change in Net Position				
Governmental Activities	846,103	257,191	681,934	716,055
Business-type Activities	1,117,468	(3,068,078)	8,585,879	(3,719,563)
Total Change in Net Position	\$ 1,963,571	\$ (2,810,887)	\$ 9,267,813	\$ (3,003,508)

2017	2018	2019	2020	2021	2022
\$ (63,119,712)	\$ (70,027,072)	\$ (70,414,246)	\$ (159,395,840)	\$ (77,327,396)	\$ (68,768,406)
7,283,196	15,773,826	15,200,291	32,924,833	36,259,413	33,045,762
(55,836,516)	(54,253,246)	(55,213,955)	(126,471,007)	(41,067,983)	(35,722,644)
26,579,539	28,086,252	30,390,304	32,306,598	34,874,426	36,949,326
9,083,731	9,767,251	10,373,092	9,319,912	9,319,912	9,319,912
12,163,357	14,996,501	15,927,031	15,767,325	14,706,970	17,025,274
6,194,657	6,428,967	6,761,150	6,315,818	6,315,818	6,315,818
438,878	86,514	4,838,095	5,142,603	(183,469)	(8,504,610)
654,463	1,479,744	1,101,835	733,753	1,429,765	1,197,714
14,804,493	15,205,236	21,170,701	23,637,291	23,933,547	24,106,826
69,919,118	76,050,465	90,562,208	93,223,300	90,396,969	86,410,260
665,920	62,130	5,329,108	3,822,399	(133,023)	(4,429,987)
(14,804,493)	(15,205,236)	(21,170,701)	(23,637,291)	(23,933,547)	(24,106,826)
(14,138,573)	(15,143,106)	(15,841,593)	(19,814,892)	(24,066,570)	(28,536,813)
55,780,545	60,907,359	74,720,615	73,408,408	66,330,399	57,873,447
6,799,406	6,028,194	20,147,962	(66,172,540)	18,267,424	25,842,171
(6,855,377)	630,720	(641,302)	13,109,941	12,192,843	4,508,949
\$ (55,971)	\$ 6,658,914	\$ 19,506,660	\$ (53,062,599)	\$ 30,460,267	\$ 30,351,120

CITY OF OCALA, FLORIDA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund				
Nondisposable	\$ 312,239	\$ 356,272	\$ 269,708	\$ 545,193
Restricted	2,250,114	2,244,478	2,247,645	1,097,701
Committed	2,075,156	2,111,603	2,150,167	1,521,527
Assigned	19,470,337	21,092,119	25,530,135	20,553,148
Unassigned	17,366,628	17,566,179	15,535,866	17,096,287
Total general fund	<u>41,474,474</u>	<u>43,370,651</u>	<u>45,733,521</u>	<u>40,813,856</u>
CRA fund				
Nondisposable	-	-	-	-
Restricted	3,854,480	4,054,507	4,251,696	1,678,833
Unassigned	-	-	-	-
Total CRA fund	<u>3,854,480</u>	<u>4,054,507</u>	<u>4,251,696</u>	<u>1,678,833</u>
All other governmental funds				
Nondisposable	-	-	-	-
Restricted	11,466,604	12,696,455	8,789,576	6,574,272
Committed	5,825,062	5,235,565	5,830,170	5,397,900
Total all other governmental funds	<u>\$ 17,291,666</u>	<u>\$ 17,932,020</u>	<u>\$ 14,619,746</u>	<u>\$ 11,972,172</u>

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 1,147,780	\$ 818,773	\$ 2,299,121	\$ 2,827,844	\$ 3,525,048	\$ 3,077,887
1,573,949	1,999,031	2,362,000	2,588,494	2,748,786	3,322,068
1,545,781	1,825,787	2,954,841	3,910,065	2,872,695	2,744,106
14,105,173	15,712,693	22,362,272	26,139,813	35,126,233	14,121,678
18,645,544	19,067,511	21,801,107	20,587,032	22,699,503	20,899,910
<u>37,018,227</u>	<u>39,423,795</u>	<u>51,779,341</u>	<u>56,053,248</u>	<u>66,972,265</u>	<u>44,165,649</u>
-	-	-	-	-	1,113
1,824,463	2,394,248	2,855,528	3,123,102	979,557	3,795,337
-	-	-	-	-	(4,945,145)
<u>1,824,463</u>	<u>2,394,248</u>	<u>2,855,528</u>	<u>3,123,102</u>	<u>979,557</u>	<u>(1,148,695)</u>
-	62,293	66,547	950	6,354	1,109,178
10,783,703	8,521,664	11,133,200	12,466,884	21,220,672	50,527,255
5,187,862	4,603,096	5,342,040	6,538,710	8,699,554	10,717,713
<u>\$ 15,971,565</u>	<u>\$ 13,187,053</u>	<u>\$ 16,541,787</u>	<u>\$ 19,006,544</u>	<u>\$ 29,926,580</u>	<u>\$ 62,354,146</u>

CITY OF OCALA, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2013	2014	2015	2016	2017
Revenues:					
Property tax	\$ 21,305,973	\$ 21,894,229	\$ 22,160,053	\$ 25,500,381	\$ 26,579,539
Utility service tax	8,599,445	8,664,000	9,786,858	9,144,899	9,083,731
Communication service tax	3,284,777	2,950,539	2,695,896	2,643,849	2,467,314
Local option gas tax	4,742,861	3,848,278	3,866,844	3,453,019	3,523,965
Other tax	944,808	890,435	931,758	1,374,123	1,391,683
Infrastructure Sales Surtax	-	-	-	-	4,780,395
State revenue sharing	4,840,855	5,163,266	5,465,229	5,917,854	6,194,657
Other intergovernmental revenue	4,721,562	4,015,546	2,485,782	4,286,325	5,648,852
Licenses, permits and fees	1,961,915	2,322,118	2,263,047	2,306,800	2,860,444
Fines and forfeitures	525,780	662,904	795,029	544,354	790,722
Charges for services	18,721,968	19,269,414	18,462,867	20,169,669	20,038,009
Investment income	15,094	745,075	939,000	1,223,380	275,234
Gifts	70,747	113,672	72,643	-	-
Miscellaneous	917,713	258,860	1,304,467	789,782	737,810
Total revenues	<u>70,653,498</u>	<u>70,798,336</u>	<u>71,229,473</u>	<u>77,354,435</u>	<u>84,372,355</u>
Expenditures:					
General government	17,510,262	17,883,219	12,551,399	11,709,642	14,998,495
Public safety	36,209,453	39,180,970	41,668,300	43,252,530	43,692,227
Physical environment	2,959,543	3,142,876	4,181,600	4,992,613	5,065,131
Transportation	5,901,177	5,897,941	8,652,943	9,853,517	10,307,913
Economic environment	1,172,458	1,162,813	2,149,273	3,746,782	1,225,350
Human services	18,507	10,119	-	-	-
Culture and recreation	4,791,829	5,301,046	5,744,114	6,659,803	8,112,809
Capital outlay	5,498,520	5,426,673	4,590,914	12,397,566	7,189,104
Debt service					
Principal payments	5,280,000	765,000	2,300,000	2,340,000	2,380,000
Issuance Costs	-	-	143,920	-	-
Interest and fees	1,768,039	1,043,746	1,051,611	640,869	783,863
Total expenditures	<u>81,109,788</u>	<u>79,814,403</u>	<u>83,034,074</u>	<u>95,593,322</u>	<u>93,754,892</u>
Excess of revenues over (under) expenditures	<u>(10,456,290)</u>	<u>(9,016,067)</u>	<u>(11,804,601)</u>	<u>(18,238,887)</u>	<u>(9,382,537)</u>
Other financing sources (uses):					
Transfers in	15,802,925	16,020,763	15,532,524	14,284,779	19,091,037
Transfers out	(4,570,916)	(4,268,138)	(4,595,045)	(6,185,994)	(9,359,106)
Issuance of debt	7,700,000	-	21,440,000	-	-
Payment to bond escrow agent	(7,665,000)	-	(21,325,093)	-	-
Total other financing sources (uses)	<u>11,267,009</u>	<u>11,752,625</u>	<u>11,052,386</u>	<u>8,098,785</u>	<u>9,731,931</u>
Net change in fund balances	<u>\$ 810,719</u>	<u>\$ 2,736,558</u>	<u>\$ (752,215)</u>	<u>\$ (10,140,102)</u>	<u>\$ 349,394</u>
Debt service as a percentage of noncapital expenditures	9.32%	2.43%	4.27%	3.58%	3.65%

