

January 31, 2023

VIA EMAIL

Board of Trustees
City of Ocala
Police Officers' Pension Board

RE: GASB Statements No.67 and No.68 – City of Ocala Police Officers' Retirement System

Dear Board:

We are pleased to present to the Board GASB Statements No.67 and No.68 measured as of September 30, 2022, for the City of Ocala Police Officers' Retirement System.

The calculation of the liability associated with the benefits referenced in this report was performed for the purpose of satisfying the requirements of GASB No.67 and No.68 and is not applicable for other purposes, such as determining the plan's funding requirements. A calculation of the plan's liability for other purposes may produce significantly different results.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2021. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30th, 2022, using generally accepted actuarial principles.

It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB No.67 and No.68.

Certain schedules should include a 10-year history of information. As provided for in GASB No.67 and No.68, this historical information is only presented for the last 2 years in which the information was measured in conformity with the requirements of GASB No.67 and No.68.

To the best of our knowledge, these statements are complete and accurate and are in accordance with generally recognized actuarial practices and methods. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: _____

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #20-7778

Enclosures

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2022

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Checking Account	356,647
Money Market	1,928,120
Cash	40,506
Total Cash and Equivalents	2,325,273
Receivables:	
From Broker for Investments Sold	3,917
Investment Income	110,964
Total Receivable	114,881
Investments:	
U. S. Bonds and Bills	5,101,988
Federal Agency Guaranteed Securities	4,611,530
Corporate Bonds	14,175,690
Stocks	11,663,975
Mutual Funds:	
Equity	29,668,424
Pooled/Common/Commingled Funds:	
Equity	4,633,908
Real Estate	4,965,848
Total Investments	74,821,363
Total Assets	77,261,517
<u>LIABILITIES</u>	
Payables:	
Refunds of Member Contributions	7,417
Investment Expenses	57,256
Administrative Expenses	2,016
To Broker for Investments Purchased	8,750
Total Liabilities	75,439
NET POSITION RESTRICTED FOR PENSIONS	77,186,078

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2022
Market Value Basis

ADDITIONS

Contributions:

Member	1,057,924	
Buy-Back	5,761	
City	2,990,891	
State	763,084	
Total Contributions		4,817,660
Investment Income:		
Net Increase in Fair Value of Investments	(16,745,879)	
Interest & Dividends	1,442,161	
Less Investment Expense ¹	(459,169)	
Net Investment Income		(15,762,887)
Total Additions		(10,945,227)

DEDUCTIONS

Distributions to Members:

Benefit Payments	4,996,281	
Lump Sum DROP Distributions	0	
Refunds of Member Contributions	130,936	
Total Distributions		5,127,217
Administrative Expense		89,434
Total Deductions		5,216,651
Net Increase in Net Position		(16,161,878)
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		93,347,956
End of the Year		77,186,078

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2022)

Plan Administration

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of: Two City residents appointed by the City Council, two Police Officers elected by majority of covered Members, and a fifth Member elected by other four and appointed by City Council (as a ministerial duty).

Plan Membership as of October 1, 2021:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	140
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	23
Active Plan Members	167
	<u>330</u>

Benefits Provided

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

A summary of the benefit provisions can be found in the October 1, 2021 Actuarial Valuation Report for the City of Ocala Police Officers' Retirement System prepared by Foster & Foster Actuaries and Consultants.

Contributions

Employee: 8.00% of Salary.

Premium Tax: 0.85% tax on casualty insurance premiums.

City: Remaining amount necessary for payment of Normal (current year's) cost plus any additional amount necessary to fund any past service liability as provided in Part VII of Chapter 112, Florida Statutes.

Investment Policy:

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

Asset Class	Target Allocation
Domestic Equity	37.5%
International Equity	15.0%
Bonds	25.0%
Convertibles	10.0%
Private Real Estate	7.5%
Infrastructure	5.0%
Total	<u>100.0%</u>

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

Rate of Return:

For the year ended September 30, 2022, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -16.74 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

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.

For Members not within 5 years of Normal Retirement eligibility as of November 1, 2015, the net-of-fees earnings for DROP balances established on or after November 1, 2015 is limited to a maximum of 3% and minimum of 1%.

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

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2022 were as follows:

Total Pension Liability	\$ 107,819,338
Plan Fiduciary Net Position	\$ (77,186,078)
Sponsor's Net Pension Liability	<u>\$ 30,633,260</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	71.59%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2021 updated to September 30, 2022 using the following actuarial assumptions:

Inflation	2.70%
Salary Increases	Service based
Discount Rate	7.25%
Investment Rate of Return	7.25%

Mortality Rate Healthy Active Lives:

Female: PubS.H-2010 (Below Median) for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Mortality Rate Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 for Healthy Retirees, set forward one year.

