



Ocala Audit Committee Agenda - Final

Tuesday, May 6, 2025

Meeting Information

Location

Ocala City Hall
110 SE Watula Avenue
Second Floor - Council Chambers
Ocala, Florida

<https://www.ocalafl.org/meetings>

Time

3:30 PM

Committee Members

Kristen Dreyer, Chairperson
Barry Mansfield
James P. Hilty Sr.
Jay A. Musleh
Ire Bethea Sr., Vice Chair

Mayor

Ben Marciano

City Manager

Peter Lee

Mission Statement

The City of Ocala provides fiscally responsible services consistent with the community's current and future expectations.

Audit Committee's Strategic Priorities

Priority 1: Economic hub
Priority 2: Fiscally sustainable
Priority 3: Engaged workforce
Priority 4: Operational excellence
Priority 5: Quality of place

WELCOME!

Citizens are encouraged to participate in City of Ocala meetings. Speaker cards should be filled out in advance and submitted to the City Clerk. Speakers will be limited to 3 (three) minutes. Additional time may be granted by the Chairperson. When recognized, state name and address. Citizen groups are asked to name a spokesperson.

The City of Ocala encourages civility in public discourse and requests that speakers limit their comments to specific motions and direct their comments to the Committee. Cell phones should be turned off or set to vibrate.

The order of agenda items may be changed if deemed appropriate by the Committee.

Citizens are encouraged to provide comments in writing to the City Clerk before meetings for inclusion into the public record. Citizens may also provide input to individual council members via office visits, phone calls, letters and e-mail that will become public record. In some instances, i.e., Quasi-Judicial Hearings, these particular contacts may be prohibited.

APPEALS

Any person who desires to appeal any decision at this meeting will need a record of the proceedings and for this purpose may need to ensure that a verbatim record of the proceedings is made that includes the testimony and evidence upon which the appeal is made.

ADA COMPLIANCE

If reasonable accommodations are needed for you to participate in this meeting, please call the City Manager's Office at 352-629-8401 at least 48 hours in advance so arrangements can be made.

1. Call To Order
2. Public Notice
3. Topics for Discussion
 - 3a. [Approve Regular Meeting Minutes for Tuesday, June 18, 2024](#)
 - 3b. [Presentation of Annual Comprehensive Financial Report \(ACFR\) for fiscal year ending September 30, 2024](#)
 - 3c. [Independent Auditor's Presentation](#)
 - 3d. [Governance Letter to Council](#)
4. Other Matters
5. Public Comments
6. Adjournment



Ocala

Legislation Text

110 SE Watula Avenue
Ocala, FL 34471

www.ocalafl.gov

File #: 2025-1242

Agenda Item #: 3a.

Submitted By: Pamela Omichinski

Presentation By: Angel Jacobs

Department: City Clerk

STAFF RECOMMENDATION (Motion Ready):

Approve Regular Meeting Minutes for Tuesday, June 18, 2024

OCALA'S RELEVANT STRATEGIC GOALS:

Operational Excellence, .

PROOF OF PUBLICATION:

n/a



Ocala

Audit Committee

Minutes

110 SE Watula Avenue
Ocala, FL 34471

www.ocalafl.gov

Tuesday, June 18, 2024

3:30 PM

1. Call To Order

Present: Ire J. Bethea Sr
Barry Mansfield
James P. Hilty Sr
Jay A. Musleh
Kristen M. Dreyer

Excused: Ben Marciano

2. Public Notice

Public Notice for the June 18, 2024 Audit Committee Regular Meeting was posted on June 11, 2024

3. Topics for Discussion

a. Approve Regular Meeting Minutes for Tuesday, May 2, 2023

RESULT: APPROVED

MOVER: James P. Hilty Sr

SECONDER: Ire J. Bethea Sr

AYE: Bethea Sr, Mansfield, Hilty Sr, Musleh and Dreyer

b. Presentation of Annual Comprehensive Financial Report (ACFR) for fiscal year ending September 30, 2023

Finance Director Emory Roberts thanked staff for their support and reviewed budget. He noted there was no management letter for the fourth consecutive year. He reviewed some financial highlights of the year: revenues for governmental activities increased \$24 million, expenses increased \$20 million; revenues for business type activities increased \$3.1 million, expenses decreased \$6.1 million; city-combined ending net position increased \$44.3 million.

c. Independent Auditor's Report

Matthew Ganoe, Purvis Gray, Independent Auditor, introduced his staff and reviewed the annual comprehensive report fiscal year ending September 30, 2023. The City is expected to receive the GFOA Excellence in Financial Reporting Award. He noted the City has received a "clean" audit report. No significant issues or material weaknesses to report.

Due to expending over \$750,000 in federal and state grants over the year, the City was subject to a Single Audit. They found no issues or errors in their audit.

He reviewed the Governance Letter, which also found no issues or errors.

Discussions with staff included management of the Electric Fund PCA, grant tracking and reporting.

There were no questions or comments from Council or the public.

d. Governance Letter to Council

4. Other Matters

5. Public Comments

6. Adjournment

3:40 pm

Kristen M. Dreyer
Chairperson

Angel B. Jacobs
City Clerk



Ocala

Legislation Text

110 SE Watula Avenue
Ocala, FL 34471

www.ocalafl.gov

File #: 2025-1243

Agenda Item #: 3b.

Submitted By: Pamela Omichinski

Presentation By: Peter Brill

Department: Utility Billing/Customer Service

STAFF RECOMMENDATION (Motion Ready):

Presentation of Annual Comprehensive Financial Report (ACFR) for fiscal year ending September 30, 2024

OCALA'S RELEVANT STRATEGIC GOALS:

Fiscally Sustainable, Operational Excellence

PROOF OF PUBLICATION:

n/a

CITY OF OCALA, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended
September 30, 2024

Prepared by:

Finance Department

Peter Brill, CGFO, MBA

Director of Finance



**CITY OF OCALA, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2024**

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March 26, 2025

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

We are pleased to present the City of Ocala's Annual Comprehensive Financial Report (ACFR) for the fiscal year ending September 30, 2024. This report fulfills the requirements outlined in Florida Statutes, Chapter 166.241, and Florida Auditor General's Rules, Chapter 10.550. The structure and content of this report, including the accompanying financial statements and statistical data, follow guidelines set by the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, the State of Florida, and the Government Finance Officers Association.

The ACFR represents management's assertion about the City's finances. Management is responsible for the accuracy and reliability of the information presented. To ensure this, we have implemented a comprehensive internal control framework aimed at safeguarding the City's assets and ensuring reliable financial reporting. While these controls are designed to provide reasonable assurance against material misstatements, it is acknowledged that achieving absolute assurance is not feasible. Nevertheless, to the best of our knowledge, this financial report is complete and materially accurate.

Purvis, Gray & Company, an independent firm of certified public accountants, has audited the City's financial statements. Their goal was to ensure that the financial statements for the fiscal year ending September 30, 2024, were free from material misstatements. After reviewing the evidence, the auditors issued an unmodified opinion, confirming that the financial statements present a true and fair view, in accordance with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section within the ACFR.

The independent audit of the City's financial statements 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 requires that management provides 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, located in north-central Florida, is the largest and the most populous city in Marion County and serves as the county seat. The City of Ocala is 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. The City of Ocala encompasses approximately 47 square miles of land and has a population that has been trending upwards for the last ten years. The City of Ocala’s current population estimate as of July 1, 2023, from [Census.gov/quickfacts](https://www.census.gov/quickfacts) was 68,426.

The City of Ocala was incorporated in 1846 and operates under a council-manager form of government. The City Council consists of six elected officials, including the Mayor and five Council members, who enact ordinances and resolutions that 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, including:

- ✓ Airport
- ✓ Community and Economic Development
- ✓ Cultural Affairs
- ✓ Electric Power
- ✓ Fiber Network
- ✓ Golf Course
- ✓ Growth Management
- ✓ Mass Transit
- ✓ Public Safety (Police & Fire Protection)
- ✓ Public Works
- ✓ Recreation and Parks
- ✓ Water and Wastewater

Additionally, the City of Ocala provides internal support services such as human resources, risk management, information technology, fleet, facilities, and financial support services which include but are not limited to accounting, financial reporting, budgeting, procurement, A/P, A/R, debt, cash and treasury management services that are vital to the city's operations.

In addition to these 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 maintains budgetary controls to ensure compliance with legal provisions outlined 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 must not exceed appropriations for each budgeted fund without Council approval. Encumbrance accounting is used to reserve the encumbered portion of the appropriation. Appropriations expire at year-end, and any outstanding encumbrances are re-appropriated as part of the subsequent year's budget.

Local Economy

The City of Ocala has become a hub for manufacturing, logistics, and distribution, and its healthcare sector is also a significant employer. The Shands Teaching Hospital and Clinic, completed in 2024, is an important addition to the healthcare landscape. The City's economy is further bolstered by the World Equestrian Center, a major contributor to the multi-billion-dollar equine industry. Furthermore, the tourism industry has a significant impact to the local economy thanks to Silver Springs, Rainbow Springs, and the Ocala National Forest.

The City's strategic economic development investments made over the past five years have yielded significant results. As of September 30, 2024, the City administered nineteen Economic Investment Program agreements, with city investments to be paid over several years based on company performance. The City estimates if all companies met their goals, they will add over 4,000 jobs and make significant capital investments in the local economy.

The Ocala Marion County Business Park, which includes major companies such as Amazon, Chewy, AutoZone, and FedEx, has grown to over 8 million square feet of distribution space. Construction will begin soon on the newest addition to the Ocala Marion County Business Park. Peak Development Partners, LLC recently completed construction of approximately 50,000 square feet of distribution and warehouse space and Averitt Express, Inc has commenced construction of a new 36,000 square foot facility. Moreover, the City approved the sale of non-aviation property adjacent to the Ocala International Airport, expected to add 2 million square feet of logistics and distribution space to the Ocala International Airport Business Park.

The City continues to administer various redevelopment agreements and lease agreements providing incentives for the redevelopment of catalytic opportunity sites identified in the Midtown Master Plan. The City continues to solicit and evaluate proposals for available catalytic opportunity sites. Small and medium-sized enterprises located within the four Community Redevelopment subareas can apply to grant programs that support certain improvements to building and properties.

The City is actively involved in the community by forming strategic partnerships to provide a business-friendly environment that supports growth. The City will continue to offer and assess economic incentives to further promote development opportunities within the city. By implementing an infill strategy of selling and donating City-owned surplus lots to developers, these partnerships will add needed affordable housing units that will provide new tax revenue.

The U.S. Environmental Protection Agency (EPA) Brownfield awarded a \$500,000 grant 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. Activities under this grant will target the elimination of blight and further redevelopment, thereby creating economic development throughout the community. The grant provides solutions for complex redevelopment challenges arising from recognized environmental conditions. As of September 30, 2024, a total of \$284,784.04 or 57% of the \$500,000 grant was spent. In the West Ocala Community Redevelopment Area, the grant is being used to prepare a Brownfields Revitalization Master Plan for the Reed Place brownfields site, and surrounding areas.

The U.S. Bureau of Labor Statistics indicates the Ocala Metropolitan Statistical Area (Ocala MSA) average annual unemployment rate increased from 3.3% in 2023 to 4.0% in 2024. The Ocala MSA average annual unemployment rate is higher than the State of Florida average of 3.2% and the United States national average of 3.9%. The unemployment rate has reverted to pre-pandemic levels, largely due to tightening monetary policies nationwide.

Financial Planning and Capital Projects

As part of the long-term financial planning process, the City developed a Capital Improvement Program (CIP) which includes a schedule of major capital improvements and their funding sources. The City Council adopts strategic plans to serve as a guide for the annual budget process, which includes performance measures to evaluate the efficiencies and effectiveness of programs and services. The plans are reviewed annually to ensure they remain relevant and responsive to the changing needs of the community.

Current and upcoming key projects are:

- Downtown Hotel, Parking Garage, Retail, and Apartments
- Annual City-wide resurfacing and sidewalk program
- Skate Park Expansion
- Fire Station # 8 Build
- Electric Systems Reliability Projects
- Water and Sanitation Sewer Main Improvements and Extensions
- Citywide Fiber Upgrade

Financial Policies and Management Practices.

The City of Ocala has adopted the following key management practices:

- **General Fund Reserve Policy** – The General Fund will maintain an operating reserve of at least 20% of planned budget expenditures.
- **Debt Management Policy** – This policy guides responsible debt issuance, ensuring the city maintains healthy credit ratings.
- **Capital Improvement Plan** – A five-year CIP is in place to plan for the city's long-term infrastructure needs.
- **Electric Rate Stabilization Reserve (ERSR)** – The city maintains a targeted reserve level of 15-25% of projected annual fuel costs for the electric utility. 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 rate.

- **Utility Fund Transfer** –Transfers to the General Fund are a percentage of budgeted operating revenues and are applied to the following utilities:
 - Electric 15%
 - Water Resources 15%
 - Fiber 15%
 - Sanitation 15%
- **Three-year Budget Model** – The City develops a three-year budget model to assist in making long-term financial decisions.

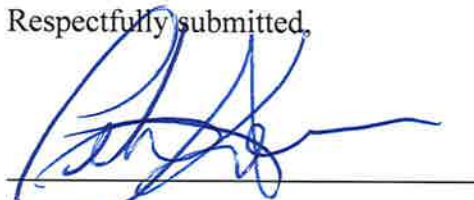
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ocala for its annual comprehensive financial report for the fiscal year ended September 30, 2023. This was the 37th consecutive year the City has received this prestigious award. To be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized Annual Comprehensive Financial Report (ACFR). This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. We extend our gratitude to the Mayor and the City Council for their unwavering support in maintaining the highest standards of financial professionalism in the City of Ocala.

Respectfully submitted,

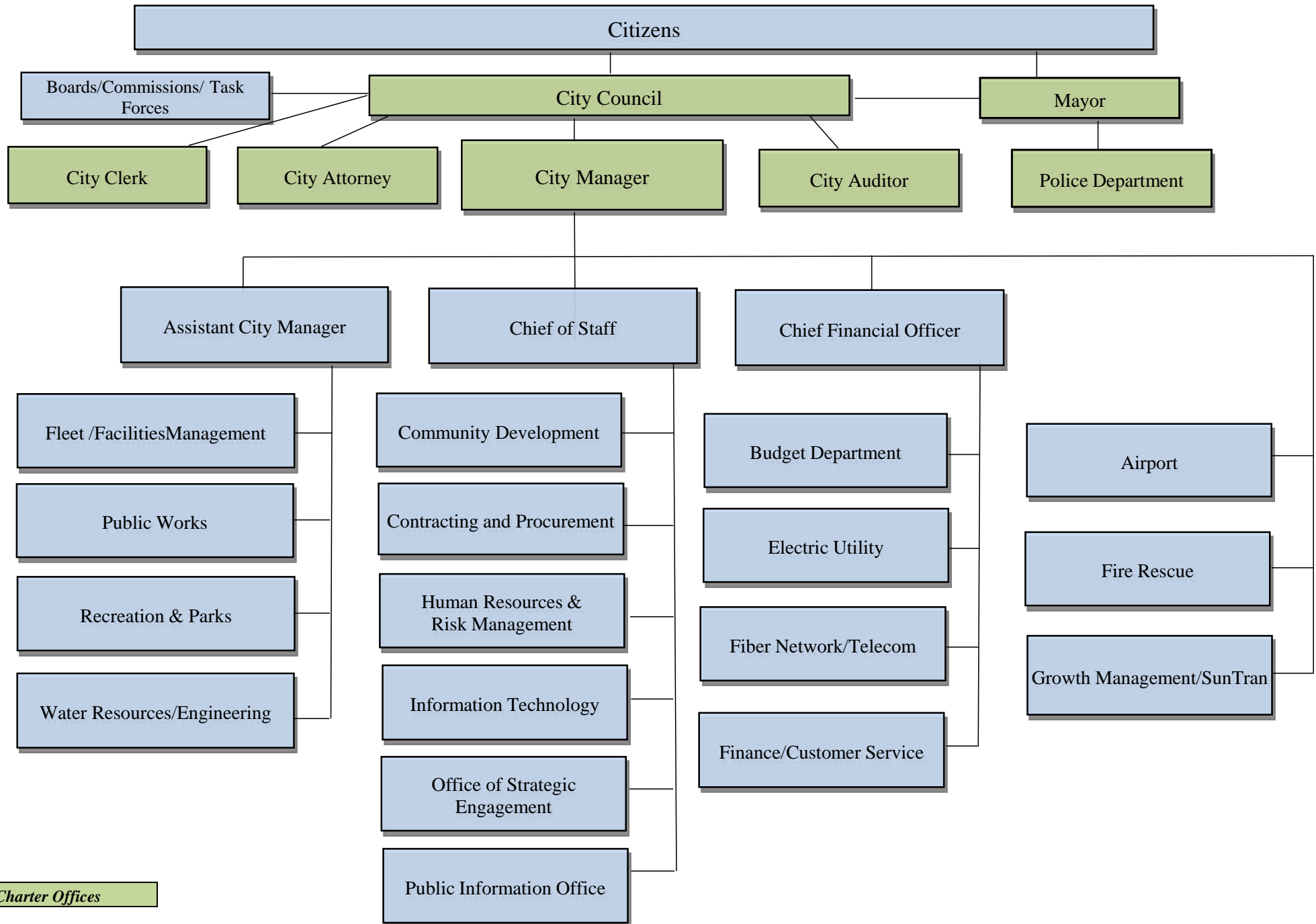


Peter A. Lee, AICP
City Manager



Peter Brill, CGFO, MBA
Director of Finance

CITY OF OCALA - Organizational Chart



Charter Offices

Revised 10/18/24

**CITY OF OCALA, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2024**

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

City Manager
City Attorney
City Clerk
Internal Auditor

Peter A. Lee
William Sexton
Angel Jacobs
Randall Bridgeman

EXECUTIVE STAFF

Assistant City Manager
Chief Financial Officer
Chief of Staff, Support Services

Ken Whitehead
Janice Mitchell
Christopher Watt

Finance Staff

Director of Finance
Accounting Manager
Fiscal Operations Manager
Fiscal Operations Manager
Senior Accountant
Accountant I
Senior Accounting Specialist
Senior Accounting Specialist
Payroll Manager
Payroll Specialist II
Payroll Specialist II
Pension Manager
Administrative Specialist III

Peter Brill
Marcella Hughes
Anthony Webber
Cathy Larson
Jessica Brown
Blanca Lagares
Sandy Parson
Tiffany McNeil
Melissa Demetropoulos
Theresa Jordan
Erica Cole
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, 2023

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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ocala, Florida (the City) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

INDEPENDENT AUDITOR'S REPORT

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

Supplementary Information

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

Other Information

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

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

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

INDEPENDENT AUDITOR'S REPORT

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of 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.