2018	2019	2020	2021	2022
\$ 28,086,252	\$ 30,390,304	\$ 32,306,598	\$ 34,874,426	\$ 36,949,326
9,767,251	10,373,092	9,319,912	10,179,971	11,842,744
2,543,312	2,557,723	2,437,867	2,713,821	2,681,273
3,557,305	3,713,340	3,585,041	3,809,521	3,919,597
1,519,756	1,524,808	8,142,311	9,271,128	11,270,239
7,376,128	8,131,160	1,602,106	1,626,321	1,835,438
6,428,967	6,761,150	6,315,818	7,939,789	9,312,030
4,427,716	5,344,740	3,065,761	2,893,433	8,033,509
3,828,575	3,254,885	3,048,184	3,075,675	4,349,468
1,212,005	488,023	799,415	414,781	378,668
21,327,125	22,845,586	23,058,307	23,505,131	30,395,288
59,281	3,319,355	3,574,849	(139,785)	(6,607,849)
-	-	-	-	-
1,705,551	1,113,517	1,508,208	1,431,298	1,200,842
91,839,224	99,817,683	98,764,377	101,595,510	115,560,573
16,494,605	14,097,158	12,108,761	12,234,823	12,473,273
47,376,895	49,563,254	56,187,681	56,710,296	133,689,312
5,920,590	5,088,532	5,101,065	4,883,834	5,131,374
12,041,985	12,220,874	9,275,080	8,040,624	10,309,633
1,498,538	2,954,396	3,573,962	3,674,463	3,266,572
-	-	-	-	-
9,206,055	9,731,547	8,965,184	8,318,670	9,366,271
12,621,118	9,031,688	17,631,768	9,482,577	14,203,439
2,405,000	2,625,000	1,910,000	1,955,000	2,005,000
-	-	-	-	144,500
755,634	731,799	686,740	636,679	585,328
108,320,420	106,044,248	115,440,241	105,936,966	191,174,702
(16,481,196)	(6,226,565)	(16,675,864)	(4,341,456)	(75,614,129)
21,004,954	27,361,341	28,098,024	28,356,280	67,957,742
(4,332,917)	(4,583,216)	(4,415,922)	(4,319,316)	(44,850,915)
-	-	-	-	60,000,000
-	-	-	-	-
16,672,037	22,778,125	23,682,102	24,036,964	83,106,827
\$ 190,841	\$ 16,551,560	\$ 7,006,238	\$ 19,695,508	\$ 7,492,698
3.30%	3.46%	2.65%	2.69%	1.46%

**CITY OF OCALA, FLORIDA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year Ended Sept. 30, ⁽²⁾	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Institutional Property	Governmental Property
2013	\$ 1,810,585,718	\$ 1,145,607,613	\$ 408,603,966	\$ 75,116,698	\$ 284,089,821	\$ 454,817,624
2014	1,790,978,723	1,148,270,533	412,041,209	75,561,748	293,035,789	444,745,227
2015	1,865,190,878	1,200,011,918	414,249,269	82,114,250	341,278,836	495,473,914
2016	1,936,663,122	1,258,421,706	425,141,543	80,989,470	459,505,926	433,974,369
2017	2,075,318,777	1,300,793,552	429,896,092	71,907,136	466,059,673	425,331,897
2018	2,226,552,442	1,341,027,871	479,805,999	75,645,866	502,373,632	453,292,378
2019	2,409,763,238	1,420,625,688	503,312,729	93,474,099	512,933,752	456,604,710
2020	3,320,824,971	1,509,240,756	603,111,766	98,011,908	549,012,657	503,839,353
2021	2,889,340,875	1,597,056,294	662,125,022	106,868,311	590,697,021	540,729,599
2022	3,261,281,018	1,612,861,332	760,841,053	105,757,858	609,423,243	536,887,880

Source: Marion County, Florida, Property Appraiser

Notes:

⁽¹⁾ Property in the City of Ocala is reassessed each year by the Marion County Property Appraiser.

Tax rates are per \$1,000 of assessed value.

⁽²⁾ All property assessed value for the specified fiscal year-end are obtained from the previous year's tax roll.

⁽³⁾ Includes tax-exempt property

Vacant Land/Other	Total Real Estate Property	Tangible Personal Property	Total Tax Exempt	Total Assessed Value	Total Direct Rate ⁽¹⁾	Estimated Actual Taxable Value	Assessed Value ⁽³⁾ as a Percentage of Actual Value
\$ 162,167,340	\$ 4,340,988,780	\$ 498,291,991	\$ 1,296,059,078	\$ 3,543,221,693	6.150	\$ 3,546,768,461	99.90%
145,917,091	4,310,550,320	528,584,657	1,273,547,950	3,565,587,027	6.250	3,687,266,832	96.70%
148,895,802	4,547,214,867	528,032,771	1,401,872,609	3,673,375,029	6.164	3,899,548,863	94.20%
141,256,751	4,735,952,887	586,397,669	1,388,167,060	3,934,183,496	6.617	4,154,364,832	94.70%
139,970,995	4,909,278,122	588,586,529	1,408,960,525	4,088,904,126	6.618	4,322,308,801	94.60%
145,751,903	5,224,450,091	645,347,634	1,517,867,206	4,351,930,519	6.618	4,600,349,386	94.60%
156,827,352	5,553,541,568	671,045,422	1,628,173,937	4,596,413,053	6.618	4,974,473,001	92.40%
166,570,852	6,750,612,263	718,766,651	1,930,247,158	6,848,549,775	6.618	7,239,481,792	94.60%
176,184,025	6,563,001,147	800,813,779	2,061,733,427	7,382,800,477	6.618	7,804,228,834	94.60%
182,517,189	7,069,569,573	807,920,573	2,284,020,245	7,854,578,184	6.618	8,302,936,770	94.60%