Mortality Rate Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees.

Male: PubG.H-2010 for Healthy Retirees, set back one year.

Mortality Rate Disabled Lives:

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

The most recent actuarial experience study used to review the other significant assumptions was dated May 8, 2022.

The Long-Term Expected Rate of Return on Pension Plan investments can be 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.

For 2022 the inflation rate assumption of the investment advisor was 2.50%.

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 geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2022 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return ¹
Domestic Equity	7.1%
International Equity	3.1%
Bonds	2.0%
Convertibles	6.4%
Private Real Estate	6.4%
Infrastructure	5.6%

¹ Source: Burgess Chambers

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.25 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Sponsor's Net Pension Liability	\$ 44,775,736	\$ 30,633,260	\$ 21,986,668

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 2 Fiscal Years

	09/30/2022	09/30/2021
Total Pension Liability		
Service Cost	2,110,794	2,146,200
Interest	7,560,734	7,321,459
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(1,191,428)	278,283
Changes of assumptions	3,198,090	1,043,477
Contributions - Buy Back	5,761	27,555
Benefit Payments, including Refunds of Employee Contributions	(5,127,217)	(7,486,310)
Net Change in Total Pension Liability	6,556,734	3,330,664
Total Pension Liability - Beginning	101,262,604	97,931,940
Total Pension Liability - Ending (a)	<u>\$107,819,338</u>	<u>\$101,262,604</u>
Plan Fiduciary Net Position		
Contributions - Employer	2,990,891	2,450,000
Contributions - State	763,084	683,980
Contributions - Employee	1,057,924	885,087
Contributions - Buy Back	5,761	27,555
Net Investment Income	(15,762,887)	15,961,589
Benefit Payments, including Refunds of Employee Contributions	(5,127,217)	(7,486,310)
Administrative Expense	(89,434)	(88,551)
Net Change in Plan Fiduciary Net Position	(16,161,878)	12,433,350
Plan Fiduciary Net Position - Beginning	93,347,956	80,914,606
Plan Fiduciary Net Position - Ending (b)	<u>\$ 77,186,078</u>	<u>\$ 93,347,956</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 30,633,260</u>	<u>\$ 7,914,648</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	71.59%	92.18%
Covered Payroll	\$ 13,224,044	\$ 11,063,586
Net Pension Liability as a percentage of Covered Payroll	231.65%	71.54%

Changes of assumptions:

For measurement date 09/30/2022, the following changes were made as a result of the experience study dated May 8, 2022:

- 1) Investment return assumption was reduced from 7.50% to 7.25% net of investment related expense.
- 2) Increasing the assumed salary increases rates prior to completion of one year of service and lowering the assumed rates for greater than one year of service.
- 3) Changing the retirement rates to be generally lower than previously assumed for normal retirement for service less than 25 years.
- 4) Changing the withdrawal rates to be based in service rather than age and service. The assumed rates of withdrawal were also adjusted upward for service less than six years and downward for service more than six years.

For measurement date 09/30/2021, the investment rate of return was lowered from 7.60% to 7.50% per year compounded annually, net of investment-related expenses.

SCHEDULE OF CONTRIBUTIONS

Last 2 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
09/30/2022	\$ 4,131,191	\$ 3,753,975	\$ 377,216	\$ 13,224,044	28.39%
09/30/2021	\$ 3,534,816	\$ 3,133,980	\$ 400,836	\$ 11,063,586	28.33%

Notes to Schedule

Valuation Date: 10/01/2020

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 can be found in the October 1, 2020 Actuarial Valuation for the City of Ocala Police Officers' Retirement System prepared by Foster & Foster Actuaries and Consultants.

SCHEDULE OF INVESTMENT RETURNS
Last 2 Fiscal Years

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
09/30/2022	-16.74%
09/30/2021	19.91%

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2023)

Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of: Two City residents appointed by the City Council, two Police Officers elected by majority of covered Members, and a fifth Member elected by other four and appointed by City Council (as a ministerial duty).

Each person employed by the City Police Department as a full-time Police Officer becomes a member of the System as a condition of his employment. All Police Officers are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

Plan Membership as of October 1, 2021:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	140
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	23
Active Plan Members	167
	<u>330</u>

Benefits Provided

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

A summary of the benefit provisions can be found in the October 1, 2021 Actuarial Valuation Report for the City of Ocala Police Officers' Retirement System prepared by Foster & Foster Actuaries and Consultants.

