

CITY OF OCALA, FLORIDA

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

For the fiscal year ended

September 30, 2021

Prepared by:

Finance Department

Emory Roberts Jr., CIA, CISA, CGAP

Finance Director



**CITY OF OCALA, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2021**

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FINANCE DEPARTMENT
201 SE 3rd STREET
OCALA, FLORIDA 34471

March 25, 2022

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, 2021. 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, 2021, 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;

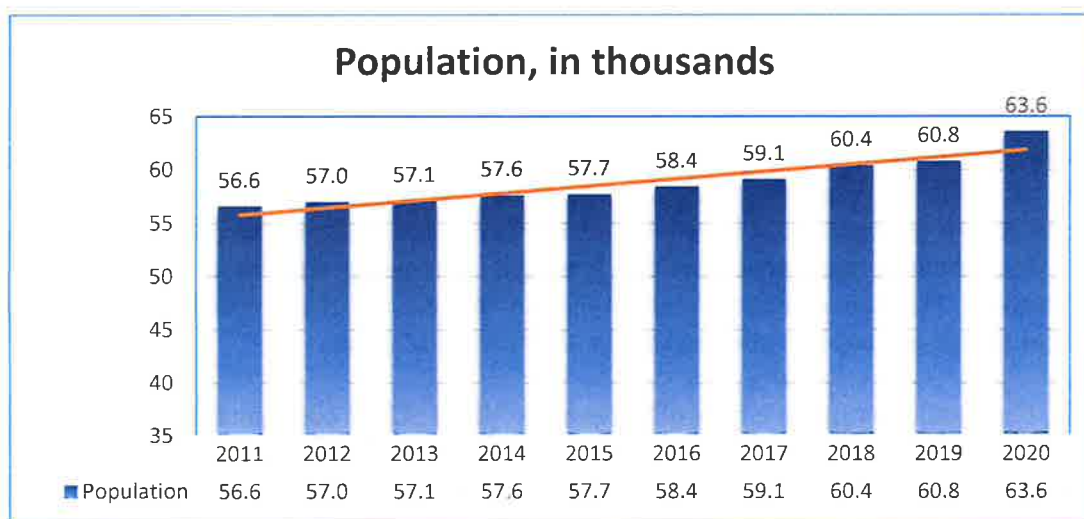
and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the City’s financial statements for the fiscal year ended September 30, 2021, as fairly presented in conformity 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 April 1, 2020, the official population estimate from [Census.gov/quickfacts](https://www.census.gov/quickfacts) was 63,591.



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 an 8% increase in real property valuations, heightened building permit activity, a declining 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. 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 recent 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 will soon begin on a 34-acre parcel for the Ocala Marion County Business Park. Red Rock Development completed a 617,000-square foot speculation building which is now an Amazon distribution center. Peak Logistics is also under construction and only two properties of the original development remain for development.

During fiscal year 2021, the City entered into an agreement with the Ocala Metro Chamber & Economic Partnership (CEP) to administer a Microenterprise Emergency Loan Program geared to provide relief funds to small businesses during the COVID-19 pandemic. The program was allocated \$200,000 via the Community Development Block Grant Funding and administered the entirety of the grant within six months of the Microenterprise Emergency Loans commencement.

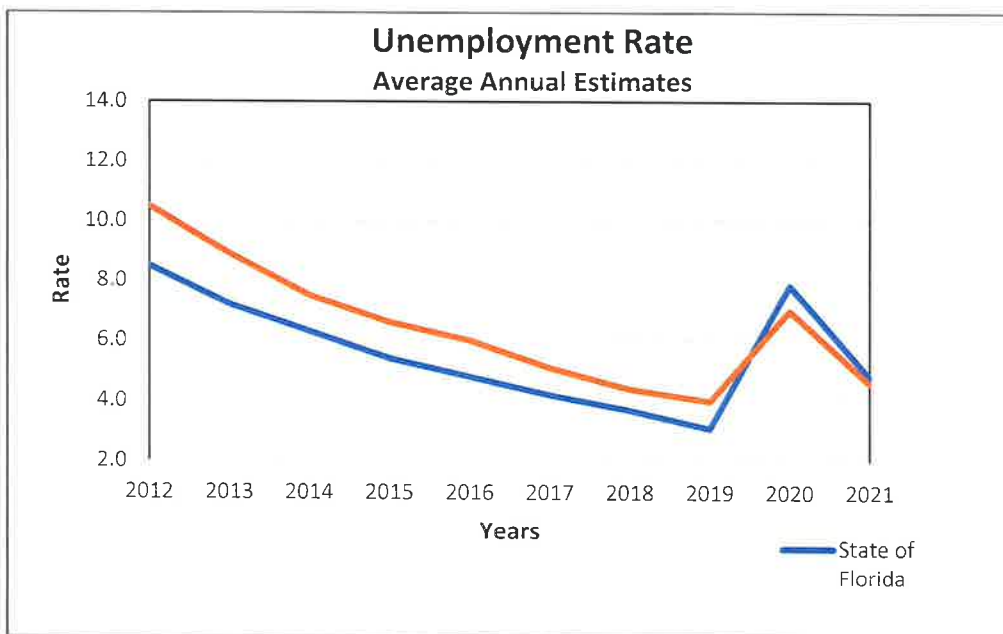
As of September 30, the City administered twenty-three (23) Economic Investment

Program agreements with city investments to be paid over several years based on company performance.

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 1,150 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 assess thirteen properties. At completion of the grant the City will have 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. Activities under this grant will further the redevelopment of such properties, thereby creating economic development throughout the community. The City applied and qualified for additional grant funding in FY2020/21 but was not selected due to the lack of funds from the EPA. The City has once again submitted for the Brownfield grant which has an increased funding amount up to \$500,000 and should know the outcome of the grant in late March, early April 2022.

The U.S. Bureau of Labor Statistics indicates the Ocala Metropolitan Statistical Area average annual unemployment rate increased from 3.8% in 2019 to 4.6% in 2021, which is slightly lower than the state average of 4.8% and slightly higher than the national average of 4.1% for the same timeframe. In 2020, during the first peak of COVID-19, the state unemployment reached an average of 7.9% with a peak period in April 2020 at 14.6% unemployment. The City saw similar unemployment variations with an average of 7% and a peak in April of 12.6% unemployment.



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 and complied with 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, 2020. This was the thirty-fourth 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.

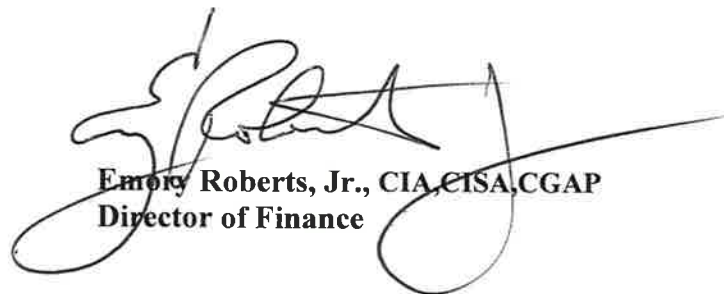
The GFOA also presented an Award for Distinguished Budget Presentation for the City's Annual Budget for the fiscal year beginning October 1, 2020, making the twenty-ninth year the City has received the award. It is based on a governmental unit's publishing a budget document that meets program criteria 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.

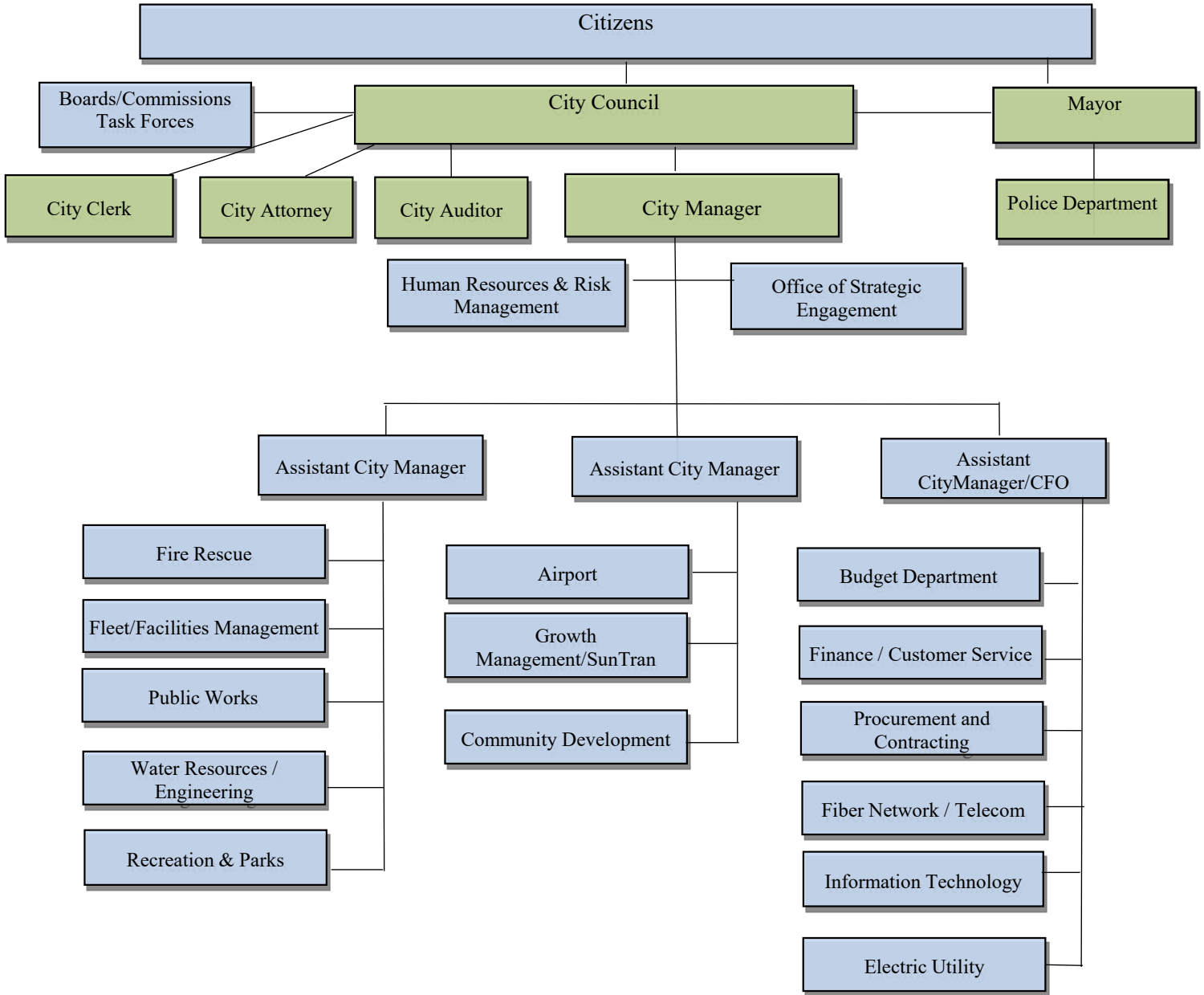
The Mayor, Council President, and Council members' continued support in planning and conducting the City's financial operations in a responsible manner are sincerely appreciated. This has proven to be an invaluable asset in the preparation of this report which is geared toward reflecting the financial 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,


Sandra Wilson
City Manager


Emory Roberts, Jr., CIA, CISA, CGAP
Director of Finance

CITY OF OCALA- Organizational Chart



**CITY OF OCALA, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2021**

ELECTED OFFICIALS

Kent Guinn, Mayor
Jay A. Musleh
Justin Grabelle, Council President
Brent R. Malever, Pro Tem
Ire J. Bethea Sr.

APPOINTED OFFICIALS

City Manager
City Attorney
City Clerk
Internal Auditor

Sandra Wilson
Robert W. Batsel, Jr.
Angel Jacobs
Randall Bridgeman

EXECUTIVE STAFF

Assistant City Manager
Assistant City Manager
Assistant City Manager

Ken Whitehead
William Kauffman
Peter Lee

Finance Staff

Director of Finance & CSO
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
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
Jennifer Connors
Porsha Ullrich
Melissa Demetropoulos
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, 2020

Christopher P. Morill

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Opinions

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, 2021, 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.

Other Matters

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 supplement the basic financial statements. Such information, 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 MD&A, budgetary comparison information, and certain pension and other postemployment benefits trend 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.

Other 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 introductory section, combining and individual non-major fund financial statements, non-major fund budgetary comparison schedules, and statistical section are presented for purposes of additional analysis, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state projects is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations*; Chapter 69I-5, *Rules of the Florida Department of Financial Services*; and Chapter 10.550, *Rules of the Auditor General*, and is also not a required part of the basic financial statements.

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 the responsibility of management, and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional

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

INDEPENDENT AUDITOR'S REPORT

procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule, 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 taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 25, 2022, 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 25, 2022
Ocala, Florida



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**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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, 2021. 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-vii 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 \$431,940,624 (net position), an increase of 7.59% from prior year. Of this amount, \$371,378,201 represents investments in capital assets (net of related debt), \$71,234,505 in restricted net position and (\$10,672,082) in unrestricted net position.
- Net position for the City increased by \$30,460,267 versus (\$53,062,599) prior fiscal year mostly due to fiscal year 2020 liability of \$80,000,000 for the estimated settlement of an ongoing lawsuit related to Fire Service Assessments.
- Governmental general revenue and transfers-in totaled \$125,483,840 compared to \$123,194,966 in 2020, which is a 1.9% increase from the prior year. Expenses totaled \$107,216,416 compared to \$189,367,506 in 2020 or a 43.4% decrease from the prior year. This is mostly attributable to the prior year estimated liability for a lawsuit related to Fire Service Assessment.
- At the close of the fiscal year, the City's governmental activities reported combined ending net position of \$124,643,261 as compared to the prior year \$106,375,837, an increase of \$18,267,424. Of the fiscal year end net position, (\$41,956,351) was unrestricted versus (\$55,735,218) the prior fiscal year. This change from last fiscal year's balance was due to a decrease in general fund expenses including a prior year liability of \$80,000,000 for estimated settlement in a lawsuit related to Fire Service Assessment.
- The business-type activities revenue totaled \$231,482,308 as compared to \$229,701,107 for a 0.78% increase over the prior year. Expenses and transfers-out totaled \$219,289,465 as compared to \$216,591,166 in 2020, for a 1.25% increase from the prior year. This result produced an increase in business-type net assets of \$12,192,843 as compared to an increase of \$13,109,941 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, 2021**

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, 2021**

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. The City uses internal service funds to account for the capital purchases of its fleet, facilities, and information technology as well as self-insurance programs. 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 28-37 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 38-39 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 35-98 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 99-126 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 128-156 of this report.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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 \$431,940,624 at the close of the most recent fiscal year.

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

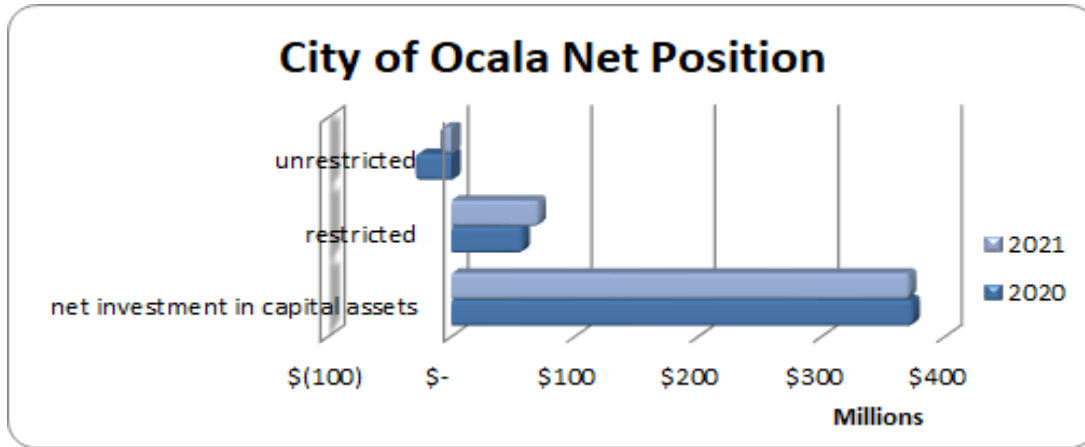
	Governmental Activities		Business -type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 144,359,768	\$ 120,479,881	\$ 156,671,489	\$ 143,677,210	\$ 301,031,257	\$ 264,157,091
Capital assets (net)	161,709,547	166,097,752	333,353,856	340,426,716	495,063,403	506,524,468
Total Assets	306,069,315	286,577,633	490,025,345	484,103,926	796,094,660	770,681,559
Total deferred outflows of resources	28,010,211	27,122,976	11,877,529	15,757,257	39,887,740	42,880,233
Long-term liabilities outstanding	190,459,082	195,984,924	145,252,622	158,580,876	335,711,704	354,565,800
Other liabilities	14,452,492	8,980,815	30,282,884	27,014,756	44,735,376	35,995,571
Total Liabilities	204,911,574	204,965,739	175,535,506	185,595,632	380,447,080	390,561,371
Total deferred inflows of resources	4,524,691	2,359,033	19,070,005	19,161,031	23,594,696	21,520,064
Net Position:						
Net investment in capital assets	141,919,068	144,263,587	229,459,133	229,806,945	371,378,201	374,070,532
Restricted	24,680,544	17,847,468	46,553,961	40,316,227	71,234,505	58,163,695
Unrestricted	(41,956,351)	(55,735,218)	31,284,269	24,981,348	(10,672,082)	(30,753,870)
Total Net Position	\$ 124,643,261	\$ 106,375,837	\$ 307,297,363	\$ 295,104,520	\$ 431,940,624	\$ 401,480,357

The largest portion of the City's net position \$371,378,201 (86.0% 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, 2021**

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 2021 has a balance of \$71,234,505 or 16.5% 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 2021 the City reported a negative unrestricted net position of \$10,672,082



Governmental Activities. During the current fiscal year, net position for governmental activities increased \$18,267,424 from the prior fiscal year for an ending balance of \$124,643,261. This increase in the overall net position is the result of one-time FY20 expenditure related to Public Safety Fire Fee, \$1,992,618 increases in total revenues and \$2,151,090 decrease in operating expenses from the previous fiscal year.

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 \$307,297,363. The total net position increased by \$12,192,843 as compared to an increase of \$13,109,941 in the prior year. This increase is attributed mostly to a \$1,781,201 net increase in total revenues and was outpaced by \$2,402,043 increase in current program expenses mainly for the purchase and distribution of electricity.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Statement of Activities. The City's net position for governmental activities increased by \$18,267,424 during the current fiscal year and business-type activity net position increased by \$12,192,843. The city's operations for the last two fiscal years are summarized as follows:

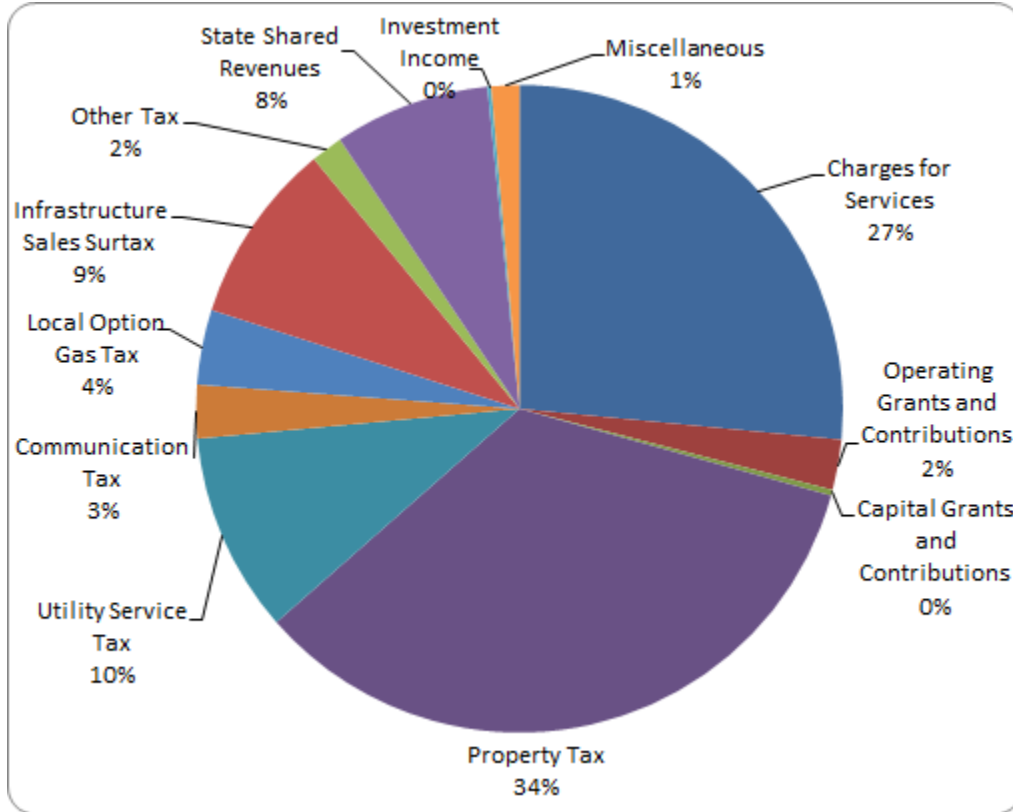
Changes in Net Position For the Year Ended September 30						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Program revenues:						
Charges for services	\$ 27,029,672	\$ 26,826,230	\$ 219,130,652	\$ 210,792,839	\$ 246,160,324	\$ 237,619,069
Operating grants and contributions	2,561,616	2,193,649	3,236,285	7,466,671	5,797,901	9,660,320
Capital grants and contributions	297,732	951,787	9,248,394	7,619,198	9,546,126	8,570,985
General revenues:						
Property taxes	34,874,426	32,306,598	-	-	34,874,426	32,306,598
Other taxes	27,600,762	25,087,237	-	-	27,600,762	25,087,237
State shared revenues	7,939,789	6,315,818	-	-	7,939,789	6,315,818
Other	1,246,296	5,876,356	(133,023)	3,822,399	1,113,273	9,698,755
Total Revenues	101,550,293	99,557,675	231,482,308	229,701,107	333,032,601	329,258,782
Program expenses:						
General government	12,543,745	12,539,845	-	-	12,543,745	12,539,845
Public safety	57,613,575	58,112,349	-	-	57,613,575	58,112,349
Public safety-(Fire fee)	-	80,000,000	-	-	-	80,000,000
Physical environment	6,990,456	6,629,347	-	-	6,990,456	6,629,347
Transportation	16,513,398	17,937,405	-	-	16,513,398	17,937,405
Economic Environment	3,665,074	3,604,606	-	-	3,665,074	3,604,606
Culture and recreation	9,143,439	9,746,534	-	-	9,143,439	9,746,534
Interest on long term debt	746,729	797,420	-	-	746,729	797,420
Electric	-	-	137,572,943	134,900,874	137,572,943	134,900,874
Water and sewer	-	-	34,001,912	35,235,871	34,001,912	35,235,871
Sanitation	-	-	11,786,769	11,648,985	11,786,769	11,648,985
Municipal golf courses	-	-	1,658,800	1,792,709	1,658,800	1,792,709
International airport	-	-	1,518,031	1,490,607	1,518,031	1,490,607
Fiber Network	-	-	5,232,092	4,657,453	5,232,092	4,657,453
Suntran	-	-	3,585,371	3,227,376	3,585,371	3,227,376
Total Expenses	107,216,416	189,367,506	195,355,918	192,953,875	302,572,334	382,321,381
Change in net position						
before transfers	(5,666,123)	(89,809,831)	36,126,390	36,747,232	30,460,267	(53,062,599)
Transfers	23,933,547	23,637,291	(23,933,547)	(23,637,291)	-	-
Increase (Decrease) in net position	\$ 18,267,424	\$ (66,172,540)	\$ 12,192,843	\$ 13,109,941	\$ 30,460,267	\$ (53,062,599)
Net position - beginning	106,375,837	172,548,377	295,104,520	281,994,579	401,480,357	454,542,956
Net position - ending	\$ 124,643,261	\$ 106,375,837	\$ 307,297,363	\$ 295,104,520	\$ 431,940,624	\$ 401,480,357

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 estimated liability for Fire Service Fee 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, 2021**

The City's overall net position increased \$30,460,267 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



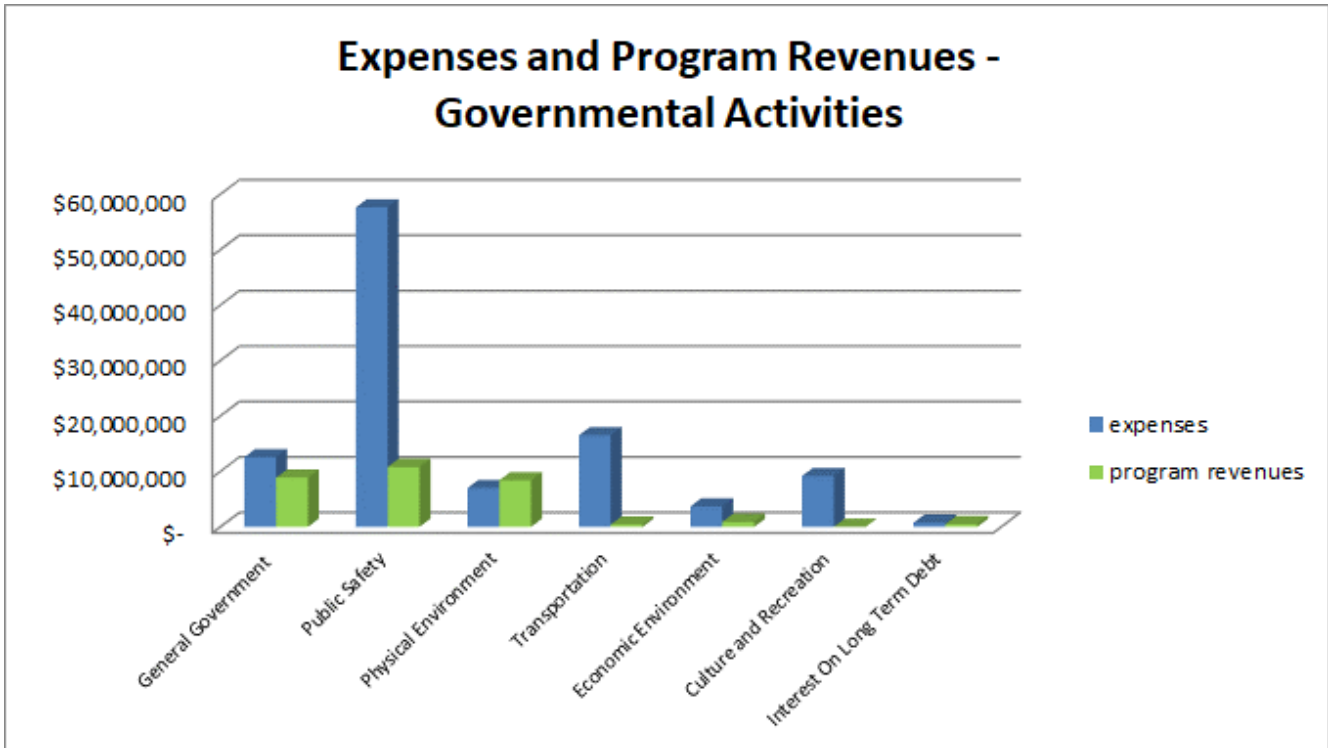
Key Elements of Revenues of Governmental Activities:

- Property taxes, which provided 34.3% of governmental revenues, increased by \$2,567,828. In FY 2021, the City's millage rate was 6.6177 per \$1,000 of taxable property. This was the same rate for FY 2020.
- Charges for services provided 26.6% of governmental revenues. Charges for services increased \$203,442 an increase of 0.76%.
- Utility services taxes provided 10.0% of governmental revenues and totaled \$10,179,971 for FY 2021. This was an increase of 9.23% or \$860,059 from prior year.
- Infrastructure Sales Tax and State Shared Revenues respectively contributed 9.1% and 7.8% of the total governmental revenue. These revenue source posted gains of 13.86% and 25.71% respectively.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Key Element of Expenses of Governmental Activities

In FY 2021, expenses for Governmental Activities decreased 43.3% to \$107,216,416. Total expenses decreased by \$82,151,090 mostly due to \$80,498,774, decrease in Public Safety from previously mentioned Fire Fee liability, \$1,424,007 in Transportation and \$603,095 in Culture and Recreation expenses. This was offset by modest \$361,109 increase in Physical Environment costs. As evidenced by the graph below, most of the governmental activities are not supported by program revenues.