Purvis Gray

March 26, 2025
Ocala, Florida

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

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, 2024. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished on our letter of transmittal, which can be found on pages i-viii of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City, exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$576,926,735 (net position), an increase of 14.08% from the prior year. Of this amount, \$400,054,957 represents investments in capital assets (net of related debt), \$115,073,184 in restricted net position and \$61,798,594 in unrestricted net position.
- Governmental revenues and transfers-in totaled \$185,118,100 compared to \$161,742,858 in FY 2023, which is a 14.5% increase from the prior year. Expenses totaled \$150,444,849 compared to \$132,082,123 in 2023 or a 13.9% increase from the prior year. This is mostly attributable to increased costs in Public Safety and Transportation.
- At the close of the fiscal year, the City's governmental activities reported combined ending net position of \$214,819,418 as compared to the prior year \$180,146,167, an increase of \$34,673,251 or 19.3%. Of the fiscal year end net position, \$8,386,565 was unrestricted versus (\$19,852,033) the prior fiscal year. This change from last fiscal year's balance was primarily due to changes in the City's pension activities during the current year.
- The business-type activities revenue totaled \$288,414,859 as compared to \$283,363,103 for a 1.8% minimal increase over the prior year. Expenses and transfers out totaled \$251,883,779 as compared to \$269,593,178 in 2023, for a 6.6% decrease from 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, 2024**

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 in the financial statements as a nonmajor fund.

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 ten 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, which is considered to be a major fund. Data from the other nine 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, 2024**

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. The *Internal service fund* is an accounting device used to accumulate and allocate costs internally among the City's various functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 105-129 of this report.

The combining statements and budgetary comparison schedules regarding non-major governmental funds and non-major business-type funds are presented immediately following the required supplementary information. Combining and individual fund statements can be found on pages 132-153 of this report.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

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 \$576,926,735 at the close of the most recent fiscal year.

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

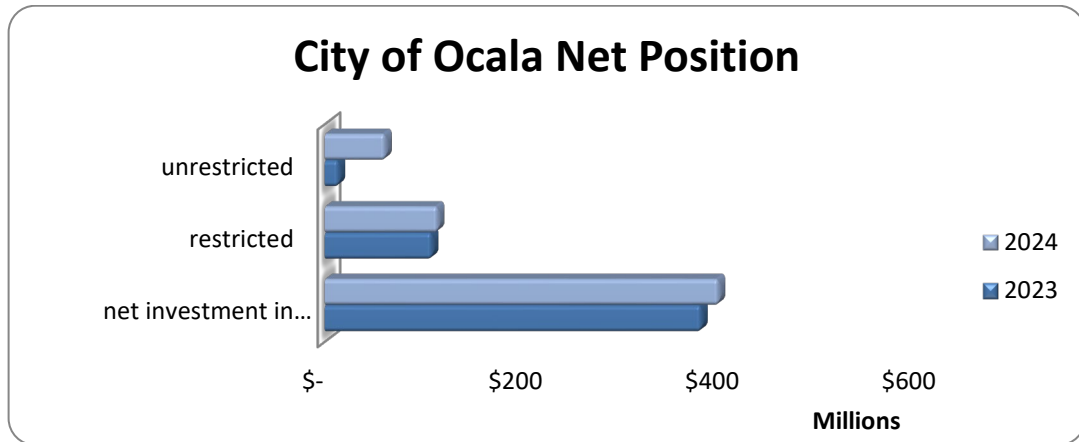
| Statement of Net Position As of September 30 | | | | | | |
|---|--------------------------------|-----------------------|----------------------------------|-----------------------|---------------------------------|-----------------------|
| | Governmental Activities | | Business -type Activities | | Total Primary Government | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Current and other assets | \$ 211,602,212 | \$ 178,463,755 | \$ 204,021,562 | \$ 164,790,545 | \$ 415,623,774 | \$ 343,254,300 |
| Capital assets (net) | 170,725,984 | 165,540,026 | 329,054,070 | 325,406,925 | 499,780,054 | 490,946,951 |
| Total Assets | 382,328,196 | 344,003,781 | 533,075,632 | 490,197,470 | 915,403,828 | 834,201,251 |
| Total deferred outflows of resources | 49,707,894 | 59,815,625 | 14,888,094 | 20,641,910 | 64,595,988 | 80,457,535 |
| Long-term liabilities outstanding | 186,002,337 | 196,045,280 | 122,812,357 | 137,048,806 | 308,814,694 | 333,094,086 |
| Other liabilities | 25,661,487 | 21,394,530 | 33,511,338 | 32,673,412 | 59,172,825 | 54,067,942 |
| Total Liabilities | 211,663,824 | 217,439,810 | 156,323,695 | 169,722,218 | 367,987,519 | 387,162,028 |
| Total deferred inflows of resources | 5,552,848 | 6,233,429 | 29,532,714 | 15,540,925 | 35,085,562 | 21,774,354 |
| Net Position: | | | | | | |
| Net investment in capital assets | 153,346,706 | 147,284,538 | 246,708,251 | 234,962,733 | 400,054,957 | 382,247,271 |
| Restricted | 53,086,147 | 52,713,662 | 61,987,037 | 56,317,228 | 115,073,184 | 109,030,890 |
| Unrestricted | 8,386,565 | (19,852,033) | 53,412,029 | 34,296,276 | 61,798,594 | 14,444,243 |
| Total Net Position | <u>\$ 214,819,418</u> | <u>\$ 180,146,167</u> | <u>\$ 362,107,317</u> | <u>\$ 325,576,237</u> | <u>\$ 576,926,735</u> | <u>\$ 505,722,404</u> |

The largest portion of the City's net position \$400,054,957 (69.3% of total net position) reflects its investment in capital assets (land, building, improvements, utility improvements and extensions, intangibles, 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, 2024**

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 2024 has a balance of \$115,073,184 or 19.9% 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 2024, the City reported an unrestricted net position of \$61,798,594 or 10.7% of total net position.



Governmental Activities. During the current fiscal year, net position for governmental activities increased \$34,673,251 from the prior fiscal year for an ending balance of \$214,819,418. This increase in the overall net position is mostly the result of \$6,795,267 increase in charges for services revenues primarily from Fire Assessments. Operating grants increased by \$4,115,786 from a FDOT grant. Property taxes increased by \$5,220,929 from increased property values and other revenues increased by \$5,514,445 from investment income over the prior 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 \$362,107,317. The total net position increased by \$36,531,080 as compared to an increase of \$13,769,925 in the prior year. This increase in net position change is attributed to a \$5,917,881 increase in other miscellaneous revenues for the gains in investment income. Expenses decreased by \$18,072,722 from the prior year mostly in the electric system, and will be discussed further in the discussion of that fund's operation.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

Statement of Activities. The City's net position for governmental activities increased by \$34,673,251 during the current fiscal year and business-type activity net position increased by \$36,531,080. The city's operations for the last two fiscal years are summarized as follows:

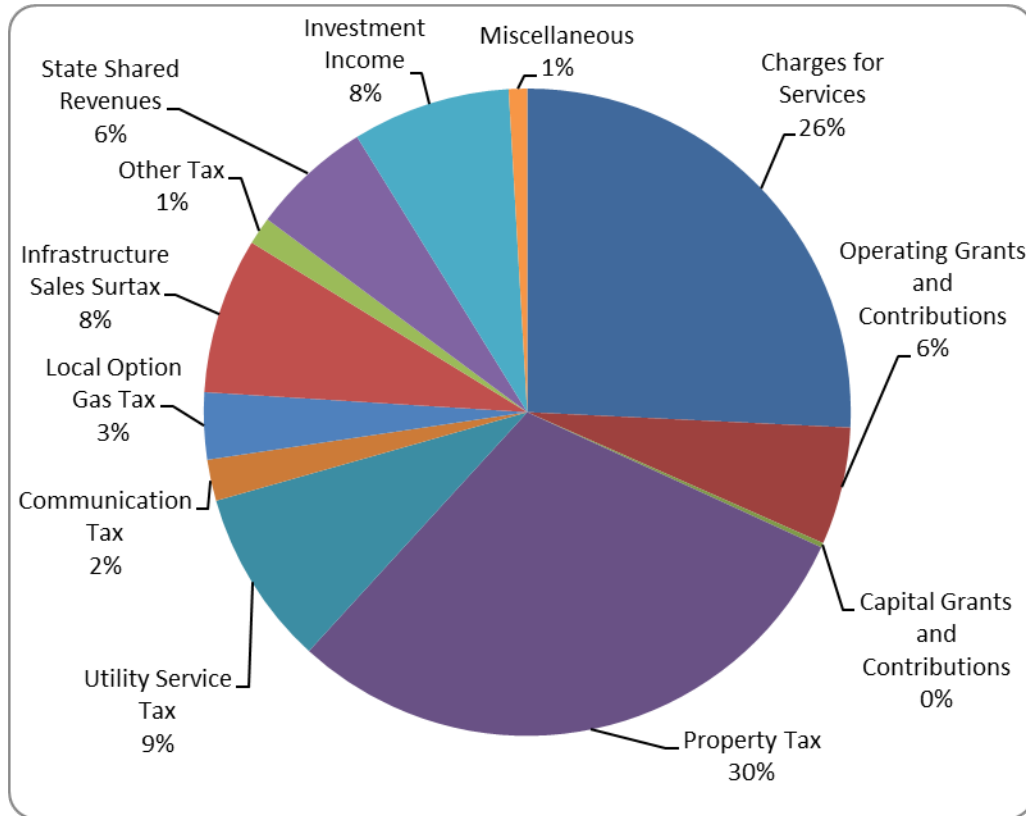
| Changes in Net Position For the Year Ended September 30 | | | | | | | |
|--|-------------------------|----------------|--------------------------|----------------|--------------------------|----------------|--|
| | Governmental Activities | | Business-type Activities | | Total Primary Government | | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | |
| Program revenues: | | | | | | | |
| Charges for services | \$ 40,508,093 | \$ 33,712,826 | \$ 262,268,471 | \$ 266,458,658 | \$ 302,776,564 | \$ 300,171,484 | |
| Operating grants and contributions | 9,231,907 | 5,116,121 | 5,825,875 | 4,205,775 | 15,057,782 | 9,321,896 | |
| Capital grants and contributions | 359,132 | 272,567 | 12,524,153 | 10,820,191 | 12,883,285 | 11,092,758 | |
| General revenues: | | | | | | | |
| Property taxes | 47,066,531 | 41,845,602 | - | - | 47,066,531 | 41,845,602 | |
| Other taxes | 36,745,440 | 35,357,734 | - | - | 36,745,440 | 35,357,734 | |
| State shared revenues | 9,477,576 | 9,586,355 | - | - | 9,477,576 | 9,586,355 | |
| Other | 13,864,406 | 8,349,961 | 7,796,360 | 1,878,479 | 21,660,766 | 10,228,440 | |
| Total Revenues | 157,253,085 | 134,241,166 | 288,414,859 | 283,363,103 | 445,667,944 | 417,604,269 | |
| Program expenses: | | | | | | | |
| General government | 13,978,720 | 14,790,497 | - | - | 13,978,720 | 14,790,497 | |
| Public safety | 84,048,367 | 73,652,568 | - | - | 84,048,367 | 73,652,568 | |
| Physical environment | 6,974,339 | 6,176,550 | - | - | 6,974,339 | 6,176,550 | |
| Transportation | 24,462,835 | 18,891,969 | - | - | 24,462,835 | 18,891,969 | |
| Economic Environment | 5,273,468 | 4,079,129 | - | - | 5,273,468 | 4,079,129 | |
| Culture and recreation | 12,663,415 | 11,303,090 | - | - | 12,663,415 | 11,303,090 | |
| Interest on long term debt | 3,043,705 | 3,188,320 | - | - | 3,043,705 | 3,188,320 | |
| Electric | - | - | 154,427,702 | 177,586,080 | 154,427,702 | 177,586,080 | |
| Water and sewer | - | - | 38,086,943 | 35,544,613 | 38,086,943 | 35,544,613 | |
| Sanitation | - | - | 13,838,634 | 13,370,420 | 13,838,634 | 13,370,420 | |
| Municipal golf courses | - | - | 2,422,756 | 2,058,892 | 2,422,756 | 2,058,892 | |
| International airport | - | - | 3,165,066 | 2,868,581 | 3,165,066 | 2,868,581 | |
| Fiber Network | - | - | 7,186,686 | 6,570,831 | 7,186,686 | 6,570,831 | |
| Suntran | - | - | 4,890,977 | 4,092,069 | 4,890,977 | 4,092,069 | |
| Total Expenses | 150,444,849 | 132,082,123 | 224,018,764 | 242,091,486 | 374,463,613 | 374,173,609 | |
| Change in net position before transfers | 6,808,236 | 2,159,043 | 64,396,095 | 41,271,617 | 71,204,331 | 43,430,660 | |
| Transfers | 27,865,015 | 27,501,692 | (27,865,015) | (27,501,692) | - | - | |
| Increase (Decrease) in net position | \$ 34,673,251 | \$ 29,660,735 | \$ 36,531,080 | \$ 13,769,925 | \$ 71,204,331 | \$ 43,430,660 | |
| Net position - beginning | 180,146,167 | 150,485,432 | 325,576,237 | 311,806,312 | 505,722,404 | 462,291,744 | |
| Net position - ending | \$ 214,819,418 | \$ 180,146,167 | \$ 362,107,317 | \$ 325,576,237 | \$ 576,926,735 | \$ 505,722,404 | |

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 governmental and business-type activities. In the prior fiscal year, positive net position balances were reported in all categories except unrestricted net position for governmental activities.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

The City's overall net position increased \$71,204,331 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



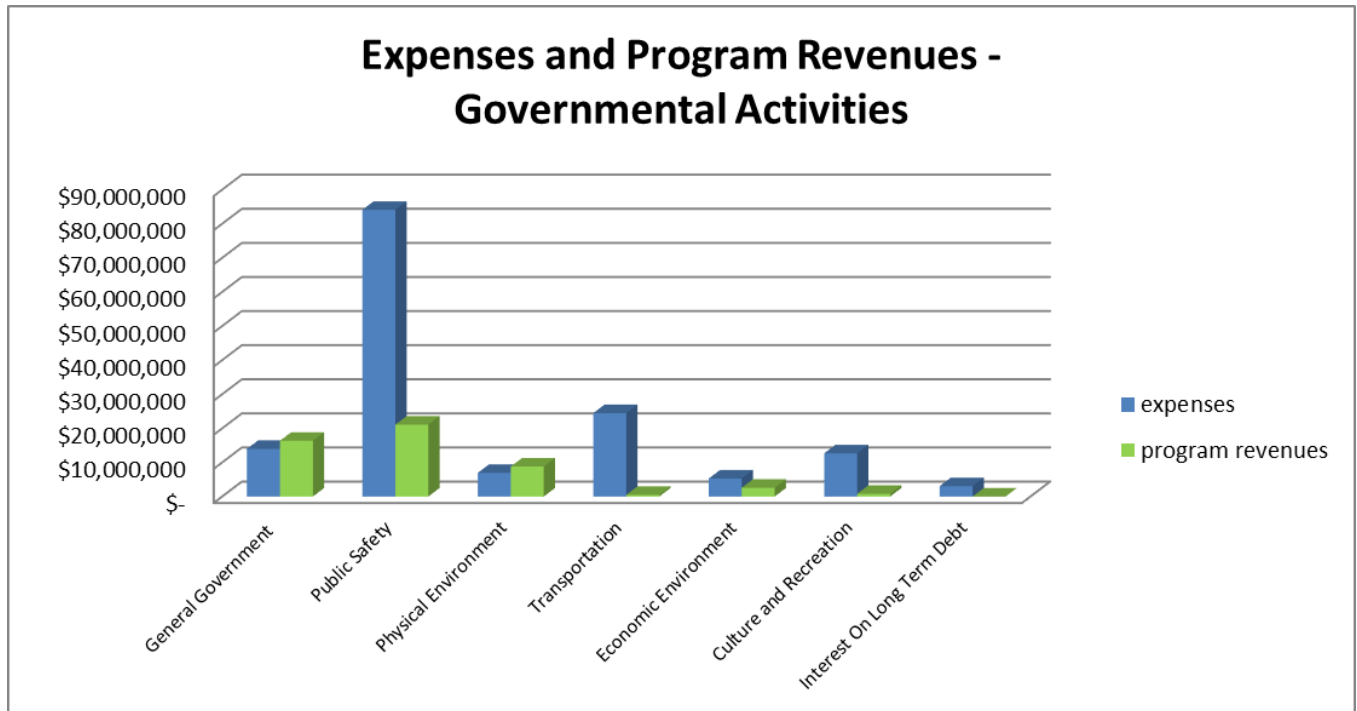
Key Elements of Revenues of Governmental Activities:

- Property taxes, which provided 30% of governmental revenues, increased by \$5,220,929 due to increased property values. In FY 2024, the City's millage rate was 6.6177 per \$1,000 of taxable property. This was the same rate for FY 2023.
- Investment income, which provided 8% of governmental revenues, increased by \$7,969,213 from the prior year due to significant improvements in the markets.
- Charges for services provided 26% of governmental revenues and totaled \$40,508,094 for FY 2024. This was an increase of 20.16% or \$6,795,267 from prior year.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

Key Element of Expenses of Governmental Activities

In FY 2024, expenses for Governmental Activities increased 13.9% to \$150,444,849. Total expenses increased by \$18,362,726 mostly due to increase in Public Safety of \$10,395,799 related to the fire fee litigation settlement and additional public safety personnel and Transportation of \$5,570,866 from major road repairs and increase in depreciation expense. As evidenced by the graph below, most of the governmental activities are not supported by program revenues.