Contributions

Employee: 8.00% of Salary.

Premium Tax: 0.85% tax on casualty insurance premiums.

City: Remaining amount necessary for payment of Normal (current year's) cost plus any additional amount necessary to fund any past service liability as provided in Part VII of Chapter 112, Florida Statutes.

Net Pension Liability

The measurement date is September 30, 2022.

The measurement period for the pension expense was October 1, 2021 to September 30, 2022.

The reporting period is October 1, 2022 through September 30, 2023.

The Sponsor's Net Pension Liability was measured as of September 30, 2022.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2021 updated to September 30, 2022 using the following actuarial assumptions:

Inflation	2.70%
Salary Increases	Service based
Discount Rate	7.25%
Investment Rate of Return	7.25%

Mortality Rate Healthy Active Lives:

Female: PubS.H-2010 (Below Median) for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Mortality Rate Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 for Healthy Retirees, set forward one year.

Mortality Rate Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees.

Male: PubG.H-2010 for Healthy Retirees, set back one year.

Mortality Rate Disabled Lives:

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

The most recent actuarial experience study used to review the other significant assumptions was dated May 8, 2022.

The Long-Term Expected Rate of Return on Pension Plan investments can be 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.

For 2022 the inflation rate assumption of the investment advisor was 2.50%.

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 geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return ¹
Domestic Equity	37.5%	7.1%
International Equity	15.0%	3.1%
Bonds	25.0%	2.0%
Convertibles	10.0%	6.4%
Private Real Estate	7.5%	6.4%
Infrastructure	5.0%	5.6%
Total	100.0%	

¹ Source: Burgess Chambers

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.25 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2022	\$101,262,604	\$ 93,347,956	\$ 7,914,648
Changes for a Year:			
Service Cost	2,110,794	-	2,110,794
Interest	7,560,734	-	7,560,734
Differences between Expected and Actual Experience	(1,191,428)	-	(1,191,428)
Changes of assumptions	3,198,090	-	3,198,090
Changes of benefit terms	-	-	-
Contributions - Employer	-	2,990,891	(2,990,891)
Contributions - State	-	763,084	(763,084)
Contributions - Employee	-	1,057,924	(1,057,924)
Contributions - Buy Back	5,761	5,761	-
Net Investment Income	-	(15,762,887)	15,762,887
Benefit Payments, including Refunds of Employee Contributions	(5,127,217)	(5,127,217)	-
Administrative Expense	-	(89,434)	89,434
Net Changes	6,556,734	(16,161,878)	22,718,612
Reporting Period Ending September 30, 2023	\$107,819,338	\$ 77,186,078	\$ 30,633,260

Sensitivity of the Net Pension Liability to changes in the Discount Rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Sponsor's Net Pension Liability	\$ 44,775,736	\$ 30,633,260	\$ 21,986,668

Pension Plan Fiduciary Net Position.

Detailed information about the pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

**FINAL PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED
INFLOWS OF RESOURCES RELATED TO PENSIONS**
FISCAL YEAR SEPTEMBER 30, 2022

For the year ended September 30, 2022, the Sponsor has recognized a Pension Expense of \$1,440,838.

On September 30, 2022, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	222,628	249,907
Changes of assumptions	1,632,475	-
Net difference between Projected and Actual Earnings on Pension Plan investments	-	7,400,330
Employer and State Contributions subsequent to the measurement date	3,753,975	-
Total	<u>\$ 5,609,078</u>	<u>\$ 7,650,237</u>

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State Contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2023. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:	
2023	\$ (1,167,753)
2024	\$ (1,013,383)
2025	\$ (1,889,120)
2026	\$ (1,724,878)
2027	\$ -
Thereafter	\$ -

**PRELIMINARY PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
FISCAL YEAR SEPTEMBER 30, 2023**

For the year ended September 30, 2023, the Sponsor will recognize a Pension Expense of \$5,500,290.