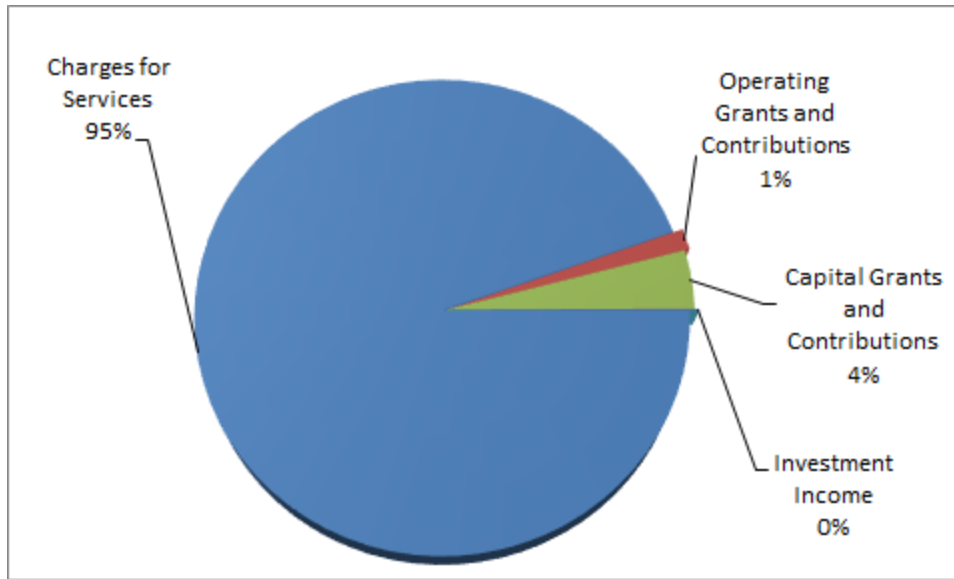


**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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 95% 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 \$13,109,941, in FY 2020 to \$12,192,843, in FY 2021.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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.

	Electric		Water and Sewer		Sanitation	
	2021	2020	2021	2020	2021	2020
Operating Revenues	\$ 157,769,238	\$ 155,074,881	\$ 33,913,128	\$ 31,400,930	\$ 15,386,939	\$ 14,369,835
Operating Expenses	135,983,941	133,195,900	31,691,930	32,747,959	11,786,769	11,395,749
Operating Income(Loss)	\$ 21,785,297	\$ 21,878,981	\$ 2,221,198	\$ (1,347,029)	\$ 3,600,170	\$ 2,974,086

	Municipal Golf Course		Ocala International Airport		Ocala Fiber Network	
	2021	2020	2021	2020	2021	2020
Operating Revenues	\$ 1,492,628	\$ 1,276,066	\$ 1,571,301	\$ 1,265,518	\$ 7,885,924	\$ 7,150,454
Operating Expenses	1,658,800	1,792,709	2,301,682	2,301,073	5,232,092	4,734,819
Operating Income(Loss)	\$ (166,172)	\$ (516,643)	\$ (730,381)	\$ (1,035,555)	\$ 2,653,832	\$ 2,415,635

	SunTran		TOTALS	
	2021	2020	2021	2020
Operating Revenues	\$ 168,842	\$ 255,155	\$ 218,188,000	\$ 210,792,839
Operating Expenses	3,585,371	3,182,290	192,240,585	189,350,499
Operating Income(Loss)	\$ (3,416,529)	\$ (2,927,135)	\$ 25,947,415	\$ 21,442,340

Key elements of the City's business-type activities for FY 2021 are as follows:

Business-type activities had an operating income of \$25,947,415, a \$4,505,705 or 21.01% increase from the prior year.

The Water and Sewer Fund accounted for majority of this increase. Operating income increased \$3,568,227 resulting from an increase in operating revenue of \$2,512,198 partially due to an 8.0% rate increase and a reduction in expenses driven by lower administration costs.

The City's Electric Utility Fund operating revenues increased \$2,694,357. That gain however, was offset by \$2,788,041 increase in operating expenses due to higher costs for the purchase and distribution of electricity.

The Sanitation Fund operating income increased \$626,084 in FY 2021. This was due to a \$1,017,104 increase in operating revenues driven by rate and fee increase. This was offset by \$391,020, increase in operating expenses mostly due to higher operation and maintenance costs.

The City outsourced management operations of the Municipal Golf Course in FY 2013. In FY 2021, the operating loss was \$166,172. This is \$350,471 less than prior year loss of \$516,643. Increases in green fees and cart rental fees, contributed to a \$216,562 improved in operating revenues. Operating costs decreased \$133,909 mostly due to a \$52,563 reduction in depreciation expenses attributed to mid-year sale of building and equipment.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

The Ocala International Airport operating income/loss decreased by \$350,471 from (\$1,035,555) in FY 2020 to (\$730,381) in the current fiscal year. This improvement in operating income/loss was due to higher revenue from commissions.

The Fiber Network Fund had an increase in operating income/loss of \$238,197. This is primarily due to a \$735,470 increase in operating revenues which was offset by a \$497,273 rise in operating expenses including administration and depreciation costs.

The City's public mass transit system, SunTran had an operating loss of \$3,416,529. This number, however, does not reflect non-operating revenue of \$2,756,739. The majority of revenues 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	\$ 7,254,394
Water and Sewer	12,340,597
Sanitation	4,361,452
Municipal Golf Course	885,350
Ocala International Airport	(72,895)
Ocala Fiber Network	6,664,265
SunTran	(148,894)
Total	\$ 31,284,269

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

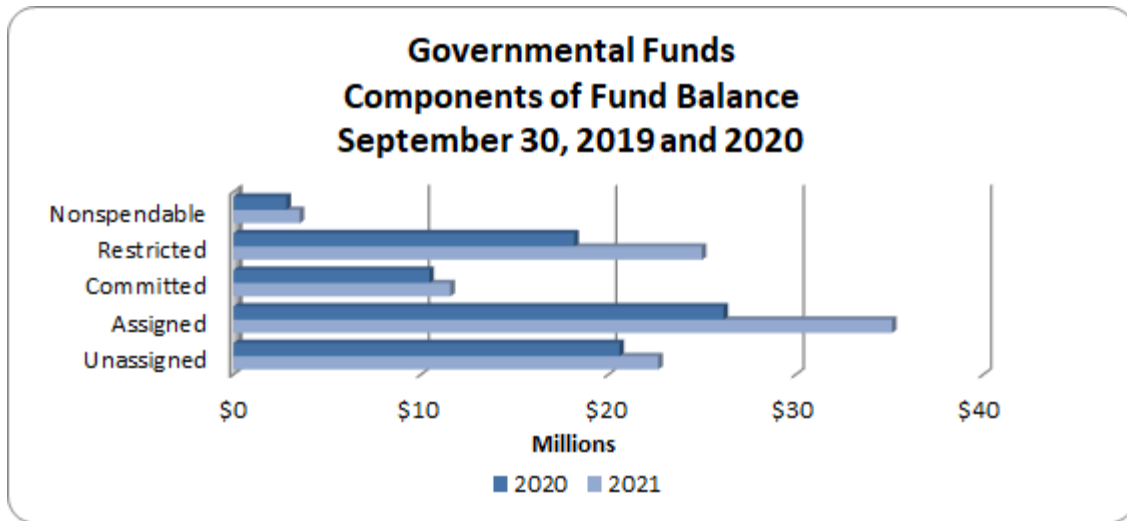
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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. In particular, 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 particular purposes by the City's Council.

At September 30, 2021, the City's governmental funds reported combined fund balances of \$97,878,402, an increase of \$19,965,508 or 25.2% in comparison with the prior year. Approximately 23.2% of this amount (\$22,662,308), constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance consists of:

- Non spendable form \$3,531,402 or 3.6%
- Restricted for purposes \$24,986,210 or 25.5%
- Committed for purposes \$11,572,249 or 11.8%
- Assigned for purposes \$35,126,233 or 35.9%.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**



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 \$22,662,308 represents 25.8% of total general fund expenditures, while total fund balance of \$66,972,265 represents 76.2% of that same amount.

The net change in fund balance of the General Fund was \$10,919,017 compared to \$4,273,907 in prior year. This was due to increase in property taxes, State shared revenues, utility service taxes, offset by \$2,295,336 decrease in investment income. Expenditures also decreased mostly due to \$5,089,295 reduction in capital outlay after completion of a First Responder Campus.

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, 2021 the restricted fund balance was \$979,557 which is a net decrease of \$2,143,545. These funds received \$885,631 in tax increment revenue, investment income and other revenue along with \$1,337,772 in transfers from the General fund and is \$244,538 less than prior year. Expenditures increased \$2,166,581 attributable to \$2,131,201 higher capital outlay for construction of a Community Center.

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

	Community Redevelopment Agency		
	2021	2020	Change
Revenues and other sources	\$ 2,223,403	\$ 2,467,941	\$ (244,538)
Expenses and other uses	4,366,948	2,200,367	2,166,581
Increase (decrease) in Net Position	\$ (2,143,545)	\$ 267,574	\$ (2,411,119)

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

GENERAL FUND BUDGETARY HIGHLIGHTS

The original General Fund budget, not including reserves, totaled \$97,494,608. Various budget amendments were approved by City Council. During the year, appropriations increased \$22,572,959 from the original to the final budget in the General Fund. Fiscal Year 2021 revenues was \$3,914,310 less than budget. This variance was caused by a decrease in intergovernmental revenue \$5,294,109, charges for services \$1,248,389 and miscellaneous revenue \$1,621,683 offset by gains in state shared revenues and utility service taxes. Actual expenditures were \$28,084,305 less than budget due to COVID-19 restrictions. Reductions in capital outlay of \$6,573,677, \$8,061,021 in General government, \$2,348,371 in Public safety, \$5,316,241 in Transportation and \$4,062,126 in Economic Environment costs all contributed to this reduction.

The General Fund FY21 adopted budget increased over the final budget for the following reasons:

- Grant carryforward - \$4,000,000
- Supplemental appropriation to reserve and operating for projects - \$12,200,000
- Grants including American Rescue Plan Act - \$3,359,325

Additional budget to actual information on the City's General Fund can be found on page 99.

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, 2021 totaled \$495,063,402 (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 \$11,461,066 or -2.3% from FY 2020.

**CAPITAL ASSETS
(NET OF DEPRECIATION)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2019</u>	<u>2021</u>	<u>2020</u>
Land	\$ 26,305,329	\$ 25,768,699	\$ 21,976,858	\$ 23,130,035	\$ 48,282,187	\$ 48,898,734
Intangible (Easement, ROW)	1,935,359	1,935,359	1,506,566	1,402,566	3,441,925	3,337,925
Buildings and Improvements	45,636,279	38,376,571	269,060,378	244,038,576	314,696,657	282,415,147
Equipment	20,014,643	21,208,065	22,626,641	57,499,213	42,641,284	78,707,278
Intangible (Software)	1,157,179	1,100,284	285,267	620,479	1,442,446	1,720,763
Infrastructure	61,220,732	67,587,238	-	-	61,220,732	67,587,238
Construction in Progress	5,440,026	10,121,536	17,898,145	13,735,847	23,338,171	23,857,383
Total	\$ 161,709,547	\$ 166,097,752	\$ 333,353,855	\$ 340,426,716	\$ 495,063,402	\$ 506,524,468

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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

Governmental Activities:

- MLK First Responder Campus \$6,645,353
- Silver Springs Stormwater \$596,128
- Lake Wyomina Drainage Well \$568,482
- Tuscawilla Filtration Box Prep \$528,018
- Watula Ave Phase III \$472,306
- Blichton Relocation Development \$175,623
- SE 44th Ave DRA Expansion Design \$153,458

Business-type Activities:

- Water, Sewer, & Reuse Extension NE 35th St \$1,288,858
- Apron Rehab and Expansion \$1,240,121
- NE 35th St Phase 1A Interlocal \$502,012
- SE 1st Ave Water Main Replace \$277,230
- Electric Exterior Truck Shed \$247,248
- Ocala Wetland Recharge Park Educational Exhibits \$232,788
- Vactor Dump Station – WRF#2 \$204,795

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 \$128,335,000. That was a decrease of \$9,190,000 or 6.70% from outstanding long-term debt of \$137,525,000 at the end of FY 2020. 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.

The City had no outstanding general obligation debt at the close of FY 2021. The City maintains excellent bond ratings from the major ratings agencies.

Additional information on the City's long-term debt can be found in the Notes to Financial Statements on pages 89-92 of this report.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Capital Improvement bonds	\$ 20,925,000	\$ 22,880,000	\$ -	\$ -	\$ 20,925,000	\$ 22,880,000
Utility system bonds	-	-	107,410,000	114,645,000	107,410,000	114,645,000
Capital leases	-	-	-	-	-	-
Total	\$ 20,925,000	\$ 22,880,000	\$ 107,410,000	\$ 114,645,000	\$ 128,335,000	\$ 137,525,000

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following were some of the significant factors considered in preparing the City's FY 21-22 budget:

- The FY 2021 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 8% 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 2022 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 2022 totals \$128,097,038.
- The Citywide Comprehensive FY 2022 Budget totals \$891,324,121.
- The FY 2022 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, 2021**

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 \$22,662,308. The City has appropriated \$29,294,449 of this amount for spending in the 2021-2022 fiscal year budgeted.

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, 2021

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and investments	\$ 423,039	\$ 87,042	\$ 510,081
Equity In pooled cash and investment fund	137,690,554	110,400,282	248,090,836
Receivables-net of allowance for uncollectibles	1,923,326	31,664,604	33,587,930
Accrued interest receivable	323,184	174,769	497,953
Internal balances	(1,336,731)	1,336,731	-
Due from other governments	3,504,994	2,529,881	6,034,875
Prepays	1,685,018	382,713	2,067,731
Inventories	146,384	10,095,467	10,241,851
Capital assets not being depreciated	33,680,714	41,382,569	75,063,283
Capital assets, being depreciated, net	128,028,833	291,971,287	420,000,120
Total assets	<u>306,069,315</u>	<u>490,025,345</u>	<u>796,094,660</u>
Deferred outflows of resources			
Deferred outflows pension related	23,948,975	6,544,238	30,493,213
Deferred outflows from debt refunding	1,314,141	4,019,172	5,333,313
Deferred outflows from OPEB	2,747,095	1,314,119	4,061,214
Total deferred outflows of resources	<u>28,010,211</u>	<u>11,877,529</u>	<u>39,887,740</u>
Liabilities			
Accounts payable and accrued liabilities	6,044,877	15,460,192	21,505,069
Contract retainage	179,620	289,223	468,843
Accrued interest payable	305,666	1,756,942	2,062,608
Unearned revenue	6,513,958	3,588,471	10,102,429
Escrow and deposits	1,408,371	-	1,408,371
Other liabilities	-	9,188,056	9,188,056
Noncurrent liabilities:			
Due within one year	7,374,437	9,196,839	16,571,276
Due in more than one year	183,084,645	136,055,783	319,140,428
Total liabilities	<u>204,911,574</u>	<u>175,535,506</u>	<u>380,447,080</u>
Deferred inflows of resources			
Deferred inflows from debt refunding	-	214,672	214,672
Deferred inflows pension related	3,733,197	-	3,733,197
Deferred inflows from OPEB	791,494	390,506	1,182,000
Regulatory liability-rate stabilization	-	18,464,827	18,464,827
Total deferred inflows of resources	<u>4,524,691</u>	<u>19,070,005</u>	<u>23,594,696</u>
Net Position			
Net invested in capital assets	141,919,068	229,459,133	371,378,201
Restricted for:			
Transportation	3,426,066	-	3,426,066
Capital projects	14,991,431	39,093,961	54,085,392
Debt service	2,005,000	7,460,000	9,465,000
Development district improvements	1,228,457	-	1,228,457
Public safety	2,265,386	-	2,265,386
Grants	764,204	-	764,204
Unrestricted	(41,956,351)	31,284,269	(10,672,082)
Total net position	<u>\$ 124,643,261</u>	<u>\$ 307,297,363</u>	<u>\$ 431,940,624</u>

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, 2021**

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 12,543,745	\$ 8,545,958	\$ 327,436	\$ 13,491
Public safety	57,613,575	9,842,226	964,562	-
Physical environment	6,990,456	8,100,060	-	284,241
Transportation	16,513,398	-	424,471	-
Economic environment	3,665,074	56,294	840,207	-
Culture and recreation	9,143,439	485,134	4,940	-
Interest on long term debt	746,729	-	-	-
Total governmental activities	107,216,416	27,029,672	2,561,616	297,732
Business-type activities:				
Electric	137,572,943	158,037,816	6,918	1,352,469
Water and sewer	34,001,912	34,340,257	5,496	3,862,223
Sanitation	11,786,769	15,415,424	466,200	-
Municipal golf courses	1,658,800	1,711,086	-	-
International airport	1,518,031	1,571,302	-	4,033,702
Fiber Network	5,232,092	7,885,925	932	-
Suntran	3,585,371	168,842	2,756,739	-
Total business-type activities	195,355,918	219,130,652	3,236,285	9,248,394
Total Primary Government	\$ 302,572,334	\$ 246,160,324	\$ 5,797,901	\$ 9,546,126

General Revenues:

Property tax
Utility service tax
Communication tax
Local option gas tax
Infrastructure sales tax
Other tax
State shared revenues
Investment income
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
\$ (3,656,860)	\$ -	\$ (3,656,860)
(46,806,787)	-	(46,806,787)
1,393,845	-	1,393,845
(16,088,927)	-	(16,088,927)
(2,768,573)	-	(2,768,573)
(8,653,365)	-	(8,653,365)
(746,729)	-	(746,729)
<u>(77,327,396)</u>	<u>-</u>	<u>(77,327,396)</u>
-	21,824,260	21,824,260
-	4,206,064	4,206,064
-	4,094,855	4,094,855
-	52,286	52,286
-	4,086,973	4,086,973
-	2,654,765	2,654,765
-	(659,790)	(659,790)
<u>-</u>	<u>36,259,413</u>	<u>36,259,413</u>
<u>\$ (77,327,396)</u>	<u>\$ 36,259,413</u>	<u>\$ (41,067,983)</u>
34,874,426	-	34,874,426
10,179,971	-	10,179,971
2,713,821	-	2,713,821
3,809,521	-	3,809,521
9,271,128	-	9,271,128
1,626,321	-	1,626,321
7,939,789	-	7,939,789
(183,469)	(133,023)	(316,492)
1,429,765	-	1,429,765
<u>23,933,547</u>	<u>(23,933,547)</u>	<u>-</u>
<u>95,594,820</u>	<u>(24,066,570)</u>	<u>71,528,250</u>
18,267,424	12,192,843	30,460,267
<u>106,375,837</u>	<u>295,104,520</u>	<u>401,480,357</u>
<u>\$ 124,643,261</u>	<u>\$ 307,297,363</u>	<u>\$ 431,940,624</u>

**CITY OF OCALA, FLORIDA
BALANCE SHEET
ALL GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	<u>General Fund</u>	<u>Community Redevelopment Agency (CRA) Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and investments	\$ 423,039	\$ -	\$ -	\$ 423,039
Equity In pooled cash and investment fund	66,149,784	8,887,275	28,754,449	103,791,508
Receivables-net of				
allowance for uncollectibles	467,697	-	839,001	1,306,698
Accrued interest receivable	152,621	22,082	64,990	239,693
Due from other funds	4,318,352	-	-	4,318,352
Advances to other funds	1,700,000	-	-	1,700,000
Due from other governments	1,889,627	-	1,615,367	3,504,994
Prepays	1,678,664	-	6,354	1,685,018
Inventories	146,384	-	-	146,384
Accrued unbilled revenues	616,627	-	-	616,627
Total assets	<u>77,542,795</u>	<u>8,909,357</u>	<u>31,280,161</u>	<u>117,732,313</u>
Liabilities:				
Accounts payable and accrued liabilities	3,505,858	474,122	271,099	4,251,079
Interfund advances payable	-	6,878,065	-	6,878,065
Unearned revenue	6,513,958	-	-	6,513,958
Retainage on contracts	69,845	100,595	9,180	179,620
Escrow and deposits	400,306	-	1,008,065	1,408,371
Due to other governments	-	-	-	-
Due to other funds	-	477,018	-	477,018
Total liabilities	<u>10,489,967</u>	<u>7,929,800</u>	<u>1,288,344</u>	<u>19,708,111</u>
Deferred Inflows of Resources				
Deferred inflows from future revenues	80,563	-	65,237	145,800
Total deferred inflows of resources	<u>80,563</u>	<u>-</u>	<u>65,237</u>	<u>145,800</u>
Fund Balances:				
Nonspendable	3,525,048	-	6,354	3,531,402
Restricted	2,785,981	979,557	21,220,672	24,986,210
Committed	2,872,695	-	8,699,554	11,572,249
Assigned	35,126,233	-	-	35,126,233
Unassigned	22,662,308	-	-	22,662,308
Total fund balances	<u>66,972,265</u>	<u>979,557</u>	<u>29,926,580</u>	<u>97,878,402</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 77,542,795</u>	<u>\$ 8,909,357</u>	<u>\$ 31,280,161</u>	<u>\$ 117,732,313</u>

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, 2021**

Total fund balances of governmental funds \$ 97,878,402

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$495,850,922 and the accumulated depreciation is \$334,141,375. 161,709,547

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	(33,384,428)
Net Pension Liability Police Plan	(17,017,334)
Net Pension Liability Fire Plan	(14,173,156)
Deferred outflows of resources related to pensions	23,948,975
Deferred inflows of resources related to pensions	(3,733,197)

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. 23,851,180

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. 145,800

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	(80,000,000)
Bonds payable	(20,925,000)
Unamortized (gain)loss on refunding (to be amortized as interest expense).	1,314,142
Accrued interest payable	(305,666)
Compensated absences	(4,138,347)
OPEB liability payable	(12,483,258)
Deferred inflows related to OPEB	(791,494)
Deferred outflows related to OPEB	2,747,095

Net position of governmental activities \$ 124,643,261

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, 2021

Revenues	General Fund	CRA Fund	Other Governmental Funds	Total Governmental Funds
Property tax	\$ 33,885,682	\$ 893,504	\$ 95,240	\$ 34,874,426
Utility service tax	10,179,971	-	-	10,179,971
Communication service tax	2,713,821	-	-	2,713,821
Local option gas tax	-	-	3,809,521	3,809,521
Infrastructure sales surtax	-	-	9,271,128	9,271,128
Other tax	1,626,321	-	-	1,626,321
State shared revenues	7,939,789	-	-	7,939,789
Other intergovernmental revenues	2,041,545	-	851,888	2,893,433
Permits and fees	3,075,675	-	-	3,075,675
Fines and forfeitures	414,781	-	-	414,781
Charges for services	15,405,071	-	8,100,060	23,505,131
Investment income	(81,253)	(22,873)	(35,659)	(139,785)
Miscellaneous	1,390,998	15,000	25,300	1,431,298
Total revenues	78,592,401	885,631	22,117,478	101,595,510
Expenditures				
Current:				
General government	12,193,219	18,047	23,557	12,234,823
Public safety	56,155,518	-	554,778	56,710,296
Physical environment	74,352	-	4,809,482	4,883,834
Transportation	4,146,201	-	3,894,423	8,040,624
Economic environment	2,850,463	575,053	248,947	3,674,463
Culture and recreation	8,308,670	-	10,000	8,318,670
Capital outlay	4,106,201	3,713,085	1,663,291	9,482,577
Debt service:				
Principal payments	-	-	1,955,000	1,955,000
Interest and fees	-	-	636,679	636,679
Total expenditures	87,834,624	4,306,185	13,796,157	105,936,966
Excess (deficiency) of revenues over expenditures	(9,242,223)	(3,420,554)	8,321,321	(4,341,456)
Other financing sources (uses)				
Transfers in	24,400,782	1,337,772	2,617,726	28,356,280
Transfers out	(4,239,542)	(60,763)	(19,011)	(4,319,316)
Total other financing sources (uses)	20,161,240	1,277,009	2,598,715	24,036,964
Net change in fund balances	10,919,017	(2,143,545)	10,920,036	19,695,508
Fund balances - October 1	56,053,248	3,123,102	19,006,544	78,182,894
Fund balances - September 30	\$ 66,972,265	\$ 979,557	\$ 29,926,580	\$ 97,878,402

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, 2021**

Net change in fund balances - total governmental funds \$ 19,695,508

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. This reconciling item is the amount by which capital purchases of \$9,482,577 (net of disposals \$91,165) exceeded depreciation expense of \$12,138,270. (2,746,858)

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:

Bonds and certificates payable 1,955,000
Amortization of bond discount, premium, and deferred amounts on refundings (135,397)

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 54,205
Accrued interest on long term debt 25,346
OPEB liability payable (433,135)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as a pension expense. 3,510,963

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (1,533)

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. (3,656,675)

Change in net position of governmental activities \$ 18,267,424

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, 2021**

BUSINESS-TYPE ACTIVITIES -

	Electric System Revenue	Water and Sewer	Nonmajor Enterprise	Totals	Internal Service Funds
Assets					
Current Assets:					
Cash and investments	\$ 2,899	\$ -	\$ 84,143	\$ 87,042	\$ -
Equity in pooled cash and investment fund	13,482,634	10,666,727	19,505,140	43,654,501	33,899,046
Restricted assets available for current liabilities	3,876,458	5,847,744	-	9,724,202	-
Receivables (net, where applicable, of allowances for uncollectibles):					
Accounts and notes	11,636,527	1,743,597	1,556,325	14,936,449	-
Accrued interest	76,934	26,190	41,696	144,820	83,491
Unbilled revenues	13,793,387	1,842,221	1,092,547	16,728,155	-
Due from other funds	227,017	150,000	-	377,017	-
Prepays	329,312	19,119	34,282	382,713	-
Inventories	7,213,715	2,028,909	852,843	10,095,467	-
Due from other governments	-	435,909	2,093,972	2,529,881	-
Total current assets	50,638,883	22,760,416	25,260,948	98,660,247	33,982,537
Noncurrent Assets:					
Restricted Assets:					
Equity in pooled cash and investment fund:					
Construction accounts	12,750,135	9,985,754	-	22,735,889	-
Debt service accounts	3,617,446	5,599,496	-	9,216,942	-
Impact fee accounts	2,625,564	12,135,933	-	14,761,497	-
Rate stabilization	18,464,827	-	-	18,464,827	-
Renewal and replacement	-	1,566,626	-	1,566,626	-
Accrued interest receivable:					
Impact fee accounts	-	29,949	-	29,949	-
Less: Portion classified as current	(3,876,458)	(5,847,744)	-	(9,724,202)	-
Non restricted assets:					
Interfund advances	2,628,065	2,550,000	-	5,178,065	-
Total non-current assets	36,209,579	26,020,014	-	62,229,593	-
Capital assets:					
Capital assets not being depreciated	8,935,278	20,079,943	12,367,348	41,382,569	-
Capital assets being depreciated, net	99,851,718	148,733,109	43,386,460	291,971,287	-
Total capital assets (net)	108,786,996	168,813,052	55,753,808	333,353,856	-
Total noncurrent assets	144,996,575	194,833,066	55,753,808	395,583,449	-
Total assets	\$ 195,635,458	\$ 217,593,482	\$ 81,014,756	\$ 494,243,696	\$ 33,982,537
Deferred outflows of resources:					
Deferred amount on debt refunding	1,514,025	2,505,147	-	4,019,172	-
Deferred amount pension related	3,681,710	1,627,841	1,234,687	6,544,238	-
Deferred amount OPEB related	626,342	371,612	316,166	1,314,120	-
Total deferred outflows of resources	\$ 5,822,077	\$ 4,504,600	\$ 1,550,853	11,877,530	\$ -