**CITY OF OCALA, FLORIDA
PROPERTY TAX RATES AND LEVIES -
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

(rate per \$1,000 of assessed value)

MILLAGE RATES

Fiscal Year ⁽¹⁾	<u>Direct</u>	<u>Overlapping</u>			<u>Total</u>
	<u>City</u>	<u>County</u>	<u>School</u>	<u>Water Mgmt Districts</u>	
2013	6.15	3.89	7.67	0.33	18.04
2014	6.25	3.90	7.34	0.33	17.82
2015	6.25	3.90	7.30	0.32	17.76
2016	6.16	3.90	8.17	0.30	18.53
2017	6.62	3.89	7.90	0.29	18.70
2018	6.62	4.02	7.56	0.27	18.47
2019	6.62	3.98	7.32	0.26	18.17
2020	6.62	4.42	7.18	0.24	18.46
2021	6.62	4.42	7.02	0.23	18.29
2022	6.62	4.42	6.90	0.22	18.16

Source: Marion County, Florida, Property Appraiser.

Note:

⁽¹⁾ All property valuations for the specified fiscal year-end are obtained from the previous year's tax roll.

The Florida Constitution limits the City millage capacity (non debt related) to 10.000 mills.

**CITY OF OCALA, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO**

Taxpayer	2022			2013		
	Taxable Assessed Valuation Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percent of Total Taxable Assessed Value
Marion Community Hospital	\$ 114,313,951	1	1.46%	\$ 46,846,576	2	1.32%
Fedex Ground package System	91,082,386	2	1.16%	-	-	-
Cardinal LG Company	78,042,690	3	0.99%	-	-	-
TL IP Ocala Industrial Owner	60,475,802	4	0.77%	-	-	-
Carlton Arms Apartments	50,468,251	5	0.64%	24,675,091	8	0.70%
Paddock Mall Associates	47,570,769	6	0.61%	38,648,164	4	1.09%
McLane Ocala LLC	45,537,030	7	0.58%	-	-	-
Northland Saddleworth LLC	44,636,102	8	0.57%	-	-	-
Northland and Heathbrook LLC	43,439,849	9	0.55%	-	-	-
West Shore Deerwood LLC	37,121,513	10	0.47%	-	-	-
K-Mart Corporation	-	-	-	53,715,528	1	1.52%
Embarq	-	-	-	46,526,155	3	1.31%
The Ocala Shoppes LLC	-	-	-	28,273,148	5	0.80%
Wal-Mart	-	-	-	27,153,430	6	0.77%
Closetmaid Corporation	-	-	-	25,448,943	7	0.72%
Morgan Ocala Center	-	-	-	20,335,449	9	0.57%
C.C. Ocala Joint Venture	-	-	-	20,163,397	10	0.57%
Total	<u>\$ 612,688,343</u>		<u>7.79%</u>	<u>\$ 331,785,881</u>		<u>9.35%</u>

Source: Marion County Property Appraiser

Note: City of Ocala taxpayers pay City, County, School Board and certain water district levies.

Only the City levy is shown here.

Excludes property tax levies of the Downtown Development Districts.

**CITY OF OCALA, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30	Taxes Levied For Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collection to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2013	\$ 21,791,532	\$ 20,808,891	95.49%	\$ 243,563	\$ 21,052,454	96.61%
2014	22,285,641	21,479,733	96.38%	152,997	21,632,730	97.07%
2015	22,630,418	21,803,282	96.35%	97,409	21,900,691	96.78%
2016	26,103,617	25,107,454	96.18%	122,978	25,230,432	96.65%
2017	27,099,003	25,794,595	95.19%	140,037	25,934,632	95.70%
2018	28,825,142	27,468,776	95.29%	121,204	27,589,980	95.71%
2019	30,417,039	29,678,027	97.57%	179,222	29,857,249	98.16%
2020	32,547,847	31,328,051	96.25%	130,305	31,458,356	96.65%
2021	35,213,221	34,050,151	96.70%	174,387	34,224,537	97.19%
2022	37,059,886	35,743,813	96.45%	97,571	35,841,384	96.71%

Source: Marion County, Florida, Property Appraiser and City of Ocala Office of Business and Financial Services.

Note: Property in the City of Ocala is reassessed each year by the Marion County Property Appraiser.
Actual tax collections received in each fiscal year are from the prior year's tax levy.

Excludes property tax levies of the Downtown Development Commission.

CITY OF OCALA, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(In thousands)

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Capital Improvement Certificates	Capital Lease	Total	Utility Systems Revenue Bonds	Total			
2013	\$ 35,427	\$ 2,407	\$ 37,834	\$ 153,137	\$ 153,137	\$ 190,971	10.59%	\$ 3,328
2014	34,940	1,296	36,236	145,795	145,795	182,031	9.65%	3,166
2015	34,540	175	34,715	146,545	146,545	181,260	9.06%	3,106
2016	32,200	121	32,321	141,060	141,060	173,381	8.10%	2,903
2017	29,820	65	29,885	134,780	134,780	164,665	7.37%	2,760
2018	27,415	-	27,415	128,405	128,405	155,820	6.63%	2,595
2019	24,790	-	24,790	121,675	121,675	146,465	5.82%	2,380
2020	22,880	-	22,880	114,645	114,645	137,525	5.18%	2,215
2021	20,925	535	21,460	107,410	107,410	128,870	4.56%	2,037
2022	18,920	496	19,416	99,950	99,950	119,366	3.95%	1,842

Source: The City of Ocala Office of Business and Financial Services.

Per Capita Income - Florida Research and Economic Database.

Population - The City of Ocala Office of Budget and Finance, Bureau of Economic and Business Research, University of Florida.

**CITY OF OCALA, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

The City of Ocala had no outstanding general obligation debt during the fiscal years ending September 30, 2013-2022.

CITY OF OCALA, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1)
SEPTEMBER 30, 2022

<u>Governmental Unit</u>	<u>Bonds Outstanding</u>	<u>Applicable to City of Ocala</u>	
		<u>Percent ⁽²⁾</u>	<u>Amount</u>
Marion County			
Limited Ad Valorem Refunding Tax Bonds, Series 1998	\$ -	25.40%	\$ -
Total Overlapping Debt			-
The City's total direct debt			<u>78,920,000</u>
Total direct and overlapping debt			<u><u>\$ 78,920,000</u></u>

(1) The City of Ocala had no outstanding general obligation debt during the fiscal year ended September 30, 2022.