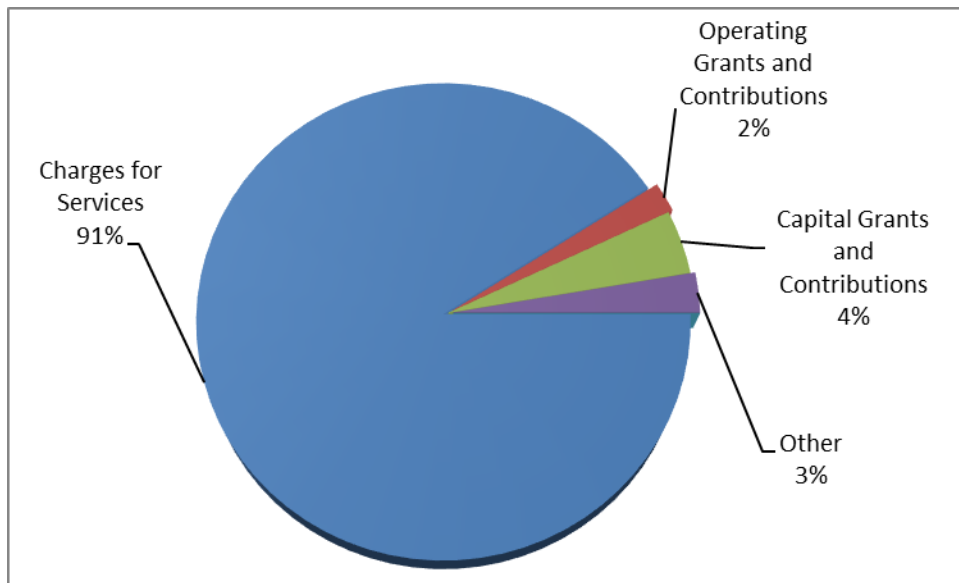


**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

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 91% 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 increased from \$13,769,925, in FY 2023 to \$36,531,080, in FY 2024.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

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

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

| | Electric | | Water and Sewer | | Sanitation | |
|-------------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Operating Revenues | \$ 183,776,059 | \$ 194,411,347 | \$ 47,617,526 | \$ 43,141,483 | \$ 16,360,911 | \$ 15,911,367 |
| Operating Expenses | 153,099,577 | 176,164,512 | 36,197,337 | 33,510,994 | 13,838,634 | 13,370,420 |
| Operating Income (Loss) | <u>\$ 30,676,482</u> | <u>\$ 18,246,835</u> | <u>\$ 11,420,189</u> | <u>\$ 9,630,489</u> | <u>\$ 2,522,277</u> | <u>\$ 2,540,947</u> |

| | Municipal Golf Course | | Ocala International Airport | | Ocala Fiber Network | |
|-------------------------|-----------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Operating Revenues | \$ 1,819,584 | \$ 1,704,801 | \$ 2,209,544 | \$ 1,927,701 | \$ 10,197,856 | \$ 9,147,913 |
| Operating Expenses | 2,422,756 | 2,058,892 | 3,165,066 | 2,868,581 | 7,182,355 | 6,564,317 |
| Operating Income (Loss) | <u>\$ (603,172)</u> | <u>\$ (354,091)</u> | <u>\$ (955,522)</u> | <u>\$ (940,880)</u> | <u>\$ 3,015,501</u> | <u>\$ 2,583,596</u> |

| | SunTran | | TOTALS | |
|-------------------------|-----------------------|-----------------------|----------------------|----------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Operating Revenues | \$ 286,991 | \$ 214,046 | \$ 262,268,471 | \$ 266,458,658 |
| Operating Expenses | 4,890,977 | 4,092,069 | 220,796,702 | 238,629,785 |
| Operating Income (Loss) | <u>\$ (4,603,986)</u> | <u>\$ (3,878,023)</u> | <u>\$ 41,471,769</u> | <u>\$ 27,828,873</u> |

Key elements of the City's business-type activities for FY 2024 are as follows:

Business-type activities had an operating income of \$41,471,769, a \$13,642,896 or 49.0% increase from the prior year. The Electric Fund accounted for the majority of this increase.

The Electric Fund operating income increased \$12,429,647 from the prior year. Operating revenues decreased by \$10,635,288 while operating expenses decreased by \$23,064,935. Electric operating expenses decreased due to the lower price of fuel that resulted in a decrease in the City's purchased electricity from FMPA.

The Water and Sewer Fund operating income remained consistent from the prior year with an increase of \$1,789,700. Operating revenues increased by \$4,476,043 due to an increase in customer accounts and a rate increase. Expenses increased by \$2,686,343 due to increased water and sewer treatment costs.

The Sanitation Fund operating loss increased by \$18,670 in FY 2024. Revenues and expenses were consistent with the prior year.

The City outsourced management operations of the Municipal Golf Course in FY 2013. In FY 2024, the operating loss increased over FY 2023 by \$249,081. Charges for services were in line with the revenues of the prior year; however, operating expenses increased by \$363,864 due to higher management costs.

The Ocala International Airport operating income decreased by \$14,642 over FY 2023. Revenues and expenses were consistent with the prior year.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

The Ocala Fiber Network (OFN) Fund had an increase in operating income of \$431,905 or 16.7%. This is primarily due to increased revenues of \$496,668 for commercial internet and \$124,966 for residential internet. The Fiber Fund customer base continued its growth from 3,390 customers in FY23 to 3,690 customers in FY24.

The City's public mass transit system, SunTran had an operating loss of \$4,603,986. This number, however, does not reflect non-operating revenue of \$3,713,694. The majority of revenue received in this fund is non-operating in nature and includes Federal, State, and Local grants. Grant revenue is recorded as the related operating expenses are incurred.

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

| Fund | Unrestricted Net Position |
|-----------------------------|----------------------------------|
| Electric | \$ 14,657,794 |
| Water and Sewer | 19,664,244 |
| Sanitation | 6,186,734 |
| Municipal Golf Course | 430,295 |
| Ocala International Airport | 1,714,616 |
| Ocala Fiber Network | 11,015,459 |
| SunTran | (257,113) |
| Total | \$ 53,412,029 |

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

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

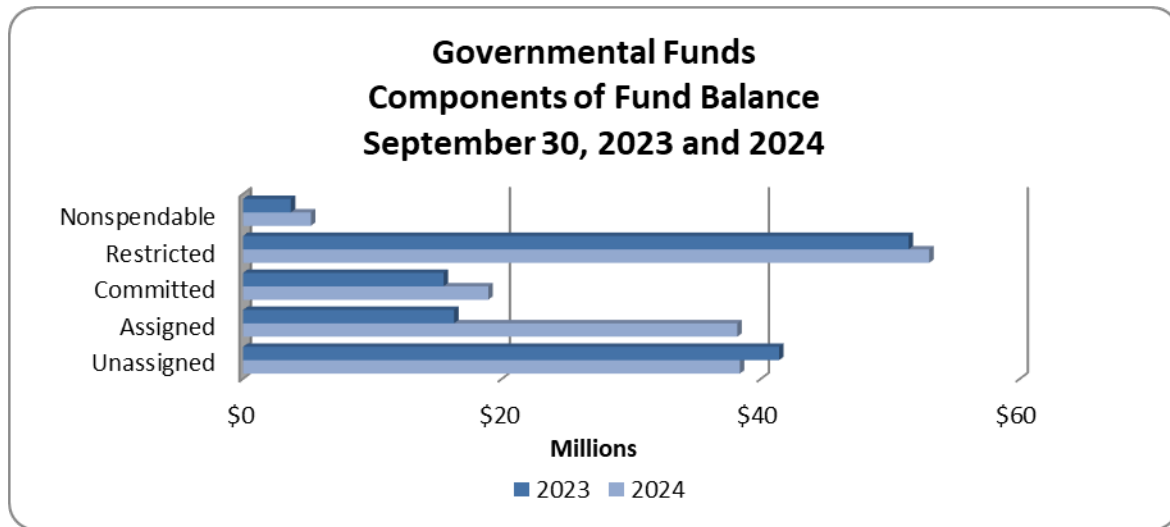
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

On September 30, 2024, the City's governmental funds reported combined fund balances of \$153,718,637, an increase of \$25,438,969 or 19.8% in comparison with the prior year. Approximately 25.0% of this amount \$38,369,999, constitutes unassigned fund balance, which is available for spending at the government's discretion. The total fund balance is made up as follows:

| Governmental Fund Balance | | |
|----------------------------------|-----------------------|-------------------|
| Fund Balances | Amount | % of Total |
| Nonspendable | 5,237,256 | 3.3% |
| Restricted | 52,999,414 | 34.5% |
| Committed | 18,941,032 | 12.3% |
| Assigned | 38,170,936 | 24.8% |
| Unassigned | 38,369,999 | 25.0% |
| Total | \$ 153,718,637 | 100.0% |

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**



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 \$40,485,021 represents 32.0% of total general fund expenditures, while total fund balance of \$89,556,810 represents 70.9% of that amount.

The net change in fund balance of the General Fund was \$19,780,898 compared to the net change of \$25,610,263 in FY23. This was due to a \$5,422,129 increase in Public Safety related to salary increases and benefits.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original General Fund budgeted expenditures, not including reserves, totaled \$171,117,871. Various budget amendments were approved by City Council. During the year, appropriations increased \$38,888,831 from the original to the final budget in the General Fund. Fiscal Year 2024 revenues were \$7,056,881 more than budgeted. This variance was caused by intergovernmental revenues lower than budget of \$6,096,882 offset by gains in utility services taxes (\$3,573,419), and investment income (\$5,468,915). Actual expenditures were \$32,224,281 less than budget. Reductions in public safety of \$6,574,131, capital outlay \$12,496,781, general government of \$4,325,847, and economic environment costs totaling \$4,886,655 all contributed to this reduction. These cost reductions were primarily a result of construction and other projects carried over into the next year.

The General Fund FY24 adopted budget increased over the final budget for the following reasons:

- Ocala Fire Rescue Grant - \$1,571,053
- Ocala Police Department Grant - \$377,193
- Grant carryforward - \$9,800,000
- Two supplemental appropriations to reserve and operating for projects - \$16,500,000

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

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

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, 2024, totaled \$499,780,054 (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 balances were adjusted due to the implementation of a new subscription software accounting standard during the fiscal year. The City's investment in capital assets increased by \$8,833,103 from FY 2023.

**CAPITAL ASSETS
(NET OF DEPRECIATION)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|--------------------------------|-----------------------|---------------------------------|-----------------------|-----------------------|-----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Land | \$ 29,857,514 | \$ 29,181,096 | \$ 20,421,314 | \$ 20,803,110 | \$ 50,278,828 | \$ 49,984,206 |
| Intangible (Easement, ROW) | 1,945,359 | 1,935,359 | 2,746,647 | 2,746,647 | 4,692,006 | 4,682,006 |
| Buildings and Improvements | 61,066,547 | 53,724,552 | 253,718,800 | 256,963,283 | 314,785,347 | 310,687,835 |
| Equipment | 22,869,136 | 22,109,391 | 24,115,798 | 22,285,508 | 46,984,934 | 44,394,899 |
| Intangible (Software) | 966,265 | 1,000,870 | 151,880 | 210,000 | 1,118,145 | 1,210,870 |
| Infrastructure | 44,338,088 | 49,205,447 | - | - | 44,338,088 | 49,205,447 |
| Collections | 634,309 | 645,494 | 1,000 | 1,000 | 635,309 | 646,494 |
| Intangibles Right to Use | 2,184,176 | 2,277,006 | 413,943 | 839,616 | 2,598,119 | 3,116,622 |
| Construction in Progress | 6,864,590 | 5,460,811 | 27,484,688 | 21,557,761 | 34,349,278 | 27,018,572 |
| Total | <u>\$ 170,725,984</u> | <u>\$ 165,540,026</u> | <u>\$ 329,054,070</u> | <u>\$ 325,406,925</u> | <u>\$ 499,780,054</u> | <u>\$ 490,946,951</u> |

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

Governmental Activities:

- SW/NW 44th Ave Extension – Phase 1 \$7,823,887
- City Sidewalk Improvement Project \$2,072,727

Business-type Activities:

- Water Meter Replacement \$2,648,648
- WTP Lime Accelerator Rehab \$1,227,831
- SW 16th Place & SW 16th Street \$686,980
- Lift station Improvement \$609,424
- Marion Heights Sewer-Water Exp \$505,205
- #2 NE 35th Street Water Main \$459,355

Additional information on the City's capital assets can be found in the Notes to Financial Statements on pages 64-65.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$156,880,000. That was a decrease of \$12,260,000 or -7.2% from outstanding long-term debt of \$169,140,000 at the end of FY 2023. 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.

Additional information on the City's long-term debt can be found in the Notes to Financial Statements on pages 93-98 of this report.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

Outstanding Debt

| | Governmental activities | | Business-type activities | | Total | |
|---------------------------|-------------------------|---------------|--------------------------|---------------|----------------|----------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Capital Improvement bonds | \$ 15,395,000 | \$ 16,865,000 | \$ - | \$ - | \$ 15,395,000 | \$ 16,865,000 |
| Utility system bonds | - | - | 84,380,000 | 92,275,000 | 84,380,000 | 92,275,000 |
| Bank Loan | 57,105,000 | 60,000,000 | - | - | 57,105,000 | 60,000,000 |
| Total | \$ 72,500,000 | \$ 76,865,000 | \$ 84,380,000 | \$ 92,275,000 | \$ 156,880,000 | \$ 169,140,000 |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following were some of the significant factors considered in preparing the City's Fiscal Year 2024-25 budget:

- The Fiscal Year 2024-25 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 five goals: economic hub, fiscal sustainability, engaged workforce, operational excellence, and quality of place. These goals serve as drivers for directing the City's limited resources.
- Ocala's economy improved with a 10.22% 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 Fiscal Year 2024-25 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 Fiscal Year 2024-25 totals \$172,849,452.
- The Citywide Comprehensive Fiscal Year 2024-25 Budget totals \$1,063,605,182.
- The Fiscal Year 2024-25 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. Each department reviewed its operations and recommended strategies to reduce expenditures without significantly impacting services. These efficiencies to date include the reorganization of some departments 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.

During the current fiscal year, the unassigned fund balance in the General Fund was \$40,485,021.

**CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

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.