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, 2021**

	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	\$ 12,901,895	\$ 627,195	\$ 1,423,842	\$ 14,952,932	\$ 1,793,798
Contract retainage	11,887	9,396	267,940	289,223	-
Claims payable	-	-	-	-	2,263,624
Compensated absences payable	873,529	336,768	289,632	1,499,929	-
OPEB obligation payable	115,663	63,370	57,877	236,910	-
Due to other funds	-	-	4,218,352	4,218,352	-
Customer deposits	9,068,985	-	119,071	9,188,056	-
Unearned revenue	1,529,075	128,881	1,930,515	3,588,471	-
Total current liabilities payable from unrestricted assets	<u>24,501,034</u>	<u>1,165,610</u>	<u>8,307,229</u>	<u>33,973,873</u>	<u>4,057,422</u>
Payable from restricted assets:					
Accounts payable and accrued liabilities	259,012	248,248	-	507,260	-
Accrued interest payable	727,546	1,029,396	-	1,756,942	-
Revenue bonds payable within one year	2,889,900	4,570,100	-	7,460,000	-
Total current liabilities payable from restricted assets	<u>3,876,458</u>	<u>5,847,744</u>	<u>-</u>	<u>9,724,202</u>	<u>-</u>
Total current liabilities	<u>28,377,492</u>	<u>7,013,354</u>	<u>8,307,229</u>	<u>43,698,075</u>	<u>4,057,422</u>
Noncurrent Liabilities:					
Claims payable	-	-	-	-	6,073,935
Compensated absences payable	208,902	110,459	152,843	472,204	-
OPEB obligation payable	2,843,487	1,566,567	1,423,778	5,833,832	-
Net pension liability	18,458,298	5,928,599	5,412,850	29,799,747	-
Revenue bonds and notes payable after one year	40,660,550	59,289,450	-	99,950,000	-
Total noncurrent liabilities	<u>62,171,237</u>	<u>66,895,075</u>	<u>6,989,471</u>	<u>136,055,783</u>	<u>6,073,935</u>
Total liabilities	<u>\$ 90,548,729</u>	<u>\$ 73,908,429</u>	<u>\$ 15,296,700</u>	<u>\$ 179,753,858</u>	<u>\$ 10,131,357</u>
Deferred Inflows of Resources:					
Deferred amount on debt refunding	-	214,672	-	214,672	-
Deferred inflows OPEB related	185,302	111,441	93,763	390,506	-
Regulatory liability-rate stabilization	18,464,827	-	-	18,464,827	-
Total deferred inflows of resources	<u>18,650,129</u>	<u>326,113</u>	<u>93,763</u>	<u>19,070,005</u>	<u>-</u>
Net Position					
Net investment in capital assets	66,738,684	107,234,581	55,485,868	229,459,133	-
Restricted for debt service	2,889,900	4,570,100	-	7,460,000	-
Restricted for capital projects	15,375,699	23,718,262	-	39,093,961	-
Unrestricted (accumulated deficit)	7,254,394	12,340,597	11,689,278	31,284,269	23,851,180
Total net position	<u>\$ 92,258,677</u>	<u>\$ 147,863,540</u>	<u>\$ 67,175,146</u>	<u>\$ 307,297,363</u>	<u>\$ 23,851,180</u>

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, 2021

	BUSINESS-TYPE ACTIVITIES -				GOVERNMENTAL
	Electric System Revenue	Water and Sewer	Nonmajor Enterprise	Total	Internal Service Funds
Operating Revenues:					
Charges for services	\$ 156,161,401	\$ 33,635,087	\$ 26,426,127	\$ 216,222,615	\$ 14,084,711
Other	1,607,837	278,041	79,507	1,965,385	2,343,323
Total operating revenues	<u>157,769,238</u>	<u>33,913,128</u>	<u>26,505,634</u>	<u>218,188,000</u>	<u>16,428,034</u>
Operating Expenses:					
Purchase of electricity	98,459,425	-	-	98,459,425	-
Distribution	11,575,527	4,421,632	-	15,997,159	-
Operation and maintenance	3,690,610	267,489	11,468,273	15,426,372	-
Water and sewer treatment	-	6,528,961	-	6,528,961	-
Sewer collection	-	3,882,506	-	3,882,506	-
Internal service	-	-	-	-	18,296,262
Administration	12,660,878	5,562,963	9,032,918	27,256,759	-
Depreciation	9,597,501	11,028,379	4,063,523	24,689,403	1,641,346
Total operating expenses	<u>135,983,941</u>	<u>31,691,930</u>	<u>24,564,714</u>	<u>192,240,585</u>	<u>19,937,608</u>
Operating income (loss)	<u>21,785,297</u>	<u>2,221,198</u>	<u>1,940,920</u>	<u>25,947,415</u>	<u>(3,509,574)</u>
Non-Operating Revenues (Expenses):					
Investment income	(64,254)	(29,718)	(39,051)	(133,023)	(43,684)
Interest expense	(1,589,002)	(2,309,982)	-	(3,898,984)	-
Gain (loss) on sale of fixed asset	225,801	397,130	1,002,109	1,625,040	(6,815,787)
Other non-operating revenue (loss)	49,695	35,496	3,223,871	3,309,062	-
Total non-operating revenues (expenses)	<u>(1,377,760)</u>	<u>(1,907,074)</u>	<u>4,186,929</u>	<u>902,095</u>	<u>(6,859,471)</u>
Income (loss) before capital contributions, grants and transfers	<u>20,407,537</u>	<u>314,124</u>	<u>6,127,849</u>	<u>26,849,510</u>	<u>(10,369,045)</u>
Capital contributions, grants, and impact fees	<u>1,352,469</u>	<u>3,862,223</u>	<u>4,062,188</u>	<u>9,276,880</u>	<u>-</u>
Transfers:					
Transfers in	-	31,425	457,044	488,469	-
Transfers out	(19,058,283)	(3,111,129)	(2,252,604)	(24,422,016)	(103,417)
Total transfers	<u>(19,058,283)</u>	<u>(3,079,704)</u>	<u>(1,795,560)</u>	<u>(23,933,547)</u>	<u>(103,417)</u>
Change in net position	<u>2,701,723</u>	<u>1,096,643</u>	<u>8,394,477</u>	<u>12,192,843</u>	<u>(10,472,462)</u>
Net position - October 1	<u>\$ 89,556,954</u>	<u>\$ 146,766,897</u>	<u>\$ 58,780,669</u>	<u>\$ 295,104,520</u>	<u>\$ 34,323,642</u>
Net position - September 30	<u>\$ 92,258,677</u>	<u>\$ 147,863,540</u>	<u>\$ 67,175,146</u>	<u>\$ 307,297,363</u>	<u>\$ 23,851,180</u>

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, 2021**

	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	\$ 152,591,999	\$ 34,582,660	\$ 27,374,079	\$ 214,548,738	\$ 2,343,323
Cash paid to suppliers for goods and services	(111,126,826)	(13,627,833)	(13,508,332)	(138,262,991)	(5,357,077)
Cash paid to employees for services	(15,574,828)	(7,582,157)	(7,731,824)	(30,888,809)	-
Net cash provided by (used in) operating activities	<u>25,890,345</u>	<u>13,372,670</u>	<u>6,133,923</u>	<u>45,396,938</u>	<u>(804,064)</u>
Cash Flows from Non-Capital Financing Activities:					
Transfers in	-	31,425	457,044	488,469	-
Transfers out	(19,058,283)	(3,111,129)	(2,252,604)	(24,422,016)	(103,417)
Cash receipts from other funds	978,228	180,000	-	1,158,228	-
Cash paid to other funds	-	-	(2,239,302)	(2,239,302)	-
Operating grants	6,918	5,496	6,595,274	6,607,688	-
Net cash provided by (used in) non-capital financing activities	<u>(18,073,137)</u>	<u>(2,894,208)</u>	<u>2,560,412</u>	<u>(18,406,933)</u>	<u>(103,417)</u>
Cash Flows from Capital and Related Financing Activities:					
Principal paid on bonds and notes	(2,847,850)	(4,387,150)	-	(7,235,000)	-
Interest paid on bonds and notes	(1,504,054)	(2,135,685)	-	(3,639,739)	-
Proceeds from sale of capital assets	225,801	1,149,118	1,539,052	2,913,971	-
Acquisition and construction of capital assets	(6,660,506)	(3,338,349)	(8,906,619)	(18,905,474)	-
Contributions received from other governments and developers	1,352,469	3,862,222	5,257,808	10,472,499	-
Net cash provided by (used in) capital and related financing activities	<u>(9,434,140)</u>	<u>(4,849,844)</u>	<u>(2,109,759)</u>	<u>(16,393,743)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Investment income	(10,674)	(23,121)	(28,725)	(62,520)	(2,172)
Net cash provided by investing activities	<u>(10,674)</u>	<u>(23,121)</u>	<u>(28,725)</u>	<u>(62,520)</u>	<u>(2,172)</u>
Net increase (decrease) in cash and cash equivalents	(1,627,606)	5,605,497	6,555,851	10,533,742	(909,653)
Cash and cash equivalents, beginning	\$ 52,571,111	\$ 34,349,039	\$ 13,033,432	\$ 99,953,582	\$ 34,808,699
Cash and cash equivalents, ending	<u>\$ 50,943,505</u>	<u>\$ 39,954,536</u>	<u>\$ 19,589,283</u>	<u>\$ 110,487,324</u>	<u>\$ 33,899,046</u>

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, 2021**

	BUSINESS-TYPE ACTIVITIES -				GOVERNMENTAL
	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	\$ 13,485,533	\$ 10,666,727	\$ 19,589,283	\$ 43,741,543	\$ 33,899,046
Total noncurrent cash and investments per the balance sheet	<u>37,457,972</u>	<u>29,287,809</u>	<u>-</u>	<u>66,745,781</u>	<u>-</u>
Cash and cash equivalents, end of year	<u><u>50,943,505</u></u>	<u><u>39,954,536</u></u>	<u><u>19,589,283</u></u>	<u><u>110,487,324</u></u>	<u><u>33,899,046</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	21,785,297	2,221,198	1,940,920	25,947,415	(3,509,574)
Adjustments to reconcile operating income (loss) to cash provided by operating activities:					
Depreciation & amortization	9,597,501	11,028,379	4,063,523	24,689,403	1,641,346
(Increase) decrease in assets and deferred outflow of resources:					
Accounts and notes receivable	80,843	23,734	31,147	135,724	-
Accrued unbilled revenue	(5,892,259)	(393,779)	(89,165)	(6,375,203)	-
Inventories	(365,712)	(36,996)	(251,197)	(653,905)	-
Due from other governments	-	1,039,576	-	1,039,576	-
Other current assets	(79,743)	(10,389)	(270)	(90,402)	40
Deferred outflows pension	3,299,447	(54,775)	633,240	3,877,912	-
Deferred outflow OPEB	(196,184)	(107,485)	(98,170)	(401,839)	-
Increase (decrease) in liabilities and deferred inflow of resources:					
Accounts payable	1,090,690	136,550	(12,697)	1,214,543	1,064,124
Compensated absences payable	(137,674)	(10,737)	(9,863)	(158,274)	-
OPEB obligation payable	336,327	184,267	168,297	688,891	-
Net pension liability	(4,844,289)	(628,267)	(1,151,314)	(6,623,870)	-
Customer deposits	1,261,710	-	2,691	1,264,401	-
Deferred inflows OPEB	(33,960)	(18,606)	(16,994)	(69,560)	-
Unearned revenue	(11,649)	-	923,775	912,126	-
Net cash provided by (used in) operating activities	<u><u>\$ 25,890,345</u></u>	<u><u>\$ 13,372,670</u></u>	<u><u>\$ 6,133,923</u></u>	<u><u>\$ 45,396,938</u></u>	<u><u>\$ (804,064)</u></u>
Noncash Capital and Related Financing Activities:					
Plant and equipment contributed by developers	<u><u>\$ 1,352,469</u></u>	<u><u>\$ 3,862,223</u></u>	<u><u>\$ 47,959</u></u>	<u><u>\$ 5,262,651</u></u>	<u><u>\$ -</u></u>

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, 2021**

	PENSION TRUST FUNDS
Assets	
Cash and cash equivalents	\$ 10,425,230
Receivables:	
Interest and dividends receivable	248,443
Accounts receivable	24,057
Prepaid expense	3,000
Total receivables	275,500
Investments, at fair value	
Bonds and notes	108,777,638
Common stock	41,963,574
Mutual funds: real estate	30,657,913
Mutual funds: equities	140,192,632
Emerging markets	36,510,631
Hedge fund (mutual fund)	13,384,192
Mutual funds (other)	1,365,289
Total investments	372,851,869
Total assets	383,552,599
Liabilities	
Accounts payable	546,562
Total liabilities	546,562
Net Position	
Restricted for pensions	\$ 383,006,037

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, 2021**

	PENSION TRUST FUNDS
Additions	
Contributions:	
Employer	\$ 15,633,141
State	1,225,269
Employee	2,124,456
Total contributions	18,982,866
Investment income:	
Investment gain	58,814,215
Interest and dividend income	4,601,006
Less: Investment management fees	(1,600,235)
Net investment gain	61,814,986
Total additions	80,797,852
Deductions	
Pension payments	26,256,916
Refunds to employees	147,630
Administration	392,160
Total deductions	26,796,706
Change in net position	54,001,146
Net position - beginning	329,004,891
Net position - ending	\$ 383,006,037

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

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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 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, 2021

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, 2021**

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 Downtown 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, 2021**

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 and fleet, facilities and information technology 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, 2021**

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 receivable 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, 2021 are recorded as prepaid items 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, 2021**

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	\$ 158,253	\$ (11,869)	\$ 146,384
Total Governmental	\$ 158,253	\$ (11,869)	\$ 146,384
Business-type:			
Electric	7,798,611	(584,896)	7,213,715
Water & Sewer	2,193,415	(164,506)	2,028,909
Golf	74,294	(5,572)	68,722
Fiber	847,698	(63,577)	784,121
Total Business-type	\$ 10,914,018	\$ (818,551)	\$ 10,095,467

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 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, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property, plant, and equipment are depreciated 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

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.

Capital Leases and Installment Purchase Contracts

The acquisition or construction of general capital assets under a capital lease agreement or installment purchase contract is recognized as an expenditure and other financing source and principal and interest expenditures in the governmental funds. Property and equipment and the liabilities associated with capital leases and installment purchase contracts of proprietary funds are accounted for and reported in the financial statements of the respective proprietary fund. See Note 10 -Long term debt for additional information.

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, 2021**

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. The face amount of debt issued is 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 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 and deferred pension. 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, 2021**

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 \$18,464,827 which is at 18.76% funding level at year end.

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 powers costs not incurred are returned to customers or used for other lawful purposed 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, 2021, there was an under collection in the amount of \$5,519,521. This deficit will be funded through rate increases in the PCA rate effective February 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 \$1,225,269 for fiscal year 2021. 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, 2021**

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.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	<u>GENERAL FUND</u>	<u>CRA FUND</u>	<u>OTHER GOVTL FUNDS</u>
<u>NONSPENDABLE:</u>			
Inventory	\$ 146,384	\$ -	\$ -
Prepays	1,678,664	-	6,354
Advances to other funds	1,700,000	-	-
Total Nonspendable	<u>3,525,048</u>	<u>-</u>	<u>6,354</u>
<u>RESTRICTED:</u>			
Transportation			
Parking Fees	105,373	-	-
Gas Tax Revenues from State	-	-	3,320,693
	<u>105,373</u>	<u>-</u>	<u>3,320,693</u>
Debt Service			
Capital Improvement Bonds 2007A	-	-	1,396,800
Capital Improvement Bonds 2002/2012	-	-	913,866
	<u>-</u>	<u>-</u>	<u>2,310,666</u>
Capital Projects			
Capital Road Projects	-	-	14,991,431
	<u>-</u>	<u>-</u>	<u>14,991,431</u>
Public Safety			
Fire Impact Fees	1,357,475	-	-
Police Automation	107,830	-	-
Police Education & Training	170,288	-	-
Local Confiscations	51,824	-	-
Federal Confiscations	396,779	-	-
Other Public Safety Programs	181,190	-	-
	<u>2,265,386</u>	<u>-</u>	<u>-</u>
Development District Improvements			
Downtown Development Board	-	-	248,900
Community Redevelopment Trust	-	979,557	-
	<u>-</u>	<u>979,557</u>	<u>248,900</u>
Grants			
State Housing Impv Project (SHIP)	-	-	348,982
Tree Mitigation	415,222	-	-
	<u>415,222</u>	<u>-</u>	<u>348,982</u>
Total Restricted	<u>2,785,981</u>	<u>979,557</u>	<u>21,220,672</u>

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

<u>UNRESTRICTED:</u>	<u>GENERAL FUND</u>	<u>CRA FUND</u>	<u>OTHER GOVTL FUNDS</u>
Committed			
Stormwater Utility	-	-	8,699,554
Payroll	22,047	-	-
Economic Improvement Program	2,850,648	-	-
Total Committed	2,872,695	-	8,699,554
Assigned			
Subsequent year budget	29,294,449	-	-
Public safety-reserve for special investigations	59,898	-	-
Fire/Streets/Sidewalks	5,771,886	-	-
Total Assigned	35,126,233	-	-
Unassigned	22,662,308	-	-
Total Unrestricted	60,661,236	-	8,699,554
Total Fund Balances	\$ 66,972,265	\$ 979,557	\$29,926,580

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). 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, 2021 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 96.7% of the total tax levy. The property tax calendar provides for the tax revenue to be billed and collected within the applicable fiscal year.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Revenues, Expenditures, and Expenses (Continued)

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, 2021 is shown as follows:

Lien Date	January 1, 2020
Certification of Taxable Value	July 1, 2020
Final public hearing to adopt proposed millage rate	September 22, 2020
Certification of final Taxable Value	October 8, 2020
Beginning of fiscal year for tax assessment	October 1, 2020
Tax bills rendered	November 1, 2020
Property Tax Payable:	
Maximum Discount by	November 30, 2020
Due Date	March 31, 2021
Delinquent on	April 1, 2021
Tax Certificates issued for delinquent taxes by	May 31, 2021

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.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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, 2021.

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 2021, 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, 2021, 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.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

A. Pooling of Cash and Investments (Continued)

At September 30, 2021, the carrying amount of the City's deposits was \$37,207,575, not including \$113,302 in cash drawers or petty cash. 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.

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 \$14,341,748 is reported at net asset value. The Florida PRIME investment pool had weighted average days to maturity of 64 days as of September 30, 2021.
- 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 \$14,505,822 as of September 30, 2021.

B. Restricted Assets

The balances in the restricted assets for the enterprise funds as of September 30, 2021 were \$57,051,528. Details of these balances can be found on the City's Statement of Net Position on pages 28-29.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

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, 2021. 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' 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.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

C. Investments (Continued)

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.

Security Type	Average Rating	Fair Value	Effective Duration (In Years)
Carrying Value of Cash	n/a	\$ 37,534,061	n/a
Treasury Investment Portfolio	AA+	182,219,286	2.26
SBA Florida PRIME	AAAm	14,341,748	64 days
Florida Fixed Income Trust	AAAf/S1	14,505,822	79 days
Total		\$ 248,600,917	1.68

The City utilizes “effective duration” as a measurement of interest rate risk and as of September 30, 2021 the Treasury investment portfolio had an overall effective duration of 1.68 years. The Treasury investment portfolio had the following investment types and effect duration presented in terms of years as of September 30, 2021.

Total Treasury Portfolio (Pools I, II, III)			Weighted Average Maturity Years
Security Type	Average Rating	Fair Value	
U.S. Treasury Bond / Note	AA+	77,181,340	1.92
Federal Agency Bond / Note	AA	19,708,633	1.03
Mortgage Backed Pass-through Security	AA+	13,032,446	6.52
Corporate Notes	A+	57,322,112	1.58
ABS / CMBS	AAA	8,794,791	1.78
GSE Collateralized Mortgage Obligations	AA	520,234	0.00
Municipal Bond / Note	AA+	967,583	2.30
Money Market Mutual Fund	A-1	4,692,147	0.00
Total Treasury Portfolio-Pools I, II, and III		\$ 182,219,286	1.98

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.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

C. Investments (Continued)

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.

POOL I - Short-Term Investments:

Security Type	Average Rating	Fair Value	Weighted Average Maturity Years
U.S. Treasury Bond / Note	AA+	17,506,806	2.01
Federal Agency Bond / Note	AA+	10,778,095	1.85
Mortgage Backed Pass-through Security	AA	2,490,822	6.98
Corporate Notes	A	14,521,325	2.07
Municipal Bond / Note	AA-	967,583	2.30
Asset Backed Securities	AAA	5,581,080	3.42
GSE Collateralized Mortgage Obligations	AA+	520,234	9.73
Money Market Mutual Fund	A+	18,728	0.00
Sub-total Pool I		<u>\$ 52,384,673</u>	<u>2.46</u>

POOL II - Short Intermediate Investments:

Security Type	Average Rating	Fair Value	Weighted Average Maturity Years
U.S. Treasury Bond / Note	AA	31,077,557	0.14
Federal Agency Bond / Note	AA	8,930,538	0.04
Mortgage Backed Pass-through Security	AAA	6,884	0.00
Corporate Notes	A	33,351,319	0.08
Money Market Mutual Fund	AAA	508,197	0.00
Sub-total Pool II		<u>\$ 73,874,495</u>	<u>0.10</u>

POOL III - Intermediate Investments

Security Type	Average Rating	Fair Value	Weighted Average Maturity Years
U.S. Treasury Bond / Note	AA+	28,596,977	3.80
Mortgage Backed Securities	AA+	10,534,740	6.41
Corporate Notes	A-	9,449,468	6.10
ABS / CMBS	AAA	3,213,711	4.87
Money Market Mutual Fund	A-1	4,165,222	0.00
Sub-total Pool III		<u>55,960,118</u>	<u>4.46</u>
Total of Pools I, II, and III		<u>\$ 182,219,286</u>	<u>2.39</u>

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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, 2021, 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, 2021**

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

C. Investments (Continued)

	<u>Sector Allocations</u>		Individual Issue/ <u>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, 2021, 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, 2021**

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, 2021:

	Fair Value	Level 1	Level 2
U.S. Treasury Bond / Note	\$ 77,181,340	\$ 77,181,340	\$ -
Federal Agency Bond / Note	19,708,633	-	19,708,633
Mortgage Backed Pass-through Security	13,032,446	-	13,032,446
Corporate Notes	57,322,112	-	57,322,112
ABS / CMBS	8,794,791	-	8,794,791
GSE Collateralized Mortgage Obligations	520,234	-	520,234
Municipal Bond / Note	967,583	-	967,583
Total investments at fair value	<u>\$ 177,527,139</u>	<u>\$ 77,181,340</u>	<u>\$ 100,345,799</u>
Investments measured at net asset value (NAV)			
Money Market Mutual Fund	4,692,147		
	<u>\$ 182,219,286</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, 2021**

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, 2021, the cash carrying amounts of the City’s pension plans’ deposits were as follows:

General Employees' Retirement System	\$ 1,178,768
Police Officers' Retirement System	405,635
Firefighters' Retirement Plan	<u>420,650</u>
Total Pension Trust Funds	<u><u>\$ 2,005,053</u></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, 2021**

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

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

As of September 30, 2021, 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	\$ 1,178,768	n/a	n/a	n/a
Cash and Cash Equivalents	3,868,416	1.95%	n/a	n/a
Bonds & Notes	57,236,612	28.79%	A+	6.13
Common Stock	27,762,330	13.97%	n/a	n/a
Mutual Funds: Real Estate	17,897,272	9.00%	n/a	n/a
Mutual Funds: Equities	42,136,720	21.19%	n/a	n/a
Emerging Markets	36,510,631	18.37%	n/a	n/a
Hedge Funds (Mutual Fund)	13,384,192	6.73%	n/a	n/a
Fund total	\$ 199,974,941	100.00%		
<u>Police Officers Retirement System:</u>				
Cash Checking	\$ 405,635	n/a	n/a	n/a
Cash and Cash Equivalents	2,166,380	2.33%	n/a	n/a
Bonds & Notes	26,982,311	29.04%	Aa2	3.90
Common Stock	14,201,244	15.28%	n/a	n/a
Mutual Funds: Real Estate	3,980,348	4.28%	n/a	n/a
Mutual Funds: Equities	44,228,994	47.60%	n/a	n/a
Hedge Funds (Mutual Fund)	1,365,289	1.47%	n/a	n/a
Fund total	\$ 93,330,201	100.00%		
<u>Firefighters Retirement Plan:</u>				
Cash Checking	\$ 420,650	n/a	n/a	n/a
Cash and Cash Equivalents	2,385,381	2.66%	n/a	n/a
Bonds & Notes	24,558,715	27.42%	A-	4.05
Mutual Funds: Real Estate	8,780,293	9.80%	n/a	n/a
Mutual Funds: Equities	53,826,918	60.12%	n/a	n/a
Fund total	\$ 89,971,957	100.00%		
Total pension plan cash and investments	\$ 383,277,099			

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, 2021, 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, 2021**

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, 2021, 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 counterparty'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, 2021, 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, 2021**

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, 2021:

General Employees:	Fair Value	Level 1	Level 2	Level 3
Bonds & Notes	\$ 57,236,612	\$ 24,339,748	\$ 32,896,864	\$ -
Common Stock	27,762,330	25,842,669	1,919,661	-
Mutual Funds: Real Estate	17,897,272	-	-	17,897,272
Mutual Funds: Equities	42,136,720	-	42,136,720	-
Hedge Funds (Mutual Fund)	13,384,192	-	9,585,405	3,798,787
Emerging Markets	36,510,631	-	15,537,511	20,973,120
Total investments at fair value	<u>\$ 194,927,757</u>	<u>\$ 50,182,417</u>	<u>\$102,076,161</u>	<u>\$ 42,669,179</u>

Police:	Fair Value	Level 1	Level 2	Level 3
Bonds & Notes	\$ 26,982,311	\$ 8,847,540	\$ 18,134,771	\$ -
Common Stock	14,201,244	13,194,019	1,007,225	-
Mutual Funds: Real Estate	3,980,348	-	-	3,980,348
Mutual Funds: Equities	44,228,994	23,678,792	15,260,676	5,289,526
Mutual Funds: Other	1,365,289	-	1,365,289	-
Total investments at fair value	<u>\$ 90,758,186</u>	<u>\$ 45,720,351</u>	<u>\$ 35,767,961</u>	<u>\$ 9,269,874</u>

Fire:	Fair Value	Level 1	Level 2	Level 3
Bonds & Notes	\$ 24,558,715	\$ 9,077,756	\$ 15,480,959	\$ -
Mutual Funds: Real Estate	8,780,293	-	3,686,344	5,093,949
Mutual Funds: Equities	53,826,918	21,021,181	32,805,737	-
Total investments at fair value	<u>\$ 87,165,926</u>	<u>\$ 30,098,937</u>	<u>\$ 51,973,040</u>	<u>\$ 5,093,949</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, 2021**

NOTE 5 – RECEIVABLES AND INTERFUND ACTIVITY

A. Due from Other Governments

The following amounts were due from other governments as of September 30, 2021:

	General Government	Business- Type	Totals
Federal Government	\$ 1,379,878	\$ 1,354,431	\$ 2,734,309
State Government	1,741,174	1,138,522	2,879,696
Local Government	383,942	36,928	420,870
Total	\$ 3,504,994	\$ 2,529,881	\$ 6,034,875