(2) Represents the fraction of assessed valuation of taxable property in the City of Ocala over the assessed valuation of taxable property in the governmental unit.

**CITY OF OCALA, FLORIDA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Assessed Value (100% at market as of January 1, 2020)	<u>\$ 3,543,221,693</u>	<u>\$ 3,565,587,027</u>	<u>\$ 3,671,502,621</u>	<u>\$ 3,944,515,628</u>	<u>\$ 4,094,928,360</u>
Debt Limit: 20% of Assessed Value	708,644,339	713,117,405	734,300,524	788,903,126	818,985,672
Amount of General Obligation Debt Outstanding	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 708,644,339</u>	<u>\$ 713,117,405</u>	<u>\$ 734,300,524</u>	<u>\$ 788,903,126</u>	<u>\$ 818,985,672</u>

In accordance with Article IX, §9.02 of the City of Ocala Charter, the "aggregate amount of general obligation bonds of the City outstanding at any one time shall not be greater than twenty percent (20%) of the assessed valuation of the taxable real and personal property in the City according to the latest assessment of such real and personal property."

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>\$ 4,355,765,086</u>	<u>\$ 4,604,476,504</u>	<u>\$ 4,918,302,617</u>	<u>\$ 5,321,067,050</u>	<u>\$ 5,600,116,125</u>
871,153,017	920,895,301	983,660,523	1,064,213,410	1,120,023,225
-	-	-	-	-
<u>\$ 871,153,017</u>	<u>\$ 920,895,301</u>	<u>\$ 983,660,523</u>	<u>\$ 1,064,213,410</u>	<u>\$ 1,120,023,225</u>

**CITY OF OCALA, FLORIDA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

	2013	2014	2015	2016
Capital Improvement Bonds and Certificates:				
Net revenue available for debt service	\$ 8,167,557	\$ 8,261,105	\$ 8,333,770	\$ 8,359,167
Debt Service payments:				
Principal	2,560,000	765,000	2,300,000	2,340,000
Interest	1,701,799	1,043,246	1,088,305	639,269
Total debt service payments	\$ 4,261,799	\$ 1,808,246	\$ 3,388,305	\$ 2,979,269
Coverage (times)	1.92	4.57	2.46	2.81
Electric System Bonds:				
Gross revenues	\$ 150,413,508	\$ 149,817,925	\$ 144,341,225	\$ 145,415,283
Less: operating expenses	128,161,245	129,528,370	121,428,949	126,925,324
Net revenue available for debt service	22,252,263	20,289,555	22,912,276	18,489,959
Water & Sewer Bonds:				
Gross revenues	\$ 26,291,964	\$ 26,974,511	\$ 27,477,111	\$ 28,907,441
Less: operating expenses	14,441,410	14,908,787	15,383,110	17,069,840
Net revenue available for debt service	11,850,554	12,065,724	12,094,001	11,837,601
Utility System Bonds:				
Net revenue available for debt service	\$ 34,102,817	\$ 32,355,279	\$ 35,006,277	\$ 30,327,560
Debt Service payments:				
Principal	5,095,000	5,245,000	5,360,000	5,485,000
Interest	6,880,763	6,763,874	6,146,150	3,787,146
Total debt service payments	\$ 11,975,763	\$ 12,008,874	\$ 11,506,150	\$ 9,272,146
Coverage (times)	2.85	2.69	3.04	3.27

Source: The City of Ocala Office of Business and Financial Services.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 8,271,340	\$ 8,682,982	\$ 8,662,889	\$ 8,238,069	\$ 9,856,947	\$ 10,585,026
2,380,000	2,405,000	2,625,000	1,910,000	1,955,000	2,005,000
783,309	755,634	731,798	686,741	636,679	585,328
<u>\$ 3,163,309</u>	<u>\$ 3,160,634</u>	<u>\$ 3,356,798</u>	<u>\$ 2,596,741</u>	<u>\$ 2,591,679</u>	<u>\$ 2,590,328</u>
2.61	2.75	2.58	3.17	3.80	4.09
\$ 149,789,455	\$ 151,438,543	\$ 154,082,760	\$ 157,341,827	\$ 157,704,984	\$ 205,000,602
134,847,261	129,812,504	130,967,706	123,859,220	126,386,440	177,291,788
<u>14,942,194</u>	<u>21,626,039</u>	<u>23,115,054</u>	<u>33,482,607</u>	<u>31,318,544</u>	<u>27,708,814</u>
\$ 29,008,377	\$ 29,580,210	\$ 32,378,191	\$ 32,339,993	\$ 33,883,410	\$ 36,328,047
19,278,182	21,072,860	21,841,494	21,915,827	20,663,551	23,362,397
<u>9,730,195</u>	<u>8,507,350</u>	<u>10,536,697</u>	<u>10,424,166</u>	<u>13,219,859</u>	<u>12,965,650</u>
\$ 24,672,389	\$ 30,133,389	\$ 33,651,751	\$ 43,906,773	\$ 44,538,403	\$ 40,674,464
6,265,000	6,375,000	6,730,000	7,030,000	7,235,000	7,460,000
4,507,063	3,839,465	3,921,634	3,879,227	3,636,830	3,398,141
<u>\$ 10,772,063</u>	<u>\$ 10,214,465</u>	<u>\$ 10,651,634</u>	<u>\$ 10,909,227</u>	<u>\$ 10,871,830</u>	<u>\$ 10,858,141</u>
2.29	2.95	3.16	4.02	4.10	3.75

**CITY OF OCALA, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population ⁽¹⁾	Personal Income ⁽²⁾	Per Capita Personal Income ⁽⁴⁾	Median Household Income ^(3,4)	County Unemployment Rate ⁽³⁾
2013	57,387	\$ 1,870,763,977	\$ 32,599	\$ 50,649	8.3%
2014	57,494	1,958,593,423	34,066	51,915	7.1%
2015	58,355	2,077,404,623	35,599	53,213	6.3%
2016	59,720	2,221,636,226	37,201	54,543	5.9%
2017	59,668	2,319,588,360	38,875	55,907	4.8%
2018	60,042	2,439,163,319	40,624	57,305	4.1%
2019	61,549	2,612,901,402	42,452	58,737	3.5%
2020	62,023	2,751,509,901	44,363	60,206	5.3%
2021	63,250	2,932,210,411	46,359	61,711	5.3%
2022	64,809	3,139,685,970	48,445	63,254	3.2%

¹⁾ The City of Ocala Office of Business and Financial Services, Bureau of Economic and Business Research, University of Florida.

²⁾ Amount computed from population and per capita personal income statistics for Marion County, Florida.

³⁾ Bureau of Labor Statistics. Amounts indicated are for Ocala Metropolitan area.