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CITY OF OCALA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

| | Governmental Activities | Business- Type Activities | Total |
|---|------------------------------------|--|-----------------------|
| Assets | | | |
| Cash and investments | \$ 238,033 | \$ 47,722 | \$ 285,755 |
| Equity In pooled cash and investment fund | 193,908,626 | 146,326,365 | 340,234,991 |
| Receivables-net of allowance for uncollectibles | 2,234,852 | 33,214,158 | 35,449,010 |
| Accrued interest receivable | 744,791 | 538,271 | 1,283,062 |
| Internal balances | (29,210) | 29,210 | - |
| Due from other governments | 9,824,541 | 4,494,923 | 14,319,464 |
| Lease receivable | 843,323 | 539,515 | 1,382,838 |
| Prepays | 3,695,157 | 530,899 | 4,226,056 |
| Inventories | 142,099 | 18,300,499 | 18,442,598 |
| Capital assets not being depreciated | 38,667,463 | 50,653,649 | 89,321,112 |
| Capital assets, being depreciated, net | 132,058,521 | 278,400,421 | 410,458,942 |
| Total assets | 382,328,196 | 533,075,632 | 915,403,828 |
| Deferred outflows of resources | | | |
| Deferred outflows pension related | 45,377,536 | 10,429,249 | 55,806,785 |
| Deferred outflows from debt refunding | 942,997 | 2,808,206 | 3,751,203 |
| Deferred outflows from OPEB | 3,387,361 | 1,650,639 | 5,038,000 |
| Total deferred outflows of resources | 49,707,894 | 14,888,094 | 64,595,988 |
| Liabilities | | | |
| Accounts payable and accrued liabilities | 16,812,755 | 17,321,544 | 34,134,299 |
| Contract retainage | 785,373 | 162,013 | 947,386 |
| Accrued interest payable | 1,367,943 | 1,399,608 | 2,767,551 |
| Unearned revenue | 5,629,904 | 3,533,927 | 9,163,831 |
| Due to other governments | 155,030 | 1,248,663 | 1,403,693 |
| Escrow and deposits | 910,482 | - | 910,482 |
| Other liabilities | - | 9,845,583 | 9,845,583 |
| Noncurrent liabilities: | | | |
| Due within one year | 11,648,397 | 10,421,140 | 22,069,537 |
| Due in more than one year | 174,353,940 | 112,391,217 | 286,745,157 |
| Total liabilities | 211,663,824 | 156,323,695 | 367,987,519 |
| Deferred inflows of resources | | | |
| Deferred inflows leases related | 843,323 | 539,517 | 1,382,840 |
| Deferred inflows from debt refunding | - | 150,279 | 150,279 |
| Deferred inflows pension related | 738,137 | - | 738,137 |
| Deferred inflows from OPEB | 3,971,388 | 1,710,612 | 5,682,000 |
| Regulatory liability-rate stabilization | - | 27,132,306 | 27,132,306 |
| Total deferred inflows of resources | 5,552,848 | 29,532,714 | 35,085,562 |
| Net Position | | | |
| Net invested in capital assets | 153,346,706 | 246,708,251 | 400,054,957 |
| Restricted for: | | | |
| Transportation | 6,386,291 | - | 6,386,291 |
| Capital projects | 33,509,066 | 53,862,037 | 87,371,103 |
| Debt service | 372,894 | 8,125,000 | 8,497,894 |
| Development district improvements | 7,498,006 | - | 7,498,006 |
| Public safety | 2,879,680 | - | 2,879,680 |
| Grants | 2,440,210 | - | 2,440,210 |
| Unrestricted | 8,386,565 | 53,412,029 | 61,798,594 |
| Total net position | \$ 214,819,418 | \$ 362,107,317 | \$ 576,926,735 |

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, 2024

| Functions/Programs | Expenses | Program Revenues | | |
|---------------------------------------|-----------------------|-----------------------|------------------------------------|----------------------------------|
| | | Charges For Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| General government | \$ 13,978,720 | \$ 10,991,844 | \$ 157,797 | \$ - |
| Public safety | 84,048,367 | 20,196,985 | 892,347 | - |
| Physical environment | 6,974,339 | 8,445,482 | - | 359,132 |
| Transportation | 24,462,835 | 1,142 | 5,688,888 | - |
| Economic environment | 5,273,468 | 87,591 | 2,486,927 | - |
| Culture and recreation | 12,663,415 | 785,049 | 5,948 | - |
| Interest on long term debt | 3,043,705 | - | - | - |
| Total governmental activities | 150,444,849 | 40,508,093 | 9,231,907 | 359,132 |
| Business-type activities: | | | | |
| Electric | 154,427,702 | 183,776,059 | 706,537 | 5,866,129 |
| Water and sewer | 38,086,943 | 47,617,526 | 373,529 | 6,281,444 |
| Sanitation | 13,838,634 | 16,360,911 | 990,945 | 59,046 |
| Municipal golf courses | 2,422,756 | 1,819,584 | - | - |
| International airport | 3,165,066 | 2,209,544 | - | 317,534 |
| Fiber Network | 7,186,686 | 10,197,856 | 41,170 | - |
| Suntran | 4,890,977 | 286,991 | 3,713,694 | - |
| Total business-type activities | 224,018,764 | 262,268,471 | 5,825,875 | 12,524,153 |
| Total Primary Government | \$ 374,463,613 | \$ 302,776,564 | \$ 15,057,782 | \$ 12,883,285 |

General Revenues:

Property tax
Utility service tax
Communication tax
Local option gas tax
Infrastructure sales tax
Other tax
State shared revenues
Investment income (loss)
Gain on sale of capital assets
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 |
| \$ (2,829,079) | \$ - | \$ (2,829,079) |
| (62,959,035) | - | (62,959,035) |
| 1,830,275 | - | 1,830,275 |
| (18,772,805) | - | (18,772,805) |
| (2,698,950) | - | (2,698,950) |
| (11,872,418) | - | (11,872,418) |
| (3,043,705) | - | (3,043,705) |
| (100,345,717) | - | (100,345,717) |
| - | 35,921,023 | 35,921,023 |
| - | 16,185,556 | 16,185,556 |
| - | 3,572,268 | 3,572,268 |
| - | (603,172) | (603,172) |
| - | (637,988) | (637,988) |
| - | 3,052,340 | 3,052,340 |
| - | (890,292) | (890,292) |
| - | 56,599,735 | 56,599,735 |
| \$ (100,345,717) | \$ 56,599,735 | \$ (43,745,982) |
| 47,066,531 | - | 47,066,531 |
| 13,833,419 | - | 13,833,419 |
| 3,246,050 | - | 3,246,050 |
| 5,247,099 | - | 5,247,099 |
| 12,255,882 | - | 12,255,882 |
| 2,162,990 | - | 2,162,990 |
| 9,477,576 | - | 9,477,576 |
| 12,420,398 | 7,237,320 | 19,657,718 |
| - | 559,040 | 559,040 |
| 1,444,008 | - | 1,444,008 |
| 27,865,015 | (27,865,015) | - |
| 135,018,968 | (20,068,655) | 114,950,313 |
| 34,673,251 | 36,531,080 | 71,204,331 |
| 180,146,167 | 325,576,237 | 505,722,404 |
| \$ 214,819,418 | \$ 362,107,317 | \$ 576,926,735 |

**CITY OF OCALA, FLORIDA
BALANCE SHEET
ALL GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|---|-------------------------|---|---|
| Assets | | | |
| Cash and investments | \$ 238,033 | \$ - | \$ 238,033 |
| Equity In pooled cash and investment fund | 83,056,602 | 78,265,435 | 161,322,037 |
| Receivables-net of allowance for uncollectibles | 468,394 | 958,521 | 1,426,915 |
| Accrued interest receivable | 341,532 | 273,009 | 614,541 |
| Due from other funds | 4,570,790 | - | 4,570,790 |
| Advances to other funds | 1,400,000 | - | 1,400,000 |
| Due from other governments | 7,987,924 | 1,836,617 | 9,824,541 |
| Prepays | 3,689,579 | 5,578 | 3,695,157 |
| Inventories | 142,099 | - | 142,099 |
| Leases receivable | 843,323 | - | 843,323 |
| Accrued unbilled revenues | 807,937 | - | 807,937 |
| Total assets | <u>103,546,213</u> | <u>81,339,160</u> | <u>184,885,373</u> |
| Liabilities: | | | |
| Accounts payable and accrued liabilities | 5,695,253 | 9,693,090 | 15,388,343 |
| Unearned revenue | 5,250,825 | 379,079 | 5,629,904 |
| Retainage on contracts | 375,690 | 409,683 | 785,373 |
| Escrow and deposits | 281,495 | 628,987 | 910,482 |
| Due to other governments | 155,030 | - | 155,030 |
| Due to other funds | - | 400,000 | 400,000 |
| Advances from other funds | - | 5,600,000 | 5,600,000 |
| Total liabilities | <u>11,758,293</u> | <u>17,110,839</u> | <u>28,869,132</u> |
| Deferred Inflows of Resources | | | |
| Deferred inflows from future revenues | 1,387,787 | 66,494 | 1,454,281 |
| Deferred inflows lease related | 843,323 | - | 843,323 |
| Total deferred inflows of resources | <u>2,231,110</u> | <u>66,494</u> | <u>2,297,604</u> |
| Fund Balances: | | | |
| Nonspendable | 5,231,678 | 5,578 | 5,237,256 |
| Restricted | 3,636,055 | 49,363,359 | 52,999,414 |
| Committed | 2,033,120 | 16,907,912 | 18,941,032 |
| Assigned | 38,170,936 | - | 38,170,936 |
| Unassigned (Deficit) | 40,485,021 | (2,115,022) | 38,369,999 |
| Total fund balances | <u>89,556,810</u> | <u>64,161,827</u> | <u>153,718,637</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 103,546,213</u> | <u>\$ 81,339,160</u> | <u>\$ 184,885,373</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, 2024**

Total fund balances of governmental funds \$ 153,718,637

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 \$542,573,422 and the accumulated depreciation/amortization is \$371,847,438 170,725,984

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 | (31,237,625) |
| Net Pension Liability Police Plan | (35,984,467) |
| Net Pension Liability Fire Plan | (20,616,901) |
| Deferred outflows of resources related to pensions | 45,377,536 |
| Deferred inflows of resources related to pensions | (738,137) |

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. 22,316,769

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. 1,454,281

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:

| | |
|--|--------------|
| Bonds payable | (72,500,000) |
| Leases payable | (408,208) |
| Unamortized (gain)loss on refunding (to be amortized as interest expense). | 942,997 |
| SBITA payable | (1,733,694) |
| Accrued interest payable | (1,367,943) |
| Compensated absences | (4,805,812) |
| OPEB liability payable | (9,739,972) |
| Deferred inflows related to OPEB | (3,971,388) |
| Deferred outflows related to OPEB | 3,387,361 |

Net position of governmental activities \$ 214,819,418

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, 2024

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|--------------------------------|--------------------------------|
| Revenues | | | |
| Property tax | \$ 45,270,947 | \$ 1,795,584 | \$ 47,066,531 |
| Utility service tax | 13,833,419 | - | 13,833,419 |
| Communication service tax | 3,246,050 | - | 3,246,050 |
| Local option gas tax | - | 5,247,099 | 5,247,099 |
| Infrastructure sales surtax | - | 12,255,882 | 12,255,882 |
| Other tax | 2,162,990 | - | 2,162,990 |
| State shared revenues | 9,477,576 | - | 9,477,576 |
| Other intergovernmental revenues | 8,354,345 | 1,510,258 | 9,864,603 |
| Permits and fees | 3,916,837 | 7,349 | 3,924,186 |
| Fines and forfeitures | 708,238 | - | 708,238 |
| Charges for services | 27,328,554 | 8,447,012 | 35,775,566 |
| Investment income (loss) | 5,392,915 | 4,778,527 | 10,171,442 |
| Miscellaneous | 1,338,746 | 105,261 | 1,444,007 |
| Total revenues | <u>121,030,617</u> | <u>34,146,972</u> | <u>155,177,589</u> |
| Expenditures | | | |
| Current: | | | |
| General government | 13,267,555 | 1,083 | 13,268,638 |
| Public safety | 79,856,589 | 39,667 | 79,896,256 |
| Physical environment | 273,809 | 5,576,969 | 5,850,778 |
| Transportation | 5,928,922 | 7,144,048 | 13,072,970 |
| Economic environment | 3,499,865 | 1,684,387 | 5,184,252 |
| Culture and recreation | 11,767,743 | - | 11,767,743 |
| Capital outlay | 10,159,587 | 11,125,662 | 21,285,249 |
| Debt service: | | | |
| Principal payments | 1,508,493 | 4,365,000 | 5,873,493 |
| Interest and fees | 108,898 | 2,896,624 | 3,005,522 |
| Total expenditures | <u>126,371,461</u> | <u>32,833,440</u> | <u>159,204,901</u> |
| Excess (deficiency) of revenues over expenditures | <u>(5,340,844)</u> | <u>1,313,532</u> | <u>(4,027,312)</u> |
| Other financing sources (uses) | | | |
| Issuance of SBITAs | 1,481,904 | - | 1,481,904 |
| Transfers in | 36,074,174 | 11,189,618 | 47,263,792 |
| Transfers out | (12,434,336) | (6,845,079) | (19,279,415) |
| Total other financing sources (uses) | <u>25,121,742</u> | <u>4,344,539</u> | <u>29,466,281</u> |
| Net change in fund balances | <u>19,780,898</u> | <u>5,658,071</u> | <u>25,438,969</u> |
| Fund balances - October 1 | <u>69,775,912</u> | <u>58,503,756</u> | <u>128,279,668</u> |
| Fund balances - September 30 | <u>\$ 89,556,810</u> | <u>\$ 64,161,827</u> | <u>\$ 153,718,637</u> |

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, 2024

Net change in fund balances - total governmental funds \$ 25,438,969

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

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

The details of the difference are as follows:

| | | |
|---|--------------|-----------|
| Capital outlay | 21,285,249 | |
| Less current year depreciation/amortization | (16,409,862) | |
| Loss on disposition of capital assets | 310,571 | 5,185,958 |

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

| | | |
|--|--|-------------|
| Debt issued or incurred: | | |
| SBITA issuance | | (1,481,904) |
| Principal repayments: | | |
| Bonds and certificates payable | | 4,365,000 |
| Leases payable | | 45,312 |
| SBITAs payable | | 1,463,181 |
| Amortization of bond discount, premium, and deferred amounts on refundings | | (117,875) |

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 | | (274,621) |
| Accrued interest on long term debt | | 79,692 |
| Changes in OPEB liability payable and related deferred outflows and inflows | | (740,084) |
| Other liabilities-Fire fee settlement | | 3,022,224 |
| Changes in pension liability payable and related deferred outflows and inflows | | (5,501,478) |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (173,460)

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.

3,362,337

Change in net position of governmental activities \$ 34,673,251

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, 2024**

| | BUSINESS-TYPE ACTIVITIES - | | | | |
|--|--|----------------------------|--------------------------------|-----------------------|----------------------------------|
| | Electric System Revenue | Water and Sewer | Nonmajor Enterprise | Totals | Internal Service Fund |
| Assets | | | | | |
| Current Assets: | | | | | |
| Cash and investments | \$ 2,900 | \$ - | \$ 44,822 | \$ 47,722 | \$ - |
| Equity in pooled cash and investment fund | 15,297,250 | 17,185,616 | 23,324,548 | 55,807,414 | 32,586,589 |
| Restricted assets available for current liabilities | 3,746,038 | 7,056,297 | - | 10,802,335 | - |
| Receivables (net, where applicable, of allowances for uncollectibles): | | | | | |
| Accounts and notes | 17,296,358 | 2,821,607 | 1,957,947 | 22,075,912 | - |
| Accrued interest | 275,974 | 166,643 | 95,654 | 538,271 | 130,250 |
| Unbilled revenues | 7,801,697 | 2,132,459 | 1,204,090 | 11,138,246 | - |
| Due from other funds | 150,000 | 150,000 | - | 300,000 | - |
| Prepays | 457,896 | 10,652 | 62,351 | 530,899 | - |
| Lease receivable | - | 105,755 | - | 105,755 | - |
| Inventories | 14,031,729 | 2,858,996 | 1,409,774 | 18,300,499 | - |
| Due from other governments | 501,702 | 2,091,967 | 1,901,254 | 4,494,923 | - |
| Total current assets | 59,561,544 | 34,579,992 | 30,000,440 | 124,141,976 | 32,716,839 |
| Noncurrent Assets: | | | | | |
| Restricted Assets: | | | | | |
| Equity in pooled cash and investment fund: | | | | | |
| Construction accounts | 17,607,265 | 11,993,340 | - | 29,600,605 | - |
| Debt service accounts | 3,726,508 | 5,798,100 | - | 9,524,608 | - |
| Impact fee accounts | 3,218,039 | 18,892,567 | - | 22,110,606 | - |
| Rate stabilization | 27,132,306 | - | - | 27,132,306 | - |
| Renewal and replacement | - | 2,150,826 | - | 2,150,826 | - |
| Less: Portion classified as current | (3,746,038) | (7,056,297) | - | (10,802,335) | - |
| Non restricted assets: | | | | | |
| Lease receivable | - | 433,760 | - | 433,760 | - |
| Interfund advances | 2,100,000 | 2,100,000 | - | 4,200,000 | - |
| Total non-current assets | 50,038,080 | 34,312,296 | - | 84,350,376 | - |
| Capital assets: | | | | | |
| Capital assets not being depreciated | 12,435,414 | 30,936,873 | 7,281,362 | 50,653,649 | - |
| Capital assets being depreciated, net | 96,426,359 | 132,373,850 | 49,600,212 | 278,400,421 | - |
| Total capital assets (net) | 108,861,773 | 163,310,723 | 56,881,574 | 329,054,070 | - |
| Total noncurrent assets | 158,899,853 | 197,623,019 | 56,881,574 | 413,404,446 | - |
| Total assets | \$ 218,461,397 | \$ 232,203,011 | \$ 86,882,014 | \$ 537,546,422 | \$ 32,716,839 |
| Deferred outflows of resources: | | | | | |
| Deferred amount on debt refunding | 1,118,283 | 1,689,923 | - | 2,808,206 | - |
| Deferred amount pension related | 5,867,370 | 2,594,213 | 1,967,666 | 10,429,249 | - |
| Deferred amount OPEB related | 797,390 | 441,702 | 411,547 | 1,650,639 | - |
| Total deferred outflows of resources | \$ 7,783,043 | \$ 4,725,838 | \$ 2,379,213 | \$ 14,888,094 | \$ - |