B. Interfund Transactions

Interfund transfers for the year ended September 30, 2021 consisted of the following:

Transfers to General Fund from:

Electric System Revenue Fund	\$ 19,058,283
Water and Sewer Fund	3,111,129
Non-major business type funds	2,079,604
Internal Service Fund	80,642
CRA Fund	60,763
Non-major governmental funds	10,361

Total transfers to General Fund	24,400,782
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Transfers to nonmajor governmental funds from:

Non-major business type funds	173,000
General Fund	2,444,725

Total transfers to nonmajor governmental funds	2,617,725
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Transfers to CRA Fund from:

General Fund	1,337,772
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Total transfers to CRA Fund	1,337,772
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Transfers to non-major business type funds from:

General Fund	457,044
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Total transfers to non-major business type funds	457,044
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Transfer to Water and Sewer from:

Internal Service Funds	22,775
Non-major Governmental Funds	8,650
	31,425

Total transfers at the fund level	\$ 28,844,748
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**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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, 2021 is as follows:

<u>Fund</u>	<u>Interfund Advances Receivables</u>	<u>Interfund Advances Payables</u>
General fund	\$ 1,700,000	\$ -
Major Governmental Funds:		
CRA Fund	-	6,878,065
Enterprise funds:		
Water and Sewer Fund	2,550,000	-
Electric Fund	2,628,065	-
Total interfund receivables/payables	<u>\$ 6,878,065</u>	<u>\$ 6,878,065</u>
	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 4,318,352	\$ -
Major Governmental Funds:		
CRA Fund	-	477,018
Enterprise funds:		
Non-major Business Type Funds	-	4,218,352
Water and Sewer Fund	150,000	-
Electric Fund	227,018	-
Total due to/from	<u>\$ 4,695,370</u>	<u>\$ 4,695,370</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, 2021**

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	
	<u>Governmental</u>	<u>Business-Type</u>	
General Fund	\$ 19,058,283	\$ (19,058,283)	Electric Fund
General Fund	3,111,129	(3,111,129)	Water & Sewer Fund
General Fund	2,079,604	(2,079,604)	Non-major Business-Type Funds
General Fund	(457,044)	457,044	Non-major Business-Type Funds
Non-major Funds	(8,650)	8,650	Water & Sewer Fund
Non-major Funds	173,000	(173,000)	Non-major Business-Type Funds
Internal Service Funds	(22,775)	22,775	Water & Sewer Fund
TOTAL TRANSFERS	<u>\$ 23,933,547</u>	<u>\$ (23,933,547)</u>	

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:

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Customers:			
Billed	\$ 468,182	\$ 13,599,916	\$ 14,068,098
Unbilled	1,030,325	16,728,155	17,758,480
Miscellaneous	491,866	2,473,888	2,965,754
Gross receivables	1,990,373	32,801,959	34,792,332
Less: allowance for uncollectibles	(67,047)	(1,137,355)	(1,204,402)
Net total receivables	<u>\$ 1,923,326</u>	<u>\$ 31,664,604</u>	<u>\$ 33,587,930</u>

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets not being depreciated:					
Land and improvements	\$ 25,768,699	\$ 536,630	\$ -	\$ -	\$ 26,305,329
Intangible (easement, rights of way)	1,935,359	-	-	-	1,935,359
Construction In progress	10,121,536	5,599,415	-	(10,280,925)	5,440,026
Total capital assets not being depreciated	<u>37,825,594</u>	<u>6,136,045</u>	<u>-</u>	<u>(10,280,925)</u>	<u>33,680,714</u>
Capital assets being depreciated:					
Buildings and improvements	64,418,610	25,137	-	10,240,387	74,684,134
Collections and other fixed assets	282,316	123,656	-	-	405,972
Equipment	60,428,199	2,696,818	(1,196,878)	40,538	61,968,677
Intangible (softw are)	4,940,184	404,533	-	-	5,344,717
Infrastructure (roads and streets)	319,671,816	94,892	-	-	319,766,708
Total capital assets being depreciated	<u>449,741,125</u>	<u>3,345,036</u>	<u>(1,196,878)</u>	<u>10,280,925</u>	<u>462,170,208</u>
Less accumulated depreciation:					
Buildings and improvements	(26,042,039)	(3,005,816)	-	-	(29,047,855)
Collections and other fixed assets	(2,880)	(1,571)	-	-	(4,451)
Equipment	(39,499,570)	(3,963,193)	1,107,208	-	(42,355,555)
Intangible (Softw are)	(3,839,900)	(347,638)	-	-	(4,187,538)
Infrastructure (roads and streets)	(252,084,578)	(6,461,398)	-	-	(258,545,976)
Total accumulated depreciation	<u>(321,468,967)</u>	<u>(13,779,616)</u>	<u>1,107,208</u>	<u>-</u>	<u>(334,141,375)</u>
Total capital assets being depreciated-net	<u>128,272,158</u>	<u>(10,434,580)</u>	<u>(89,670)</u>	<u>10,280,925</u>	<u>128,028,833</u>
Governmental activities capital assets-net	<u>\$ 166,097,752</u>	<u>\$ (4,298,535)</u>	<u>\$ (89,670)</u>	<u>\$ -</u>	<u>\$ 161,709,547</u>
Business Type Activities:					
Capital assets not being depreciated:					
Land and improvements	\$ 23,130,035	\$ 17,777	\$ (1,170,954)	\$ -	\$ 21,976,858
Intangible (easement, rights of way)	1,402,566	104,000	-	-	1,506,566
Collections & other fixed assets	1,000	-	-	-	1,000
Construction in progress	13,735,847	8,983,977	(422)	(4,821,257)	17,898,145
Total capital assets not being depreciated	<u>38,269,448</u>	<u>9,105,754</u>	<u>(1,171,376)</u>	<u>(4,821,257)</u>	<u>41,382,569</u>
Capital assets being depreciated:					
Buildings	35,426,640	202,660	(162,360)	-	35,466,940
Improvements other than buildings	618,878,690	6,055,918	(216,636)	4,821,257	629,539,229
Equipment	33,983,714	3,534,323	(129,471)	-	37,388,566
Intangible (softw are)	5,416,601	10,833	-	-	5,427,434
Total capital assets being depreciated	<u>693,705,645</u>	<u>9,803,734</u>	<u>(508,467)</u>	<u>4,821,257</u>	<u>707,822,169</u>
Less accumulated depreciation:					
Buildings	(19,875,393)	(857,050)	113,116	-	(20,619,327)
Improvements other than buildings	(354,964,721)	(20,518,275)	156,533	-	(375,326,463)
Equipment	(11,912,141)	(2,968,033)	117,249	-	(14,762,925)
Intangible (softw are)	(4,796,122)	(346,045)	-	-	(5,142,167)
Total accumulated depreciation	<u>(391,548,377)</u>	<u>(24,689,403)</u>	<u>386,898</u>	<u>-</u>	<u>(415,850,882)</u>
Total capital assets being depreciated-net	<u>302,157,268</u>	<u>(14,885,669)</u>	<u>(121,569)</u>	<u>4,821,257</u>	<u>291,971,287</u>
Business-type activities capital assets-net	<u>\$ 340,426,716</u>	<u>\$ (5,779,915)</u>	<u>\$ (1,292,945)</u>	<u>\$ -</u>	<u>\$ 333,353,856</u>

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 – CAPITAL ASSETS (Continued)

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

	Depreciation Expense
Governmental activities:	
General government	\$ 813,264
Public safety	886,094
Physical environment	849,679
Transportation	8,703,139
Economic environment	97,106
Culture and recreation	788,988
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	1,641,346
Total depreciation expense - governmental activities	\$ 13,779,616
Business-type activities:	
Electric	\$ 9,597,501
Water and sewer	11,028,379
Non-major enterprise	4,063,523
Total depreciation expense - business-type activities	\$ 24,689,403

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, 2021.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 7 – RISK MANAGEMENT (Continued)

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, 2021 the City obtained actuarially determined estimates of the total loss reserves for all self-insurance risks. The claims liability of \$8,337,559 reported in the Fund at September 30, 2021 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 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
2018-2019	\$7,703,847	\$2,066,755	\$1,789,168	\$7,981,434
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

NOTE 8 – LEASES

Lease of Airport terminal

On March 1, 2020, the City (landlord) entered into an agreement with Sheltair Ocala (tenant) to lease the new airport terminal space which finished construction in 2019. Under the current agreement the city shall receive up to \$2 million toward the cost of designing, planning, and constructing the new terminal. The monthly rent for the terminal is \$6,684. The term of the lease will expire May 31, 2050.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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 30,2021 the Plan’s participants consisted of:

	General	
	2021	2020
Retirees and beneficiaries (Inactive members):		
Currently receiving benefits	782	762
DROP retirees	19	22
Disability Retirees	3	4
Terminated employees entitled to benefits, but not yet receiving them	264	284
Active plan members	135	171
	1,203	1,243

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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.

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.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 9 – PENSION PLANS (Continued)

A. General Employees Retirement System (Continued)

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, 2021:

Asset Class	Target Allocation	
	2021	2020
Equity Securities	20.00%	20.00%
Non US Equity	22.00%	22.00%
Fixed Income Securities	32.00%	32.00%
Hedge Fund of Funds	13.50%	13.50%
Real Estate	12.50%	12.50%
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, 2021**

NOTE 9 – PENSION PLANS (Continued)

A. General Employees Retirement System (Continued)

Rate of Return:

For the year ended September 30, 2021 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 17.61%. 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, 2021 is \$2,741,538.

Annual Pension Cost

The contribution requirement for the General Employees' Retirement System for Fiscal Year 2021, established through an actuarial valuation performed as of October 1, 2019, was \$9,716,182 (94.98% of current covered payroll). Actual employee contributions to the General Employees Retirement System totaled \$477,171 (4.66% of current covered payroll); actual employer contributions to the General Employees' Retirement System amounted to \$10,222,493 (99.93% of current covered payroll).

Net Pension Liability

The City has used the alternate measurement date of September 30, 2020 to record the net pension liability, deferred inflows and outflows of resources, and pension expense in its September 30, 2021 financial statements.

	<u>Measurement Date</u>	
	<u>9/30/21</u>	<u>9/30/20</u>
Total Pension Liability	\$ 240,864,347	\$ 236,452,329
Plan Fiduciary Net Position	(199,814,988)	(173,268,154)
Sponsor's Net Pension Liability	<u>\$ 41,049,359</u>	<u>\$ 63,184,175</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	82.96%	73.25%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2020 updated to September 30, 2021 using the following actuarial assumptions.

	<u>2021</u>	<u>2020</u>
Inflation	2.00%	2.00%
Salary Increases	(Service Based)	(Service Based)
Investment Rate of Return	6.90%	7.00%

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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.

The actuarial assumptions used in the October 1,2020 valuation were based on the results of an actuarial experience study dated May 5, 2017.

Pension expense, Deferred Outflows and Deferred Inflows of Resources

For the year ended September 30, 2021, the City recognized pension expense of \$4,686,733 as the result of implementing GASB No. 68. Contributions made after the measurement date in the amount of \$10,209,222, will be recognized as a reduction of net pension liability in the subsequent fiscal period. As of September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions based on a measurement date of September 30, 2020 from the following sources:

<u>Deferred Outflows</u>		
actual earnings on investments	\$	2,939,741
Contributions subsequent to the measurement date		10,209,222
Total deferred outflows	\$	13,148,963

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

2022	\$	799,817
2023		1,672,678
2024		899,164
2025		(431,918)
Thereafter		-
	\$	2,939,741

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	
	<u>2021</u>	<u>2020</u>
Equity Securities	6.28%	6.15%
International Equity	7.00%	6.78%
Emerging International Equity	8.82%	N/A
Fixed Income Securities	0.38%	1.11%
Hedge Funds	2.35%	3.19%
Real Estate	3.50%	4.33%

Discount Rate:

The discount rate used to measure the total pension liability was 6.90 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.

<u>Measurement Date</u>	<u>Current Discount</u>		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	<u>5.90%</u>	<u>6.90%</u>	<u>7.90%</u>
Sponsor's Net Pension Liability 09/30/21 Measurement Date	\$ 69,322,947	\$ 41,049,359	\$ 17,524,396
Sponsor's Net Pension Liability 09/30/20 Measurement Date	\$ 91,307,825	\$ 63,184,175	\$ 39,830,670

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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, 2019.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning balances 9/30/19	\$ 234,936,251	\$ 159,818,389	\$ 75,117,862
Service Cost	986,562	-	986,562
Interest	16,021,917	-	16,021,917
Differences between Expected and Actual Experience	(1,001,087)	-	(1,001,087)
Changes in Assumptions	(414,750)	-	(414,750)
Contributions - Employer	-	13,799,155	(13,799,155)
Contributions - Employee	-	511,521	(511,521)
Net Investment Income	-	13,352,784	(13,352,784)
Benefit Payments	(14,076,564)	(14,076,564)	-
Administrative Expenses	-	(137,131)	137,131
Net Changes	1,516,078	13,449,765	(11,933,687)
Ending balance 9/30/20	<u>\$ 236,452,329</u>	<u>\$ 173,268,154</u>	<u>\$ 63,184,175</u>
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)
Change 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 09/30/21	<u>\$ 240,864,347</u>	<u>\$ 199,814,988</u>	<u>\$ 41,049,359</u>

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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, 2021 the Plan’s participants consisted of:

	Police	
	2021	2020
Retirees and beneficiaries (Inactive members):		
Currently receiving benefits	129	113
DROP retirees	7	11
Disability Retirees	4	5
Terminated employees entitled to benefits, but not yet receiving them	23	16
Active plan members	167	175
	330	320

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, 2021**

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. The City is required to contribute 26.23% 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, 2021**

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, 2021:

Asset Class	Target Allocation	
	2021	2020
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%
Master Limited Partnerships	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, 2021 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 19.91%. 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, 2021 is \$884,226.

Annual Pension Cost

The contribution requirement for the Police Officers’ Retirement System for the 2021 fiscal year, established through an actuarial valuation performed as of October 1, 2019, was \$2,869,945 (28.33% of current covered payroll). Actual employee contributions to the Police Officers’ Retirement System totaled \$912,642 (8.00% of current covered payroll), actual City contributions were \$2,450,000 (22.14% of current covered payroll) plus state contributions deposited directly to the plan amounted to \$683,980 (6.18% 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, 2021**

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, 2020 to record the net pension liability, deferred inflows and outflows of resources, and pension expense in its September 30, 2021 financial statements.

	Measurement Date	
	9/30/21	9/30/20
Total Pension Liability	\$ 101,262,604	\$ 97,931,940
Plan Fiduciary Net Position	(93,347,956)	(80,914,606)
Sponsor's Net Pension Liability	\$ 7,914,648	\$ 17,017,334
Plan Fiduciary Net Position as a percentage of Total Pension Liability	92.18%	82.62%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2019 updated to September 30, 2021 using the following actuarial assumptions applied to all measurement periods.

	2021	2020
Inflation	2.70%	2.70%
Salary Increases	(Service Based)	(Service Based)
Investment Rate of Return	7.50%	7.60%

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.

The actuarial assumptions used in the October 1, 2020 valuation were based on the results of an actuarial experience study dated May 5, 2017.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	
	<u>2021</u>	<u>2020</u>
Domestic Equity	8.30%	8.50%
International Equity	4.10%	4.10%
Bonds	3.10%	3.70%
Convertibles	7.80%	7.90%
Private Real Estate	5.50%	5.00%
Infrastructure	7.00%	6.40%

Pension expense, Deferred Outflows and Deferred Inflows of Resources

For the year ended September 30, 2021, the City recognized pension expense of \$3,232,331 as the result of implementing GASB No. 68. Contributions made after the measurement date in the amount of \$3,133,980, will be recognized as a reduction of net pension liability in the subsequent fiscal period. As of September 30, 2021, based on a measurement date of September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Police

Deferred Outflows

Difference between expected and actual experience	\$ 358,485
Difference between expected and actual experience	518,464
Contributions subsequent to the measurement date	3,133,980
Changes in assumptions	1,158,339
Total deferred outflows	\$ 5,169,268

Deferred Inflows

Difference between expected and actual experience	420,878
Total deferred inflows	\$ 420,878

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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:

Police

2022	\$	510,032	
2023		557,125	
2024		711,495	
2025		(164,242)	
Thereafter		-	
	\$	1,614,410	

Discount Rate:

The discount rate used to measure the total pension liability was 7.50 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 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Sponsor's Net Pension Liability 09/30/21 Measurement Date	\$ 21,468,001	\$ 7,914,648	\$ 281,213
Sponsor's Net Pension Liability 09/30/20 Measurement Date	\$ 30,210,373	\$ 17,017,334	\$ 10,241,325

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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, 2019.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning balances 9/30/19	\$ 93,778,252	\$ 75,092,803	\$ 18,685,449
Service Cost	2,006,052	-	2,006,052
Interest	7,171,736	-	7,171,736
Change in assumptions	382,036	-	382,036
Differences between Expected and Actual Experience	(116,394)	-	(116,394)
Contributions - Employer	-	2,783,760	(2,783,760)
Contributions - State	-	688,440	(688,440)
Contributions - Employee	-	901,945	(901,945)
Net Investment Income	-	6,830,174	(6,830,174)
Benefit Payments	(5,289,742)	(5,289,742)	-
Administrative Expenses	-	(92,774)	92,774
Net Changes	4,153,688	5,821,803	(1,668,115)
Ending balance 09/30/20	<u>\$ 97,931,940</u>	<u>\$ 80,914,606</u>	<u>\$ 17,017,334</u>
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 9/30/21	<u>\$ 101,262,604</u>	<u>\$ 93,347,956</u>	<u>\$ 7,914,648</u>

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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, 2021 the Plan's participants consisted of:

	Fire	
	<u>2021</u>	<u>2020</u>
Retirees and beneficiaries (Inactive members):		
Currently receiving benefits	74	69
DROP retirees	17	19
Disability Retirees	9	9
Terminated employees entitled to benefits, but not yet receiving them	4	3
Active plan members	122	119
	226	219

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, 2021**

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. The City is required to contribute 40.56% and the members contribute 7.67% 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 2021 fiscal year the amount of these contributions totaled \$541,289; 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, 2021**

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, 2021:

Asset Class	Target Allocation	
	2021	2020
Domestic Fixed Income	25.00%	30.00%
Domestic Equity/Mutual Funds	45.00%	45.00%
International Equity	15.00%	15.00%
International Fixed Income	5.00%	N/A
Real Estate	10.00%	10.00%
Total	<u>100.00%</u>	<u>100.00%</u>

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, 2021 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 19.78%. 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, 2021 is \$4,665,200.

Annual Pension Cost

The contribution requirement for the Firefighters' Retirement Plan for the 2021 fiscal year, established through an actuarial valuation performed as of October 1, 2019, was \$3,331,293 (43.25% of current covered payroll). Actual employee contributions to the Firefighters' Retirement Plan totaled \$734,643 (9.54% of current covered payroll), actual City contributions were \$2,960,648 (38.43% 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, 2021**

NOTE 9 – PENSION PLANS (Continued)

C. Firefighters' Retirement Plan (Continued)

Net Pension Liability

The City has used the alternate measurement date of September 30, 2020 to record the net pension liability, deferred inflows and outflows of resources, and pension expense in its September 30, 2021 financial statements.

	Measurement Date	
	9/30/21	9/30/20
Total Pension Liability	\$ 93,974,927	\$ 89,049,694
Plan Fiduciary Net Position	(89,922,575)	(74,876,538)
Sponsor's Net Pension Liability	\$ 4,052,352	\$ 14,173,156
Plan Fiduciary Net Position as a percentage of Total Pension Liability	95.69%	84.08%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2020 updated to September 30, 2021 using the following actuarial assumptions.

	2021	2020
Inflation	2.50%	2.50%
Salary Increases	2.50%-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, 2021**

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, 2021, the City recognized pension expense of \$2,680,555 as the result of implementing GASB No. 68. Contributions made after the measurement date in the amount of \$3,501,936, will be recognized as a reduction of net pension liability in the subsequent fiscal period. As of September 30, 2021, based on a measurement date of September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows

Changes in assumptions	\$ 6,597,267
Difference between expected and actual experience	2,075,779
Contributions subsequent to the measurement date	<u>3,501,936</u>
Total deferred outflows	<u>\$ 12,174,982</u>

Deferred Inflows

Difference between expected and actual experience	\$ 534,099
Difference between expected and actual earnings on investments	<u>2,778,220</u>
Total deferred inflows	<u>\$ 3,312,319</u>

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

Fire

2022	\$ 1,097,545
2023	1,684,077
2024	1,794,062
2025	785,043
Thereafter	<u>-</u>
	<u>\$ 5,360,727</u>

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.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 9 – PENSION PLANS (Continued)

C. Firefighters’ Retirement Plan (Continued)

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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	
	<u>2021</u>	<u>2020</u>
Fixed Income	2.50%	2.67%
Domestic Equity	7.50%	7.50%
International Equity	8.50%	8.50%
Real Estate	4.50%	4.50%
International Fixed Income	3.50%	N/A

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.

	<u>Current Discount</u>		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	6.00%	7.00%	8.00%
Sponsor’s Net Pension Liability (Asset)			
09/30/21 Measurement Date	\$ 15,108,423	\$ 4,052,352	\$ (5,118,395)
Sponsor’s Net Pension Liability 09/30/20			
Measurement Date	\$ 24,917,128	\$ 14,173,156	\$ 5,280,121

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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, 2019.

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Beginning balances 9/30/19	\$ 78,628,190	\$ 65,742,002	\$ 12,886,188
Service Cost	1,394,105	-	1,394,105
Interest	5,853,602	-	5,853,602
Differences between Expected and Actual Experience	310,138	-	310,138
Changes in Benefit Terms	58,566	-	58,566
Change in assumptions about future economic or demographic factors or other inputs	6,753,635	-	6,753,635
Contributions - Employer	-	2,627,755	(2,627,755)
Contributions- State	-	520,367	(520,367)
Contributions - Employee	-	673,724	(673,724)
Net Investment Income	-	9,444,624	(9,444,624)
Benefit Payments	(3,948,542)	(3,948,542)	-
Administrative Expenses	-	(109,725)	109,725
Other	-	(73,667)	73,667
Net Changes	10,421,504	9,134,536	1,286,968
Ending balance 09/30/20	<u>\$ 89,049,694</u>	<u>\$ 74,876,538</u>	<u>\$ 14,173,156</u>
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 9/30/21	<u>\$ 93,974,927</u>	<u>\$ 89,922,575</u>	<u>\$ 4,052,352</u>

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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:

	<u>General Employees</u>	<u>Police Plan</u>	<u>Firefighters' Plan</u>	<u>Total</u>
Deferred outflows of resources	\$ 13,148,963	\$ 5,169,268	\$ 12,174,982	\$ 30,493,213
Deferred inflows of resources	-	420,878	3,312,319	3,733,197
Net pension liability	63,184,175	17,017,334	14,173,156	94,374,665
Pension expense	4,686,733	3,232,331	2,680,555	10,599,619

The following is the net position for each pension trust fund as of September 30, 2021:

	<u>General Employees' Retirement System</u>	<u>Police Officers' Retirement System</u>	<u>Firefighters' Retirement Plan</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 5,047,184	\$ 2,572,015	\$ 2,806,031	\$ 10,425,230
Receivables:				
Accrued interest receivable	15,534	90,908	142,001	248,443
Accounts receivable	1,810	22,247	-	24,057
Prepaid expense	2,250	-	750	3,000
Total receivables	<u>19,594</u>	<u>113,155</u>	<u>142,751</u>	<u>275,500</u>
Investments, at fair value	<u>194,927,757</u>	<u>90,758,186</u>	<u>87,165,926</u>	<u>372,851,869</u>
Total investments	<u>194,927,757</u>	<u>90,758,186</u>	<u>87,165,926</u>	<u>372,851,869</u>
Total Assets	<u>199,994,535</u>	<u>93,443,356</u>	<u>90,114,708</u>	<u>383,552,599</u>
Liabilities				
Accounts payable	<u>201,913</u>	<u>152,515</u>	<u>192,134</u>	<u>546,562</u>
Total liabilities	<u>201,913</u>	<u>152,515</u>	<u>192,134</u>	<u>546,562</u>
Net Position				
Net Position Restricted for Pensions	<u>\$ 199,792,622</u>	<u>\$ 93,290,841</u>	<u>\$ 89,922,574</u>	<u>\$ 383,006,037</u>

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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, 2021:

	General Employees' Retirement System	Police Officers' Retirement System	Firefighters' Retirement Plan	Total
Additions:				
Contributions:				
Employer	\$ 10,222,493	\$ 2,450,000	\$ 2,960,648	\$ 15,633,141
State	-	683,980	541,289	1,225,269
Employee	477,171	912,642	734,643	2,124,456
Total contributions	<u>10,699,664</u>	<u>4,046,622</u>	<u>4,236,580</u>	<u>18,982,866</u>
Investment income:				
Investment income (loss)	32,016,347	16,410,468	14,988,406	63,415,221
Less: Investment management fees	(966,190)	(448,867)	(185,178)	(1,600,235)
Net investment income (loss)	<u>31,050,157</u>	<u>15,961,601</u>	<u>14,803,228</u>	<u>61,814,986</u>
Total additions (reductions)	<u>41,749,821</u>	<u>20,008,223</u>	<u>19,039,808</u>	<u>80,797,852</u>
Deductions:				
Pension payments	15,015,615	7,370,938	3,870,363	26,256,916
Refunds to employees	-	140,625	7,005	147,630
Administration	187,205	88,551	116,404	392,160
Total deductions	<u>15,202,820</u>	<u>7,600,114</u>	<u>3,993,772</u>	<u>26,796,706</u>
Net Increase (Decrease)	26,547,001	12,408,109	15,046,036	54,001,146
Net Assets Reserved for Employees'				
Pension Benefits:				
Beginning of year	<u>173,245,621</u>	<u>80,882,732</u>	<u>74,876,538</u>	<u>329,004,891</u>
End of year	<u>\$ 199,792,622</u>	<u>\$ 93,290,841</u>	<u>\$ 89,922,574</u>	<u>\$ 383,006,037</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, 2021**

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

Schedule Of Long-Term Debt

Long-term liability activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Direct borrowing					
2012 Refdgd Capital Improvement Certif	\$ 2,680,000	\$ -	\$ (875,000)	\$ 1,805,000	\$ 895,000
2015 Capital Improvement Certificates	20,200,000	-	(1,080,000)	19,120,000	1,110,000
Total direct borrow ing	22,880,000	-	(1,955,000)	20,925,000	2,005,000
Other liabilities:					
Net Pension Liability	\$ 70,265,882	\$ -	\$ (5,690,964)	\$ 64,574,918	\$ -
Compensated Absences	4,192,552	4,010,622	(4,064,827)	4,138,347	2,600,240
OPEB Liability	11,013,148	1,470,110	-	12,483,258	505,573
Liability for fire fees	80,000,000	-	-	80,000,000	-
Claims and Judgments	7,633,342	704,217	-	8,337,559	2,263,624
Total other liabilities	173,104,924	6,184,949	(9,755,791)	169,534,082	5,369,437
Total Governmental Activities	<u>\$ 195,984,924</u>	<u>\$ 6,184,949</u>	<u>\$ (11,710,791)</u>	<u>\$ 190,459,082</u>	<u>\$ 7,374,437</u>
Business-type Activities:					
Direct borrowing					
2014A Utility Systems Bonds	\$ 16,080,000	\$ -	\$ (2,185,000)	\$ 13,895,000	\$ 25,000
2014B Utility Systems Bonds	21,370,000	-	(1,890,000)	19,480,000	1,945,000
2015 Utility Systems Bonds	58,720,000	-	(3,065,000)	55,655,000	3,085,000
2017 Utility Systems Bonds	18,475,000	-	(95,000)	18,380,000	2,405,000
Total direct borrow ing	114,645,000	-	(7,235,000)	107,410,000	7,460,000
Other liabilities:					
Net Pension Liability	36,423,617	-	(6,623,870)	29,799,747	-
Compensated Absences	2,130,407	1,801,224	(1,959,498)	1,972,133	1,499,929
OPEB Liability	5,381,852	688,890	-	6,070,742	236,910
Total other liabilities	43,935,876	2,490,114	(8,583,368)	37,842,622	1,736,839
Total Business-type Activities	<u>\$ 158,580,876</u>	<u>\$ 2,490,114</u>	<u>\$ (15,818,368)</u>	<u>\$ 145,252,622</u>	<u>\$ 9,196,839</u>

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

Capital Leases:

As of September 30, 2021, the City has no capital obligation leases.

