

CITY OF OCALA
POLICE OFFICERS' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2022 VALUATION DATE



July 20, 2023

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, 2022 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.

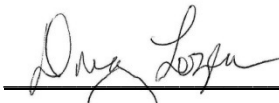
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should 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, 2022 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, 2022

	ACTUAL	HYPOTHETICAL
Discount Rate:	7.25%	5.25%
<u>Total Pension Liability</u>		
Service Cost	2,110,794	3,321,404
Interest	7,560,734	7,012,937
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(1,191,428)	(1,524,976)
Changes of Assumptions	3,198,090	4,884,942
Contributions - Buy Back	5,761	5,761
Benefit Payments, Including Refunds of Employee Contributions	(5,127,217)	(5,127,217)
Net Change in Total Pension Liability	6,556,734	8,572,851
Total Pension Liability - Beginning	101,262,604	126,750,146
Total Pension Liability - Ending (a)	\$ 107,819,338	\$ 135,322,997
<u>Plan Fiduciary Net Position</u>		
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 Expenses	(89,434)	(89,434)
Net Change in Plan Fiduciary Net Position	(16,161,878)	(16,161,878)
Plan Fiduciary Net Position - Beginning	93,347,956	93,347,956
Plan Fiduciary Net Position - Ending (b)	\$ 77,186,078	\$ 77,186,078
Net Pension Liability - Ending (a) - (b)	\$ 30,633,260	\$ 58,136,919

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
2022	77,186,078	-	8,035,934	-	5,304,688	74,454,832
2023	74,454,832	-	6,762,268	-	5,152,843	72,845,407
2024	72,845,407	-	7,142,902	-	5,022,362	70,724,867
2025	70,724,867	-	7,447,718	-	4,857,573	68,134,722
2026	68,134,722	-	7,615,583	-	4,663,702	65,182,841
2027	65,182,841	-	7,739,515	-	4,445,199	61,888,525
2028	61,888,525	-	7,917,813	-	4,199,897	58,170,609
2029	58,170,609	-	8,014,760	-	3,926,834	54,082,683
2030	54,082,683	-	8,059,037	-	3,628,854	49,652,500
2031	49,652,500	-	8,074,363	-	3,307,111	44,885,248
2032	44,885,248	-	8,042,904	-	2,962,625	39,804,969
2033	39,804,969	-	8,065,622	-	2,593,481	34,332,828
2034	34,332,828	-	7,986,410	-	2,199,623	28,546,041
2035	28,546,041	-	7,932,981	-	1,782,017	22,395,077
2036	22,395,077	-	7,855,642	-	1,338,876	15,878,311
2037	15,878,311	-	7,788,237	-	868,854	8,958,928
2038	8,958,928	-	7,720,819	-	369,643	1,607,752
2039	1,607,752	-	7,627,781	-	-	-

*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 17.21

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
2022	77,186,078	-	8,035,934	-	3,841,326	72,991,470
2023	72,991,470	-	6,762,268	-	3,654,543	69,883,745
2024	69,883,745	-	7,142,902	-	3,481,395	66,222,238
2025	66,222,238	-	7,447,718	-	3,281,165	62,055,685
2026	62,055,685	-	7,615,583	-	3,058,014	57,498,116
2027	57,498,116	-	7,739,515	-	2,815,489	52,574,090
2028	52,574,090	-	7,917,813	-	2,552,297	47,208,574
2029	47,208,574	-	8,014,760	-	2,268,063	41,461,877
2030	41,461,877	-	8,059,037	-	1,965,199	35,368,039
2031	35,368,039	-	8,074,363	-	1,644,870	28,938,546
2032	28,938,546	-	8,042,904	-	1,308,147	22,203,789
2033	22,203,789	-	8,065,622	-	953,976	15,092,143
2034	15,092,143	-	7,986,410	-	582,694	7,688,427
2035	7,688,427	-	7,932,981	-	-	-

*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 13.97

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, 2024**

Valuation Date: 10/1/2022

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.25%	5.25%
Minimum Required Contribution (Fixed \$)	\$5,833,928	\$8,993,517
Minimum Required Contribution (% of Payroll)	40.49%	62.41%
Expected Member Contribution	1,152,801	1,152,801
Expected State Money	763,084	763,084
Expected Sponsor Contribution (Fixed \$)	\$3,918,043	\$7,077,632
Expected Sponsor Contribution (% of Payroll)	27.19%	49.11%

ASSETS

Actuarial Value ¹	89,529,768	89,529,768
Market Value ¹	77,186,078	77,186,078

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	59,001,391	86,501,137
Disability Benefits	3,115,256	4,487,619
Death Benefits	176,294	242,849
Vested Benefits	3,887,013	6,660,452
Refund of Contributions	918,334	969,001
Service Retirees	48,950,315	58,984,065
DROP Retirees ¹	8,984,003	10,835,358
Beneficiaries	3,466,141	4,076,185
Disability Retirees	998,761	1,197,665
Terminated Vested	2,189,282	2,974,617
Share Plan Balances ¹	0	0
Funding Standard Account	595,648	595,648
Total:	<u>132,282,438</u>	<u>177,524,596</u>
Present Value of Future Salaries	111,071,542	126,105,134
Present Value of Future Member Contributions	8,885,723	10,088,411
Total Normal Cost	2,394,408	3,869,264
Present Value of Future Normal Costs (Entry Age Normal)	17,760,051	32,979,523
Total Actuarial Accrued Liability (EAN) ¹	114,522,387	144,545,073
Unfunded Actuarial Accrued Liability (UAAL)	24,992,619	55,015,305

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

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.25%	5.25%
<u>PENSION COST</u>		
Normal Cost (with interest)	2,481,205	3,970,832
Administrative Expenses (with interest)	92,219	91,329
Payment Required To Amortize UAAL (with interest)	3,260,504	4,931,356
Minimum Required Contribution	\$5,833,928	\$8,993,517

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2022.