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, 2024

| | BUSINESS-TYPE ACTIVITIES - | | | | GOVERNMENTAL ACTIVITIES |
|--|-------------------------------|-----------------------|------------------------|-----------------------|----------------------------|
| | Electric System Revenue | Water and Sewer | Nonmajor Enterprise | Total | Internal Service Fund |
| Liabilities | | | | | |
| Current Liabilities: | | | | | |
| Payable from unrestricted assets: | | | | | |
| Accounts payable and accrued liabilities | \$ 12,279,686 | \$ 1,770,003 | \$ 2,155,239 | \$ 16,204,928 | \$ 1,424,412 |
| Due to other governments | 1,220,159 | - | 28,504 | 1,248,663 | - |
| Contract retainage | - | - | 902 | 902 | - |
| Claims payable | - | - | - | - | 2,592,788 |
| Compensated absences payable | 958,798 | 369,881 | 324,046 | 1,652,725 | - |
| OPEB obligation payable | 117,099 | 64,367 | 58,892 | 240,358 | - |
| Leases payable | - | - | 69,177 | 69,177 | - |
| Due to other funds | 3,116,714 | - | 1,354,076 | 4,470,790 | - |
| Customer deposits | 9,715,533 | - | 130,050 | 9,845,583 | - |
| Software subscription payable | 333,880 | - | - | 333,880 | - |
| Unearned revenue | 1,758,440 | 80,305 | 1,695,182 | 3,533,927 | - |
| Total current liabilities payable from unrestricted assets | 29,500,309 | 2,284,556 | 5,816,068 | 37,600,933 | 4,017,200 |
| Payable from restricted assets: | | | | | |
| Accounts payable and accrued liabilities | 19,530 | 1,097,086 | - | 1,116,616 | - |
| Contract retainage | - | 161,111 | - | 161,111 | - |
| Accrued interest payable | 580,458 | 819,150 | - | 1,399,608 | - |
| Revenue bonds payable within one year | 3,146,050 | 4,978,950 | - | 8,125,000 | - |
| Total current liabilities payable from restricted assets | 3,746,038 | 7,056,297 | - | 10,802,335 | - |
| Total current liabilities | 33,246,347 | 9,340,853 | 5,816,068 | 48,403,268 | 4,017,200 |
| Noncurrent Liabilities: | | | | | |
| Claims payable | - | - | - | - | 6,382,870 |
| Compensated absences payable | 182,028 | 67,101 | 124,192 | 373,321 | - |
| OPEB obligation payable | 2,296,577 | 1,283,489 | 1,172,605 | 4,752,671 | - |
| Leases payable | - | - | 58,676 | 58,676 | - |
| Net pension liability | 17,412,970 | 7,699,018 | 5,839,561 | 30,951,549 | - |
| Revenue bonds and notes payable after one year | 31,481,300 | 44,773,700 | - | 76,255,000 | - |
| Total noncurrent liabilities | 51,372,875 | 53,823,308 | 7,195,034 | 112,391,217 | 6,382,870 |
| Total liabilities | \$ 84,619,222 | \$ 63,164,161 | \$ 13,011,102 | \$ 160,794,485 | \$ 10,400,070 |
| Deferred Inflows of Resources: | | | | | |
| Deferred inflows lease related | - | 539,517 | - | 539,517 | - |
| Deferred amount on debt refunding | - | 150,279 | - | 150,279 | - |
| Deferred inflows OPEB related | 844,938 | 458,359 | 407,315 | 1,710,612 | - |
| Regulatory liability-rate stabilization | 27,132,306 | - | - | 27,132,306 | - |
| Total deferred inflows of resources | 27,977,244 | 1,148,155 | 407,315 | 29,532,714 | - |
| Net Position | | | | | |
| Net investment in capital assets | 75,018,826 | 114,936,606 | 56,752,819 | 246,708,251 | - |
| Restricted for debt service | 3,146,050 | 4,978,950 | - | 8,125,000 | - |
| Restricted for capital projects | 20,825,304 | 33,036,733 | - | 53,862,037 | - |
| Unrestricted | 14,657,794 | 19,664,244 | 19,089,991 | 53,412,029 | 22,316,769 |
| Total net position | \$ 113,647,974 | \$ 172,616,533 | \$ 75,842,810 | \$ 362,107,317 | \$ 22,316,769 |

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, 2024

| | BUSINESS-TYPE ACTIVITIES - | | | | GOVERNMENTAL ACTIVITIES |
|--|--|----------------------------|--------------------------------|-----------------------|--------------------------------------|
| | Electric System Revenue | Water and Sewer | Nonmajor Enterprise | Total | Internal Service Fund |
| Operating Revenues: | | | | | |
| Charges for services | \$ 180,860,534 | \$ 47,511,278 | \$ 30,718,550 | \$ 259,090,362 | \$ 20,181,872 |
| Other | 2,915,525 | 106,248 | 156,336 | 3,178,109 | 1,608,376 |
| Total operating revenues | <u>183,776,059</u> | <u>47,617,526</u> | <u>30,874,886</u> | <u>262,268,471</u> | <u>21,790,248</u> |
| Operating Expenses: | | | | | |
| Purchase of electricity | 108,528,834 | - | - | 108,528,834 | - |
| Distribution | 14,386,605 | 5,863,991 | - | 20,250,596 | - |
| Operation and maintenance | 6,125,068 | 770,446 | 14,886,786 | 21,782,300 | - |
| Water and sewer treatment | - | 8,231,793 | - | 8,231,793 | - |
| Sewer collection | - | 4,879,507 | - | 4,879,507 | - |
| Internal service | - | - | - | - | 20,557,505 |
| Administration | 14,286,119 | 5,925,836 | 11,595,515 | 31,807,470 | - |
| Amortization-leases and SBITAs | 334,370 | - | 91,303 | 425,673 | - |
| Depreciation | 9,438,581 | 10,525,764 | 4,926,184 | 24,890,529 | - |
| Total operating expenses | <u>153,099,577</u> | <u>36,197,337</u> | <u>31,499,788</u> | <u>220,796,702</u> | <u>20,557,505</u> |
| Operating income (loss) | <u>30,676,482</u> | <u>11,420,189</u> | <u>(624,902)</u> | <u>41,471,769</u> | <u>1,232,743</u> |
| Non-Operating Revenues (Expenses): | | | | | |
| Investment income | 2,999,472 | 2,583,528 | 1,654,320 | 7,237,320 | 2,248,956 |
| Interest expense | (1,328,125) | (1,889,606) | (4,331) | (3,222,062) | - |
| Interest income leases | - | 7,715 | - | 7,715 | - |
| Gain (loss) on sale of fixed asset | - | (33,349) | 592,389 | 559,040 | - |
| Other non-operating revenue (loss) | 706,537 | 365,814 | 4,745,809 | 5,818,160 | - |
| Total non-operating revenues (expenses) | <u>2,377,884</u> | <u>1,034,102</u> | <u>6,988,187</u> | <u>10,400,173</u> | <u>2,248,956</u> |
| Income before capital contributions, grants and transfers | <u>33,054,366</u> | <u>12,454,291</u> | <u>6,363,285</u> | <u>51,871,942</u> | <u>3,481,699</u> |
| Capital contributions, grants, and impact fees | <u>5,866,129</u> | <u>6,281,444</u> | <u>376,580</u> | <u>12,524,153</u> | <u>-</u> |
| Transfers: | | | | | |
| Transfers in | - | - | 1,437,713 | 1,437,713 | - |
| Transfers out | (19,749,798) | (6,094,033) | (3,458,897) | (29,302,728) | (119,362) |
| Total transfers | <u>(19,749,798)</u> | <u>(6,094,033)</u> | <u>(2,021,184)</u> | <u>(27,865,015)</u> | <u>(119,362)</u> |
| Change in net position | <u>19,170,697</u> | <u>12,641,702</u> | <u>4,718,681</u> | <u>36,531,080</u> | <u>3,362,337</u> |
| Net position - October 1 | <u>\$ 94,477,277</u> | <u>\$ 159,974,831</u> | <u>\$ 71,124,129</u> | <u>\$ 325,576,237</u> | <u>\$ 18,954,432</u> |
| Net position - September 30 | <u>\$ 113,647,974</u> | <u>\$ 172,616,533</u> | <u>\$ 75,842,810</u> | <u>\$ 362,107,317</u> | <u>\$ 22,316,769</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, 2024**

| | BUSINESS-TYPE ACTIVITIES - | | | | GOVERNMENTAL ACTIVITIES |
|---|--|----------------------------|--------------------------------|-----------------------|--------------------------------------|
| | Electric System Revenue | Water and Sewer | Nonmajor Enterprise | Total | Internal Service Fund |
| Cash Flows from Operating Activities: | | | | | |
| Cash received from customers | \$ 205,384,699 | \$ 47,465,963 | \$ 30,806,220 | \$ 283,656,882 | \$ 1,608,376 |
| Cash paid to suppliers for goods and services | (126,044,551) | (16,552,612) | (17,815,113) | (160,412,275) | (2,322,916) |
| Cash received from other funds | - | - | - | - | 17,057,860 |
| Cash received from employees | - | - | - | - | 3,124,012 |
| Cash paid for insurance claims | - | - | - | - | (17,893,022) |
| Cash paid to employees for services | (17,830,691) | (8,637,920) | (8,446,128) | (34,914,739) | - |
| Net cash provided by operating activities | 61,509,457 | 22,275,431 | 4,544,980 | 88,329,868 | 1,574,310 |
| Cash Flows from Non-Capital Financing Activities: | | | | | |
| Transfers in | - | - | 1,437,713 | 1,437,713 | - |
| Transfers out | (19,749,798) | (6,094,033) | (3,458,897) | (29,302,728) | (119,362) |
| Operating grants | 204,835 | (613,807) | 4,087,305 | 3,678,333 | - |
| Net cash provided by (used in) non-capital financing activities | (19,544,963) | (6,707,840) | 2,066,121 | (24,186,682) | (119,362) |
| Cash Flows from Capital and Related Financing Activities: | | | | | |
| Principal paid on long term debt | (3,403,308) | (4,835,250) | (83,385) | (8,321,943) | - |
| Interest paid on long term debt | (1,246,651) | (1,711,394) | (4,331) | (2,962,376) | - |
| Proceeds from sale of capital assets | 309,048 | 300,096 | 679,870 | 1,289,014 | - |
| Proceeds from leasing activities | - | 7,717 | - | 7,717 | - |
| Acquisition and construction of capital assets | (8,872,501) | (8,256,649) | (6,684,161) | (23,813,311) | - |
| Contributions and impact fees received from other governments, developers and individuals | 186,517 | 6,281,444 | 701,318 | 7,169,279 | - |
| Net cash (used in) capital and related financing activities | (13,026,895) | (8,214,036) | (5,390,689) | (26,631,620) | - |
| Cash Flows from Investing Activities: | | | | | |
| Investment income | 2,815,821 | 2,545,482 | 1,621,015 | 6,982,318 | 2,203,024 |
| Net cash provided by investing activities | 2,815,821 | 2,545,482 | 1,621,015 | 6,982,318 | 2,203,024 |
| Net increase (decrease) in cash and cash equivalents | 31,753,420 | 9,899,037 | 2,841,427 | 44,493,884 | 3,657,972 |
| Cash and cash equivalents, beginning | \$ 35,230,848 | \$ 46,121,412 | \$ 20,527,943 | \$ 101,880,203 | \$ 28,928,617 |
| Cash and cash equivalents, ending | \$ 66,984,268 | \$ 56,020,449 | \$ 23,369,370 | \$ 146,374,087 | \$ 32,586,589 |

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, 2024

| | BUSINESS-TYPE ACTIVITIES - | | | | GOVERNMENTAL ACTIVITIES |
|--|-------------------------------|----------------------|---------------------------------|----------------------|-----------------------------|
| | Electric System Revenue | Water and Sewer | Nonmajor Enterprise Funds | Total | Internal Service Fund |
| Reconciliation of Cash and Cash Equivalents to Balance Sheet: | | | | | |
| Total current cash and investments per the balance sheet | \$ 15,300,150 | \$ 17,185,616 | \$ 23,369,370 | \$ 55,855,136 | \$ 32,586,589 |
| Total noncurrent cash and investments per the balance sheet | 51,684,118 | 38,834,833 | - | 90,518,951 | - |
| Cash and cash equivalents, end of year | <u>66,984,268</u> | <u>56,020,449</u> | <u>23,369,370</u> | <u>146,374,087</u> | <u>32,586,589</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: | | | | | |
| Operating income (loss) | 30,676,482 | 11,420,189 | (624,902) | 41,471,769 | 1,232,743 |
| Adjustments to reconcile operating income (loss) to cash provided by operating activities: | | | | | |
| Depreciation & amortization | 9,772,951 | 10,525,764 | 5,017,487 | 25,316,202 | - |
| (Increase) decrease in assets and deferred outflow of resources: | | | | | |
| Accounts and notes receivable | 8,338,425 | (151,563) | 7,144 | 8,194,006 | - |
| Inventories | (1,541,643) | (168,409) | (47,439) | (1,757,491) | - |
| Other current assets | 31,889 | 11,781 | (8,873) | 34,797 | - |
| Deferred outflows pension | 2,728,365 | 1,206,328 | 914,976 | 4,849,669 | - |
| Deferred outflow OPEB | 254,348 | 134,558 | 111,586 | 500,492 | - |
| Increase (decrease) in liabilities and deferred inflow of resources: | | | | | |
| Accounts and contracts payable | 1,284,080 | 619,456 | (1,908) | 1,901,628 | 341,567 |
| Compensated absences payable | (60,829) | 18,254 | (5,102) | (47,677) | - |
| OPEB obligation payable | (71,736) | (37,950) | (31,470) | (141,156) | - |
| Due to other funds | 150,000 | 150,000 | 382,149 | 682,149 | - |
| Due to other governments | (44,007) | - | 10,558 | (33,449) | - |
| Net pension liability | (3,242,789) | (1,433,776) | (1,087,493) | (5,764,058) | - |
| Rate stabilization | 14,187,000 | - | - | 14,187,000 | - |
| Customer deposits | (1,110,571) | - | (2,258) | (1,112,829) | - |
| Deferred inflows OPEB | (36,294) | (19,201) | (15,923) | (71,418) | - |
| Unearned revenue | 193,786 | - | (73,552) | 120,234 | - |
| Net cash provided by operating activities | <u>\$ 61,509,457</u> | <u>\$ 22,275,431</u> | <u>\$ 4,544,980</u> | <u>\$ 88,329,868</u> | <u>\$ 1,574,310</u> |
| Noncash Capital and Related Financing Activities: | | | | | |
| Plant and equipment contributed by developers | \$ 5,679,612 | \$ - | \$ - | \$ 5,679,612 | \$ - |
| Capital additions funded by accounts and contracts payable | - | 161,111 | 902 | 162,013 | - |
| Issuance of SBITA or lease | - | - | 38,385 | 38,385 | - |

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, 2024**

| | PENSION TRUST FUNDS |
|-----------------------------------|------------------------------------|
| Assets | |
| Cash and cash equivalents | \$ 8,935,134 |
| Receivables: | |
| Interest and dividends receivable | 384,327 |
| Accounts receivable | 45,800 |
| Total receivables | 430,127 |
| Investments, at fair value | |
| Bonds and notes | 103,742,449 |
| Common stock | 49,222,625 |
| Mutual funds: real estate | 36,485,987 |
| Mutual funds: equities | 150,650,367 |
| Emerging markets | 25,339,994 |
| Hedge fund (mutual fund) | 13,238,973 |
| Mutual funds (other) | 14,165,808 |
| Total investments | 392,846,203 |
| Total assets | 402,211,464 |
| Liabilities | |
| Accounts payable | 524,970 |
| Total liabilities | 524,970 |
| Net Position | |
| Restricted for pensions | \$ 401,686,494 |

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, 2024**

| | PENSION TRUST FUNDS |
|----------------------------------|------------------------------------|
| Additions | |
| Contributions: | |
| Employer | \$ 15,315,044 |
| State | 1,760,007 |
| Employee | 2,526,895 |
| Total contributions | <u>19,601,946</u> |
| Investment income: | |
| Investment gain (loss) | 67,660,203 |
| Less: Investment management fees | <u>(1,450,970)</u> |
| Net investment gain | <u>66,209,233</u> |
| Total additions | <u>85,811,179</u> |
| Deductions | |
| Pension payments | 26,964,701 |
| Refunds to employees | 150,104 |
| Administration | 505,898 |
| Total deductions | <u>27,620,703</u> |
| Change in net position | 58,190,476 |
| Net position - beginning | <u>343,496,018</u> |
| Net position - ending | <u><u>\$ 401,686,494</u></u> |

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

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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. The CRA’s services are provided exclusively to the City. Although legally separate, the CRAs are appropriately blended as governmental fund type component units into the primary government. The CRAs are presented as nonmajor 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 City Council serves as the DDD Board and the City has operational responsibility. The DDD is considered a component unit for financial reporting purposes since management of the primary government has operational responsibility for the component unit and is included as a blended special revenue fund and issues separate financial statements.

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

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 one major governmental fund:

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 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.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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 fund related to general insurance records 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 fund 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 Fund accounts for the activities of the City's risk management. The City's risk management program includes amounts collected and the claims paid for workers' compensation, property, general liability, health, dental and prescription medicine self-insurance.

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, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Cash & Cash Equivalents

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

2. Equity in Pooled Cash and Investments

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

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

3. Accounts Receivable

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

4. Due From/Due to Other Funds

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

5. Prepaid Items and Inventory

Certain payments to vendors for services that will benefit periods beyond September 30, 2024 are recorded as prepaid items using the purchases method and are recorded as prepaid items in both the government-wide and fund financial statements.