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

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

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, 2021. Information related to the revenues, sometimes net of related operating expenses, pledged for each debt issue, 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, 2021 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, 2021:

<u>Direct Borrowing</u>	<u>Purpose Of Issue</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>
Governmental Activities:				
2012	Refdg Capital Improvement Certif	8,405,000	\$ 1,805,000	1.72%
2015	Capital Improvement Certificate	21,440,000	19,120,000	3.00%
Total Governmental Activities			<u>\$ 20,925,000</u>	
Business-Type Activities:				
2014A	Utility Systems Bonds	24,165,000	\$ 13,895,000	3.18%
2014B	Utility Systems Bonds	28,465,000	19,480,000	2.66%
2015	Utility Systems Bonds	65,635,000	55,655,000	3.18%
2017	Utility Systems Bonds	18,565,000	18,380,000	2.705%
Total Business-Type Activities			<u>\$ 107,410,000</u>	

For the year ended September 30, 2021, principal and interest payments were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Interest Paid	\$ 636,679	\$ 3,636,830
Principal Paid	<u>1,955,000</u>	<u>7,235,000</u>
	<u>\$ 2,591,679</u>	<u>\$ 10,871,830</u>

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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:

<u>Fiscal Year</u>	<u>Governmental Activities</u>	
	<u>Direct Borrowing</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 2,005,000	\$ 585,328
2023	2,055,000	532,637
2024	1,470,000	483,900
2025	1,515,000	439,125
2026	1,560,000	393,000
2027-2031	8,540,000	1,222,650
2032-2033	3,780,000	114,300
Total	<u>\$ 20,925,000</u>	<u>\$ 3,770,940</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 2021 pledged revenues	\$ 9,856,947
Fiscal year 2021 principal and interest paid	\$ 2,591,679
Outstanding principal and interest	\$ 24,695,940
Pledged through fiscal year	2033
Estimated percentage pledged	20.88%

<u>Fiscal Year</u>	<u>Business-Type Activities</u>	
	<u>Direct Borrowing</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 7,460,000	\$ 3,280,529
2023	7,675,000	3,026,337
2024	7,895,000	2,760,193
2025	8,125,000	2,484,675
2026	8,355,000	2,192,687
2027-2031	46,465,000	6,453,843
2032-2033	21,435,000	349,800
Total	<u>\$ 107,410,000</u>	<u>\$ 20,548,065</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 2021 pledged revenues	\$ 43,929,737
Fiscal year 2021 principal and interest paid	\$ 10,871,830
Outstanding principal and interest	\$ 127,958,065
Pledged through fiscal year	2033
Estimated percentage pledged	22.41%

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021, 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, 2021, 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

As of September 30, 2021, there were no funds with deficits in total net positions.

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 City has recorded a liability of \$80 million in the Governmental Activities of the Government Wide Entity Statements. A line of credit has been established in the amount of \$60 million and the closing date occurred March 17, 2022.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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, 2021, in the respective funds are as follows:

General Fund	\$ 8,547,906
Electric	5,451,606
Water and Sewer	3,147,386
Nonmajor Business Type Funds	6,200,293
Nonmajor Governmental Funds	1,519,687
CRA Fund	2,555,620
Internal Service Funds	7,592
Total	\$ 27,430,090

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 268 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

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

the cost of the retiree coverage because it pays all or a significant portion of that premium on behalf of the active 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	\$ 10,699,000
Active employees	830	7,855,000
Total	<u>1,096</u>	<u>\$ 18,554,000</u>

Net OPEB Liability

The employer’s net OPEB liability is reported herein as of September 30, 2021 for the employer fiscal year and reporting period of October 1, 2020 to September 30, 2021. The values shown for this fiscal year and reporting period are based on a measurement date of October 1, 2020 and the corresponding measurement period of October 1, 2019 to October 1, 2020. The measurement of the total OPEB liability is based on a valuation date of October 1, 2020.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

Actuarial Assumptions and Actuarial Methods

The total OPEB liability in the October 1, 2020 actuarial valuation was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

Expected Return on Assets:	None
Discount Rate:	2.41%
Salary Scale:	5.35%
Healthcare Cost Trend Rates:	5.50% for fiscal year ended 2021, decreasing 0.50% per year to an ultimate rate of 5.00%.

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 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 2.41% 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 10/01/20	\$ 16,395,000	\$ -	\$ 16,395,000
Service Cost	611,000	-	611,000
Interest	459,000	-	459,000
Differences between expected and actual experience	828,000		828,000
Contributions-employer	-	656,000	(656,000)
Benefit Payments	(656,000)	(656,000)	-
Assumption changes	917,000	-	917,000
Net Changes	2,159,000	-	2,159,000
Ending balance 09/30/21	<u>\$ 18,554,000</u>	<u>\$ -</u>	<u>\$ 18,554,000</u>

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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 2.41% as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower and 1% higher than the current rate:

Sensitivity to changes in the discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	1.41%	2.41%	1.41%
Employer's Net OPEB Liability	\$ 21,765,000	\$ 18,554,000	\$ 16,061,000

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 discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Sensitivity to changes in the trend rate:

	1% Decrease	Current Trend Rate	1% Increase
Employer's Net OPEB Liability	\$ 15,947,000	\$ 18,554,000	\$ 21,968,000

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$1,406,000 as the result of implementing GASB No.75. Contributions made after the measurement date in the amount of \$724,214, will be recognized as a reduction of net pension liability in the subsequent fiscal period.

The deferred outflows of resources and deferred inflows of resources related to OPEB as of September 30, 2021 from various sources are as follows:

Deferred outflows

Differences between expected and actual experience	\$ 799,000
Changes of assumptions	2,538,000
Contributions subsequent to the measurement date	724,214
Total deferred outflows	\$ 4,061,214

Deferred inflows

Changes of assumptions	417,000
Expected and actual experience	765,000
Total deferred inflows	\$ 1,182,000

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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:

2022	\$	327,000
2023		327,000
2024		327,000
2025		327,000
2026		335,000
Thereafter		512,000
		\$ 2,155,000

NOTE 13 – CHANGES IN ACCOUNTING STANDARDS

A. Adoption of New Accounting Standards

The City did not adopt new accounting standards in Fiscal Year 2021.

B. Future Adoption of New Accounting Standards

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

GASB Statement No. 87, Leases, issued June 2017. GASB 87 aims to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this statement will take effect for periods beginning after June 15, 2021.

GASB Statement No. 91, Conduit Debt Obligations. The requirements of this statement will take effect starting with periods beginning December 15, 2020.

GASB Statement No. 92, Omnibus 2020. The requirements of this statement will take effect for financial statements starting with the fiscal year ending June 15, 2021.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. The requirements of this statement will take effect for financial statements starting with the fiscal year beginning after June 15, 2021.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 14 – TAX ABATEMENTS

As of September 30, 2021, the City currently has Economic Investment Program agreements with 16 active participants. There are no agreements that have current tax abatements as required by GASB 77.

NOTE 15- COVID-19

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state, and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories, and quarantining of people who may have been exposed to the virus.

At this point, the COVID-19 pandemic continues to play a major role as new mutations of the virus evolve.

During the year, the City received funds from the Coronavirus Aid, Relief, and Economic Security (CARES Act) and the American Rescue Plan Act (ARPA) to help mitigate the expenses associated with the pandemic.

**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, 2021**

	Budgeted Amounts (GAAP Basis)		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property tax	\$ 33,666,743	\$ 33,666,743	\$ 33,885,682	\$ 218,939
Utility service tax	8,725,000	8,725,000	10,179,971	1,454,971
Communication service tax	2,472,665	2,472,665	2,713,821	241,156
Other tax	1,533,241	1,533,241	1,626,321	93,080
State shared revenues	6,210,317	6,210,317	7,939,789	1,729,472
Permits and fees	2,374,950	2,374,950	3,075,675	700,725
Intergovernmental revenues	95,500	7,335,654	2,041,545	(5,294,109)
Charges for services	16,643,460	16,653,460	15,405,071	(1,248,389)
Fines and forfeitures	522,000	522,000	414,781	(107,219)
Investment income	-	-	(81,253)	(81,253)
Miscellaneous	384,950	3,012,681	1,390,998	(1,621,683)
Total revenues	<u>72,628,826</u>	<u>82,506,711</u>	<u>78,592,401</u>	<u>(3,914,310)</u>
Expenditures				
Current:				
General government	12,731,224	20,254,240	12,193,219	8,061,021
Public safety	56,872,657	58,503,889	56,155,518	2,348,371
Physical Environment	60,000	144,733	74,352	70,381
Transportation	7,358,222	9,462,442	4,146,201	5,316,241
Economic environment	2,867,415	6,912,589	2,850,463	4,062,126
Culture and recreation	9,800,064	9,961,158	8,308,670	1,652,488
Capital outlay	3,650,376	10,679,878	4,106,201	6,573,677
Total expenditures	<u>93,339,958</u>	<u>115,918,929</u>	<u>87,834,624</u>	<u>28,084,305</u>
Excess (deficiency) of revenues over expenditures	<u>(20,711,132)</u>	<u>(33,412,218)</u>	<u>(9,242,223)</u>	<u>24,169,995</u>
Other Financing Sources (Uses)				
Transfers in	24,250,036	24,408,501	24,400,782	(7,719)
Transfers out	<u>(4,154,650)</u>	<u>(4,148,638)</u>	<u>(4,239,542)</u>	<u>(90,904)</u>
Total other financing sources (uses)	<u>20,095,386</u>	<u>20,259,863</u>	<u>20,161,240</u>	<u>(98,623)</u>
Net change in fund balance	(615,746)	(13,152,355)	10,919,017	24,071,372
Fund balance - beginning	<u>56,053,248</u>	<u>56,053,248</u>	<u>56,053,248</u>	<u>-</u>
Fund balance - ending	<u>\$ 55,437,502</u>	<u>\$ 42,900,893</u>	<u>\$ 66,972,265</u>	<u>\$ 24,071,372</u>

**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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	(GAAP Basis)			Positive
	Original	Final		(Negative)
Revenues				
Property tax	\$ 944,225	\$ 893,504	\$ 893,504	\$ -
Investment income	-	-	(22,873)	(22,873)
Miscellaneous	-	-	15,000	15,000
Total revenues	<u>944,225</u>	<u>893,504</u>	<u>885,631</u>	<u>(7,873)</u>
Expenditures				
Current:				
Economic Environment	1,279,701	2,109,164	575,053	1,534,111
General Government	-	18,047	18,047	-
Culture and recreation	-	75,000	-	75,000
Capital outlay	941,000	9,139,442	3,713,085	5,426,357
Total expenditures	<u>2,220,701</u>	<u>11,341,653</u>	<u>4,306,185</u>	<u>7,035,468</u>
Excess (deficiency) of revenues over expenditures	<u>(1,276,476)</u>	<u>(10,448,149)</u>	<u>(3,420,554)</u>	<u>7,027,595</u>
Other Financing Sources (Uses)				
Transfers in	1,343,784	1,337,772	1,337,772	-
Transfers out	-	-	(60,763)	(60,763)
Total other financing sources (uses)	<u>1,343,784</u>	<u>1,337,772</u>	<u>1,277,009</u>	<u>(60,763)</u>
Net change in fund balance	67,308	(9,110,377)	(2,143,545)	6,966,832
Fund balance - beginning	<u>2,855,528</u>	<u>2,855,528</u>	<u>3,123,102</u>	<u>267,574</u>
Fund balance - ending	<u>\$ 2,922,836</u>	<u>\$ (6,254,849)</u>	<u>\$ 979,557</u>	<u>\$ 7,234,406</u>



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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	<u>9/30/2022 9/30/2021</u>	<u>9/30/2021 9/30/2020</u>	<u>9/30/2020 9/30/2019</u>
Total pension liability			
Service cost	\$ 901,990	\$ 986,562	\$ 1,133,206
Interest	16,089,455	16,021,917	15,765,056
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(112,857)	(1,001,087)	552,340
Changes of assumptions	2,543,358	(414,750)	-
Contributions - buy back	-	-	-
Benefit payments, including refunds of employee contributions	(15,009,928)	(14,076,564)	(13,192,455)
Net change in total pension liability	4,412,018	1,516,078	4,258,147
Total pension liability - beginning	236,452,329	234,936,251	230,678,104
Total pension liability- ending	<u>\$ 240,864,347</u>	<u>\$ 236,452,329</u>	<u>\$ 234,936,251</u>
Plan fiduciary net position			
Contributions - employer	10,222,493	13,799,155	14,822,313
Contributions - employee	477,170	511,521	540,161
Contributions - buy back	-	-	-
Net investment income	31,044,311	13,352,784	4,173,467
Benefit payments, including refunds of employee contributions	(15,009,928)	(14,076,564)	(13,192,455)
Administrative expense	(187,212)	(137,131)	(204,769)
Net change in plan fiduciary net position	26,546,834	13,449,765	6,138,717
Plan fiduciary net position - beginning	173,268,154	159,818,389	153,679,672
Plan fiduciary net position - ending	199,814,988	173,268,154	159,818,389
Net pension liability - ending	<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	82.96%	73.28%	68.03%
Covered payroll	\$ 9,543,908	\$ 10,229,855	\$ 10,785,500
Net pension liability as a percentage of covered payroll	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>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Actuarially determined contribution	\$ 9,716,181	\$ 13,858,120	\$ 14,822,313
Contributions in relation to the			
Actuarially determined contribution	<u>10,222,493</u>	<u>13,858,120</u>	<u>14,894,139</u>
Contribution Deficiency (Excess)	<u>\$ (506,312)</u>	<u>\$ -</u>	<u>\$ (71,826)</u>
Covered payroll	\$ 9,543,908	\$ 10,229,855	\$ 10,785,500
Contributions as a percentage of			
Covered payroll	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%

(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	<u>9/30/2022 9/30/2021</u>	<u>9/30/2021 9/30/2020</u>	<u>9/30/2020 9/30/2019</u>	<u>9/30/2019 9/30/2018</u>
Total pension liability				
Service cost	\$ 2,146,200	\$ 2,006,052	\$ 1,741,664	\$ 1,558,052
Interest	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	278,283	(116,394)	(450,176)	1,433,941
Changes of assumptions	1,043,477	382,036	1,421,185	-
Contributions - buy back	27,555	-	34,025	-
Benefit payments, including refunds of employee contributions	<u>(7,486,310)</u>	<u>(5,289,742)</u>	<u>(5,478,770)</u>	<u>(5,943,808)</u>
Net change in total pension liability	3,330,664	4,153,688	4,219,935	3,678,744
Total pension liability - beginning	<u>\$ 97,931,940</u>	<u>\$ 93,778,252</u>	<u>\$ 89,558,317</u>	<u>\$ 85,879,573</u>
Total pension liability- ending	<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	2,450,000	2,783,760	3,014,876	4,077,869
Contributions - State	683,980	688,440	636,601	584,334
Contributions - employee	885,087	901,945	823,654	731,022
Contributions - buy back	27,555	-	34,025	-
Net investment income	15,961,589	6,830,174	2,344,271	6,110,450
Benefit payments, including refunds of employee contributions	(7,486,310)	(5,289,742)	(5,478,770)	(5,943,808)
Administrative expense	(88,551)	(92,774)	(79,693)	(89,863)
Net change in plan fiduciary net position	12,433,350	5,821,803	1,294,964	5,470,004
Plan fiduciary net position - beginning	<u>80,914,606</u>	<u>75,092,803</u>	<u>73,797,839</u>	<u>68,327,835</u>
Plan fiduciary net position - ending	<u>93,347,956</u>	<u>80,914,606</u>	<u>75,092,803</u>	<u>73,797,839</u>
Net pension liability - ending	<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	92.18%	82.62%	80.07%	82.40%
Covered payroll	\$ 11,063,586	\$ 11,274,315	\$ 10,295,675	\$ 9,137,770
Net pension liability as a percentage of covered payroll	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.

<u>9/30/2018</u> <u>9/30/2017</u>	<u>9/30/2017</u> <u>9/30/2016</u>	<u>9/30/2016</u> <u>9/30/2015</u>	<u>9/30/2015</u> <u>9/30/2014</u>
\$ 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	-
<u>(5,888,193)</u>	<u>(4,814,327)</u>	<u>(4,062,918)</u>	<u>(4,531,980)</u>
2,003,450	2,995,181	2,896,433	3,153,131
<u>\$ 83,876,123</u>	<u>\$ 80,880,942</u>	<u>77,984,509</u>	<u>74,831,378</u>
<u><u>\$ 85,879,573</u></u>	<u><u>\$ 83,876,123</u></u>	<u><u>\$ 80,880,942</u></u>	<u><u>\$ 77,984,509</u></u>
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
<u>62,806,327</u>	<u>57,894,276</u>	<u>58,779,277</u>	<u>53,616,098</u>
<u>68,327,835</u>	<u>62,806,327</u>	<u>57,894,276</u>	<u>58,779,277</u>
<u><u>\$ 17,551,738</u></u>	<u><u>\$ 21,069,796</u></u>	<u><u>\$ 22,986,666</u></u>	<u><u>\$ 19,205,232</u></u>
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>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Actuarially determined contribution	\$ 3,534,816	\$ 3,716,014	\$ 4,250,054
Contributions in relation to the			
Actuarially determined contribution	<u>3,133,980</u>	<u>3,472,200</u>	<u>3,651,477</u>
Contribution Deficiency (Excess)	<u>\$ 400,836</u>	<u>\$ 243,814</u>	<u>\$ 598,577</u>
Covered payroll	\$ 11,063,586	\$ 11,274,315	\$ 10,295,675
Contributions as a percentage of			
Covered payroll	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
<u>4,662,203</u>	<u>4,112,843</u>	<u>3,985,989</u>	<u>3,583,401</u>	<u>3,345,551</u>
<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%

(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	<u>9/30/2022 9/30/2021</u>	<u>9/30/2021 9/30/2020</u>	<u>9/30/2020 9/30/2019</u>
Total pension liability			
Service cost	\$ 1,534,997	\$ 1,394,105	\$ 1,455,310
Interest	6,205,220	5,853,602	5,479,962
Changes of benefit terms		58,566	-
Differences between expected and actual experience	1,062,384	310,138	1,406,892
Changes of assumptions		6,753,635	165,836
Benefit payments, including refunds of employee contributions	<u>(3,877,368)</u>	<u>(3,948,542)</u>	<u>(2,981,313)</u>
Net change in total pension liability	4,925,233	10,421,504	5,526,687
Total pension liability - beginning	<u>89,049,694</u>	<u>78,628,190</u>	<u>73,101,503</u>
Total pension liability- ending	<u>\$ 93,974,927</u>	<u>\$ 89,049,694</u>	<u>\$ 78,628,190</u>
Plan fiduciary net position			
Contributions - employer	2,960,648	2,627,755	2,299,394
Contributions - State	734,643	520,367	488,640
Contributions - employee	541,289	673,724	638,372
Net investment income	14,803,229	9,444,624	2,012,954
Benefit payments, including refunds of employee contributions	(3,877,368)	(3,948,542)	(2,981,313)
Administrative expense	(116,404)	(109,725)	(84,759)
Other	-	(73,667)	157,698
Net change in plan fiduciary net position	<u>15,046,037</u>	<u>9,134,536</u>	<u>2,530,986</u>
Plan fiduciary net position - beginning	<u>74,876,538</u>	<u>65,742,002</u>	<u>63,211,016</u>
Plan fiduciary net position - ending	<u>89,922,575</u>	<u>74,876,538</u>	<u>65,742,002</u>
Net pension liability - ending	<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	95.69%	84.08%	83.61%
Covered payroll	\$ 7,703,127	\$ 7,367,409	\$ 7,366,658
Net pension liability as a percentage of covered payroll	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	\$ 1,317,786	\$ 1,227,874	\$ 1,121,980	\$ 1,163,818
	5,276,956	4,878,081	4,637,901	4,471,685	4,274,720
	-	-	(556,590)	-	-
	(809,914)	1,862,026	258,882	(904,013)	142,133
	-	2,528,873	-	-	-
	<u>(3,449,899)</u>	<u>(2,909,019)</u>	<u>(2,208,735)</u>	<u>(3,092,921)</u>	<u>(2,901,757)</u>
	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	1,945,055	2,490,684	2,180,098	2,117,780
	472,989	434,616	434,473	467,838	553,787
	736,600	664,806	643,628	554,915	450,140
	5,087,763	6,250,958	4,770,021	13,508	3,792,085
	(3,449,899)	(2,909,019)	(2,208,735)	(3,092,921)	(2,901,757)
	(85,835)	(67,415)	(84,143)	(77,503)	(67,517)
	-	-	-	-	-
	<u>5,256,731</u>	<u>6,319,001</u>	<u>6,045,928</u>	<u>45,935</u>	<u>3,944,518</u>
	57,954,285	51,635,284	45,589,356	45,543,421	41,598,903
	<u>63,211,016</u>	<u>57,954,285</u>	<u>51,635,284</u>	<u>45,589,356</u>	<u>45,543,421</u>
\$	<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>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Actuarially determined contribution	\$ 3,331,293	\$ 2,987,939	\$ 2,816,168
Contributions in relation to the Actuarially determined contribution	<u>3,331,293</u>	<u>2,987,939</u>	<u>2,643,714</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172,454</u>
 Covered payroll	 \$ 7,703,127	 \$ 7,367,409	 \$ 7,366,658
Contributions as a percentage of Covered payroll	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
<u>2,968,102</u>	<u>2,185,456</u>	<u>2,731,085</u>	<u>2,420,499</u>	<u>2,358,181</u>
<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%

(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, 2021**

Last 10 Fiscal Years

	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Total OPEB liability				
Service cost	\$ 611,000	\$ 462,000	\$ 498,000	\$ 473,000
Interest	459,000	568,000	527,000	518,000
Differences between expected and actual experience	828,000	(1,029,000)	131,000	-
Changes of assumptions	917,000	2,339,000	(675,000)	-
Benefit payments, including refunds of employee contributions	<u>(656,000)</u>	<u>(606,000)</u>	<u>(763,000)</u>	<u>(748,000)</u>
Net change in total OPEB liability	2,159,000	1,734,000	(282,000)	243,000
Total OPEB liability - beginning	<u>16,395,000</u>	<u>14,661,000</u>	<u>14,943,000</u>	<u>14,700,000</u>
Total OPEB liability- ending	<u>\$ 18,554,000</u>	<u>\$ 16,395,000</u>	<u>\$ 14,661,000</u>	<u>\$ 14,943,000</u>
Contributions- employer	\$ 656,000	\$ 606,000	\$ 763,000	\$ 748,000
Benefit payments, including refunds of employee contributions	<u>(656,000)</u>	<u>(606,000)</u>	<u>(763,000)</u>	<u>(748,000)</u>
Net change in plan fiduciary net position	\$ -	\$ -	\$ -	\$ -
Employer's net OPEB liability	<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%
Covered payroll	\$ 51,712,000	\$ 55,028,000	\$ 55,028,000	\$ 50,556,000
Employer's net OPEB liability as a percentage of covered payroll	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>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Actuarially determined contribution	\$ 656,000	\$ 606,000	\$ 763,000	\$ 748,000
Contributions in relation to the				
Actuarially determined contribution	<u>656,000</u>	<u>606,000</u>	<u>763,000</u>	<u>748,000</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 51,712,000	\$ 55,028,000	\$ 55,028,000	\$ 50,556,000
Contributions as a percentage of				
Covered payroll	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, 2021**

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, 2021.

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 2021, 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, 2021, 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, 2019

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: 18 Years (as of 10/01/2019 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, 2021**

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: 6.90% 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, 2021**

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, 2019

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, 2021**

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, 2019

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 inactives 15 years
	Actuarial gains/losses 20 years
	Changes in assumptions 20 years

**CITY OF OCALA FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021**

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, 2021**

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.