On September 30, 2023, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	166,971	1,089,737
Changes of assumptions	3,621,608	-
Net difference between Projected and Actual Earnings on Pension Plan investments	12,478,321	-
Employer and State Contributions subsequent to the measurement date	TBD	-
Total	<u>TBD</u>	<u>\$ 1,089,737</u>

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State Contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2023. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:

2024	\$ 3,937,753
2025	\$ 3,062,016
2026	\$ 3,226,258
2027	\$ 4,951,136
2028	\$ -
Thereafter	\$ -

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 2 Fiscal Years

Reporting Period Ending Measurement Date	09/30/2023 09/30/2022	09/30/2022 09/30/2021
Total Pension Liability		
Service Cost	2,110,794	2,146,200
Interest	7,560,734	7,321,459
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(1,191,428)	278,283
Changes of assumptions	3,198,090	1,043,477
Contributions - Buy Back	5,761	27,555
Benefit Payments, including Refunds of Employee Contributions	(5,127,217)	(7,486,310)
Net Change in Total Pension Liability	6,556,734	3,330,664
Total Pension Liability - Beginning	101,262,604	97,931,940
Total Pension Liability - Ending (a)	<u>\$107,819,338</u>	<u>\$101,262,604</u>
Plan Fiduciary Net Position		
Contributions - Employer	2,990,891	2,450,000
Contributions - State	763,084	683,980
Contributions - Employee	1,057,924	885,087
Contributions - Buy Back	5,761	27,555
Net Investment Income	(15,762,887)	15,961,589
Benefit Payments, including Refunds of Employee Contributions	(5,127,217)	(7,486,310)
Administrative Expense	(89,434)	(88,551)
Net Change in Plan Fiduciary Net Position	(16,161,878)	12,433,350
Plan Fiduciary Net Position - Beginning	93,347,956	80,914,606
Plan Fiduciary Net Position - Ending (b)	<u>\$ 77,186,078</u>	<u>\$ 93,347,956</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 30,633,260</u>	<u>\$ 7,914,648</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	71.59%	92.18%
Covered Payroll	\$ 13,224,044	\$ 11,063,586
Net Pension Liability as a percentage of Covered Payroll	231.65%	71.54%

Changes of assumptions:

For measurement date 09/30/2021, the investment rate of return was lowered from 7.60% to 7.50% per year compounded annually, net of investment-related expenses.

SCHEDULE OF CONTRIBUTIONS

Last 2 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
09/30/2022	\$ 4,131,191	\$ 3,753,975	\$ 377,216	\$ 13,224,044	28.39%
09/30/2021	\$ 3,534,816	\$ 3,133,980	\$ 400,836	\$ 11,063,586	28.33%

Notes to Schedule

Valuation Date: 10/01/2020

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 can be found in the October 1, 2020 Actuarial Valuation for the City of Ocala Police Officers' Retirement System prepared by Foster & Foster Actuaries and Consultants.

EXPENSE DEVELOPMENT AND AMORTIZATION SCHEDULES

The following information is not required to be disclosed but is provided for informational purposes.

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2022

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 17,017,334	\$ 1,947,019	\$ 6,695,409	\$ -
Employer and State Contributions made after 09/30/2021	-	-	3,753,975	-
Total Pension Liability Factors:				
Service Cost	2,146,200	-	-	2,146,200
Interest	7,321,459	-	-	7,321,459
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	27,555	-	-	27,555
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	278,283	-	278,283	-
Current year amortization of experience difference	-	(163,830)	(414,140)	250,310
Change in assumptions about future economic or demographic factors or other inputs	1,043,477	-	1,043,477	-
Current year amortization of change in assumptions	-	(7,141)	(569,341)	562,200
Benefit Payments, including Refunds of Employee Contributions	(7,486,310)	-	-	-
Net change	<u>3,330,664</u>	<u>(170,971)</u>	<u>4,092,254</u>	<u>10,307,724</u>
Plan Fiduciary Net Position:				
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)
Projected Net Investment Income	6,015,437	-	-	(6,015,437)
Difference between projected and actual earnings on Pension Plan investments	9,946,152	9,946,152	-	-
Current year amortization	-	(2,708,893)	(681,535)	(2,027,358)
Benefit Payments, including Refunds of Employee Contributions	(7,486,310)	-	-	-
Administrative Expenses	(88,551)	-	-	88,551
Net change	<u>12,433,350</u>	<u>7,237,259</u>	<u>(3,815,515)</u>	<u>(8,866,886)</u>
Ending Balance	<u>\$ 7,914,648</u>	<u>\$ 9,013,307</u>	<u>\$ 6,972,148</u>	<u>\$ 1,440,838</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2023