⁴⁾ Estimated Per Capita and Median Household Income.

**CITY OF OCALA, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO**

Employer	September 30, 2022			September 30, 2013		
	Total Employees	Rank	Percent of Total City/County Employment	Total Employees	Rank	Percent of Total City/County Employment
Marion County School Board	7,000	1	4.70%	6,071	1	4.99%
Munroe Regional Medical Center				2,648	2	2.18%
Ocala Health	2,712	2	1.82%			
AdventHealth Ocala ⁽¹⁾	2,648	3	1.78%			
State of Florida	2,600	4	1.74%	2,600	3	2.14%
Wal-Mart	2,583	5	1.73%	2,370	4	1.95%
Ocala Regional Medical Center and Ocala Health				1,725	5	1.66%
Lockheed Martin	1,600	6	1.07%	929	10	0.81%
FedEx Ground	1,500	7	1.01%			
Publix Supermarkets	1,488	8	1.00%	1,488	6	1.22%
Marion County Board of Commissioners	1,368	9	0.92%	1,462	7	1.20%
E-One, Inc.	1,200	10	0.81%			
City of Ocala				970	9	0.80%
AT&T				1,000	8	0.84%
Total	24,699		16.57%	21,263		17.46%
Ocala MSA Labor Force			149,018			121,747

⁽¹⁾ Formerly Munroe Regional Medical Center

Source: Ocala/Marion County Chamber & Economic Partnership.

Note: Total labor force for Marion County which includes the City of Ocala.

CITY OF OCALA, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Legislative.....	6.00	6.00	6.00	6.00	6.00
Executive.....	13.75	14.00	14.00	18.00	23.00
Business and Financial Services.....	23.50	23.63	26.63	28.00	30.00
Procurement.....	-	-	-	-	-
Human Resources and Risk.....	9.00	7.00	8.00	9.00	9.00
Development Services.....	40.25	35.25	36.38	40.68	44.55
Planning.....	-	-	-	-	1.00
Police					
Officers.....	164.00	164.00	151.64	147.19	155.00
Civilians.....	89.50	81.50	96.00	103.00	103.19
Fire					
Firefighters and Officers.....	129.00	125.00	129.63	128.88	130.00
Civilians.....	15.00	6.00	4.00	4.00	4.00
Engineering	22.00	19.00	19.00	19.00	30.00
Recreation.....	64.00	53.41	63.41	58.25	71.66
Public Works.....	99.00	107.00	101.25	102.00	110.00
Fleet/Facilities.....	31.75	28.56	22.04	36.43	39.43
Airport.....	5.00	5.00	5.00	5.00	5.38
Golf.....	-	-	-	-	-
Water & Sewer.....	77.25	89.30	84.70	85.40	91.10
Telecommunications.....	7.00	7.00	7.00	11.00	15.00
Electric.....	155.75	153.25	150.55	159.80	159.00
Stormwater.....	-	-	-	-	-
Information & Technology.....	17.00	15.00	14.00	12.00	21.00
Community Programs.....	1.00	1.25	1.50	1.55	2.50
Total	<u>969.75</u>	<u>941.15</u>	<u>940.73</u>	<u>975.18</u>	<u>1,050.81</u>

Source: The City of Ocala Office of Business and Financial Services

Note: All numbers are assumed to be FTEs for all reporting categories

2018	2019	2020	2021	2022
8.00	8.00	8.00	8.00	8.00
16.00	16.00	15.00	16.00	16.00
30.00	18.20	16.00	16.00	16.00
-	8.00	10.00	12.00	12.00
10.00	12.00	12.00	13.00	13.00
43.55	47.36	52.63	57.50	57.50
2.00	2.13	1.75	1.75	1.75
165.00	157.00	178.00	192.00	192.00
102.00	106.00	108.00	114.00	118.00
130.00	130.00	133.00	136.00	136.00
4.00	4.00	4.00	4.00	4.00
40.00	41.00	42.00	41.00	41.00
74.85	81.70	80.10	94.27	94.27
116.00	102.00	103.00	103.00	103.00
39.43	38.14	36.39	38.39	38.39
5.38	5.50	5.50	5.50	5.50
-	-	-	-	-
92.10	94.15	95.00	95.00	95.00
19.00	20.00	27.00	25.00	24.00
161.00	167.29	172.04	164.04	164.04
-	-	-	-	-
22.00	19.00	21.04	21.04	21.04
2.50	1.50	-	-	-
1,082.81	1,078.97	1,120.45	1,157.49	1,160.49

CITY OF OCALA, FLORIDA
SCHEDULE OF AIRPORT SUBSIDY CASH FLOW ANALYSIS
FOR THE LAST NINE FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
City Leases at Airport:				
Sports Complex Lease	\$ 132,512	\$ 160,960	\$ 165,760	\$ 165,788
Total Value of City Leases	<u>132,512</u>	<u>160,960</u>	<u>165,760</u>	<u>165,788</u>
City Leases	<u>132,512</u>	<u>160,960</u>	<u>165,760</u>	<u>165,788</u>
Net Subsidy	<u>\$ 132,512</u>	<u>\$ 160,960</u>	<u>\$ 165,760</u>	<u>\$ 165,788</u>

Pursuant to an agreement with the Federal Aviation Administration (FAA), the City has agreed to include a schedule of the subsidy to the Airport Fund annually in the Comprehensive Annual Financial Report.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>TOTAL</u>
<u>\$ 165,788</u>	<u>\$ 151,972</u>	<u>\$ 179,604</u>	<u>\$ 165,788</u>	<u>\$ 225,000</u>	<u>\$ 1,513,172</u>
<u>165,788</u>	<u>151,972</u>	<u>179,604</u>	<u>165,788</u>	<u>225,000</u>	<u>1,513,172</u>
<u>165,788</u>	<u>151,972</u>	<u>179,604</u>	<u>165,788</u>	<u>225,000</u>	<u>1,288,172</u>
<u>\$ 165,788</u>	<u>\$ 151,972</u>	<u>\$ 179,604</u>	<u>\$ 165,788</u>	<u>\$ 225,000</u>	<u>\$ 1,288,172</u>