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**CITY OF OCALA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Assets			
Equity in pooled cash fund	\$ 26,443,783	\$ 2,310,666	\$ 28,754,449
Accounts and notes receivables	839,001	-	839,001
Accrued interest receivable	64,990	-	64,990
Prepaid Expenses	6,354	-	6,354
Due from other governments	1,615,367	-	1,615,367
Total assets	<u>28,969,495</u>	<u>2,310,666</u>	<u>31,280,161</u>
Liabilities and fund balances			
Liabilities:			
Accounts payable and accrued liabilities	271,099	-	271,099
Retainage on contracts	9,180	-	9,180
Escrow/Deposits	1,008,065	-	1,008,065
Total liabilities	<u>1,288,344</u>	<u>-</u>	<u>1,288,344</u>
Deferred inflows of resources			
Deferred inflows from future revenues	65,237	-	65,237
Total deferred inflows of resources	<u>65,237</u>	<u>-</u>	<u>65,237</u>
Fund Balances:			
Nonspendable	6,354	-	6,354
Restricted	18,910,006	2,310,666	21,220,672
Committed	8,699,554	-	8,699,554
Total fund balances	<u>27,615,914</u>	<u>2,310,666</u>	<u>29,926,580</u>
Total liabilities and fund balances	<u>\$ 28,969,495</u>	<u>\$ 2,310,666</u>	<u>\$ 31,280,161</u>

**CITY OF OCALA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Revenues			
Property tax	\$ 95,240	\$ -	\$ 95,240
Local option gas tax	3,809,521	-	3,809,521
Infrastructure Sales Surtax	9,271,128	-	9,271,128
Intergovernmental revenues	851,888	-	851,888
Charges for services	8,100,060	-	8,100,060
Investment income	(34,627)	(1,032)	(35,659)
Miscellaneous	25,300	-	25,300
Total revenues	<u>22,118,510</u>	<u>(1,032)</u>	<u>22,117,478</u>
Expenditures			
Current:			
Physical environment	4,809,482	-	4,809,482
Public safety	554,778	-	554,778
Transportation	3,894,423	-	3,894,423
Economic environment	248,947	-	248,947
Capital outlay	1,663,291	-	1,663,291
Debt service:			
Principal payments	-	1,955,000	1,955,000
Interest and fees	-	636,679	636,679
Total expenditures	<u>11,204,478</u>	<u>2,591,679</u>	<u>13,796,157</u>
Excess (deficiency) of revenues over expenditures	<u>10,914,032</u>	<u>(2,592,711)</u>	<u>8,321,321</u>
Other financing sources (uses)			
Transfers in	-	2,617,726	2,617,726
Transfers out	(18,650)	(361)	(19,011)
Total other financing sources (uses)	<u>(18,650)</u>	<u>2,617,365</u>	<u>2,598,715</u>
Net change in fund balances	10,895,382	24,654	10,920,036
Fund balances - beginning	16,720,532	2,286,012	19,006,544
Fund balances - ending	<u>\$ 27,615,914</u>	<u>\$ 2,310,666</u>	<u>\$ 29,926,580</u>

**CITY OF OCALA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Downtown Development</u>	<u>Local Gasoline Tax</u>
Assets		
Equity in pooled cash and investment fund	\$ 247,173	\$ 4,083,957
Accrued interest receivable	610	9,964
Accounts and notes receivable	-	-
Prepaid Expenses	-	637
Due from other governments	1,117	344,125
Total assets	<u>248,900</u>	<u>4,438,683</u>
Liabilities and fund balances		
Liabilities:		
Accounts payable and accrued liabilities	-	109,288
Retainage on contracts	-	-
Escrow	-	1,008,065
Total liabilities	<u>-</u>	<u>1,117,353</u>
Deferred inflows of resources		
Deferred inflows from future revenues	-	-
Total deferred inflows from resources	<u>-</u>	<u>-</u>
Fund Balances:		
Nonspendable	-	637
Restricted	248,900	3,320,693
Committed	-	-
Total fund balances	<u>248,900</u>	<u>3,321,330</u>
Total liabilities and fund balances	<u>\$ 248,900</u>	<u>\$ 4,438,683</u>

Stormwater Utility	SHIP Local Housing Assistance	Infrastructure Sales Surtax	Total
\$ 7,462,813	\$ 341,285	\$ 14,308,555	\$ 26,443,783
18,264	842	35,310	64,990
766,909	72,092	-	839,001
5,717	-	-	6,354
621,801	-	648,324	1,615,367
<u>8,875,504</u>	<u>414,219</u>	<u>14,992,189</u>	<u>28,969,495</u>
161,811	-	-	271,099
8,422	-	758	9,180
-	-	-	1,008,065
<u>170,233</u>	<u>-</u>	<u>758</u>	<u>1,288,344</u>
-	65,237	-	65,237
-	<u>65,237</u>	-	<u>65,237</u>
5,717	-	-	6,354
-	348,982	14,991,431	18,910,006
8,699,554	-	-	8,699,554
<u>8,705,271</u>	<u>348,982</u>	<u>14,991,431</u>	<u>27,615,914</u>
<u>\$ 8,875,504</u>	<u>\$ 414,219</u>	<u>\$ 14,992,189</u>	<u>\$ 28,969,495</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, 2021

	<u>Downtown Development</u>	<u>Local Gasoline Tax</u>
Revenues		
Property taxes	\$ 95,240	\$ -
Local option gas tax	-	3,809,521
Infrastructure sales surtax	-	-
Intergovernmental revenues	-	382,746
Charges for services	-	-
Investment income	(492)	(4,193)
Miscellaneous	-	25,227
Total revenues	<u>94,748</u>	<u>4,213,301</u>
Expenditures		
Current:		
General government	-	-
Public safety	-	-
Physical environment	-	-
Transportation	-	3,067,699
Culture and recreation	10,000	-
Economic environment	56,016	-
Capital outlay	-	5,100
Total expenditures	<u>66,016</u>	<u>3,072,799</u>
Excess (deficiency) of revenues over expenditures	<u>28,732</u>	<u>1,140,502</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	18,732	1,140,502
Fund balances - beginning	<u>230,168</u>	<u>2,180,828</u>
Fund balances - ending	<u>\$ 248,900</u>	<u>\$ 3,321,330</u>

<u>Stormwater Utility</u>	<u>SHIP Local Housing Assistance</u>	<u>Infrastructure Sales Surtax</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 95,240
-	-	-	3,809,521
-	-	9,271,128	9,271,128
313,207	155,935	-	851,888
8,100,060	-	-	8,100,060
(13,174)	(95)	(16,673)	(34,627)
(11,270)	3,901	7,442	25,300
<u>8,388,823</u>	<u>159,741</u>	<u>9,261,897</u>	<u>22,118,510</u>
23,557	-	-	23,557
-	-	554,778	554,778
4,809,482	-	-	4,809,482
-	-	826,724	3,894,423
-	-	-	10,000
-	192,931	-	248,947
1,381,523	-	276,668	1,663,291
<u>6,214,562</u>	<u>192,931</u>	<u>1,658,170</u>	<u>11,204,478</u>
<u>2,174,261</u>	<u>(33,190)</u>	<u>7,603,727</u>	<u>10,914,032</u>
(8,650)	-	-	(18,650)
<u>(8,650)</u>	<u>-</u>	<u>-</u>	<u>(18,650)</u>
2,165,611	(33,190)	7,603,727	10,895,382
<u>6,539,660</u>	<u>382,172</u>	<u>7,387,704</u>	<u>16,720,532</u>
<u>\$ 8,705,271</u>	<u>\$ 348,982</u>	<u>\$ 14,991,431</u>	<u>\$ 27,615,914</u>

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
DOWNTOWN DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Property taxes	\$ 95,240	\$ 93,810	\$ 1,430
Investment income	(492)	-	(492)
Total revenues	<u>94,748</u>	<u>93,810</u>	<u>938</u>
Expenditures			
Current:			
Economic Environment	56,016	108,276	52,260
Culture and Recreation	10,000	10,000	-
Total expenditures	<u>66,016</u>	<u>118,276</u>	<u>52,260</u>
Excess (deficiency) of revenues over expenditures	<u>28,732</u>	<u>(24,466)</u>	<u>53,198</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	18,732	(34,466)	53,198
Fund balance - beginning	<u>230,168</u>	<u>230,168</u>	<u>-</u>
Fund balance - ending	<u>\$ 248,900</u>	<u>\$ 195,702</u>	<u>\$ 53,198</u>

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
LOCAL GASOLINE TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Local option gas tax	\$ 3,809,521	\$ 3,473,757	\$ 335,764
Intergovernmental revenues	382,746	382,746	-
Investment income	(4,193)	-	(4,193)
Miscellaneous	25,227	25,000	227
Total revenues	<u>4,213,301</u>	<u>3,881,503</u>	<u>331,798</u>
Expenditures			
Current:			
Transportation	3,067,699	3,750,177	682,478
Capital outlay	5,100	21,965	16,865
Total expenditures	<u>3,072,799</u>	<u>3,772,142</u>	<u>699,343</u>
Excess (deficiency) of revenues over expenditures	<u>1,140,502</u>	<u>109,361</u>	<u>1,031,141</u>
Net change in fund balance	1,140,502	109,361	1,031,141
Fund balance - beginning	<u>2,180,828</u>	<u>2,180,828</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,321,330</u>	<u>\$ 2,290,189</u>	<u>\$ 1,031,141</u>

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
STORMWATER UTILITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental revenues	\$ 313,207	\$ 2,047,999	\$ (1,734,792)
Charges for services	8,100,060	7,290,400	809,660
Investment income	(13,174)	-	(13,174)
Other	(11,270)	-	(11,270)
Total revenues	<u>8,388,823</u>	<u>9,338,399</u>	<u>(949,576)</u>
Expenditures			
Current:			
General Government	23,557	32,681	9,124
Physical environment	4,809,482	5,885,294	1,075,812
Capital outlay	1,381,523	4,070,249	2,688,726
Total expenditures	<u>6,214,562</u>	<u>9,988,224</u>	<u>3,773,662</u>
Excess (deficiency) of revenues over expenditures	<u>2,174,261</u>	<u>(649,825)</u>	<u>2,824,086</u>
Other financing (uses)			
Transfers out	(8,650)	(8,650)	-
Total other financing (uses)	<u>(8,650)</u>	<u>(8,650.00)</u>	<u>-</u>
Net change In fund balance	2,165,611	(658,475)	2,824,086
Fund balance - beginning	<u>6,539,660</u>	<u>6,539,660</u>	<u>-</u>
Fund balance - ending	<u>\$ 8,705,271</u>	<u>\$ 5,881,185</u>	<u>\$ 2,824,086</u>

**CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
SHIP LOCAL HOUSING ASSISTANCE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental revenues	\$ 155,935	\$ 365,787	\$ (209,852)
Investment income	(95)	-	(95)
Other	3,901	3,901	-
Total revenues	<u>159,741</u>	<u>369,688</u>	<u>(209,947)</u>
Expenditures			
Current:			
Economic environment	192,931	630,756	437,825
Total expenditures	<u>192,931</u>	<u>630,756</u>	<u>437,825</u>
Excess (deficiency) of revenues over expenditures	(33,190)	(261,068)	227,878
Net change in fund balance	(33,190)	(261,068)	227,878
Fund balance - beginning	<u>382,172</u>	<u>382,172</u>	<u>-</u>
Fund balance - ending	<u>\$ 348,982</u>	<u>\$ 121,104</u>	<u>\$ 227,878</u>

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
INFRASTRUCTURE SALES SURTAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental revenues	\$ 9,271,128	\$ 7,051,956	\$ 2,219,172
Investment income	(16,673)	-	(16,673)
Miscellaneous	7,442	-	7,442
Total revenues	<u>9,261,897</u>	<u>7,051,956</u>	<u>2,209,941</u>
Expenditures			
Current:			
Public Safety	554,778	1,264,246	709,468
Transportation	826,724	1,476,914	650,190
Capital outlay	276,668	1,331,063	1,054,395
Total expenditures	<u>1,658,170</u>	<u>4,072,223</u>	<u>2,414,053</u>
Excess (deficiency) of revenues over expenditures	<u>7,603,727</u>	<u>2,979,733</u>	<u>4,623,994</u>
Net change in fund balance	7,603,727	2,979,733	4,623,994
Fund balance - beginning	<u>7,387,704</u>	<u>7,387,704</u>	<u>-</u>
Fund balance - ending	<u>\$ 14,991,431</u>	<u>\$ 10,367,437</u>	<u>\$ 4,623,994</u>

**CITY OF OCALA, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
 SEPTEMBER 30, 2021**

	<u>2007A/2015 Improvement Certificates</u>	<u>2012 Refunded Improvement Certificates</u>	<u>Total</u>
Assets			
Equity in pooled cash and investment fund	\$ 1,396,800	\$ 913,866	\$ 2,310,666
Total restricted assets	<u>1,396,800</u>	<u>913,866</u>	<u>2,310,666</u>
Fund Balances			
Fund Balances: Restricted	<u>1,396,800</u>	<u>913,866</u>	<u>2,310,666</u>
Total fund balances	<u>\$ 1,396,800</u>	<u>\$ 913,866</u>	<u>\$ 2,310,666</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, 2021

	<u>2007A/2015 Improvement Certificates</u>	<u>2012 Refunded Improvement Certificates</u>	<u>Total</u>
Revenues			
Investment income	\$ (1,393)	\$ 361	\$ (1,032)
Total Revenues	<u>(1,393)</u>	<u>361</u>	<u>(1,032)</u>
Expenditures			
Debt service:			
Principal payments	1,080,000	875,000	1,955,000
Interest and paying agents' fees	589,800	46,879	636,679
Total expenditures	<u>1,669,800</u>	<u>921,879</u>	<u>2,591,679</u>
(Deficiency) of revenues over expenditures	<u>(1,671,193)</u>	<u>(921,518)</u>	<u>(2,592,711)</u>
Other financing sources (uses)			
Transfers in	1,684,993	932,733	2,617,726
Transfers out	-	(361)	(361)
Total other financing sources (uses)	<u>1,684,993</u>	<u>932,372</u>	<u>2,617,365</u>
Net change In fund balances	13,800	10,854	24,654
Fund balances - beginning	<u>1,383,000</u>	<u>903,012</u>	<u>2,286,012</u>
Fund balances - ending	<u>\$ 1,396,800</u>	<u>\$ 913,866</u>	<u>\$ 2,310,666</u>

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
2007A/2015 IMPROVEMENT CERTIFICATES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Investment income	\$ (1,393)	\$ 4,120	\$ (5,513)
Total revenues	<u>(1,393)</u>	<u>4,120</u>	<u>(5,513)</u>
Expenditures			
Debt service:			
Principal payments	1,080,000	1,080,000	-
Interest and paying agents' fees	589,800	590,400	600
Total expenditures	<u>1,669,800</u>	<u>1,670,400</u>	<u>600</u>
Excess (deficiency) of revenues over expenditures	<u>(1,671,193)</u>	<u>(1,666,280)</u>	<u>(4,913)</u>
Other financing sources (uses)			
Transfers in	1,684,993	1,683,600	1,393
Transfers out	-	(3,520)	3,520
Total other financing sources (uses)	<u>1,684,993</u>	<u>1,680,080</u>	<u>4,913</u>
Net change in fund balance	13,800	13,800	-
Fund balance - beginning	<u>1,383,000</u>	<u>1,383,000</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,396,800</u>	<u>\$ 1,396,800</u>	<u>\$ -</u>

**CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
2012 IMPROVEMENT CERTIFICATES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Investment income	\$ 361	\$ 5,000	\$ (4,639)
Total revenues	<u>361</u>	<u>5,000</u>	<u>(4,639)</u>
Expenditures			
Debt service:			
Principal payments	875,000	875,000	-
Interest and paying agents' fees	46,879	46,879	-
Total expenditures	<u>921,879</u>	<u>921,879</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(921,518)</u>	<u>(916,879)</u>	<u>(4,639)</u>
Other financing sources (uses)			
Transfers in	932,733	932,733	-
Transfers out	(361)	(5,000)	4,639
Total other financing sources (uses)	<u>932,372</u>	<u>927,733</u>	<u>4,639</u>
Net change In fund balance	10,854	10,854	-
Fund balance - beginning	<u>903,012</u>	<u>903,012</u>	<u>-</u>
Fund balance - ending	<u>\$ 913,866</u>	<u>\$ 913,866</u>	<u>\$ -</u>



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**CITY OF OCALA, FLORIDA
BUSINESS TYPE FUNDS
SEPTEMBER 30, 2021**

BUSINESS TYPE 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:

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, 2021**

	Non-Major Enterprise Funds					Total
	Sanitation	Municipal Golf Course	Ocala International Airport	Ocala Fiber Network	SunTran	
Assets						
Current Assets:						
Cash and investments	\$ -	\$ 84,143	\$ -	\$ -	\$ -	\$ 84,143
Equity in pooled cash and investment fund	7,968,406	931,174	718,319	6,507,397	3,379,844	19,505,140
Receivables (net, where applicable, of allowances for uncollectibles):						
Accounts and notes	743,219	454,389	115,399	239,389	3,929	1,556,325
Accrued interest	19,317	2,298	4,124	15,957	-	41,696
Unbilled revenues	750,886	-	-	341,661	-	1,092,547
Prepays	1,505	18,793	220	5,300	8,464	34,282
Inventories	-	68,722	-	784,121	-	852,843
Due from other governments	-	-	1,220,028	2,855	871,089	2,093,972
Total current assets	<u>9,483,333</u>	<u>1,559,519</u>	<u>2,058,090</u>	<u>7,896,680</u>	<u>4,263,326</u>	<u>25,260,948</u>
Noncurrent Assets:						
Capital assets:						
Capital assets not being depreciated	20,392	23,797	12,077,337	245,822	-	12,367,348
Capital assets being depreciated, net	6,983,038	388,694	20,898,361	9,339,016	5,777,351	43,386,460
Total capital assets (net)	<u>7,003,430</u>	<u>412,491</u>	<u>32,975,698</u>	<u>9,584,838</u>	<u>5,777,351</u>	<u>55,753,808</u>
Total noncurrent assets	<u>7,003,430</u>	<u>412,491</u>	<u>32,975,698</u>	<u>9,584,838</u>	<u>5,777,351</u>	<u>55,753,808</u>
Total assets	<u>\$ 16,486,763</u>	<u>\$ 1,972,010</u>	<u>\$ 35,033,788</u>	<u>\$ 17,481,518</u>	<u>\$ 10,040,677</u>	<u>\$ 81,014,756</u>
Deferred outflows of resources:						
Deferred amount pension related	859,942	-	120,970	253,775	-	1,234,687
Deferred amount OPEB related	214,344	-	25,472	76,350	-	316,166
Total deferred outflows of resources	<u>\$ 1,074,286</u>	<u>\$ -</u>	<u>\$ 146,442</u>	<u>\$ 330,125</u>	<u>\$ -</u>	<u>\$ 1,550,853</u>
Liabilities						
Current Liabilities:						
Payable from unrestricted assets:						
Accounts payable and accrued liabilities	\$ 377,305	\$ 608,726	\$ 18,950	\$ 224,993	\$ 193,868	1,423,842
Contract retainage	-	-	267,940	-	-	267,940
Compensated absences payable	149,765	-	40,108	99,759	-	289,632
OPEB obligation payable	39,154	-	6,221	12,502	-	57,877
Due to other funds	-	-	-	-	4,218,352	4,218,352
Customer deposits	-	21,297	97,774	-	-	119,071
Unearned revenue	-	44,146	1,886,369	-	-	1,930,515
Advances from other funds	-	-	-	-	-	-
Total current liabilities	<u>566,224</u>	<u>674,169</u>	<u>2,317,362</u>	<u>337,254</u>	<u>4,412,220</u>	<u>8,307,229</u>
Noncurrent Liabilities:						
Compensated absences payable	133,154	-	13,682	6,007	-	152,843
OPEB obligation payable	964,351	-	149,928	309,499	-	1,423,778
Net pension liability	4,467,667	-	57,881	887,302	-	5,412,850
Total noncurrent liabilities	<u>5,565,172</u>	<u>-</u>	<u>221,491</u>	<u>1,202,808</u>	<u>-</u>	<u>6,989,471</u>
Total liabilities	<u>\$ 6,131,396</u>	<u>\$ 674,169</u>	<u>\$ 2,538,853</u>	<u>\$ 1,540,062</u>	<u>\$ 4,412,220</u>	<u>\$ 15,296,700</u>
Deferred Inflows of Resources:						
Deferred inflows OPEB related	64,771	-	6,514	22,478	-	93,763
Total deferred inflows of resources	<u>64,771</u>	<u>-</u>	<u>6,514</u>	<u>22,478</u>	<u>-</u>	<u>93,763</u>
Net Position						
Net investment in capital assets	7,003,430	412,491	32,707,758	9,584,838	5,777,351	55,485,868
Unrestricted (accumulated deficit)	4,361,452	885,350	(72,895)	6,664,265	(148,894)	11,689,278
Total net position	<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>

CITY OF OCALA, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Non-Major Enterprise Funds					
	Sanitation	Municipal Golf Course	Ocala International Airport	Ocala Fiber Network	SunTran	Total
Operating Revenues:						
Charges for services	\$ 15,324,960	\$ 1,492,628	\$ 1,562,150	\$ 7,885,924	\$ 160,465	\$ 26,426,127
Other	61,979	-	9,151	-	8,377	79,507
Total operating revenues	15,386,939	1,492,628	1,571,301	7,885,924	168,842	26,505,634
Operating Expenses:						
Operation and maintenance	6,602,083	61,341	482,869	1,323,136	2,998,844	11,468,273
Administration	4,649,696	1,545,062	538,987	2,299,173	-	9,032,918
Depreciation	534,990	52,397	1,279,826	1,609,783	586,527	4,063,523
Total operating expenses	11,786,769	1,658,800	2,301,682	5,232,092	3,585,371	24,564,714
Operating income (loss)	3,600,170	(166,172)	(730,381)	2,653,832	(3,416,529)	1,940,920
Non-Operating Revenues (Expenses):						
Investment income	(7,302)	1,839	(22,465)	(11,123)	-	(39,051)
Gain (loss) on sale of fixed asset	-	218,458	783,651	-	-	1,002,109
Other non-operating revenue (loss)	466,200	-	-	932	2,756,739	3,223,871
Total non-operating revenues (expenses)	458,898	220,297	761,186	(10,191)	2,756,739	4,186,929
Income (loss) before capital contributions and transfers	4,059,068	54,125	30,805	2,643,641	(659,790)	6,127,849
Capital Contributions	28,486	-	4,033,702	-	-	4,062,188
Transfers in	-	367,533	-	-	89,511	457,044
Transfers out	(1,328,550)	(173,000)	-	(751,054)	-	(2,252,604)
Total transfers	(1,328,550)	194,533	-	(751,054)	89,511	(1,795,560)
Change in net position	2,759,004	248,658	4,064,507	1,892,587	(570,279)	8,394,477
Net position - October 1	\$ 8,605,878	\$ 1,049,183	\$ 28,570,356	\$ 14,356,516	\$ 6,198,736	\$ 58,780,669
Net position - September 30	\$ 11,364,882	\$ 1,297,841	\$ 32,634,863	\$ 16,249,103	\$ 5,628,457	\$ 67,175,146

**CITY OF OCALA, FLORIDA
STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Non-Major Enterprise Funds					Total
	Sanitation	Municipal Golf Course	Ocala International Airport	Ocala Fiber Network	SunTran	
Cash Flows from Operating Activities:						
Cash received from customers	\$ 15,375,804	\$ 1,496,842	\$ 2,478,296	\$ 7,844,224	\$ 178,913	\$ 27,374,079
Cash paid to suppliers for goods and services	(6,943,051)	(1,597,426)	(455,934)	(1,857,115)	(2,654,806)	(13,508,332)
Cash paid to employees for services	(4,763,930)	-	(625,194)	(1,991,617)	(351,083)	(7,731,824)
Net cash provided by (used in) operating activities	<u>3,668,823</u>	<u>(100,584)</u>	<u>1,397,168</u>	<u>3,995,492</u>	<u>(2,826,976)</u>	<u>6,133,923</u>
Cash Flows from Non-Capital Financing Activities:						
Transfers in	-	367,533	-	-	89,511	457,044
Transfers out	(1,328,550)	(173,000)	-	(751,054)	-	(2,252,604)
Cash paid to other funds			(2,239,302)			(2,239,302)
Operating grants	466,200	-	-	932	6,128,142	6,595,274
Net cash provided by (used in) non-capital financing activities	<u>(862,350)</u>	<u>194,533</u>	<u>(2,239,302)</u>	<u>(750,122)</u>	<u>6,217,653</u>	<u>2,560,412</u>
Cash Flows from Capital and Related Financing Activities:						
Proceeds from sale of capital assets	-	620,650	918,402	-	-	1,539,052
Acquisition and construction of capital assets	(2,381,615)	-	(4,566,171)	(1,948,000)	(10,833)	(8,906,619)
Contributions received from other governments and developers	28,486	-	5,229,322	-	-	5,257,808
Net cash provided by (used in) capital and related financing activities	<u>(2,353,129)</u>	<u>620,650</u>	<u>1,581,553</u>	<u>(1,948,000)</u>	<u>(10,833)</u>	<u>(2,109,759)</u>
Cash Flows from Investing Activities:						
Investment income	308	389	(21,100)	(8,322)	-	(28,725)
Net cash provided by investing activities	<u>308</u>	<u>389</u>	<u>(21,100)</u>	<u>(8,322)</u>	<u>-</u>	<u>(28,725)</u>
Net increase (decrease) in cash and cash equivalents	453,652	714,988	718,319	1,289,048	3,379,844	6,555,851
Cash and cash equivalents, beginning	\$ 7,514,754	\$ 300,329	\$ -	\$ 5,218,349	\$ -	\$ 13,033,432
Cash and cash equivalents, ending	<u>\$ 7,968,406</u>	<u>\$ 1,015,317</u>	<u>\$ 718,319</u>	<u>\$ 6,507,397</u>	<u>\$ 3,379,844</u>	<u>\$ 19,589,283</u>

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, 2021

Non-Major Enterprise Funds

	<u>Sanitation</u>	<u>Municipal Golf Course</u>	<u>Ocala International Airport</u>	<u>Ocala Fiber Network</u>	<u>SunTran</u>	<u>Total</u>
Reconciliation of Cash and Cash Equivalents to Balance Sheet:						
Total current cash and investments per the balance sheet	\$ 7,968,406	\$ 1,015,317	\$ 718,319	\$ 6,507,397	\$ 3,379,844	\$ 19,589,283
Cash and cash equivalents, end of year	<u>7,968,406</u>	<u>1,015,317</u>	<u>718,319</u>	<u>6,507,397</u>	<u>3,379,844</u>	<u>19,589,283</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Operating income (loss)	3,600,170	(166,172)	(730,381)	2,653,832	(3,416,529)	1,940,920
Adjustments to reconcile operating income (loss) to cash provided by operating activities:						
Depreciation & amortization						
Amortization	534,990	52,397	1,279,826	1,609,783	586,527	4,063,523
Loss(gain) on capital asset disposal						
Other (income) expense						
(Increase) decrease in assets and deferred outflow of resources:						
Accounts and notes receivable	36,175	5,499	(20,754)	155	10,072	31,147
Accrued unbilled revenue	(47,310)	-	-	(41,855)	-	(89,165)
Inventories	-	(7,489)	-	(243,708)	-	(251,197)
Other current assets	(760)	(3,142)	69	11,652	(8,089)	(270)
Deferred outflows pension	650,327	-	(99,780)	82,693	-	633,240
Deferred outflow OPEB	(66,412)	-	(10,553)	(21,205)	-	(98,170)
Increase (decrease) in liabilities and deferred inflow of resources:						
Accounts payable	(65,748)	19,606	(34,679)	67,081	1,043	(12,697)
Compensated absences payable	(63,807)	-	20,386	33,558	-	(9,863)
OPEB obligation payable	113,852	-	18,091	36,354	-	168,297
Net pension liability	(1,011,158)	-	49,021	(189,177)	-	(1,151,314)
Customer deposits	-	(1,283)	3,974	-	-	2,691
Deferred inflows OPEB	(11,496)	-	(1,827)	(3,671)	-	(16,994)
Unearned revenue	-	-	923,775	-	-	923,775
Net cash provided by (used in) operating activities	<u>\$ 3,668,823</u>	<u>\$ (100,584)</u>	<u>\$ 1,397,168</u>	<u>\$ 3,995,492</u>	<u>\$ (2,826,976)</u>	<u>\$ 6,133,923</u>
Noncash Capital and Related Financing Activities:						
Plant and equipment contributed by developers	\$ 47,959	\$ -	\$ -	\$ -	\$ -	\$ 47,959

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, 2021**

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, 2021**

	Fleet, Facilities and Information Technology Management	Self- Insurance	Total
Assets			
Current Assets:			
Equity in pooled cash and investment fund	\$ 1,173,048	\$ 32,725,998	\$ 33,899,046
Accrued interest receivable	2,895	80,596	83,491
Total current assets	<u>1,175,943</u>	<u>32,806,594</u>	<u>33,982,537</u>
Total assets	<u><u>1,175,943</u></u>	<u><u>32,806,594</u></u>	<u><u>33,982,537</u></u>
Liabilities			
Current Liabilities:			
Accounts payable and accrued liabilities	-	1,793,798	1,793,798
Claims payable	-	2,263,624	2,263,624
Total current liabilities	<u>-</u>	<u>4,057,422</u>	<u>4,057,422</u>
Noncurrent Liabilities:			
Claims payable	-	6,073,935	6,073,935
Total noncurrent liabilities	<u>-</u>	<u>6,073,935</u>	<u>6,073,935</u>
Total liabilities	<u><u>-</u></u>	<u><u>10,131,357</u></u>	<u><u>10,131,357</u></u>
Net Position			
Unrestricted	<u>1,175,943</u>	<u>22,675,237</u>	<u>23,851,180</u>
Total net position	<u><u>\$ 1,175,943</u></u>	<u><u>\$ 22,675,237</u></u>	<u><u>\$ 23,851,180</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, 2021

	Fleet, Facilities and Information Technology Management	Self- Insurance	Total
Operating Revenues:			
City insurance contributions	\$ -	\$ 11,791,528	\$ 11,791,528
Employee insurance contributions	-	2,293,183	2,293,183
Other	-	2,343,323	2,343,323
Total operating revenues	<u>-</u>	<u>16,428,034</u>	<u>16,428,034</u>
Operating Expenses:			
Insurance, administration and other	-	18,296,262	18,296,262
Depreciation	1,641,346	-	1,641,346
Total operating expenses	<u>1,641,346</u>	<u>18,296,262</u>	<u>19,937,608</u>
Operating income (loss)	<u>(1,641,346)</u>	<u>(1,868,228)</u>	<u>(3,509,574)</u>
Non-Operating Revenues (Expenses):			
Investment income	(1,655)	(42,029)	(43,684)
Loss on transfer of capital assets to Governmental Activities Funds	-	-	-
Total non-operating revenues	<u>(6,815,787)</u>	<u>-</u>	<u>(6,815,787)</u>
	<u>(6,817,442)</u>	<u>(42,029)</u>	<u>(6,859,471)</u>
Income before operating transfers	<u>(8,458,788)</u>	<u>(1,910,257)</u>	<u>(10,369,045)</u>
Transfers:			
Transfers out	-	(103,417)	(103,417)
Total transfers	<u>-</u>	<u>(103,417)</u>	<u>(103,417)</u>
Change in net position	<u>(8,458,788)</u>	<u>(2,013,674)</u>	<u>(10,472,462)</u>
Net position - October 1	<u>\$ 9,634,731</u>	<u>\$ 24,688,911</u>	<u>\$ 34,323,642</u>
Net position - September 30	<u>\$ 1,175,943</u>	<u>\$ 22,675,237</u>	<u>\$ 23,851,180</u>

**CITY OF OCALA, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Fleet, Facilities and Information Technology Management	Self- Insurance	Total
Cash Flows from Operating Activities:			
Cash received from employees	\$ -	\$ 2,293,183	\$ 2,293,183
Cash received from customers		2,343,323	2,343,323
Cash paid to suppliers for goods and services	-	(5,357,077)	(5,357,077)
Cash received from other funds	-	16,106,227	16,106,227
Cash paid for insurance claims	-	(16,189,720)	(16,189,720)
Net cash provided by operating activities	<u>-</u>	<u>(804,064)</u>	<u>(804,064)</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers out	<u>-</u>	<u>(103,417)</u>	<u>(103,417)</u>
Net cash used in non-capital financing activities	<u>-</u>	<u>(103,417)</u>	<u>(103,417)</u>
Cash Flows from Investing Activities:			
Investment income	<u>(326)</u>	<u>(1,846)</u>	<u>(2,172)</u>
Net cash provided by investing activities	<u>(326)</u>	<u>(1,846)</u>	<u>(2,172)</u>
Net increase (decrease) in cash and cash equivalents	(326)	(909,327)	(909,653)
Cash and cash equivalents, beginning	\$ 1,173,374	\$ 33,635,325	\$ 34,808,699
Cash and cash equivalents, ending	\$ 1,173,048	\$ 32,725,998	\$ 33,899,046

(Continued)

**CITY OF OCALA, FLORIDA
COMBINING STATEMENT OF CASH FLOWS (Continued)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<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)	\$ (1,641,346)	\$ (1,868,228)	\$ (3,509,574)
Adjustment to reconcile operating income to cash flows provided by operating activities:			
Depreciation	1,641,346	-	1,641,346
(Increase) decrease in assets:			
Other current assets	-	40	40
Increase (decrease) in liabilities:			
Accounts payable	-	359,907	359,907
Claims payable	-	704,217	704,217
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ (804,064)</u>	<u>\$ (804,064)</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	158-167
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	168-172
These tables contain information to help the reader assess the City’s most significant local revenue source, the property tax.	
Debt Capacity	173-179
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	180-185
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	186-189
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)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities				
Net invested in capital assets	\$ 143,798,547	\$ 141,311,511	\$ 138,868,835	\$ 136,345,185
Restricted	15,804,304	14,389,998	16,443,002	14,253,874
Unrestricted	61,671,543	64,263,573	(11,486,172)	(6,091,460)
Total governmental activities net position	<u><u>221,274,394</u></u>	<u><u>219,965,082</u></u>	<u><u>143,825,665</u></u>	<u><u>144,507,599</u></u>
Business-type activities				
Net invested in capital assets	238,797,203	232,258,907	217,624,156	226,332,226
Restricted	18,151,713	16,814,430	14,661,259	12,975,219
Unrestricted	76,551,821	80,593,174	54,698,310	56,262,159
Total business-type activities net position	<u><u>333,500,737</u></u>	<u><u>329,666,511</u></u>	<u><u>286,983,725</u></u>	<u><u>295,569,604</u></u>
Primary government				
Net invested in capital assets (1) (2)	382,595,750	373,570,418	356,492,991	362,677,411
Restricted (4)	33,956,017	31,204,428	31,104,261	27,229,093
Unrestricted (3) (5)	138,223,364	144,856,747	43,212,138	50,170,699
Total primary government net position	<u><u>\$ 554,775,131</u></u>	<u><u>\$ 549,631,593</u></u>	<u><u>\$ 430,809,390</u></u>	<u><u>\$ 440,077,203</u></u>

(1) Fiscal year 2012 net invested in capital assets has been restated due to the implementation of GASB 63 and 65.