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 7,914,648	\$ 9,013,307	\$ 6,972,148	\$ -
Employer and State Contributions made after 09/30/2022	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	2,110,794	-	-	2,110,794
Interest	7,560,734	-	-	7,560,734
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	5,761	-	-	5,761
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(1,191,428)	1,191,428	-	-
Current year amortization of experience difference	-	(351,598)	(55,657)	(295,941)
Change in assumptions about future economic or demographic factors or other inputs	3,198,090	-	3,198,090	-
Current year amortization of change in assumptions	-	-	(1,208,957)	1,208,957
Benefit Payments, including Refunds of Employee Contributions	(5,127,217)	-	-	-
Net change	<u>6,556,734</u>	<u>839,830</u>	<u>1,933,476</u>	<u>10,590,305</u>
Plan Fiduciary Net Position:				
Contributions - Employer	2,990,891	-	(2,990,891)	-
Contributions - State	763,084	-	(763,084)	-
Contributions - Employee	1,057,924	-	-	(1,057,924)
Contributions - Buy Back	5,761	-	-	(5,761)
Projected Net Investment Income	6,986,135	-	-	(6,986,135)
Difference between projected and actual earnings on Pension Plan investments	(22,749,022)	-	22,749,022	-
Current year amortization	-	(2,360,970)	(5,231,341)	2,870,371
Benefit Payments, including Refunds of Employee Contributions	(5,127,217)	-	-	-
Administrative Expenses	(89,434)	-	-	89,434
Net change	<u>(16,161,878)</u>	<u>(2,360,970)</u>	<u>13,763,706</u>	<u>(5,090,015)</u>
Ending Balance	<u>\$ 30,633,260</u>	<u>\$ 7,492,167</u>	<u>TBD</u>	<u>\$ 5,500,290</u>

* Employer and State Contributions subsequent to the measurement date made after September 30, 2022 but made on or before September 30, 2023 need to be added.

AMORTIZATION SCHEDULE - INVESTMENTS

Increase (Decrease) in Pension Expense Arising from the Recognition of the of Differences Between Projected and Actual Earnings on
Pension Plan Investments

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2022	2023	2024	2025	2026	2027	2028	2029	2030
2022	\$ 22,749,022	5	\$ -	\$ 4,549,806	\$ 4,549,804	\$ 4,549,804	\$ 4,549,804	\$ 4,549,804	\$ -	\$ -	\$ -
2021	\$ (9,946,152)	5	\$ (1,989,232)	\$ (1,989,230)	\$ (1,989,230)	\$ (1,989,230)	\$ (1,989,230)	\$ -	\$ -	\$ -	\$ -
2020	\$ (1,086,850)	5	\$ (217,370)	\$ (217,370)	\$ (217,370)	\$ (217,370)	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 3,407,674	5	\$ 681,535	\$ 681,535	\$ 681,535	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (771,852)	5	\$ (154,370)	\$ (154,370)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (1,739,607)	5	\$ (347,921)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (2,027,358)	\$ 2,870,371	\$ 3,024,739	\$ 2,343,204	\$ 2,560,574	\$ 4,549,804	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - CHANGES OF ASSUMPTIONS

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions

Plan Year Ending	Changes of Assumptions	Recognition Period (Years)	2022	2023	2024	2025	2026	2027	2028	2029	2030
2022	\$ 3,198,090	5	\$ -	\$ 639,618	\$ 639,618	\$ 639,618	\$ 639,618	\$ 639,618	\$ -	\$ -	\$ -
2021	\$ 1,043,477	5	\$ 208,697	\$ 208,695	\$ 208,695	\$ 208,695	\$ 208,695	\$ -	\$ -	\$ -	\$ -
2020	\$ 382,036	5	\$ 76,407	\$ 76,407	\$ 76,407	\$ 76,407	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 1,421,185	5	\$ 284,237	\$ 284,237	\$ 284,237	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (35,707)	5	\$ (7,141)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 562,200	\$ 1,208,957	\$ 1,208,957	\$ 924,720	\$ 848,313	\$ 639,618	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - EXPERIENCE

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience

Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	2022	2023	2024	2025	2026	2027	2028	2029	2030
2022	\$ (1,191,428)	5	\$ -	\$ (238,284)	\$ (238,286)	\$ (238,286)	\$ (238,286)	\$ (238,286)	\$ -	\$ -	\$ -
2021	\$ 278,283	5	\$ 55,655	\$ 55,657	\$ 55,657	\$ 55,657	\$ 55,657	\$ -	\$ -	\$ -	\$ -
2020	\$ (116,394)	5	\$ (23,279)	\$ (23,279)	\$ (23,279)	\$ (23,279)	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ (450,176)	5	\$ (90,035)	\$ (90,035)	\$ (90,035)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ 1,433,941	4	\$ 358,485	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (252,579)	5	\$ (50,516)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 250,310	\$ (295,941)	\$ (295,943)	\$ (205,908)	\$ (182,629)	\$ (238,286)	\$ -	\$ -	\$ -