**CITY OF OCALA, FLORIDA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	2013	2014	2015	2016
Police				
Number of calls for service	239,167	233,516	272,552	249,085
Traffic citations issued	11,887	14,114	12,210	12,306
Cases investigated	6,099	7,208	10,010	5,672
Arrests	2,959	3,105	2,766	3,398
Fire				
Number of calls for service	19,802	17,309	19,238	24,358
Fires reported	178	262	238	337
Inspections	2,469	2,816	2,595	2,416
Building Permits				
Building permits issued	1,616	1,630	1,738	1,840
Value of permits issued (in thousands)	\$ 68,726,914	\$ 169,265,866	\$ 111,252,423	\$ 82,956,019
New Construction - Units and Value:				
Commercial - Number of Units	31	41	49	28
Commercial - Value	\$ 11,551,770	\$ 76,095,142	\$ 10,050,568	\$ 14,365,711
Residential - Number of Units	76	81	121	91
Residential - Value	\$ 17,730,674	\$ 22,875,600	\$ 29,516,113	\$ 17,725,394
Streets and Drainage				
Street Resurfacing (miles)	2.50	4.60	9.77	19
Potholes repaired	566	745	1,345	731
Parks and Recreation				
Athletic field permits issued	116	83	177	95
Participants using the pools	26,130	39,733	28,705	28,109
Golf rounds	83,612	81,746	73,580	81,846
Fleet Maintenance				
Vehicles owned by the City	1,213	1,223	1,274	1,447
Percent maintained by Fleet	40	51	96	99
Preventive maintenance completed	854	1,255	693	1,268
Solid Waste				
Number of customers	15,312	15,236	15,486	15,668
Residential refuse collected (in tons)	14,655	15,079	15,154	13,484
Residential recyclables collected (in tons)	3,788	3,925	3,777	3,804
Commercial refuse collected (in tons)	35,902	37,289	38,052	39,187
Electric				
Avg. Number of active customers	50,769	48,834	49,439	49,975
Avg. Monthly Consumption (in KWH)	1,954	2,037	2,086	2,140
Water				
Number of customers	23,699	23,250	23,353	23,696
Max. daily plant capacity (in gallons)	24,420	24,420	24,420	24,420
Avg. monthly consumption	10,419	10,455	10,726	11,230
Wastewater				
Number of customers	28,429	27,509	26,880	28,463
Sanitary/Storm Mains Cleaned (ft.)	156,398	16,029	29,887	25,992

Source: The City of Ocala

2017	2018	2019	2020	2021	2022
251,326	233,126	228,145	225,235	218,313	207,514
13,139	9,926	9,712	8,683	7,506	6,504
4,756	16,351	16,843	15,935	14,171	15,096
4,028	2,905	3,198	3,442	2,737	3,179
21,369	17,519	17,521	19,484	23,854	24,960
306	296	284	321	311	304
2,565	2,430	2,027	3,228	4973	5323
2,030	2,431	2,261	2,300	2,062	3,472
\$ 285,787,964	\$ 329,979,238	\$ 24,841,520	\$ 229,165,345	\$ 60,013,483	\$ 626,448,900
54	56	67	33	30	109
\$ 98,543,017	\$ 116,455,447	\$ 84,174,057	\$ 74,036,715	\$ 58,647,477	\$ 91,237,621
208	257	213	342	210	1,480
\$ 56,686,440	\$ 80,145,118	\$ 67,461,125	\$ 79,120,062	\$ 43,413,908	\$ 335,529,273
11	6	54.75	36.71	33.64	30.05
394	626	1,389	1,073	969	733
81	105	171	708	1,677	240
25,066	24,867	22,965	8,051	13,613	16,695
83,786	75,060	47,313	43,387	44,432	37,504
1,462	1,458	1,283	1,157	1,117	1,082
99	99	99	98	97	99
1,274	1,302	1,459	1,993	2,078	2,263
15,928	15,861	16,267	16,591	16,766	16,884
13,927	14,547	14,636	15,875	16,441	19,279
3,481	3,320	3,112	3,093	3,379	3,231
40,032	42,299	45,708	35,391	43,475	43,285
50,541	50,902	51,661	52,116	52,662	53,101
2,064	2,084	2,097	2,097	2,057	2,081
24,052	24,298	27,512	25,601	23,632	28,498
24,420	24,420	24,420	24,420	24,420	24,420
10,726	11,402	11,931	11,931	12,673	12,944
27,948	28,476	27,512	37,617	29,730	29,149
28,072	52,461	28,031	32,765	23,676	20,045

CITY OF OCALA, FLORIDA
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

FUNCTION:	2013	2014	2015	2016
Area: Land (square miles)	44.72	44.79	44.79	44.79
Miles of Streets, Sidewalks and Bike Paths				
Streets - Paved	338.00	339.35	339.70	398.73
Streets - Unpaved	3.38	3.38	3.38	2.30
Sidewalks	223.30	242.20	242.20	242.20
Bike Paths	18.62	27.30	27.30	27.30
Miles of Sewers				
Storm	277.20	277.20	280.00	283.00
Sanitary	353.45	352.68	360.30	379.12
Force Main	91.50	90.00	90.00	96.82
Water Lines	562.5	568.2	575.5	589.16
	123	129	129	132.00
Fire Protection				
Stations	5	6	6	6
Employees - Sworn	129	129	129	130
Employees - Civilian	3	4	4	4
Fire and rescue response time (minutes)	6.3	6.3	6.7	6
Police Protection				
Stations	4	4	4	4
Employees - Sworn	164	164	165	165
Employees - Civilian	96	96	100	100
Vehicular Patrol Units - Marked Vehicles	124	124	126	125
Vehicular Patrol Units - Motorcycles	6	6	6	4
Vehicular Patrol Units - Other Vehicles	80	80	78	78
Recreation				
Land area (acres)	805	837	837	837
Activity centers	5	5	5	6
Pools	2	2	2	2
Playgrounds (not reported prior to 2004)	18	20	23	24

Source: The City of Ocala

2017	2018	2019	2020	2021	2022
46.95	46.95	46.95	46.95	46.95	47.37
374.19	357.47	358.77	358.77	357.47	379
2.30	1.49	1.49	1.49	1.49	1.49
242.20	244.12	245.43	246.04	177.08	172
53.33	55.03	55.40	55.50	35.53	35.53
283.83	290.49	293.10	294.35	296.44	298.30
373.90	380.00	380.00	395.00	362.32	362.45
96.97	97.63	97.63	99.00	94.42	94.48
539.85	589.00	589.00	598.00	563.41	562.88
132.00	134.00	137.00	137.00	137.00	140.00
6	6	7	7	7	7
130	130	133	136	136	139
4	4	4	4	4	4
5	6	7	5	6.25	6.33
4	4	4	4	3	3
165	157	178	192	194	194
102	106	108	114	121	126
135	133	145	159	169	188
9	9	9	9	6	6
78	78	79	81	91	119
837	839	839	841	841	842
6	6	6	6	6	6
2	2	2	2	2	2
24	25	25	25	25	25



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**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED
STATES; THE PROVISIONS OF OFFICE OF MANAGEMENT AND
BUDGET (OMB) UNIFORM GUIDANCE; AND THE *RULES OF THE
AUDITOR GENERAL* OF THE STATE OF FLORIDA**