(2) Fiscal year 2013 net invested in capital assets has been restated due to adjustment of the City's capital assets.

(3) Fiscal year 2014 unrestricted net position has been restated due to the implementation of GASB 68.

(4) Fiscal year 2016 unrestricted net position has been restated due to change in accrued interest payable.

(5) Fiscal year 2018 unrestricted net position has been restated due to the implementation of GASB 75.

(6) Fiscal year 2019 unrestricted net position has been restated due to interfund loan.

2016	2017	2018	2019	2020	2021
\$ 142,447,242	\$ 142,579,197	\$ 144,116,288	\$ 140,551,684	\$ 144,263,587	\$ 141,919,068
8,975,960	13,711,945	12,538,873	15,994,010	17,847,468	24,643,349
(4,629,276)	(9,538,921)	(3,874,746)	16,002,683	(55,735,218)	(41,919,156)
<u>146,793,926</u>	<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>
228,909,169	205,989,676	208,016,157	219,640,297	229,806,945	229,459,133
12,966,465	33,647,458	40,452,063	39,985,327	40,316,227	46,553,961
49,974,407	41,988,027	33,787,661	22,368,955	24,981,348	31,284,269
<u>291,850,041</u>	<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>
371,356,411	348,568,873	352,132,445	360,191,981	374,070,532	371,378,201
21,942,425	47,359,403	52,990,936	55,979,337	58,163,695	71,197,310
45,345,131	32,449,106	29,912,915	38,371,638	(30,753,870)	(10,634,887)
<u>\$ 438,643,967</u>	<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>

CITY OF OCALA, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses				
Governmental Activities:				
General government	\$ 21,121,585	\$ 19,281,318	\$ 19,534,066	\$ 12,098,361
Public safety	38,601,843	37,679,867	40,478,307	39,867,780
Public safety- Fire fee settlement	-	-	-	-
Physical environment	3,371,441	3,360,975	3,237,167	4,827,696
Transportation	16,209,344	13,965,893	13,795,747	16,251,420
Economic environment	1,421,490	1,307,330	1,161,368	2,145,278
Human services	295,471	24,280	16,097	2,825
Culture and recreation	5,532,341	5,277,119	6,344,312	5,982,171
Interest on long-term debt	1,901,112	1,539,021	1,081,931	768,408
Total Governmental Activities	<u>88,454,627</u>	<u>82,435,803</u>	<u>85,648,995</u>	<u>81,943,939</u>
Business-type Activities:				
Electric	131,739,257	138,811,204	139,883,927	131,540,076
Water and sewer	27,502,689	28,609,880	29,073,065	29,444,099
Sanitation	8,403,943	7,882,244	8,500,528	8,218,564
Municipal golf courses	1,838,581	1,677,306	1,713,929	1,791,935
International airport	2,133,709	2,118,046	1,559,991	1,718,391
Fiber Network	1,718,074	1,920,583	1,867,882	2,472,288
SunTran	2,723,710	3,218,583	3,064,160	3,213,971
Total Business-type Activities	<u>176,059,963</u>	<u>184,237,846</u>	<u>185,663,482</u>	<u>178,399,324</u>
Total Expenses	<u><u>264,514,590</u></u>	<u><u>266,673,649</u></u>	<u><u>271,312,477</u></u>	<u><u>260,343,263</u></u>
Program Revenues				
Governmental Activities:				
Charges for services:				
General government	11,756,605	12,120,493	12,573,121	11,976,789
Public safety	8,180,181	8,633,327	9,222,433	9,316,289
Physical environment	-	-	-	6,621
Economic environment	30,604	63,899	73,697	33,269
Culture and recreation	387,020	391,944	615,502	625,997
Operating grants and contributions	4,531,360	3,576,996	1,730,087	2,080,103
Capital grants and contributions	290,385	2,453,222	2,055,142	101,321
Total governmental activities	<u>25,176,155</u>	<u>27,239,881</u>	<u>26,269,982</u>	<u>24,140,389</u>
Business-type Activities:				
Charges for services:				
Electric	139,183,371	150,344,736	149,081,307	143,366,578
Water and sewer	26,575,860	26,228,504	26,343,265	26,665,395
Sanitation	10,049,016	10,035,141	10,226,021	10,212,366
Municipal golf courses	1,113,876	1,141,808	1,162,307	1,014,454
International airport	674,507	767,090	771,685	988,125
Fiber Network	2,437,730	2,530,414	2,709,641	3,100,306
SunTran	371,062	361,693	381,085	430,559
Operating grants and contributions	2,039,616	2,936,061	2,096,501	2,495,443
Capital grants and contributions	738,514	1,479,180	3,105,852	7,548,606
Total Business-type Activities	<u>183,183,552</u>	<u>195,824,627</u>	<u>195,877,664</u>	<u>195,821,832</u>
Total Program Revenues	<u><u>\$ 208,359,707</u></u>	<u><u>\$ 223,064,508</u></u>	<u><u>\$ 222,147,646</u></u>	<u><u>\$ 219,962,221</u></u>

	2016	2017	2018	2019	2020	2021
\$	11,597,693	\$ 15,103,102	\$ 16,541,510	\$ 14,173,067	\$ 12,539,845	\$ 12,543,745
	42,665,312	42,095,725	45,582,373	47,822,519	58,112,349	57,613,575
	-	-	-	-	80,000,000	-
	6,154,252	6,413,857	7,012,507	6,132,488	6,629,347	6,990,456
	17,375,706	18,046,664	19,400,855	20,192,533	17,937,405	16,513,398
	3,778,358	1,182,204	1,595,196	2,954,852	3,604,606	3,665,074
	5,247	5,113	17,021	-	-	-
	7,159,916	8,747,638	9,856,771	10,225,166	9,746,534	9,143,439
	2,417,186	863,436	816,261	846,853	797,420	746,729
	<u>91,153,670</u>	<u>92,457,740</u>	<u>100,822,494</u>	<u>102,347,478</u>	<u>189,367,506</u>	<u>107,216,416</u>
	136,853,553	144,857,424	139,377,776	141,562,509	134,900,874	137,572,943
	30,830,593	32,970,648	34,326,111	35,295,692	35,235,871	34,001,912
	8,933,087	9,271,356	10,932,803	11,035,028	11,648,985	11,786,769
	1,938,067	1,999,735	2,139,314	2,111,379	1,792,709	1,658,800
	1,838,267	1,829,899	1,752,284	2,118,597	1,490,607	1,518,031
	2,695,714	3,315,091	3,819,983	4,299,046	4,657,453	5,232,092
	3,059,382	3,118,029	2,929,334	3,144,422	3,227,376	3,585,371
	<u>186,148,663</u>	<u>197,362,182</u>	<u>195,277,605</u>	<u>199,566,673</u>	<u>192,953,875</u>	<u>195,355,918</u>
	<u>277,302,333</u>	<u>289,819,922</u>	<u>296,100,099</u>	<u>301,914,151</u>	<u>382,321,381</u>	<u>302,572,334</u>
	12,961,644	13,247,342	15,323,733	14,881,579	8,113,682	8,545,958
	9,401,196	9,790,569	10,339,923	10,865,438	11,052,473	9,842,226
	128	442	135,074	103,704	7,178,037	8,100,060
	61,865	103,597	-	-	54,897	56,294
	585,640	547,225	671,332	818,514	427,141	485,134
	2,429,040	3,941,191	2,093,493	4,366,727	2,193,649	2,561,616
	1,867,635	1,707,662	2,231,867	897,270	951,787	297,732
	<u>27,307,148</u>	<u>29,338,028</u>	<u>30,795,422</u>	<u>31,933,232</u>	<u>29,971,666</u>	<u>29,889,020</u>
	143,790,825	149,362,971	151,400,553	150,735,604	155,074,881	158,037,816
	28,267,876	28,841,424	29,574,011	31,065,814	31,400,930	34,340,257
	10,598,109	11,235,445	12,507,267	13,390,517	14,369,835	15,415,424
	1,227,082	1,456,241	1,442,187	1,463,600	1,276,066	1,711,086
	1,065,576	1,103,267	1,107,269	1,114,247	1,265,518	1,571,302
	3,588,651	4,095,942	5,203,224	6,782,699	7,150,454	7,885,925
	365,528	420,010	342,775	315,487	255,155	168,842
	2,027,718	2,739,807	2,964,470	2,040,475	7,466,671	3,236,285
	2,879,731	5,390,271	6,509,675	7,858,521	7,619,198	9,248,394
	<u>193,811,096</u>	<u>204,645,378</u>	<u>211,051,431</u>	<u>214,766,964</u>	<u>225,878,708</u>	<u>231,615,331</u>
\$	<u>221,118,244</u>	<u>\$ 233,983,406</u>	<u>\$ 241,846,853</u>	<u>\$ 246,700,196</u>	<u>\$ 255,850,374</u>	<u>\$ 261,504,351</u>

(Continued)

CITY OF OCALA, FLORIDA
CHANGES IN NET POSITION (continued)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Net (Expense)/Revenue:				
Governmental Activities	\$ (63,278,472)	\$ (55,195,922)	\$ (59,379,013)	\$ (57,803,550)
Business-type Activities	<u>7,123,589</u>	<u>11,586,781</u>	<u>10,214,182</u>	<u>17,422,508</u>
Total net expense	(56,154,883)	(43,609,141)	(49,164,831)	(40,381,042)
General Revenues				
Governmental Activities:				
Property taxes	21,480,323	21,305,973	21,894,229	22,160,053
Utility service tax	11,406,395	8,599,445	8,664,000	9,786,858
Other taxes	5,582,859	8,972,446	7,689,252	7,494,498
Unrestricted revenues	4,624,982	4,840,855	5,163,266	5,465,229
Investment income	2,069,520	82,061	1,061,063	1,424,026
Miscellaneous	1,226,162	1,009,236	375,033	1,339,232
Transfers	<u>11,174,530</u>	<u>11,232,009</u>	<u>14,789,361</u>	<u>10,815,588</u>
Total governmental revenues and transfers	<u>57,564,771</u>	<u>56,042,025</u>	<u>59,636,204</u>	<u>58,485,484</u>
Business-type Activities:				
Investment income	3,003,332	762,696	1,507,101	1,978,959
Transfers	<u>(11,174,530)</u>	<u>(11,232,009)</u>	<u>(14,789,361)</u>	<u>(10,815,588)</u>
Total business-type activities	<u>(8,171,198)</u>	<u>(10,469,313)</u>	<u>(13,282,260)</u>	<u>(8,836,629)</u>
Total primary government	<u><u>49,393,573</u></u>	<u><u>45,572,712</u></u>	<u><u>46,353,944</u></u>	<u><u>49,648,855</u></u>
Change in Net Position				
Governmental Activities	(5,713,701)	846,103	257,191	681,934
Business-type Activities	<u>(1,047,609)</u>	<u>1,117,468</u>	<u>(3,068,078)</u>	<u>8,585,879</u>
Total Change in Net Position	<u><u>\$ (6,761,310)</u></u>	<u><u>\$ 1,963,571</u></u>	<u><u>\$ (2,810,887)</u></u>	<u><u>\$ 9,267,813</u></u>

	2016	2017	2018	2019	2020	2021
\$	(63,846,522)	\$ (63,119,712)	\$ (70,027,072)	\$ (70,414,246)	\$ (159,395,840)	\$ (77,327,396)
	7,662,433	7,283,196	15,773,826	15,200,291	32,924,833	36,259,413
	(56,184,089)	(55,836,516)	(54,253,246)	(55,213,955)	(126,471,007)	(41,067,983)
	25,500,381	26,579,539	28,086,252	30,390,304	32,306,598	34,874,426
	9,144,899	9,083,731	9,767,251	10,373,092	9,319,912	9,319,912
	7,470,991	12,163,357	14,996,501	15,927,031	15,767,325	14,706,970
	5,917,854	6,194,657	6,428,967	6,761,150	6,315,818	6,315,818
	1,760,743	438,878	86,514	4,838,095	5,142,603	(183,469)
	853,394	654,463	1,479,744	1,101,835	733,753	1,429,765
	13,914,315	14,804,493	15,205,236	21,170,701	23,637,291	23,933,547
	64,562,577	69,919,118	76,050,465	90,562,208	93,223,300	90,396,969
	2,532,319	665,920	62,130	5,329,108	3,822,399	(133,023)
	(13,914,315)	(14,804,493)	(15,205,236)	(21,170,701)	(23,637,291)	(23,933,547)
	(11,381,996)	(14,138,573)	(15,143,106)	(15,841,593)	(19,814,892)	(24,066,570)
	53,180,581	55,780,545	60,907,359	74,720,615	73,408,408	66,330,399
	716,055	6,799,406	6,028,194	20,147,962	(66,172,540)	18,267,424
	(3,719,563)	(6,855,377)	630,720	(641,302)	13,109,941	12,192,843
\$	(3,003,508)	\$ (55,971)	\$ 6,658,914	\$ 19,506,660	\$ (53,062,599)	\$ 30,460,267

CITY OF OCALA, FLORIDA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund				
Nonspendable	\$ 357,305	\$ 312,239	\$ 356,272	\$ 269,708
Restricted	2,698,762	2,250,114	2,244,478	2,247,645
Committed	2,231,685	2,075,156	2,111,603	2,150,167
Assigned	18,439,496	19,470,337	21,092,119	25,530,135
Unassigned	15,196,270	17,366,628	17,566,179	15,535,866
Total general fund	<u>38,923,518</u>	<u>41,474,474</u>	<u>43,370,651</u>	<u>45,733,521</u>
CRA fund				
Restricted	3,685,413	3,854,480	4,054,507	4,251,696
Total CRA fund	<u>3,685,413</u>	<u>3,854,480</u>	<u>4,054,507</u>	<u>4,251,696</u>
All other governmental funds				
Nonspendable	-	-	-	-
Restricted	13,856,726	11,466,604	12,696,455	8,789,576
Committed	5,344,244	5,825,062	5,235,565	5,830,170
Total all other governmental funds	<u>\$ 19,200,970</u>	<u>\$ 17,291,666</u>	<u>\$ 17,932,020</u>	<u>\$ 14,619,746</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 545,193	\$ 1,147,780	\$ 818,773	\$ 2,299,121	\$ 2,827,844	\$ 3,525,048
1,097,701	1,573,949	1,999,031	2,362,000	2,588,494	2,748,786
1,521,527	1,545,781	1,825,787	2,954,841	3,910,065	2,872,695
20,553,148	14,105,173	15,712,693	22,362,272	26,139,813	35,126,233
17,096,287	18,645,544	19,067,511	21,801,107	20,587,032	22,699,503
<u>40,813,856</u>	<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>
1,678,833	1,824,463	2,394,248	2,855,528	3,123,102	979,557
<u>1,678,833</u>	<u>1,824,463</u>	<u>2,394,248</u>	<u>2,855,528</u>	<u>3,123,102</u>	<u>979,557</u>
-	-	62,293	66,547	950	6,354
6,574,272	10,783,703	8,521,664	11,133,200	12,466,884	21,220,672
5,397,900	5,187,862	4,603,096	5,342,040	6,538,710	8,699,554
<u>\$ 11,972,172</u>	<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>

CITY OF OCALA, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues:				
Property tax	\$ 21,480,323	\$ 21,305,973	\$ 21,894,229	\$ 22,160,053
Utility service tax	11,406,395	8,599,445	8,664,000	9,786,858
Communication service tax		3,284,777	2,950,539	2,695,896
Local option gas tax	5,582,859	4,742,861	3,848,278	3,866,844
Other tax	-	944,808	890,435	931,758
Infrastructure Sales Surtax	-	-	-	-
State revenue sharing	4,624,982	4,840,855	5,163,266	5,465,229
Other intergovernmental revenue	3,617,375	4,721,562	4,015,546	2,485,782
Licenses, permits and fees	1,968,607	1,961,915	2,322,118	2,263,047
Fines and forfeitures	551,217	525,780	662,904	795,029
Charges for services	17,834,586	18,721,968	19,269,414	18,462,867
Investment income	1,451,612	15,094	745,075	939,000
Gifts	1,204,370	70,747	113,672	72,643
Miscellaneous	1,226,162	917,713	258,860	1,304,467
Total revenues	<u>70,948,488</u>	<u>70,653,498</u>	<u>70,798,336</u>	<u>71,229,473</u>
Expenditures:				
General government	18,349,850	17,510,262	17,883,219	12,551,399
Public safety	36,171,183	36,209,453	39,180,970	41,668,300
Physical environment	2,954,633	2,959,543	3,142,876	4,181,600
Transportation	8,169,030	5,901,177	5,897,941	8,652,943
Economic environment	1,293,888	1,172,458	1,162,813	2,149,273
Human services	284,499	18,507	10,119	-
Culture and recreation	5,002,921	4,791,829	5,301,046	5,744,114
Capital outlay	7,764,972	5,498,520	5,426,673	4,590,914
Debt service				
Principal payments	3,905,000	5,280,000	765,000	2,300,000
Issuance Costs	-	-	-	143,920
Interest and fees	2,139,000	1,768,039	1,043,746	1,051,611
Total expenditures	<u>86,034,976</u>	<u>81,109,788</u>	<u>79,814,403</u>	<u>83,034,074</u>
Excess of revenues over (under) expenditures	<u>(15,086,488)</u>	<u>(10,456,290)</u>	<u>(9,016,067)</u>	<u>(11,804,601)</u>
Other financing sources (uses):				
Transfers in	16,776,990	15,802,925	16,020,763	15,532,524
Transfers out	(5,602,460)	(4,570,916)	(4,268,138)	(4,595,045)
Issuance of debt	8,405,000	7,700,000	-	21,440,000
Payment to bond escrow agent	(8,365,000)	(7,665,000)	-	(21,325,093)
Total other financing sources (uses)	11,214,530	11,267,009	11,752,625	11,052,386
Net change in fund balances	<u>\$ (3,871,958)</u>	<u>\$ 810,719</u>	<u>\$ 2,736,558</u>	<u>\$ (752,215)</u>
Debt service as a percentage of noncapital expenditures	7.72%	9.32%	2.43%	4.27%

2016	2017	2018	2019	2020	2021
\$ 25,500,381	\$ 26,579,539	\$ 28,086,252	\$ 30,390,304	\$ 32,306,598	\$ 34,874,426
9,144,899	9,083,731	9,767,251	10,373,092	9,319,912	10,179,971
2,643,849	2,467,314	2,543,312	2,557,723	2,437,867	2,713,821
3,453,019	3,523,965	3,557,305	3,713,340	3,585,041	3,809,521
1,374,123	1,391,683	1,519,756	1,524,808	8,142,311	9,271,128
-	4,780,395	7,376,128	8,131,160	1,602,106	1,626,321
5,917,854	6,194,657	6,428,967	6,761,150	6,315,818	7,939,789
4,286,325	5,648,852	4,427,716	5,344,740	3,065,761	2,893,433
2,306,800	2,860,444	3,828,575	3,254,885	3,048,184	3,075,675
544,354	790,722	1,212,005	488,023	799,415	414,781
20,169,669	20,038,009	21,327,125	22,845,586	23,058,307	23,505,131
1,223,380	275,234	59,281	3,319,355	3,574,849	(139,785)
-	-	-	-	-	-
789,782	737,810	1,705,551	1,113,517	1,508,208	1,431,298
<u>77,354,435</u>	<u>84,372,355</u>	<u>91,839,224</u>	<u>99,817,683</u>	<u>98,764,377</u>	<u>101,595,510</u>
11,709,642	14,998,495	16,494,605	14,097,158	12,108,761	12,234,823
43,252,530	43,692,227	47,376,895	49,563,254	56,187,681	56,710,296
4,992,613	5,065,131	5,920,590	5,088,532	5,101,065	4,883,834
9,853,517	10,307,913	12,041,985	12,220,874	9,275,080	8,040,624
3,746,782	1,225,350	1,498,538	2,954,396	3,573,962	3,674,463
-	-	-	-	-	-
6,659,803	8,112,809	9,206,055	9,731,547	8,965,184	8,318,670
12,397,566	7,189,104	12,621,118	9,031,688	17,631,768	9,482,577
2,340,000	2,380,000	2,405,000	2,625,000	1,910,000	1,955,000
-	-	-	-	-	-
640,869	783,863	755,634	731,799	686,740	636,679
<u>95,593,322</u>	<u>93,754,892</u>	<u>108,320,420</u>	<u>106,044,248</u>	<u>115,440,241</u>	<u>105,936,966</u>
(18,238,887)	(9,382,537)	(16,481,196)	(6,226,565)	(16,675,864)	(4,341,456)
14,284,779	19,091,037	21,004,954	27,361,341	28,098,024	28,356,280
(6,185,994)	(9,359,106)	(4,332,917)	(4,583,216)	(4,415,922)	(4,319,316)
-	-	-	-	-	-
-	-	-	-	-	-
8,098,785	9,731,931	16,672,037	22,778,125	23,682,102	24,036,964
<u>\$ (10,140,102)</u>	<u>\$ 349,394</u>	<u>\$ 190,841</u>	<u>\$ 16,551,560</u>	<u>\$ 7,006,238</u>	<u>\$ 19,695,508</u>
3.58%	3.65%	3.30%	3.46%	2.65%	2.69%

**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
2012	\$ 1,968,142,445	\$ 1,169,047,884	\$ 417,870,693	\$ 78,020,561	\$ 288,016,230	\$ 463,576,509
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

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
\$	177,245,591	\$ 4,561,919,913	\$ 500,461,641	\$ 1,372,659,330	\$ 3,689,722,224	5.933	\$ 3,768,868,462	97.90%
	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%

**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⁾	Direct	Overlapping			Water Mgmt Districts	Total
	City	County	School			
2012	5.93	3.89	7.71	0.33	17.86	
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	

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	2021			2012		
	Taxable Assessed Valuation Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percent of Total Taxable Assessed Value
Marion Community Hospital	\$ 102,921,299	1	1.39%	\$ 45,856,814	3	1.24%
Fedex Ground package System Inc	81,144,571	2	1.10%	-	-	-
Cardinal LG Company	78,546,087	3	1.06%	35,524,006	4	0.96%
655 West 52 Avenue LLC	58,513,531	4	0.79%	-	-	-
McLane Ocala LLC	48,459,542	5	0.66%			
Paddock Mall Associates	48,380,364	6	0.66%	24,454,092	8	0.66%
Carlton Arms Apartments	45,885,013	7	0.62%	-	-	-
Ocala Multifamily Partners LLC	44,542,644	8	0.60%	-	-	-
Northland and Heathbrook LLC	43,348,681	9	0.59%	-	-	-
West Shore Deerwood LLC	37,043,788	10	0.50%	-	-	-
K-Mart Corporation	-	-	-	54,292,265	1	1.47%
Embarq	-	-	-	47,710,838	2	1.29%
The Ocala Shoppes LLC	-	-	-	35,210,362	5	0.95%
Wal-Mart	-	-	-	34,699,715	6	0.94%
Closetmaid Corporation	-	-	-	29,163,691	7	0.79%
Morgan Ocala Center	-	-	-	19,770,090	9	0.54%
Cheney Brothers Inc.	-	-	-	17,606,180	10	0.48%
Total	<u>\$ 588,785,520</u>		<u>7.97%</u>	<u>\$ 344,288,053</u>		<u>9.32%</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
2012	\$ 21,891,859	\$ 20,865,755	95.31%	\$ 133,400	\$ 20,999,155	95.92%
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%

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	Optional Gas Tax Bonds	Capital Lease	Total	Utility Systems Revenue Bonds	Total			
2012	\$ 38,230	\$ 2,720	\$ 3,151	\$ 44,101	\$ 154,380	\$ 154,380	\$ 198,481	11.08%	\$ 3,480
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	-	-	20,925	107,410	107,410	128,335	4.54%	2,029

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, 2012-2021.

