

CITY OF OCALA
POLICE OFFICERS' RETIREMENT SYSTEM

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



May 21, 2024

VIA E-MAIL

Mr. Dale Adams, Plan Administrator
Ocala Police Officers' Retirement System
402 S. Pine Avenue
Ocala, FL 34471-1174

Re: City of Ocala Police Officers' Retirement System
Section 112.664, Florida Statutes Compliance

Dear Dale:

Please find enclosed the annual disclosures that satisfy the October 1, 2023 financial reporting requirements made under Section 112.664.

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


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

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, meet the requirements of Section 112.664(1), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.

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

Respectfully submitted,

Foster & Foster, Inc.

By: 

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #23-7778

Enclosures

cc via email: Bonni Jensen, Board Attorney

When reviewing the following schedules, please note the following:

- 1) The purpose of producing this report is solely to satisfy the requirements set forth by Section 112.664, Florida Statutes, and is mandatory for every Florida public pension fund, excluding the Florida Retirement System (FRS).
- 2) None of the schedules shown have any impact on the funding requirements of the Plan. These schedules are for statutory compliance purposes only.
- 3) In the schedules that follow, the columns labeled “ACTUAL” represent the final recorded GASB 67/68 results. The columns labeled “HYPOTHETICAL” illustrate what the results would have been if different assumptions were used.
- 4) It is our opinion that the Plan’s actual assumptions utilized in the October 1, 2023 Actuarial Valuation Report, as adopted by the Board of Trustees, are reasonable individually and in the aggregate, and represent our best estimate of future Plan experience.
- 5) The “Number of Years Expected Benefit Payments Sustained” calculated in Section II: Asset Sustainability should not be interpreted as the number of years the Plan has left until it is insolvent. This calculation is required by 112.664, Florida Statutes, but the numeric result is irrelevant, since in its calculation we are to assume there will be no further contributions to the Fund. As long as the Actuarially Determined Contribution is made each year the Plan will never become insolvent.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FISCAL YEAR SEPTEMBER 30, 2023

	ACTUAL	HYPOTHETICAL
Discount Rate:	7.25%	5.25%
<u>Total Pension Liability</u>		
Service Cost	2,455,497	3,931,519
Interest	7,792,189	7,164,053
Change in Excess State Money	-	-
Change in Funding Standard Account	-	-
Share Plan Allocation	-	-
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	7,145,545	9,330,154
Changes of Assumptions	-	-
Contributions - Buy Back	39,638	39,638
Benefit Payments, Including Refunds of Employee Contributions	(5,592,737)	(5,592,737)
Net Change in Total Pension Liability	11,840,132	14,872,627
Total Pension Liability - Beginning	107,819,338	135,322,997
Total Pension Liability - Ending (a)	\$ 119,659,470	\$ 150,195,624
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	2,850,400	2,850,400
Contributions - State	877,590	877,590
Contributions - Employee	1,185,777	1,185,777
Contributions - Buy Back	39,638	39,638
Net Investment Income	7,233,744	7,233,744
Benefit Payments, Including Refunds of Employee Contributions	(5,592,737)	(5,592,737)
Administrative Expenses	(105,487)	(105,487)
Other	-	-
Net Change in Plan Fiduciary Net Position	6,488,925	6,488,925
Plan Fiduciary Net Position - Beginning	77,186,078	77,186,078
Plan Fiduciary Net Position - Ending (b)	\$ 83,675,003	\$ 83,675,003
Net Pension Liability - Ending (a) - (b)	\$ 35,984,467	\$ 66,520,621