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

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

| | Inventory | | Allowance for Obsolete | | Adjusted Inventory |
|----------------------------|----------------------|-----------|-------------------------------|-----------|---------------------------|
| Governmental | | | | | |
| Fleet-bulk fuel | \$ 153,620 | \$ | (11,521) | \$ | 142,099 |
| Total Governmental | \$ 153,620 | \$ | (11,521) | \$ | 142,099 |
| Business-type | | | | | |
| Electric | 15,169,437 | | (1,137,708) | | 14,031,729 |
| Water & Sewer | 3,090,807 | | (231,811) | | 2,858,996 |
| Golf | 100,465 | | (11,135) | | 89,330 |
| Fiber | 1,427,507 | | (107,063) | | 1,320,444 |
| Total Business-type | \$ 19,788,216 | \$ | (1,487,717) | \$ | 18,300,499 |

6. Restricted Assets

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

7. Capital Assets

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

Capital assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 1 D (20) below) or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and capital assets received in a service concession arrangement, are reported at acquisition value rather than fair value. For intangible right-to-use assets, the City records the lease or SBITA if the asset is greater than \$50,000. 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, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

| | <u># Of Years</u> |
|------------------------------------|-------------------|
| Buildings | 15-40 |
| Improvements Other than Buildings | 20-30 |
| Machinery and Equipment | 5-15 |
| Infrastructure | 15-40 |
| Right to Use Infrastructure | 15-40 |
| Right to Use Equipment | 3-5 |
| Right to Use Subscription Software | 2-7 |

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

8. Self-Insurance Claims

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

9. Compensated Absences

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

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

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Interfund Activity

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

11. Long-Term Obligations

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

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

12. Deferred Outflows of Resources

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

13. Deferred Inflows of Resources

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

14. Accrued Revenue

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

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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 \$27,132,306 which, at an amount above 25% funding level, is in compliance with the minimum funding level.

16. Power Cost Adjustment (PCA)

The Power Cost Adjustment (PCA) represents the City’s utility rate mechanism to ensure: 1) that all power costs are recovered through utility billings revenue or through Council approved usage of Rate Stabilization funds or 2) that any excess utility billings revenues for power costs not incurred are returned to customers or used for other lawful purposes in accordance with the City’s rate tariff on file with the Public Service Commission. The balance in this account could be an asset (for “under”-collection of power costs) or a liability (for “over”-collection of power costs). During the fiscal year ended September 30, 2024, there was an overcollection of \$16,477,543. Of this amount, \$14,187,000 was transferred to the Rate Stabilization Fund, \$1,028,541 was recognized as revenue to be used for projects, and the remaining \$1,262,002 is presented net against accounts receivable in the financial statements.

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 \$1,760,007 for fiscal year 2024. 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, 2024**

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, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

| | GENERAL FUND | OTHER GOVTL FUNDS | TOTALS |
|--------------------------------------|---------------------|----------------------|----------------------|
| <u>Nonspendable:</u> | | | |
| Inventory | \$ 142,099 | \$ - | \$ 142,099 |
| Prepays | 3,689,579 | 5,578 | 3,695,157 |
| Advances to other funds | 1,400,000 | - | 1,400,000 |
| Total Nonspendable | 5,231,678 | 5,578 | 5,237,256 |
| <u>Restricted</u> | | | |
| Transportation | | | |
| Parking Fees | 167,153 | - | 167,153 |
| Gas Tax Revenues from State | - | 6,219,138 | 6,219,138 |
| | 167,153 | 6,219,138 | 6,386,291 |
| Debt Service | | | |
| Capital Improvement Bonds 2007A | - | 1,740,837 | 1,740,837 |
| | - | 1,740,837 | 1,740,837 |
| Capital Projects | | | |
| Capital Road Projects | - | 33,509,066 | 33,509,066 |
| | - | 33,509,066 | 33,509,066 |
| Public Safety | | | |
| Fire Impact Fees | 1,974,123 | - | 1,974,123 |
| Police Automation | 123,317 | - | 123,317 |
| Police Education & Training | 166,606 | - | 166,606 |
| Local Confiscations | 46,759 | - | 46,759 |
| Federal Confiscations | 210,363 | - | 210,363 |
| Other Public Safety Programs | 358,512 | - | 358,512 |
| | 2,879,680 | - | 2,879,680 |
| Development District Improvements | | | |
| Downtown Development Board | - | 434,770 | 434,770 |
| Community Redevelopment Trust | - | 7,062,841 | 7,062,841 |
| | - | 7,497,611 | 7,497,611 |
| Grants | | | |
| State Housing Imprvmt Project (SHIP) | - | 396,707 | 396,707 |
| Tree Mitigation | 589,222 | - | 589,222 |
| | 589,222 | 396,707 | 985,929 |
| Total Restricted | \$ 3,636,055 | \$ 49,363,359 | \$ 52,999,414 |

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

| | GENERAL FUND | OTHER GOVTL FUNDS | TOTALS |
|--|----------------------|----------------------|-----------------------|
| <u>Unrestricted</u> | | | |
| Committed | | | |
| Stormwater Utility | \$ - | \$ 15,557,456 | \$ 15,557,456 |
| Payroll | 22,047 | - | 22,047 |
| Economic Improvement Program | 2,011,073 | 1,350,456 | 3,361,529 |
| Total Committed | 2,033,120 | 16,907,912 | 18,941,032 |
| Assigned | | | |
| Subsequent year budget | 23,799,042 | - | 23,799,042 |
| Public safety - special investigations | 61,602 | - | 61,602 |
| Fire/Streets/Sidewalks | 14,310,292 | - | 14,310,292 |
| Total Assigned | 38,170,936 | - | 38,170,936 |
| Unassigned | 40,485,021 | (2,115,022) | 38,369,999 |
| Total Unrestricted | 80,689,077 | 14,792,890 | 95,481,967 |
| Total Fund Balances | \$ 89,556,810 | \$ 64,161,827 | \$ 153,718,637 |

20. Leases and Subscription-based Information Technology Arrangements (SBITAs)

Leases

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

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

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

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

SBITAs

The City uses subscription based software throughout its operations. The City recognizes a SBITA liability and a corresponding intangible right-to-use asset in the financial statements.

At the commencement of a SBITA, the City measures the liability at the present value of payments expected to be made during the subscription term. Subsequently, the liability is reduced by the principal portion of the subscription payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability,

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

adjusted for subscription payments made at or before the commencement date, plus certain initial implementation costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life.

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, 2024 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 96.1% of the total tax levy. The property tax calendar provides for the tax revenue to be billed and collected within the applicable fiscal year.

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

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Revenues, Expenditures, and Expenses (continued)

The property tax calendar for revenues billed and received for fiscal year ended September 30, 2024 is shown as follows:

| | |
|---|--------------------|
| Lien Date | January 1, 2023 |
| Certification of Taxable Value | July 1, 2023 |
| Final public hearing to adopt proposed millage rate | September 19, 2023 |
| Certification of final Taxable Value | October 10, 2023 |
| Beginning of fiscal year for tax assessment | October 1, 2023 |
| Tax bills rendered | November 1, 2023 |
| Property Tax Payable: | |
| Maximum Discount by | November 30, 2023 |
| Due Date | March 31, 2024 |
| Delinquent on | April 1, 2024 |
| Tax Certificates issued for delinquent taxes by | May 31, 2024 |

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 were none at the end of this fiscal year.

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

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

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

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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

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, 2024.

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 2024, 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, 2024, no expenditures exceeded the budget at the fund level.

B. Encumbrances

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

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Pooling of Cash and Investments

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

As of September 30, 2024, the carrying amount of the City's deposits was \$43,537,935, not including \$75,392 in cash drawers, petty cash, and \$6,911,689 held in the Common Fund bank account for fire service fee refunds. These deposits, consisting of interest and non-interest demand accounts, were entirely insured by federal deposit insurance or by collateral held by the City's agent pursuant to the Public Depository Security Act of the State of Florida. This Act requires that the City maintain deposits only in "qualified public depositories". All qualified public depositories must deposit with the State Treasurer eligible collateral in such amounts as required by the Act. In addition, qualified public depositories are required under the Act to assume mutual responsibility against loss

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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

A. Pooling of Cash and Investments (continued)

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 \$50,262,994 is reported at net asset value. The Florida PRIME investment pool had weighted average days to maturity of 39 days as of September 30, 2024. Investments in the Florida PRIME are reported at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from Florida PRIME; although in the occurrence of an event that has a material impact on liquidity or operations of the trust fund, the fund's executive director may limit contributions to or withdrawals from the trust fund for a period of 48 hours.
- 2) Amounts placed with the Florida Fixed Income Trust (FL-FIT) and Florida Surplus Asset Fund Trust (FL SAFE) are in commingled pools 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 policies for both adhere to current Florida Investment Statutes under Chapter 218.415. Investments in the FL-FIT totaled \$50,373,022 and FL SAFE totaled \$14,759,241 as of September 30, 2024. The FL SAFE investments are valued at stable net asset value (NAV) and currently meet all of the necessary criteria to elect to measure all of the investments in the fund at amortized cost in accordance with GASB Statement No. 79, and therefore, are not subject to the fair value hierarchy table under GASB Statement No. 72. Under the Trust Indenture, Trustees can temporarily suspend redemption rights or delay payment for redeemed shares during specific conditions, like wartime, national emergencies, or trading disruptions. This doesn't affect the participants' ownership or accrued interest. Suspension starts upon declaration by the Trustees and ends when they decide. Participants can withdraw redemption requests or get paid based on post-suspension net asset value.

B. Restricted Assets

The balances in the restricted assets for the enterprise funds as of September 30, 2024 were \$90,518,951. Details of these balances can be found on the City's Statement of Net Position on pages 28-29.

C. Investments

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

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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

C. Investments (Continued)

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, 2024. 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.

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.

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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

C. Investments (Continued)

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 | \$ 50,525,012 | n/a |
| Treasury Investment Portfolio | AA+ | 174,600,477 | 2.66 |
| SBA Florida PRIME | AAAm | 50,262,994 | 81 days |
| Florida Fixed Income Trust | AAAf/S1 | 50,373,022 | 305 days |
| Florida SAFE | AAAm | 14,759,241 | 57 days |
| Total | | \$ 340,520,746 | 1.43 |

The City utilizes “effective duration” as a measurement of interest rate risk and as of September 30, 2024, the Treasury investment portfolio had an overall effective duration of 1.43 years. The Treasury investment portfolio had the following investment types and effect duration presented in terms of years as of September 30, 2024.

| Security Type | Average Rating | Fair Value | Weighted Average Maturity Years |
|--|-------------------|-----------------------|------------------------------------|
| U.S. Treasury Bond / Note | AA+ | \$ 73,526,293 | 2.50 |
| Federal Agency Bond / Note | AA | 8,757,721 | 0.69 |
| Mortgage Backed Pass-through Security | AA+ | 22,120,493 | 6.18 |
| Corporate Notes | A+ | 56,501,675 | 1.81 |
| ABS / CMBS | AAA | 12,151,803 | 0.62 |
| GSE Collateralized Mortgage Obligations | AA | 175,648 | - |
| Municipal Bond / Note | AA+ | 126,896 | 0.75 |
| Money Market Mutual Fund | A-1 | 1,239,948 | - |
| Total Treasury Portfolio-Pools I, II, and III | | \$ 174,600,477 | 2.50 |

Interest Rate Risk

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

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

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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

C. Investments (Continued)

POOL I - Short-Term Investments:

| Security Type | Average Rating | Fair Value | Weighted Average Maturity Years |
|---|-------------------|----------------------|------------------------------------|
| U.S. Treasury Bond / Note | AA+ | \$ 24,057,140 | 2.15 |
| Federal Agency Bond / Note | AA+ | 663,091 | 7.45 |
| Mortgage Backed Pass-through Security | AA+ | 1,774,646 | 1.50 |
| Corporate Notes | A | 14,987,229 | 1.84 |
| Municipal Bond / Note | AA- | 126,896 | 0.75 |
| Asset Backed Securities | AAA | 9,778,639 | 3.56 |
| GSE Collateralized Mortgage Obligations | AA+ | 175,648 | 8.11 |
| Money Market Mutual Fund | A+ | 35,629 | - |
| Sub-total Pool I | | \$ 51,598,918 | 2.39 |

POOL II - Short Intermediate Investments:

| Security Type | Average Rating | Fair Value | Weighted Average Maturity Years |
|----------------------------|-------------------|----------------------|------------------------------------|
| U.S. Treasury Bond / Note | AA | \$ 28,606,354 | 1.51 |
| Federal Agency Bond / Note | AA | 8,094,630 | 0.14 |
| Corporate Notes | A | 33,816,443 | 1.09 |
| Money Market Mutual Fund | AAA | 376,566 | - |
| Sub-total Pool II | | \$ 70,893,993 | 1.15 |

POOL III - Intermediate Investments:

| Security Type | Average Rating | Fair Value | Weighted Average Maturity Years |
|--------------------------------------|-------------------|-----------------------|------------------------------------|
| U.S Treasury Bond / Note | AA+ | \$ 20,862,799 | 4.27 |
| Mortgage Backed Secutities | AA+ | 20,345,847 | 6.59 |
| Corporate Notes | A- | 7,698,003 | 4.90 |
| ABS / CMBS | AAA | 2,373,164 | 3.17 |
| Money Market Mutual Fund | A-1 | 827,753 | - |
| Sub-total Pool III | | \$ 52,107,566 | 5.15 |
| Total of Pools I, II, and III | | \$ 174,600,477 | 2.39 |

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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, 2024, 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, 2024**

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

C. Investments (Continued)

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

As of September 30, 2024, 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, 2024**

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, 2024:

| | Fair Value | Level 1 | Level 2 |
|---|-----------------------|----------------------|----------------------|
| U.S Treasury Bond / Note | \$ 73,526,293 | \$ 73,526,293 | \$ - |
| Federal Agency Bond / Note | 8,757,721 | - | 8,757,721 |
| Mortgage Backed Pass-through Security | 22,120,493 | - | 22,120,493 |
| Corporate Notes | 56,501,675 | - | 56,501,675 |
| ABS / CMBS | 12,151,803 | - | 12,151,803 |
| GSE Collateralized Mortgage Obligations | 175,648 | - | 175,648 |
| Municipal Bond / Note | 126,896 | - | 126,896 |
| Total investments at fair value | <u>\$ 173,360,529</u> | <u>\$ 73,526,293</u> | <u>\$ 99,834,236</u> |
| Investments measured at net asset value (NAV) | | | |
| Money Market Mutual Fund | 1,239,948 | | |
| Total | <u>\$ 174,600,477</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, 2024**

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, 2024, the cash carrying amounts of the City's pension plans' deposits were as follows:

| | |
|--------------------------------------|---------------------|
| General Employees' Retirement System | \$ 727,378 |
| Police Officers' Retirement System | 387,041 |
| Firefighters' Retirement Plan | 313,375 |
| Total Pension Trust Funds | <u>\$ 1,427,794</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, 2024**

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

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

As of September 30, 2024, the investments of the City's pension plans are as follows:

| Investment Type | Fair Value | % of Portfolio | Credit Rating | Duration (in Years) |
|---|-----------------------|----------------|---------------|---------------------|
| <u>General Employees Retirement System:</u> | | | | |
| Bonds & Notes | \$ 45,065,359 | 23.0% | A+ | 5.97 |
| Common Stock | 32,420,869 | 16.6% | n/a | n/a |
| Mutual Funds : Real Estate | 24,099,177 | 12.3% | n/a | n/a |
| Mutual Funds: Equities | 41,415,664 | 21.2% | n/a | n/a |
| Hedge Funds (Mutual Fund) | 13,238,973 | 6.8% | n/a | n/a |
| Emerging Markets | 25,339,994 | 12.9% | n/a | n/a |
| Master Limited Ptr | 14,165,808 | 7.2% | n/a | n/a |
| Fund Total | \$ 195,745,844 | 100.0% | | |
| <u>Police Officer Retirement System:</u> | | | | |
| Bonds & Notes | \$ 34,912,787 | 35.6% | Aa3 | 4.12 |
| Common Stock | 16,801,756 | 17.1% | n/a | n/a |
| Mutual Funds: Real Estate | 3,890,132 | 4.0% | n/a | n/a |
| Mutual Funds: Equities | 42,583,290 | 43.4% | n/a | n/a |
| Fund Total | \$ 98,187,965 | 100.0% | | |
| <u>Firefighter Retirement Plan:</u> | | | | |
| Bonds & Notes | \$ 23,764,303 | 24.0% | AA- | 3.92 |
| Mutual Funds : Real Estate | 8,496,678 | 8.6% | n/a | n/a |
| Mutual Funds: Equities | 66,651,413 | 67.4% | n/a | n/a |
| Fund Total | \$ 98,912,394 | 100.0% | | |
| Total Pension Plan investments | \$ 392,846,203 | | | |

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, 2024, 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, 2024**

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, 2024, the three pension plans had the credit exposures listed above as a percentage of total investments. All investments were in compliance with their respective investment policies.