**CITY OF OCALA, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1)
SEPTEMBER 30, 2021**

<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	\$ -	26.20%	\$ -
Total Overlapping Debt			-
The City's total direct debt			<u>20,925,000</u>
Total direct and overlapping debt			<u><u>\$ 20,925,000</u></u>

(1) The City of Ocala had no outstanding general obligation debt during the fiscal year ended September 30, 2021.

(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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Assessed Value (100% at market as of January 1, 2020)	<u>\$ 3,689,722,224</u>	<u>\$ 3,543,221,693</u>	<u>\$ 3,565,587,027</u>	<u>\$ 3,671,502,621</u>
Debt Limit: 20% of Assessed Value	737,944,445	708,644,339	713,117,405	734,300,524
Amount of General Obligation Debt Outstanding	-	-	-	-
Legal Debt Margin	<u>\$ 737,944,445</u>	<u>\$ 708,644,339</u>	<u>\$ 713,117,405</u>	<u>\$ 734,300,524</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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>\$ 3,944,515,628</u>	<u>\$ 4,094,928,360</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>
788,903,126	818,985,672	871,153,017	920,895,301	983,660,523	1,064,213,410
-	-	-	-	-	-
<u>\$ 788,903,126</u>	<u>\$ 818,985,672</u>	<u>\$ 871,153,017</u>	<u>\$ 920,895,301</u>	<u>\$ 983,660,523</u>	<u>\$ 1,064,213,410</u>

**CITY OF OCALA, FLORIDA
PLEGDED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Capital Improvement Bonds and Certificates:				
Net revenue available for debt service	\$ 8,241,933	\$ 8,167,557	\$ 8,261,105	\$ 8,333,770
Debt Service payments:				
Principal	1,490,000	2,560,000	765,000	2,300,000
Interest	1,791,234	1,701,799	1,043,246	1,088,305
Total debt service payments	<u>\$ 3,281,234</u>	<u>\$ 4,261,799</u>	<u>\$ 1,808,246</u>	<u>\$ 3,388,305</u>
Coverage (times)	2.51	1.92	4.57	2.46
Optional Gas Tax Bonds:				
Net revenue available for debt service	\$ 2,547,557	\$ 2,471,488	\$ -	\$ -
Debt Service payments:				
Principal	1,740,000	2,720,000	-	-
Interest	123,105	63,290	-	-
Total debt service payments	<u>\$ 1,863,105</u>	<u>\$ 2,783,290</u>	<u>\$ -</u>	<u>\$ -</u>
Coverage (times)	1.37	0.89	N/A	N/A
Electric System Bonds:				
Gross revenues	\$ 140,511,811	\$ 150,413,508	\$ 149,817,925	\$ 144,341,225
Less: operating expenses	122,286,613	128,161,245	129,528,370	121,428,949
Net revenue available for debt service	<u>18,225,198</u>	<u>22,252,263</u>	<u>20,289,555</u>	<u>22,912,276</u>
Water & Sewer Bonds:				
Gross revenues	\$ 27,994,759	\$ 26,291,964	\$ 26,974,511	\$ 27,477,111
Less: operating expenses	13,708,115	14,441,410	14,908,787	15,383,110
Net revenue available for debt service	<u>14,286,644</u>	<u>11,850,554</u>	<u>12,065,724</u>	<u>12,094,001</u>
Debt Service payments:				
Principal	-	-	-	-
Interest	145,495	-	-	-
Total debt service payments	<u>\$ 145,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Coverage (times)	98.19	N/A	N/A	N/A
Utility System Bonds:				
Net revenue available for debt service	\$ 32,366,347	\$ 34,102,817	\$ 32,355,279	\$ 35,006,277
Debt Service payments:				
Principal	1,670,000	5,095,000	5,245,000	5,360,000
Interest	6,758,853	6,880,763	6,763,874	6,146,150
Total debt service payments	<u>\$ 8,428,853</u>	<u>\$ 11,975,763</u>	<u>\$ 12,008,874</u>	<u>\$ 11,506,150</u>
Coverage (times)	3.84	2.85	2.69	3.04

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 8,359,167	\$ 8,271,340	\$ 8,682,982	\$ 8,662,889	\$ 8,238,069	\$ 9,856,947
2,340,000	2,380,000	2,405,000	2,625,000	1,910,000	1,955,000
639,269	783,309	755,634	731,798	686,741	636,679
<u>\$ 2,979,269</u>	<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>
2.81	2.61	2.75	2.58	3.17	3.80
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
N/A	N/A	N/A	N/A	N/A	N/A
\$ 145,415,283	\$ 149,789,455	\$ 151,438,543	\$ 154,082,760	\$ 157,341,827	\$ 157,704,984
126,925,324	134,847,261	129,812,504	130,967,706	123,859,220	126,386,440
<u>18,489,959</u>	<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>
\$ 28,907,441	\$ 29,008,377	\$ 29,580,210	\$ 32,378,191	\$ 32,339,993	\$ 33,883,410
17,069,840	19,278,182	21,072,860	21,841,494	21,915,827	20,663,551
<u>11,837,601</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
N/A	N/A	N/A	N/A	N/A	N/A
\$ 30,327,560	\$ 24,672,389	\$ 30,133,389	\$ 33,651,751	\$ 43,906,773	\$ 44,538,403
5,485,000	6,265,000	6,375,000	6,730,000	7,030,000	7,235,000
3,787,146	4,507,063	3,839,465	3,921,634	3,879,227	3,636,830
<u>\$ 9,272,146</u>	<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>
3.27	2.29	2.95	3.16	4.02	4.10

**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⁾
2012	57,041	\$ 1,836,528,091	\$ 32,197	\$ 49,414	9.8%
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	2,221,667,745	37,201	54,543	5.9%
2017	59,668	2,319,621,270	38,875	55,907	4.8%
2018	60,042	2,439,197,925	40,625	57,305	4.1%
2019	61,549	2,612,938,472	42,453	58,737	3.5%
2020	62,023	2,751,548,938	44,363	60,206	5.3%
2021	63,250	2,932,252,012	46,360	61,711	5.3%

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, 2021			September 30, 2012		
	Total Employees	Rank	Percent of Total City/County Employment	Total Employees	Rank	Percent of Total City/County Employment
Marion County School Board	6,650	1	4.67%	6,071	1	5.12%
Munroe Regional Medical Center				2,648	2	2.23%
Ocala Health	2,712	2	1.91%			
AdventHealth Ocala ⁽¹⁾	2,648	3	1.86%			
State of Florida	2,600	4	1.83%	2,600	3	2.19%
Wal-Mart	2,583	5	1.81%	2,370	4	2.00%
Ocala Regional Medical Center and Ocala Health				1,725	5	1.45%
Lockheed Martin	1,600	6	1.12%	929	10	0.78%
Publix Supermarkets	1,488	7	1.05%	1,488	6	1.25%
Marion County Board of Commissioners	1,368	8	0.96%	1,462	7	1.23%
E-One, Inc.	1,200	9	0.84%			
City of Ocala	1,169	10	0.82%	994	9	0.84%
AT&T				1,000	8	0.84%
Total	<u>24,018</u>		<u>16.87%</u>	<u>21,287</u>		<u>17.94%</u>
Ocala MSA Labor Force			<u>142,349</u>			<u>118,655</u>

⁽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**

	2012	2013	2014
Legislative.....	6.00	6.00	6.00
Executive.....	16.00	13.75	14.00
Business and Financial Services.....	21.00	23.50	23.63
Procurement.....	-	-	-
Human Resources and Risk.....	10.00	9.00	7.00
Development Services.....	38.00	40.25	35.25
Planning.....	-	-	-
Police			
Officers.....	161.00	164.00	164.00
Civilians.....	95.00	89.50	81.50
Fire			
Firefighters and Officers.....	127.00	129.00	125.00
Civilians.....	21.00	15.00	6.00
Engineering.....	26.00	22.00	19.00
Recreation.....	66.00	64.00	53.41
Public Works.....	115.00	99.00	107.00
Fleet/Facilities.....	37.00	31.75	28.56
Airport.....	5.00	5.00	5.00
Golf.....	8.00	-	-
Water & Sewer.....	78.00	77.25	89.30
Telecommunications.....	6.00	7.00	7.00
Electric.....	165.00	155.75	153.25
Stormwater.....	-	-	-
Information & Technology.....	17.00	17.00	15.00
Community Programs.....	1.00	1.00	1.25
Total	1,019.00	969.75	941.15

Source: The City of Ocala Office of Business and Financial Services

Note: All numbers are assumed to be FTEs for all reporting categories

2015	2016	2017	2018	2019	2020	2021
6.00	6.00	6.00	8.00	8.00	8.00	8.00
14.00	18.00	23.00	16.00	16.00	15.00	16.00
26.63	28.00	30.00	30.00	18.20	16.00	16.00
-	-	-	-	8.00	10.00	12.00
8.00	9.00	9.00	10.00	12.00	12.00	13.00
36.38	40.68	44.55	43.55	47.36	52.63	57.50
-	-	1.00	2.00	2.13	1.75	1.75
151.64	147.19	155.00	165.00	157.00	178.00	192.00
96.00	103.00	103.19	102.00	106.00	108.00	114.00
129.63	128.88	130.00	130.00	130.00	133.00	136.00
4.00	4.00	4.00	4.00	4.00	4.00	4.00
19.00	19.00	30.00	40.00	41.00	42.00	41.00
63.41	58.25	71.66	74.85	81.70	80.10	94.27
101.25	102.00	110.00	116.00	102.00	103.00	103.00
22.04	36.43	39.43	39.43	38.14	36.39	38.39
5.00	5.00	5.38	5.38	5.50	5.50	5.50
-	-	-	-	-	-	-
84.70	85.40	91.10	92.10	94.15	95.00	95.00
7.00	11.00	15.00	19.00	20.00	27.00	25.00
150.55	159.80	159.00	161.00	167.29	172.04	164.04
-	-	-	-	-	-	-
14.00	12.00	21.00	22.00	19.00	21.04	21.04
1.50	1.55	2.50	2.50	1.50	-	-
940.73	975.18	1,050.81	1,082.81	1,078.97	1,120.45	1,157.49

**CITY OF OCALA, FLORIDA
SCHEDULE OF AIRPORT SUBSIDY CASH FLOW ANALYSIS
FOR THE LAST NINE FISCAL YEARS**

	<u>2013</u>	<u>2014</u>	<u>2015</u>
City Leases at Airport:			
Sports Complex Lease	\$ 132,512	\$ 132,512	\$ 160,960
Total Value of City Leases	<u>132,512</u>	<u>132,512</u>	<u>160,960</u>
City Leases	<u>132,512</u>	<u>132,512</u>	<u>160,960</u>
Net Subsidy	<u>\$ 132,512</u>	<u>\$ 132,512</u>	<u>\$ 160,960</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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>TOTAL</u>
<u>\$ 165,760</u>	<u>\$ 165,788</u>	<u>\$ 165,788</u>	<u>\$ 151,972</u>	<u>\$ 179,604</u>	<u>\$ 165,788</u>	<u>\$ 1,420,684</u>
<u>165,760</u>	<u>165,788</u>	<u>165,788</u>	<u>151,972</u>	<u>179,604</u>	<u>165,788</u>	<u>1,420,684</u>
<u>165,760</u>	<u>165,788</u>	<u>165,788</u>	<u>151,972</u>	<u>179,604</u>	<u>165,788</u>	<u>1,420,684</u>
<u>\$ 165,760</u>	<u>\$ 165,788</u>	<u>\$ 165,788</u>	<u>\$ 151,972</u>	<u>\$ 179,604</u>	<u>\$ 165,788</u>	<u>\$ 1,420,684</u>

**CITY OF OCALA, FLORIDA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police				
Number of calls for service	233,500	239,167	233,516	272,552
Traffic citations issued	12,841	11,887	14,114	12,210
Cases investigated	5,825	6,099	7,208	10,010
Arrests	2,804	2,959	3,105	2,766
Fire				
Number of calls for service	11,192	19,802	17,309	19,238
Fires reported	238	178	262	238
Inspections	2,038	2,469	2,816	2,595
Building Permits				
Building permits issued	1,526	1,616	1,630	1,738
Value of permits issued (in thousands)	\$ 79,351,004	\$ 68,726,914	\$ 169,265,866	\$ 111,252,423
New Construction - Units and Value:				
Commercial - Number of Units	54	31	41	49
Commercial - Value	\$ 36,029,542	\$ 11,551,770	\$ 76,095,142	\$ 10,050,568
Residential - Number of Units	31	76	81	121
Residential - Value	\$ 4,652,855	\$ 17,730,674	\$ 22,875,600	\$ 29,516,113
Streets and Drainage				
Street Resurfacing (miles)	-	2.50	4.60	9.77
Potholes repaired	463	566	745	1,345
Parks and Recreation				
Athletic field permits issued	79	116	83	177
Participants using the pools	25,450	26,130	39,733	28,705
Golf rounds	83,607	83,612	81,746	73,580
Fleet Maintenance				
Vehicles owned by the City	1,207	1,213	1,223	1,274
Percent maintained by Fleet	58	40	51	96
Preventive maintenance completed	1,069	854	1,255	693
Solid Waste				
Number of customers	15,022	15,312	15,236	15,486
Residential refuse collected (in tons)	16,086	14,655	15,079	15,154
Residential recyclables collected (in tons)	2,323	3,788	3,925	3,777
Commercial refuse collected (in tons)	34,448	35,902	37,289	38,052
Electric				
Avg. Number of active customers	50,552	50,769	48,834	49,439
Avg. Monthly Consumption (in KWH)	1,956	1,954	2,037	2,086
Water				
Number of customers	23,386	23,699	23,250	23,353
Max. daily plant capacity (in gallons)	24,420	24,420	24,420	24,420
Avg. monthly consumption	14,212	10,419	10,455	10,726
Wastewater				
Number of customers	27,909	28,429	27,509	26,880
Sanitary/Storm Mains Cleaned (ft.)	152,797	156,398	16,029	29,887

Source: The City of Ocala

2016	2017	2018	2019	2020	2021
249,085	251,326	233,126	228,145	225,235	218,313
12,306	13,139	9,926	9,712	8,683	7,506
5,672	4,756	16,351	16,843	15,935	14,171
3,398	4,028	2,905	3,198	3,442	2,737
24,358	21,369	17,519	17,521	19,484	23,854
337	306	296	284	321	311
2,416	2,565	2,430	2,027	3,228	4973
1,840	2,030	2,431	2,261	2,300	2,062
\$ 82,956,019	\$ 285,787,964	\$ 329,979,238	\$ 24,841,520	\$ 229,165,345	\$ 60,013,483
28	54	56	67	33	30
\$ 14,365,711	\$ 98,543,017	\$ 116,455,447	\$ 84,174,057	\$ 74,036,715	\$ 58,647,477
91	208	257	213	342	210
\$ 17,725,394	\$ 56,686,440	\$ 80,145,118	\$ 67,461,125	\$ 79,120,062	\$ 43,413,908
19	11	6	54.75	36.71	33.64
731	394	626	1,389	1,073	969
95	81	105	171	708	1,677
28,109	25,066	24,867	22,965	8,051	13,613
81,846	83,786	75,060	47,313	43,387	44,432
1,447	1,462	1,458	1,283	1,157	1,117
99	99	99	99	98	97
1,268	1,274	1,302	1,459	1,993	2,078
15,668	15,928	15,861	16,267	16,591	16,766
13,484	13,927	14,547	14,636	15,875	16,441
3,804	3,481	3,320	3,112	3,093	3,379
39,187	40,032	42,299	45,708	35,391	43,475
49,975	50,541	50,902	51,661	52,116	52,662
2,140	2,064	2,084	2,097	2,097	2,057
23,696	24,052	24,298	27,512	25,601	23,632
24,420	24,420	24,420	24,420	24,420	24,420
11,230	10,726	11,402	11,931	11,931	12,673
28,463	27,948	28,476	27,512	37,617	29,730
25,992	28,072	52,461	28,031	32,765	23,676

**CITY OF OCALA, FLORIDA
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

FUNCTION:	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Area: Land (square miles)	44.72	44.72	44.79	44.79
Miles of Streets, Sidewalks and Bike Paths				
Streets - Paved	335.00	338.00	339.35	339.70
Streets - Unpaved	3.38	3.38	3.38	3.38
Sidewalks	233.30	223.30	242.20	242.20
Bike Paths	18.62	18.62	27.30	27.30
Miles of Sewers				
Storm	285.36	277.20	277.20	280.00
Sanitary	349.76	353.45	352.68	360.30
Force Main	89.00	91.50	90.00	90.00
Water Lines	555.5	562.5	568.2	575.5
Number of Lift Stations	122	123	129	129
Fire Protection				
Stations	5	5	6	6
Employees - Sworn	127	129	129	129
Employees - Civilian	21	3	4	4
Fire and rescue response time (minutes)	5.8	6.3	6.3	6.7
Police Protection				
Stations	4	4	4	4
Employees - Sworn	161	164	164	165
Employees - Civilian	95	96	96	100
Vehicular Patrol Units - Marked Vehicles	114	124	124	126
Vehicular Patrol Units - Motorcycles	7	6	6	6
Vehicular Patrol Units - Other Vehicles	81	80	80	78
Recreation				
Land area (acres)	795	805	837	837
Activity centers	5	5	5	5
Pools	2	2	2	2
Playgrounds (not reported prior to 2004)	18	18	20	23

Source: The City of Ocala

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
44.79	46.95	46.95	46.95	46.95	46.95
398.73	374.19	357.47	358.77	358.77	357.47
2.30	2.30	1.49	1.49	1.49	1.49
242.20	242.20	244.12	245.43	246.04	177.08
27.30	53.33	55.03	55.40	55.50	35.53
283.00	283.83	290.49	293.10	294.35	296.44
379.12	373.90	380.00	380.00	395.00	362.32
96.82	96.97	97.63	97.63	99.00	94.42
589.16	539.85	589.00	589.00	598.00	563.41
132.00	132.00	134.00	137.00	137.00	137.00
6	6	6	7	7	7
130	130	130	133	136	136
4	4	4	4	4	4
6	5	6	7	5	6.25
4	4	4	4	4	3
165	165	157	178	192	194
100	102	106	108	114	121
125	135	133	145	159	169
4	9	9	9	9	6
78	78	78	79	81	91
837	837	839	839	841	841
6	6	6	6	6	6
2	2	2	2	2	2
24	24	25	25	25	25



**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 FISCAL YEAR 2021

Federal Grantor/ Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor Number	Federal Expenditures
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	\$ 120,409
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-17-0029	19,705
Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-12-0029	14,409
Covid-19 Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-12-0029	119,987
<i>Total CDBG-Entitlement Grants</i>			<u>274,510</u>
Emergency Solutions Grant Program	14.231	AA345564-583233/ESG 19-220	29,671
<i>Total Emergency Solutions Grant Program</i>			<u>29,671</u>
<i>Passed through Marion County, Florida:</i>			
HOME Investment Partnership Program	14.239	MC-16-DC-16-0232	\$ 128,467
HOME Investment Partnership Program	14.239	MC-17-DC-17-0232	149,014
HOME Investment Partnership Program	14.239	MC-18-DC-18-0232	34,463
<i>Total HOME Investment Partnership Program Grants</i>			<u>311,944</u>
Homeless Response System Data Performance	14.261	FL0641L4H141903	83,489
<i>Total Homeless Response System Data Performance</i>			<u>83,489</u>
Total U.S. Department of Housing and Urban Development			<u>699,614</u>
<u>U.S. Department of Justice:</u>			
Covid-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0308	93,661
<i>Total Covid-19 Coronavirus Emergency Supplemental Funding Program</i>			<u>93,661</u>
<i>Passed through State Office of Attorney General:</i>			
Crime Victim Assistance	16.575	VOCA-2020-Ocala Police Department-00594	60,541
<i>Total Crime Victim Assistance</i>			<u>60,541</u>
Bulletproof Vest Partnership Program	16.607	2018-BUBX-18092553	446
Bulletproof Vest Partnership Program	16.607	2019-BUBX-18092553	25,857
<i>Total Bulletproof Vest Partnership Program</i>			<u>26,303</u>
<i>Passed through Florida Department of Law Enforcement</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0809	330
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-DJ-BX-0124	1,337
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-JAGC-MARI-4-Y5-112	10,819
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-JAGC-MARI-6-SR-074	28,000
<i>Total Edward Byrne Memorial Justice Assistance Grant Program</i>			<u>40,486</u>
Equitable Sharing Program	16.922	FL0420100	75,310
<i>Total Equitable Sharing Program</i>			<u>75,310</u>
Total U.S. Department of Justice			<u>296,301</u>
<u>U.S. Department of Transportation:</u>			
Airport Improvement Program	20.106	3-12-0055-027-2019	2,543,505
Airport Improvement Program	20.106	3-12-0055-028-2020	32,621
Airport Improvement Program	20.106	3-12-0055-030-2021	15,991
Covid-19 Airport Improvement Program	20.106	3-12-0055-029-2021	11,333
<i>Total Airport Improvement Program</i>			<u>2,603,450</u>
<i>Passed through Florida Department of Transportation:</i>			
Highway Planning & Construction	20.205	G1B36	18,655
FM #433144-1-8404			18,655
<i>Total Highway Planning & Construction</i>			<u>18,655</u>
<i>Passed through Florida Department of Transportation:</i>			
Federal Transit Formula Grants	20.507	FL-2018-036-00	235,600
Federal Transit Formula Grants	20.507	FL-2020-019-00	90,775
Federal Transit Formula Grants	20.507	FL-2020-021-00	2,275,822
<i>Total Federal Transit Formula Grants</i>			<u>2,602,197</u>
Total U.S. Department of Transportation			<u>5,224,302</u>
<u>The Department of the Treasury</u>			
<i>Passed through Florida Housing Finance Corporation:</i>			
Covid-19 Coronavirus Relief Fund	21.019		153,659
<i>Total Coronavirus Relief Fund</i>			<u>153,659</u>
Total The Department of Treasury			<u>153,659</u>
<u>U.S. Environmental Protection Agency</u>			
Diesel Emission Reduction Act (DERA) National Grants	66.039	01D14320	466,200
<i>Total Diesel Emission Reduction Act (DERA) National Grants</i>			<u>466,200</u>
<i>Passed through Florida Department of Environmental Protection:</i>			
Nonpoint Source Implementation Grant	66.460	C9-99451519-0	63,094
Nonpoint Source Implementation Grant	66.460		158,725
Nonpoint Source Implementation Grant	66.460	C9-99451517-0	137,333
<i>Total NonPoint Source Implementation Grant</i>			<u>359,152</u>
<i>Passed through Florida Department of Environmental Protection:</i>			
Brownfields Multipurpose, Assessment, Revolving Loan Fund and Cleanup Cooperative Agreements	66.818	BF #00D71118	57,323
<i>Total Brownfields Multipurpose, Assessment, Revolving Loan Fund and Cleanup Cooperative Agreements</i>			<u>57,323</u>
Total U.S. Environmental Protection Agency			<u>882,675</u>

CITY OF OCALA, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR 2021
(CONTINUED)

Federal Grantor/ Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services			
<i>Passed through Florida Department of Health:</i>			
Injury Prevention and Control Research and State and Community Based Programs	93.136	OD2A	176,570
<i>Total Injury Prevention and Control Research and State and Community Based Programs</i>			<u>176,570</u>
Total U.S. Department of Health and Human Services			<u>176,570</u>
U.S. Department of Homeland Security			
Assistance to Firefighters Grant	97.044	EMW-2019FG-00255	411,702
<i>Total Assistance to Firefighters Grant</i>			<u>411,702</u>
Total U.S. Department of Homeland Security			<u>411,702</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS:			<u>\$ 7,844,823</u>
State Grantor/ Pass-Through Grantor/Program Title	State CSFA Number	Pass-Through Grantor Number	State Expenditures
STATE FINANCIAL ASSISTANCE			
Florida Department of Environmental Protection:			
Statewide Surface Water Restoration and Wastewater Projects	37.039	NS042	13,491
<i>Total Statewide Surface Water Restoration and Wastewater Projects</i>			<u>13,491</u>
<i>Passed through St. Johns River Water Management District</i>			
Florida Springs Grant Program	37.052	LPS0030	67,032
Florida Springs Grant Program	37.052	33953	729,791
Florida Springs Grant Program	37.052	35279	284,241
<i>Total Florida Springs Grant Program</i>			<u>1,081,064</u>
Total Florida Department of Environmental Protection			<u>1,094,555</u>
Florida Housing Finance Corporation:			
State Housing Initiatives Partnership Program	40.901	SHIP	39,272
<i>Total State Housing Initiatives Partnership Program</i>			<u>39,272</u>
Total Florida Housing Finance Corporation			<u>39,272</u>
Florida Department of Financial Services:			
Fire Department Financial Assistance Grant Program	43.013	FM599	4,399
<i>Total Fire Department Financial Assistance Grant Program</i>			<u>4,399</u>
Florida Department of Financial Services:			<u>4,399</u>
Florida Department of Transportation:			
Aviation Grant Programs			
FM# 431586-2-94-01	55.004	G1W03	206,537
Aviation Grant Programs			
FM# 437031-1-94-02	55.004	G1G24	226,089
Aviation Grant Programs			
FM# 447561-1-94-01	55.004	G1012	997,626
<i>Total Aviation Grant Programs</i>			<u>1,430,252</u>
Public Transit Block Grant Program			
FM# A33304-1-84-02	55.010	A33304-1-84-02	118,059
<i>Total Public Transit Block Grant Program</i>			<u>118,059</u>
Total Florida Department of Transportation			<u>1,548,311</u>
Florida Department of Children and Families:			
<i>Passed through Marion County Florida</i>			
Homeless Grant-In-Aid Project	60.021	PPZ59	49,057
<i>total Homeless Grant-In-Aid Project</i>			<u>49,057</u>
Total Florida Department of Children and Families			<u>49,057</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE:			<u>2,735,594</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE:			<u>\$ 10,580,417</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 City of Ocala, Florida (the City) as of and for the year ended September 30, 2021, 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 25, 2022.

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 entity'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 may exist that have not been identified.

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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***

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 25, 2022
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

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 award programs and state projects for the year ended September 30, 2021. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. 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*. Those standards, the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program and State Project

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, 2021.

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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**

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project, and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's 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 or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 or state project 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 25, 2022
Ocala, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
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:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of Auditor's Report Issued on Compliance for Major Programs:	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
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State Projects

Florida Department of Transportation: Aviation Grant Programs	CFSA No. 55.004
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Dollar Threshold Used to Distinguish Between Type A and Type B Programs – Federal Programs	\$750,000
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Dollar Threshold Used to Distinguish Between Type A and Type B Programs – State Projects	\$750,000
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Auditee qualified as low-risk auditee pursuant to the Uniform Guidance?	Yes
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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, 2021, 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.

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, 2021.

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 25, 2022
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, 2021, and have issued our report thereon dated March 25, 2022.

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 25, 2022, 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, 2021, 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 \$10,000.

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

MANAGEMENT LETTER

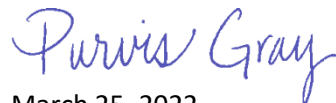
- There was no construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported.
- A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the 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, 2021.

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 25, 2022
Ocala, Florida

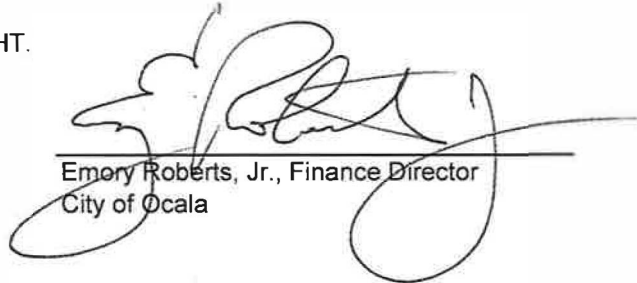


IMPACT FEE AFFIDAVIT

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 22nd day of March, 2022.



KAREN CZECHOWICZ
Commission # GG 964348
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:
March 2, 2024