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.25%

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2023	83,675,003	-	9,381,575	-	5,726,356	80,019,784
2024	80,019,784	-	7,315,209	-	5,536,258	78,240,833
2025	78,240,833	-	7,694,340	-	5,393,541	75,940,034
2026	75,940,034	-	7,907,015	-	5,219,023	73,252,042
2027	73,252,042	-	8,056,874	-	5,018,711	70,213,879
2028	70,213,879	-	8,266,300	-	4,790,853	66,738,432
2029	66,738,432	-	8,380,988	-	4,534,726	62,892,170
2030	62,892,170	-	8,446,488	-	4,253,497	58,699,179
2031	58,699,179	-	8,476,602	-	3,948,414	54,170,991
2032	54,170,991	-	8,493,627	-	3,619,503	49,296,867
2033	49,296,867	-	8,513,213	-	3,265,419	44,049,073
2034	44,049,073	-	8,483,390	-	2,886,035	38,451,718
2035	38,451,718	-	8,438,021	-	2,481,871	32,495,568
2036	32,495,568	-	8,370,783	-	2,052,488	26,177,273
2037	26,177,273	-	8,314,416	-	1,596,455	19,459,312
2038	19,459,312	-	8,260,046	-	1,111,373	12,310,639
2039	12,310,639	-	8,174,319	-	596,202	4,732,522
2040	4,732,522	-	8,077,865	-	-	-

*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 17.59

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.25% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2
Hypothetical Assumptions: Discount Rate = 5.25%

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2023	83,675,003	-	9,381,575	-	4,146,671	78,440,099
2024	78,440,099	-	7,315,209	-	3,926,081	75,050,971
2025	75,050,971	-	7,694,340	-	3,738,200	71,094,831
2026	71,094,831	-	7,907,015	-	3,524,919	66,712,735
2027	66,712,735	-	8,056,874	-	3,290,926	61,946,787
2028	61,946,787	-	8,266,300	-	3,035,216	56,715,703
2029	56,715,703	-	8,380,988	-	2,757,573	51,092,288
2030	51,092,288	-	8,446,488	-	2,460,625	45,106,425
2031	45,106,425	-	8,476,602	-	2,145,577	38,775,400
2032	38,775,400	-	8,493,627	-	1,812,751	32,094,524
2033	32,094,524	-	8,513,213	-	1,461,491	25,042,802
2034	25,042,802	-	8,483,390	-	1,092,058	17,651,470
2035	17,651,470	-	8,438,021	-	705,204	9,918,653
2036	9,918,653	-	8,370,783	-	300,996	1,848,866
2037	1,848,866	-	8,314,416	-	-	-

*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 14.22

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.25% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2025

Valuation Date: 10/1/2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.25%	5.25%
Minimum Required Contribution (Fixed \$)	\$6,596,492	\$9,873,840
Minimum Required Contribution (% of Payroll)	44.36%	66.38%
Expected Member Contribution	1,189,805	1,189,805
Expected State Money	877,590	877,590
Expected Sponsor Contribution (Fixed \$)	\$4,529,097	\$7,806,445
Expected Sponsor Contribution (% of Payroll)	30.46%	52.48%

ASSETS

Actuarial Value ¹	92,507,219	92,507,219
Market Value ¹	83,675,003	83,675,003

LIABILITIES

Present Value of Benefits		
Actives		
Retirement Benefits	63,159,477	92,433,700
Disability Benefits	3,133,982	4,443,093
Death Benefits	182,879	252,421
Vested Benefits	4,116,019	7,069,218
Refund of Contributions	919,940	965,785
Service Retirees	49,601,782	59,659,959
DROP Retirees ¹	13,021,089	15,693,558
Beneficiaries	3,170,982	3,736,529
Disability Retirees	1,269,810	1,539,766
Terminated Vested	2,171,800	2,925,944
Share Plan Balances ¹	0	0
Total:	<u>140,747,760</u>	<u>188,719,973</u>
Present Value of Future Salaries	115,770,830	131,394,599
Present Value of Future Member Contributions	9,261,666	10,511,568
Total Normal Cost	2,443,539	3,951,057
Present Value of Future Normal Costs (Entry Age Normal)	18,384,189	34,173,969
Total Actuarial Accrued Liability (EAN) ¹	122,363,571	154,546,004
Unfunded Actuarial Accrued Liability (UAAL)	29,856,352	62,038,785

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2025

Valuation Date: 10/1/2023

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.25%	5.25%
<u>PENSION COST</u>		
Normal Cost (with interest)	2,532,117	4,054,772
Administrative Expenses (with interest)	100,994	100,019
Payment Required To Amortize UAAL (with interest)	3,963,381	5,719,049
Minimum Required Contribution	\$6,596,492	\$9,873,840

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