CITY OF OCALA, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/ Pass-Through Grantor/Program Title	Assistance Listing/CFSA Number	Pass-Through Grantor Number	Federal Expenditures	Sub recipient Pass Through
FEDERAL AWARDS				
<u>U.S. Department of Housing and Urban Development:</u>				
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-12-0029	\$ 51,813	
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-17-0029	323,084	
Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-12-0029	96,535	
Community Development Block Grants/Entitlement Grants	14.218	B-21-MC-12-0029	63,536	
Covid-19 Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-12-0029	198,930	
Total CDBG-Entitlement Grants			733,898	
Passed through Marion County, Florida: Emergency Solutions Grant Program Total Emergency Solutions Grant Program	14.231	N/A	\$ 10,714 10,714	
Passed through Marion County, Florida: Homeless Response System Data Performance Total Homeless Response System Data Performance	14.261	FL0641L4H142004	\$ 83,489 83,489	
Total U.S. Department of Housing and Urban Development			\$ 828,101	
<u>U.S. Department of Justice:</u>				
Covid-19 Coronavirus Emergency Supplemental Funding Program Total Covid-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0308	\$ 7,734 7,734	
Passed through State Office of Attorney General: Crime Victim Assistance Total Crime Victim Assistance	16.575	VOCA-2022-Ocala Police Department-00594	\$ 48,871 48,871	
Bulletproof Vest Partnership Program Total Bulletproof Vest Partnership Program	16.607	2022-BUBX-18092553	\$ 13,144 13,144	
Passed through Florida Department of Law Enforcement Edward Byrne Memorial Justice Assistance Grant Program Edward Byrne Memorial Justice Assistance Grant Program Total Edward Byrne Memorial Justice Assistance Grant Program	16.738 16.738	2020-DJ-BX-0124 15PBIA-21-GG-01331-JAGX	\$ 6,500 8,988 15,488	
Equitable Sharing Program Total Equitable Sharing Program	16.922	FL0420100	\$ 64,037 64,037	
Total U.S. Department of Justice			\$ 149,274	
<u>U.S. Department of Transportation:</u>				
Airport Improvement Program Airport Improvement Program Airport Improvement Program Total Airport Improvement Program	20.106 20.106 20.106	3-12-0055-027-2019 3-12-0055-029-2021 3-12-0055-030-2021	\$ 44,772 45,668 14,511 104,951	
Passed through Florida Department of Transportation: Recreational Trails Program Total Recreational Trails Program	20.219	T1923	\$ 36,480 36,480	
Passed through Florida Department of Transportation: Federal Transit Formula Grants Federal Transit Formula Grants Federal Transit Formula Grants Covid-19 Federal Transit Formula Grants Total Federal Transit Formula Grants	20.507 20.507 20.507 20.507	FL-2022-018-00 FL-2018-121-00 FL-2020-019-00 FL-2020-021-01	\$ 180,021 732,340 571,585 1,306,832 2,790,776	
Passed through Florida Department of Transportation: State and Community Highway Safety State and Community Highway Safety Total State and Community Highway Safety	20.600 20.600	G2267 G2223	\$ 6,884 8,531 15,415	
Passed through Florida Department of Transportation: Safety Belt Performance Grants MSHVE-2022-00177	20.616	G2342	\$ 613 613	
Total U.S. Department of Transportation			\$ 2,948,237	
<u>U.S. Department of Treasury</u>				
Fiscal Recovery Program Total Fiscal Recovery Program	21.027		\$ 4,776,265 4,776,265	600,000 600,000
Total The Department of Treasury			\$ 4,776,265	\$ 600,000
<u>U.S. Environmental Protection Agency</u>				
Diesel Emission Reduction Act (DERA) National Grants Total Diesel Emission Reduction Act (DERA) National Grants	66.039	01D14320	\$ 155,400 155,400	
Passed through Florida Department of Environmental Protection: Nonpoint Source Implementation Grant Total NonPoint Source Implementation Grant	66.460	NF069	\$ 16,138 16,138	
Passed through Florida Department of Environmental Protection: Brownfields Multipurpose, Assessment, Revolving Loan Fund and Cleanup Cooperative Agreements Total Brownfields Multipurpose, Assessment, Revolving Loan Fund and Cleanup Cooperative Agreements	66.818	BF #00D71118	\$ 20,350 20,350	
Total U.S. Environmental Protection Agency			\$ 191,888	
<u>U.S. Department of Health and Human Services</u>				
Passed through Florida Department of Health: Injury Prevention and Control Research and State and Community Based Programs	93.136	MI092	\$ 226,863	
Total U.S. Department of Health and Human Services			\$ 226,863	
<u>U.S. Department of Homeland Security</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters) Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	\$ 375,353 375,353	
Total U.S. Department of Homeland Security			\$ 375,353	
TOTAL EXPENDITURES OF FEDERAL AWARDS:			\$ 9,495,981	\$ 600,000

CITY OF OCALA, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(CONTINUED)

Federal Grantor/ Pass-Through Grantor/Program Title	Assistance Listing/CFSA Number	Pass-Through Grantor Number	Federal Expenditures	Sub recipient Pass Through
STATE FINANCIAL ASSISTANCE				
Florida Department of Environmental Protection:				
Statewide Surface Water Restoration and Wastewater Projects	37.039	NS042	\$ 11,846	
Statewide Surface Water Restoration and Wastewater Projects	37.039	NS052	187,500	
Statewide Surface Water Restoration and Wastewater Projects	37.039	NS069	244,117	
Statewide Surface Water Restoration and Wastewater Projects	37.039	LPA0066	564,479	
Statewide Surface Water Restoration and Wastewater Projects	37.039	LPA0198	380,556	
Statewide Surface Water Restoration and Wastewater Projects	37.039	LPA0416	129,974	
<i>Total Statewide Surface Water Restoration and Wastewater Projects</i>			<u>1,518,272</u>	
<i>Passed through St. Johns River Water Management District</i>				
Florida Springs Grant Program	37.052	LPS0030	\$ 368,851	
Florida Springs Grant Program	37.052	33953	158,278	
<i>Total Florida Springs Grant Program</i>			<u>526,929</u>	
Total Florida Department of Environmental Protection			<u>\$ 2,045,201</u>	
Florida Housing Finance Corporation:				
State Housing Initiatives Partnership Program	40.901	SHIP	\$ 404,093	
<i>Total State Housing Initiatives Partnership Program</i>			<u>404,093</u>	
Total Florida Housing Finance Corporation			<u>\$ 404,093</u>	
Florida Department of Financial Services:				
Fire Department Financial Assistance Grant Program	43.013	N/A	\$ 14,226	
<i>Total Fire Department Financial Assistance Grant Program</i>			<u>14,226</u>	
Total Florida Department of Financial Services:			<u>\$ 14,226</u>	
Florida Department of Transportation:				
Aviation Grant Programs				
FM# 431586-2-94-01	55.004	G1W03	\$ 16,354	
Aviation Grant Programs				
FM# 449123-1-94-01	55.004	G1X53	157,268	
Aviation Grant Programs				
FM# 437031-1-94-02	55.004	G1G24	3,980	
<i>Total Aviation Grant Programs</i>			<u>177,602</u>	
Public Transit Block Grant Program				
FM# 433304-1-84	55.010	G1K58	\$ 407,818	
FM# 433304-2-94	55.010	G2215	34,580	
<i>Total Public Transit Block Grant Program</i>			<u>442,398</u>	
Total Florida Department of Transportation			<u>\$ 620,000</u>	
Florida Department of Children and Families:				
<i>Passed through Marion County Florida</i>				
Homeless Grant-In-Aid Project	60.021	PPZ61	\$ 35,834	
<i>Total Homeless Grant-In-Aid Project</i>			<u>35,834</u>	
Total Florida Department of Children and Families			<u>\$ 35,834</u>	
Florida Department of Law Enforcement:				
FIBRS Implementation Assistance Program	71.043	2021-FBSFA-F2-010	\$ 4,224	
<i>Total FIBRS Implementation Assistance Program</i>			<u>4,224</u>	
Total Florida Department of Law Enforcement:			<u>\$ 4,224</u>	
Florida Department of Highway Safety and Motor Vehicles				
Florida Arts License Plate Project	76.041	N/A	\$ 3,000	
<i>Total Florida Arts License Plate Project</i>			<u>3,000</u>	
Total Florida Department of Highway Safety and Motor Vehicles			<u>\$ 3,000</u>	
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE:			<u>\$ 3,126,578</u>	
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE:			<u>\$ 12,622,559</u>	<u>\$ 600,000</u>