Custodial Credit Risk

Investment securities are exposed to custodial credit risk if they are uninsured and are not registered in the name of the government and are held by either the counterpart or the counterpart's trust department or agent, but not in the government's name. The pension plans' investment policies, pursuant to Section 112.661(10), Florida Statutes, require that the plan's securities shall be held with a third-party custodian; and that all securities purchased by, and all collateral obtained by the plan should be properly designated as an asset of the plan. The securities must be held in an account separate and apart from the assets of the financial institution. A third-party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. As of September 30, 2024, 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, 2024

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, 2024:

General Employees:

| | Fair Value | Level 1 | Level 2 | Level 3 |
|---------------------------------|-----------------------|----------------------|----------------------|----------------------|
| Bonds & Notes | \$ 45,065,359 | \$ 15,731,843 | \$ 29,333,516 | \$ - |
| Common Stock | 32,420,869 | 30,415,325 | 1,901,214 | 104,330 |
| Mutual Funds : Real Estate | 24,099,177 | - | - | 24,099,177 |
| Mutual Funds: Equities | 41,415,664 | 10,367,158 | 31,048,506 | - |
| Hedge Funds (Mutual Fund) | 13,238,973 | - | 9,751,287 | 3,487,686 |
| Emerging Markets | 25,339,994 | - | 13,199,599 | 12,140,395 |
| Master Limited Partnership | 14,165,808 | - | - | 14,165,808 |
| Total investments at fair value | <u>\$ 195,745,844</u> | <u>\$ 56,514,326</u> | <u>\$ 85,234,122</u> | <u>\$ 53,997,396</u> |

Police:

| | Fair Value | Level 1 | Level 2 | Level 3 |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|
| Bonds & Notes | \$ 34,912,787 | \$ 8,632,618 | \$ 25,490,273 | \$ 789,896 |
| Common Stock | 16,801,756 | 15,853,390 | 948,366 | - |
| Mutual Funds: Real Estate | 3,890,132 | - | - | 3,890,132 |
| Mutual Funds: Equities | 42,583,290 | 20,801,775 | 14,952,913 | 6,828,602 |
| Total investments at fair value | <u>\$ 98,187,965</u> | <u>\$ 45,287,783</u> | <u>\$ 41,391,552</u> | <u>\$ 11,508,630</u> |

Fire:

| | Fair Value | Level 1 | Level 2 | Level 3 |
|---------------------------------|----------------------|----------------------|----------------------|---------------------|
| Bonds & Notes | \$ 23,764,303 | \$ 6,647,487 | \$ 17,116,816 | \$ - |
| Mutual Funds: Real Estate | 8,496,678 | - | 3,609,452 | 4,887,226 |
| Mutual Funds: Equities | 66,651,413 | 22,079,620 | 44,571,793 | - |
| Total investments at fair value | <u>\$ 98,912,394</u> | <u>\$ 28,727,107</u> | <u>\$ 65,298,061</u> | <u>\$ 4,887,226</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, 2024**

NOTE 5 – RECEIVABLES AND INTERFUND ACTIVITY

A. Due from Other Governments

The following amounts were due from other governments as of September 30, 2024:

| | General Government | Business-Type | Totals |
|--------------------|---------------------|---------------------|----------------------|
| Federal Government | \$ 1,883,829 | \$ 1,875,113 | \$ 3,758,942 |
| State Government | 7,644,421 | 2,347,912 | 9,992,333 |
| Local Government | 296,291 | 271,898 | 568,189 |
| Total | <u>\$ 9,824,541</u> | <u>\$ 4,494,923</u> | <u>\$ 14,319,464</u> |

B. Interfund Transactions

Interfund transfers for the year ended September 30, 2024, consisted of the following:

| | |
|--|-----------------------------|
| Transfers to General Fund from: | |
| Electric System Revenue Fund | \$ 19,749,798 |
| Water and Sewer Fund | 6,094,033 |
| Internal Service Fund | 119,362 |
| Nonmajor Business type Funds | 3,285,897 |
| Nonmajor Governmental Funds | <u>6,825,084</u> |
| Total transfers to General Fund | <u>36,074,174</u> |
| Transfers to nonmajor governmental funds from: | |
| Nonmajor Business type Funds | 173,000 |
| Nonmajor Governmental Funds | 19,995 |
| General Fund | <u>10,996,623</u> |
| Total transfers to nonmajor governmental funds | <u>11,189,618</u> |
| Transfers to non-major business type funds from: | |
| General Fund | <u>1,437,713</u> |
| Total transfers to nonmajor business-type funds | <u>1,437,713</u> |
| Total transfers at the fund level | <u>\$ 48,701,505</u> |

The interfund transfers between the General, Water and Sewer, and Electric Funds to cover general government operations are discussed in more detail on the next pages.

The transfer of \$6,743,506 from the Bank Loan 2022 fund to General Fund is to cover refunds of fire fees budgeted in the General Fund. The transfer of \$173,000 from the Golf Course and \$6,878,750 from the General Fund to the Debt Service Fund was to cover annual debt service payments. The transfer from the General Fund of \$853,480 to the Golf Course was to help fund operations, and \$584,233 transfer to SunTran was to help with costs of grant funds expended.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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, 2024, is as follows:

| <u>Fund</u> | <u>Interfund Advances Receivables</u> | <u>Interfund Advances Payables</u> |
|--------------------------------------|---|--|
| General Fund | \$ 1,400,000 | \$ - |
| Enterprise funds: | | |
| Water and Sewer Fund | 2,100,000 | - |
| Electric Fund | 2,100,000 | |
| Nonmajor Governmental Funds | | 5,600,000 |
| Total interfund receivables/payables | <u>\$ 5,600,000</u> | <u>\$ 5,600,000</u> |

| <u>Fund</u> | <u>Due from other funds</u> | <u>Due to other funds</u> |
|-------------------------------|---------------------------------|-------------------------------|
| General Fund | \$ 4,570,790 | \$ - |
| Enterprise funds: | | |
| Water and Sewer Fund | 150,000 | - |
| Electric Fund | 150,000 | 3,116,714 |
| Non-Major business-type funds | - | 1,354,076 |
| Non-Major governmental funds: | | 400,000 |
| Total due to/from | <u>\$ 4,870,790</u> | <u>\$ 4,870,790</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, 2024**

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.

| | IN Governmental | OUT Business-Type | |
|----------------|----------------------|------------------------|-------------------------------|
| General Fund | \$ 19,749,798 | \$ (19,749,798) | Electric Fund |
| General Fund | 6,094,033 | (6,094,033) | Water & Sewer Fund |
| General Fund | 3,285,897 | (3,285,897) | Non-major Business-Type Funds |
| Nonmajor Funds | 173,000 | (173,000) | Non-major Business-Type Funds |
| | <u>\$ 29,302,728</u> | <u>\$ (29,302,728)</u> | |

| | OUT Governmental | IN Business-Type | |
|---------------|----------------------|------------------------|----------------|
| General Fund | \$ 1,437,713 | \$ (1,437,713) | Nonmajor Funds |
| Net Transfers | <u>\$ 27,865,015</u> | <u>\$ (27,865,015)</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:

| | Governmental Activities | Business-type Activities | Total |
|------------------------------------|----------------------------|-----------------------------|----------------------|
| Customers: | | | |
| Billed | \$ 802,878 | \$ 21,594,128 | \$ 22,397,006 |
| Unbilled | 1,219,999 | 11,138,246 | 12,358,245 |
| Miscellaneous | 308,898 | 2,377,658 | 2,686,556 |
| Gross Receivables | 2,331,775 | 35,110,032 | 37,441,807 |
| Less: allowance for uncollectibles | (96,923) | (1,895,874) | (1,992,797) |
| Net receivables | <u>\$ 2,234,852</u> | <u>\$ 33,214,158</u> | <u>\$ 35,449,010</u> |

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024 was as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|----------------------|--------------|--------------|--------------|----------------|
| Governmental Activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land and improvements | \$ 29,181,096 | \$ 679,386 | \$ (2,968) | \$ - | \$ 29,857,514 |
| Intangible (easement, rights of way) | 1,935,359 | 10,000 | - | - | 1,945,359 |
| Construction in progress | 5,460,811 | 11,791,679 | - | (10,387,900) | 6,864,590 |
| Total capital assets not being depreciated | 36,577,266 | 12,481,065 | (2,968) | (10,387,900) | 38,667,463 |
| Capital assets being depreciated | | | | | |
| Building and improvements | 88,460,510 | 368,885 | - | 10,387,900 | 99,217,295 |
| Right to use lease assets | | | | | |
| Right to use asset infrastructure | 535,259 | - | - | - | 535,259 |
| Right to use SBITA assets | | | | | |
| Right to use asset software | 2,660,427 | 1,481,904 | - | - | 4,142,331 |
| Collections and other fixed assets | 658,440 | - | (11,000) | - | 647,440 |
| Equipment | 70,702,056 | 6,058,115 | (4,168,160) | - | 72,592,011 |
| Intangible (software) | 6,104,166 | 272,197 | - | - | 6,376,363 |
| Infrastructure (road & streets) | 319,790,677 | 623,083 | (18,500) | - | 320,395,260 |
| Total capital assets being depreciated | 488,911,535 | 8,804,184 | (4,197,660) | 10,387,900 | 503,905,959 |
| Less accumulated depreciation and amortization: | | | | | |
| Building and improvements | (34,735,958) | (3,414,790) | - | - | (38,150,748) |
| Right to use lease assets | | | | | |
| Right to use asset infrastructure | (112,165) | (53,839) | - | - | (166,004) |
| Right to use SBITA assets | | | | | |
| Right to use asset software | (806,515) | (1,520,895) | - | - | (2,327,410) |
| Collections and other fixed assets | (12,946) | (185) | - | - | (13,131) |
| Equipment | (48,592,666) | (5,641,408) | 4,511,199 | - | (49,722,875) |
| Intangible (Software) | (5,103,295) | (306,803) | - | - | (5,410,098) |
| Infrastructure (roads & streets) | (270,585,230) | (5,471,942) | - | - | (276,057,172) |
| Total Accumulated depreciation | (359,948,775) | (16,409,862) | 4,511,199 | - | (371,847,438) |
| Total capital assets being depreciated-net | 128,962,760 | (7,605,678) | 313,539 | 10,387,900 | 132,058,521 |
| Governmental activities capital assets-net | \$ 165,540,026 | \$ 4,875,387 | \$ 310,571 | \$ - | \$ 170,725,984 |
| Business Type Activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land and improvements | \$ 20,803,110 | \$ 83,582 | \$ (465,378) | \$ - | \$ 20,421,314 |
| Intangible (easement, rights of way) | 2,746,647 | - | - | - | 2,746,647 |
| Collections & other fixed assets | 1,000 | - | - | - | 1,000 |
| Construction in progress | 21,557,761 | 13,426,301 | - | (7,499,374) | 27,484,688 |
| Total capital assets not being depreciated | 45,108,518 | 13,509,883 | (465,378) | (7,499,374) | 50,653,649 |
| Capital assets being depreciated: | | | | | |
| Buildings | 35,426,940 | - | - | - | 35,426,940 |
| Right to use lease assets | | | | | |
| Right to use asset equipment | 348,753 | - | - | - | 348,753 |
| Right to use SBITA assets | | | | | |
| Right to use asset software | 1,003,110 | - | - | - | 1,003,110 |
| Improvements other than buildings | 662,720,585 | 11,475,100 | (378,190) | 7,499,374 | 681,316,869 |
| Equipment | 39,211,788 | 4,950,433 | (285,308) | - | 43,876,913 |
| Intangible (software) | 5,661,824 | - | - | - | 5,661,824 |
| Total capital asset being depreciated-net | 744,373,000 | 16,425,533 | (663,498) | 7,499,374 | 767,634,409 |
| Less accumulated depreciation and amortization: | | | | | |
| Buildings | (22,291,869) | (827,131) | - | - | (23,119,000) |
| Right to use lease assets | | | | | |
| Right to use asset equipment | (177,517) | (90,943) | - | - | (268,460) |
| Right to use SBITA assets | | | | | |
| Right to use asset software | (334,730) | (334,730) | - | - | (669,460) |
| Improvements other than buildings | (418,892,373) | (21,016,239) | 2,603 | - | (439,906,009) |
| Equipment | (16,926,280) | (2,989,039) | 154,204 | - | (19,761,115) |
| Intangible (software) | (5,451,824) | (58,120) | - | - | (5,509,944) |
| Total accumulated depreciation | (464,074,593) | (25,316,202) | 156,807 | - | (489,233,988) |
| Total Capital asset being depreciated-net | 280,298,407 | (8,890,669) | (506,691) | 7,499,374 | 278,400,421 |
| Business-type activities capital assets-net | \$ 325,406,925 | \$ 4,619,214 | \$ (972,069) | \$ - | \$ 329,054,070 |

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 6 – CAPITAL ASSETS (Continued)

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

| | Depreciation/ Amortization Expense |
|---|--|
| Governmental activities: | |
| General government | \$ 1,385,695 |
| Public safety | 1,175,510 |
| Physical environment | 1,127,201 |
| Transportation | 11,545,761 |
| Economic environment | 128,823 |
| Culture and recreation | 1,046,872 |
| Total depreciation expense - governmental activities | <u>\$ 16,409,862</u> |
| Business Type activities: | |
| Electric | \$ 9,772,951 |
| Water and sewer | 10,525,764 |
| Non-major enterprise | 5,017,487 |
| Total depreciation expense - business-type activities | <u>\$ 25,316,202</u> |

NOTE 7 – RISK MANAGEMENT

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

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

The City has general liability insurance with a \$200,000 retention per claimant and \$300,000 retention per occurrence with a \$1,000,000 per occurrence limit. The City has workers' compensation insurance with \$500,000 retention per occurrence with statutory limits per F.S 440. The disability income replacement and auto liability programs are fully self-insured. The City's employee health insurance program was fully self-insured through February 1994, after which it is fully insured except for the prescription program which was fully self-insured through December 1997. Beginning October 1, 2010, the City's employee health insurance program was partially self-insured, with a pooling limit of \$150,000. The City had no significant reductions in insurance coverage during the fiscal year ended September 30, 2024.

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, 2024 the City obtained actuarially determined estimates of the total loss reserves for all self-insurance risks. The claims liability of \$8,975,658 reported in the fund at September 30, 2024 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued when insured events occur. In addition, there have been no settlements which exceeded the City's insurance coverage in any of the

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 7 – RISK MANAGEMENT (Continued)

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

| | Beginning-of- Fiscal-Year-Liability | Current Year Claims and Changes in Estimates | Claim Payments | Balance at Fiscal Year End |
|-----------|--|--|-------------------|----------------------------------|
| 2021-2022 | \$ 8,337,559 | \$ 1,560,989 | \$ 1,835,989 | \$ 8,062,559 |
| 2022-2023 | 8,062,559 | 2,403,733 | 1,665,014 | 8,801,278 |
| 2023-2024 | 8,801,278 | 2,741,072 | 2,566,692 | 8,975,658 |

NOTE 8 – LEASES AND SOFTWARE SUBSCRIPTIONS (SBITAS) PAYABLE

A. Lessor Agreements - Governmental Activities

In 2021, the City leased an antenna tower to T-Mobile South for the purposes of transmission and reception of radio communication signals. The tenant (T-Mobile South) has the right to extend the lease for five (5) additional and successive five-year terms. The lease initially expires April 10, 2026. Currently, the City receives \$2,947 monthly and the payments are subject to a two percent increase annually beginning January 1st of each year. The present value of the lease receivable and deferred inflow of resources as of September 30, 2024 was \$843,323. The agreement is summarized below:

| Lessee | Initial Term | Contract Start Date | Contact End Date | Lease Receivable | Lease Revenue | Interest Revenue |
|----------------|-----------------|------------------------|---------------------|---------------------|------------------|---------------------|
| T Mobile South | 5yrs | 04/10/21 | 04/10/51 | \$ 843,323 | \$ 10,418 | \$ 25,471 |
| Total | | | | \$ 843,323 | \$ 10,418 | \$ 25,471 |

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

| Year Ended September 30 | Principal | Interest |
|----------------------------|-------------------|-------------------|
| 2025 | \$ 11,462 | \$ 25,145 |
| 2026 | 12,552 | 24,787 |
| 2027 | 13,691 | 24,395 |
| 2028 | 14,880 | 23,967 |
| 2029 | 16,121 | 23,503 |
| 2030-2034 | 101,146 | 109,186 |
| 2035-2039 | 141,054 | 91,169 |
| 2040-2044 | 189,859 | 66,533 |
| 2045-2049 | 249,259 | 33,819 |
| 2050-2051 | 93,299 | 2,363 |
| Total | \$ 843,323 | \$ 424,867 |

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 8- LEASES AND SOFTWARE SUBSCRIPTIONS (SBITAS) PAYABLE (Continued)

B. Lessor Agreements - Water & Sewer Fund

The City currently has three agreements for the lease of its Water and Sewer assets. The City leases a water tower to AT&T Wireless for the tenant's purposes of transmission and reception of communication signals. The initial term is five years and will automatically renew for five additional years. The City currently receives monthly payments of \$3,252 which will increase at a rate of three percent each year.