Notes:

(1) The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Ocala, Florida and is presented on the accrual basis of accounting. The City has elected not to apply the 10% de minimis indirect cost rate. There are no outstanding loan balances at the end of the audit period. The information in this schedule is presented in accordance with the requirements of Federal OMB Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations and Chapter 10.550, Rules of the Auditor General. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Members of the City Council
City of Ocala
Ocala, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ocala, Florida (the City) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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An Independent Member of the BDO Alliance USA

The Honorable Members of the City Council
City of Ocala
Ocala, Florida

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Report Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



March 30, 2023
Ocala, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

The Honorable Members of the City Council
City of Ocala
Ocala, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of Ocala, Florida's (the City) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the requirements described in the Department of Financial Services, *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2022. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Our responsibilities under those standards and the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibility of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs and state projects.

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The Honorable Members of the City Council
City of Ocala
Ocala, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General* will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with

The Honorable Members of the City Council
City of Ocala
Ocala, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE AND CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL***

a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



March 30, 2023
Ocala, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
CITY OF OCALA, FLORIDA**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Non-compliance material to financial statements noted?	No

Federal Awards and State Projects

Internal Control Over Major Programs/Projects:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of Auditor's Report Issued on Compliance for Major Programs/Projects:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a), or Chapter 10.557 for local government entities?	No

Identification of Major Programs:

Federal Program or Cluster

U.S. Department of Transportation: Federal Transit Formula Grants	Assistance Listing No.: 20.507
U.S. Department of Treasury: Coronavirus State and Local Grants	Assistance Listing No.: 21.027

State Projects

Florida Department of Environmental Protection: Statewide Water Quality Restoration Projects Florida Springs Grant	CFSA No. 37.039 CFSA No. 37.052
Dollar Threshold Used to Distinguish Between Type A and Type B Programs – Federal Programs	\$750,000
Dollar Threshold Used to Distinguish Between Type A and Type B Programs – State Projects	\$750,000
Auditee qualified as low-risk auditee pursuant to the Uniform Guidance?	Yes

Other Issues

- No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects.

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

The Honorable Members of the City Council
City of Ocala
Ocala, Florida

We have examined the City of Ocala, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2022, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specific requirements. The nature, timing, and extent of procedures selected depend on our judgement, including an assessment of the risk of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with specific requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the members of the City Council, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



March 30, 2023
Ocala, Florida

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MANAGEMENT LETTER

The Honorable Members of the City Council
City of Ocala
Ocala, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Ocala, Florida (the City) as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated March 30, 2023.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

Other Reports Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for each Major Federal Program and State Project and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with the American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 30, 2023, should be considered in conjunction with this Management Letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such findings in the preceding audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government be disclosed in the Management Letter, unless disclosed in the notes to the financial statements (see Note 1 of the City's basic financial statements as of and for the year ended September 30, 2022, for this information).

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The Honorable Members of the City Council
City of Ocala
Ocala, Florida

MANAGEMENT LETTER

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipally, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Ocala Community Redevelopment Agency (CRA) reported this information in the CRA's separately issued financial statements.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Ocala Downtown Development District (the District) reported the following information that was not subject to auditing procedures:

- The total number of District employees compensated in the last pay period of the District's fiscal year as 0.
- The total number of independent contractors to whom non-employee compensation was paid in the last month of the District's fiscal year as 0.
- All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$0.
- All compensation earned by or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency as \$6,484.

The Honorable Members of the City Council
City of Ocala
Ocala, Florida

MANAGEMENT LETTER

- There was no construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported.
- For the budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes, see Schedule of Revenues and Expenditures - Budget and Actual as presented in the financial statements for the year ended September 30, 2022.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address non-compliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our Management Letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Honorable Mayor and City Council, and management, and is not intended to be, and should not be, used by anyone other than these specified parties.



March 30, 2023
Ocala, Florida

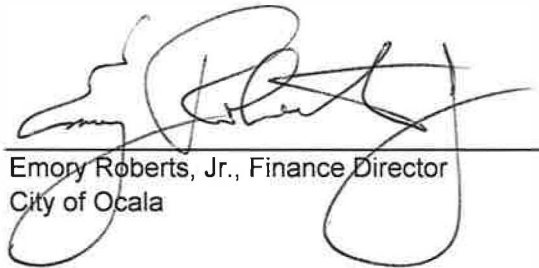


IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Emory Roberts, Jr., who being duly sworn deposes and says on oath that:

1. I am the Finance Director of the City of Ocala which is a local governmental entity of the State of Florida;
2. The governing body of the City of Ocala adopted Chapters 30, Section 1 and Chapter 70, Section 476 implementing and amending impact fees.
3. The City of Ocala has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

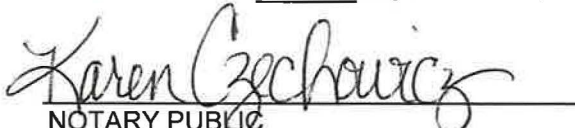

Emory Roberts, Jr., Finance Director
City of Ocala

STATE OF FLORIDA
COUNTY OF MARION

SWORN TO AND SUBSCRIBED before me this 16th day of March, 2023.



KAREN CZECHOWICZ
Commission # GG 964346
Expires March 2, 2024
Bonded Thru Budget Notary Services


NOTARY PUBLIC
Print Name Karen Czechowicz

Personally known ☒ or produced identification _____

Type of identification produced: _____

My Commission Expires:

3/2/2024