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

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

As of September 30, 2024, the balance of deferred inflows of resources was \$539,515.

| Lessee | Contract Start Date | Contract End Date | Lease Receivable | Lease Revenue | Interest Revenue |
|-------------------------|--------------------------------|------------------------------|-----------------------------|--------------------------|-----------------------------|
| AT&T | 10/31/20 | 10/31/25 | \$ 43,773 | \$ 37,959 | \$ 1,938 |
| Quality by Design, Inc. | 11/08/06 | 02/01/27 | 19,250 | 7,449 | 700 |
| Agri Land & Cattle Co. | 09/07/23 | 09/07/32 | 476,492 | 56,923 | 5,077 |
| Totals | | | \$ 539,515 | \$ 102,331 | \$ 7,715 |

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

| Year Ended September 30 | Principal | Interest |
|------------------------------------|-------------------|------------------|
| 2025 | \$ 105,755 | \$ 5,734 |
| 2026 | 69,939 | 4,158 |
| 2027 | 61,565 | 3,361 |
| 2028 | 59,248 | 2,752 |
| 2029 | 59,844 | 2,156 |
| 2030-2032 | 183,164 | 2,836 |
| Total | \$ 539,515 | \$ 20,997 |

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 8- LEASES AND SOFTWARE SUBSCRIPTIONS (SBITAS) PAYABLE (Continued)

C. Lessee Agreements - Governmental Activities

The City entered into an agreement with Concord Parking, LLC for space in the Concord Building for Cultural Arts offices. The lease with Concord Parking, LLC provides adequate office space and parking for the Cultural Arts staff within the Downtown/Central Business District. Based on this agreement, the City is paying \$4,479 monthly with annual adjustments of three (3) percent. The lease is for five years with renewal options of an additional five years. The value of the right-to-use asset at September 30, 2024 was \$535,259 and had accumulated amortization of \$166,004. The present value of the lease payable, \$408,208, is accounted for in the Governmental Activities Fund. The implicit rate used to determine present value was three (3) percent. The terms of the lease are summarized below:

| Lessor | Initial Term | Start Date | Contract End Date | Lease Payable | Lease Expense | Interest Expense |
|-----------------|-------------------------|-------------------|------------------------------|----------------------|--------------------------|-----------------------------|
| Concord Parking | 4 years | 09/01/21 | 08/31/31 | \$ 408,208 | \$ 45,312 | \$ 12,992 |
| Totals | | | | \$ 408,208 | \$ 45,312 | \$ 12,992 |

Renewal term is five years.

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

| Year Ended September 30 | Principal | Interest |
|------------------------------------|-------------------|------------------|
| 2025 | \$ 48,464 | \$ 11,589 |
| 2026 | 51,765 | 10,090 |
| 2027 | 55,221 | 8,490 |
| 2028 | 58,840 | 6,782 |
| 2029 | 62,623 | 4,968 |
| 2030-2031 | 131,295 | 4,011 |
| Total | \$ 408,208 | \$ 45,930 |

D. Lessee Agreements - Ocala Fiber Network

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

The City has entered into a three-year lease agreement with one-year extension as lessee with Opticatel for the utilization of fiber services. An initial liability of \$66,426 was recorded previously. The City is required to make monthly principal and interest payments of \$3,250. The value of the right-to-use asset at the end of the current fiscal year was \$150,167 with accumulated amortization of \$130,978.

In 2013, the City entered into a lease agreement with Level 3 Communications for the purpose of granting the use of certain dark fiber to the City. There are four renewal terms for five years each. The City has exercised its fourth renewal term. The fourth term for an additional five years will expire July 2028. The City is required to make monthly principal and interest payments of \$2,033 per month. The value of the right-to-use asset at the end of the current fiscal year was \$145,417 with accumulated amortization of \$63,828.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 8- LEASES AND SOFTWARE SUBSCRIPTIONS (SBITAS) PAYABLE (Continued)

D. Lessee Agreements - Ocala Fiber Network (continued)

In June 2021, entered into a lease agreement with Treasure Lake to utilize fiber connectivity. The agreement may be renewed for up to four (4) consecutive, one (1) year periods. A CPI-U adjustment may apply to each renewal period. The final expiration date is June 30, 2025. The City is required to make monthly principal and interest payments of \$2,026 per month. The value of the right-to-use asset at the end of the current fiscal year was \$91,553 with accumulated amortization of \$74,373.

Terms of the lease are summarized below:

| Lessor | Start Date | Contract End Date | Lease Payable | Lease Expense | Interest Expense |
|------------------------|-------------------|------------------------------|----------------------|--------------------------|-----------------------------|
| Opticaltel | 07/01/21 | 06/30/24 | \$ - | \$ 28,895 | \$ 362 |
| Opticaltel | 07/01/24 | 06/30/25 | 28,895 | 9,488 | 264 |
| Level 3 Communications | 10/01/21 | 07/22/28 | 80,943 | 21,608 | 2,782 |
| Treasure Lake | 06/30/21 | 06/30/25 | 18,015 | 23,394 | 923 |
| Totals | | | \$ 127,853 | \$ 83,385 | \$ 4,331 |

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

| Year Ended September 30 | Principal | Interest |
|------------------------------------|-------------------|-----------------|
| 2025 | \$ 69,177 | \$ 2,708 |
| 2026 | 22,943 | 1,447 |
| 2027 | 23,642 | 748 |
| 2028 | 12,091 | 102 |
| Total | \$ 127,853 | \$ 5,005 |

E. SBITA Agreements - Governmental Activities

The City has entered into agreements with several providers for subscription use of its software with ending dates between October 2024 and March 2028. The City is required to make annual payments that amounted to \$1,559,087 in the current fiscal year. The value of the right-to-use asset at the end of the current fiscal year was \$4,142,331 with accumulated amortization of \$2,327,410.

Terms of the subscription are summarized below:

| Subscription | Start Date | Contract End Date | SBITA Payable | SBITA Expense | Interest Expense |
|---------------------|-------------------|------------------------------|----------------------|--------------------------|-----------------------------|
| Avolve | 03/15/22 | 03/15/28 | \$ 396,729 | \$ 124,616 | \$ 15,640 |
| Office 365 - SHI | 10/01/22 | 10/30/24 | - | 538,199 | 16,146 |
| Office 365 - SHI | 05/01/24 | 04/24/27 | 1,002,463 | 479,441 | 44,457 |
| Kronos | 03/07/22 | 03/14/28 | 334,502 | 98,511 | 12,990 |
| Oracle NetSuite | 12/30/21 | 12/30/24 | - | 222,414 | 6,673 |
| Totals | | | \$ 1,733,694 | \$ 1,463,181 | \$ 95,906 |

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 8- LEASES AND SOFTWARE SUBSCRIPTIONS (SBITAS) PAYABLE (Continued)

E. SBITA Agreements - Governmental Activities (Continued)

Future payments due from the City under this agreement are as follows:

| Year Ended September 30 | Principal | Interest |
|------------------------------------|---------------------|------------------|
| 2025 | \$ 726,989 | \$ 52,011 |
| 2026 | 752,244 | 30,201 |
| 2027 | 254,461 | 7,635 |
| Total | \$ 1,733,694 | \$ 89,847 |

F. SBITA Agreement – Electric Utility

The City has entered into an agreement with Exceleron for subscription use of its software through August 2025. A three percent annual increase is included in the terms. The City is required to make monthly principal and interest payments of \$29,276 currently. The value of the right-to-use asset at the end of the current fiscal year was \$1,003,110 with accumulated amortization of \$668,740.

Terms of the subscription are summarized below:

| Subscription | Initial Term | Start Date | Contract End Date | SBITA Payable | SBITA Expense | Interest Expense |
|---------------------|-------------------------|-------------------|------------------------------|----------------------|--------------------------|-----------------------------|
| Exceleron | 3 years | 09/01/22 | 08/31/25 | \$ 333,880 | \$ 343,558 | \$ 15,656 |
| Totals | | | | \$ 333,880 | \$ 343,558 | \$ 15,656 |

Future payments due from the City under this agreement are as follows:

| Year Ended September 30 | Principal | Interest |
|------------------------------------|-------------------|-----------------|
| 2025 | \$ 333,880 | \$ 5,054 |
| Total | \$ 333,880 | \$ 5,054 |

G. Regulated Lease Revenue - Ocala Airport

The City has entered into agreements with twenty-three (23) tenants for the lease of real property (ground leases) located at Ocala International Airport. The leases include the right of ingress and egress across the Airport to be used in common with others having similar rights of passage. These leases are to tenants in the aviation industry and are regulated by the Federal Aviation Administration (FAA). Such leases require FAA approval, and the FAA requires similar lease rates for similarly situated aviation related leases and prohibits unfair discrimination against certain aviation types. These regulated leases are exempt from the accounting requirements in GASB Statement No. 87, *Leases*, and are not reported on the Airport Fund's Statement of Net Position.

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

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 8- LEASES AND SOFTWARE SUBSCRIPTIONS (SBITAS) PAYABLE (Continued)

G. Regulated Lease Revenue - Ocala Airport (Continued)

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

Most of the lease terms are for thirty years with the last one expiring December 31, 2050 and the renewal terms are two terms at five years each. Other lease terms are five and ten years with no renewal terms. The rental rates are increased at a rate of three percent each year. The airport recognized \$289,032 of lease revenue from these agreements for the year ended September 30, 2024. A schedule of expected future minimum payments under these agreements are as follows:

| Year Ended September 30 | Principal | Interest |
|------------------------------------|---------------------|-------------------|
| 2025 | \$ 198,768 | \$ 61,467 |
| 2026 | 117,404 | 56,547 |
| 2027 | 80,069 | 53,918 |
| 2028 | 63,699 | 51,717 |
| 2029 | 57,441 | 50,081 |
| 2030-2034 | 328,335 | 224,233 |
| 2035-2039 | 428,547 | 170,255 |
| 2040-2044 | 481,686 | 103,778 |
| 2045-2049 | 390,783 | 39,615 |
| 2050-2053 | 84,648 | 2,338 |
| Totals | \$ 2,231,380 | \$ 813,949 |

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 consists 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.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 9 – PENSION PLANS (Continued)

A. General Employees Retirement System (Continued)

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, 2024 the Plan's participants consisted of:

| | 2024 | 2023 |
|--|--------------|--------------|
| Retirees and beneficiaries (Inactive members): | | |
| Currently receiving benefits | 812 | 794 |
| DROP retirees | 14 | 12 |
| Disability Retirees | 3 | 3 |
| Terminated employees entitled to benefits, but not yet receiving them | 216 | 238 |
| Active plan members | 90 | 105 |
| | <u>1,135</u> | <u>1,152</u> |

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 five 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.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 9 – PENSION PLANS (Continued)

A. General Employees Retirement System (Continued)

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.

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, 2024:

| Asset Class | Target Allocation | |
|-------------------------|--------------------------|-------------|
| | 2024 | 2023 |
| Equity Securities | 24.00% | 24.00% |
| Non US Equity | 18.00% | 18.00% |
| Fixed Income Securities | 25.00% | 25.00% |
| Hedge Fund of Funds | 6.00% | 6.00% |
| Real Estate | 12.00% | 12.00% |
| Private Equity | 5.00% | 5.00% |
| Private Debt | 5.00% | 5.00% |
| Opportunistic | 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.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 9 – PENSION PLANS (Continued)

A. General Employees Retirement System (Continued)

Rate of Return:

For the year ended September 30, 2024 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 17.47%. 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 after January 31, 2011).

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, 2024 is \$2,420,763.

Annual Pension Cost

The contribution requirement for the General Employees' Retirement System for Fiscal Year 2024, established through an actuarial valuation performed as of October 1, 2022, was \$8,046,929 (97.12% of current covered payroll). Actual employee contributions to the General Employees Retirement System totaled \$412,448 (4.98% of current covered payroll); actual employer contributions to the General Employees' Retirement System were \$8,020,524 (96.80% of current covered payroll).

Net Pension Liability

The City has used the alternate measurement date of September 30, 2023 to record the net pension liability, deferred inflows and outflows of resources, and pension expense in its September 30, 2024 financial statements.

| | Measurement Date | |
|---|----------------------|----------------------|
| | 9/30/2024 | 9/30/2023 |
| Total Pension Liability | \$ 239,733,320 | \$ 237,325,855 |
| Plan Fiduciary Net Position | (198,700,008) | (175,136,681) |
| Sponsor's Net Pension Liability | <u>\$ 41,033,312</u> | <u>\$ 62,189,174</u> |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | 82.88% | 73.80% |

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2023 updated to September 30, 2024 using the following actuarial assumptions.

| | 2024 | 2023 |
|---------------------------|-----------------|-----------------|
| Inflation | 2.50% | 2.00% |
| Salary Increase | (Service Based) | (Service Based) |
| Investment Rate of Return | 6.60% | 6.70% |

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 9 – PENSION PLANS (Continued)

A. General Employees Retirement System (Continued)

Mortality Rate Healthy Active Lives:

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

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

Mortality Rate Healthy Retiree Lives

Females: PubG.H-2010 for healthy retirees.

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

Mortality Rate Beneficiary Lives:

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

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

Mortality Rate Disabled Lives:

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

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

Pension expense, Deferred Outflows and Deferred Inflows of Resources

For the year ended September 30, 2024, the City recognized pension expense of \$6,184,020. Contributions made after the measurement date in the amount of \$7,783,619, will be recognized as a reduction of net pension liability in the subsequent fiscal period. As of September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions based on a measurement date of September 30, 2023 from the following sources:

Deferred Outflows

| | |
|--|----------------------|
| Difference between expected and actual earnings on investments | \$ 12,930,826 |
| Contributions subsequent to the measurement date | <u>7,783,619</u> |
| Total deferred outflows | <u>\$ 20,714,445</u> |

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

| | |
|------------|----------------------|
| 2025 | \$ 3,115,460 |
| 2026 | 3,547,378 |
| 2027 | 7,361,968 |
| 2028 | (1,093,980) |
| Thereafter | <u>-</u> |
| | <u>\$ 12,930,826</u> |

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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, 2024 are summarized in the following table:

| Asset Class | Long-Term Expected Real Rate of Return | |
|-------------------------|---|-------|
| | 2024 | 2023 |
| Equity Securities | 5.00% | 7.52% |
| Developed Non US Equity | 5.00% | 7.65% |
| Emerging Non US Equity | 5.50% | 8.40% |
| Fixed Income Securities | 1.70% | 3.88% |
| Hedge Fund of Funds | 2.80% | 5.40% |
| Real Estate | 2.60% | 5.22% |
| Private Equity | 7.30% | 9.78% |
| Private Debt | 3.70% | 8.27% |
| Opportunistic | 2.50% | 6.31% |

Discount Rate:

The discount rate used to measure the total pension liability was 6.60 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

| Measurement Date | 1% Decrease | Current Discount Rate | 1% Increase |
|---|---------------|--------------------------|---------------|
| | 5.60% | 6.60% | 7.60% |
| Sponsor's Net Position Liability 09/30/24 Measurement Date | \$ 67,862,084 | \$ 41,033,312 | \$ 18,565,323 |
| Sponsor's Net Position Liability 09/30/23 Measurement Date | \$ 89,053,938 | \$ 62,189,174 | \$ 39,715,901 |

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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, 2022.

| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|---|------------------------------------|--|----------------------------------|
| Beginning balances 9/30/22 | \$ 239,986,252 | \$ 166,215,687 | \$ 73,770,565 |
| Service Cost | 750,899 | - | 750,899 |
| Interest | 15,836,398 | - | 15,836,398 |
| Change in Benefit Terms | 3,603,325 | - | 3,603,325 |
| Differences between Expected and Actual Experience | (9,581,404) | - | (9,581,404) |
| Change in assumptions | 2,428,274 | - | 2,428,274 |
| Contributions - Employer | - | 7,848,969 | (7,848,969) |
| Contributions- Employee | - | 434,332 | (434,332) |
| Net Investment Income | - | 16,514,391 | (16,514,391) |
| Benefit Payments | (15,697,889) | (15,697,889) | - |
| Administrative Expenses | - | (178,809) | 178,809 |
| Net Change | <u>(2,660,397)</u> | <u>8,920,994</u> | <u>(11,581,391)</u> |
| Ending Balance 09/30/23 | <u>237,325,855</u> | <u>175,136,681</u> | <u>62,189,174</u> |
| Beginning balances 9/30/23 | \$ 237,325,855 | \$ 175,136,681 | \$ 62,189,174 |
| Service Cost | 742,626 | - | 742,626 |
| Interest | 15,434,854 | - | 15,434,854 |
| Differences between Expected and Actual Experience | (801,518) | - | (801,518) |
| Change in assumptions | 2,426,534 | - | 2,426,534 |
| Contributions - Employer | - | 8,020,524 | (8,020,524) |
| Contributions- Employee | - | 412,448 | (412,448) |
| Net Investment Income | - | 30,700,030 | (30,700,030) |
| Benefit Payments | (15,395,031) | (15,395,031) | - |
| Administrative Expenses | - | (174,644) | 174,644 |
| Net Change | <u>2,407,465</u> | <u>23,563,327</u> | <u>(21,155,862)</u> |
| Ending balance 9/30/24 | <u>\$ 239,733,320</u> | <u>\$ 198,700,008</u> | <u>\$ 41,033,312</u> |

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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, 2024 the Plan's participants consisted of:

| | 2024 | 2023 |
|--|------------|------------|
| Retirees and beneficiaries (Inactive members): | | |
| Currently receiving benefits | 138 | 129 |
| DROP retirees | 15 | 13 |
| Disability Retirees | 5 | 5 |
| Terminated employees entitled to benefits, but not yet receiving them | 18 | 21 |
| Active plan members | 177 | 180 |
| | <u>353</u> | <u>348</u> |

Pension Benefits:

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

Normal Retirement:

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

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

Early Retirement:

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

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 9 – PENSION PLANS (Continued)

B. Police Officers' Retirement System (Continued)

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

Vesting (Termination):

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

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

Disability Retirement:

Eligibility:

Service Incurred – Covered from Date of Employment

Non-Service Incurred – 10 years of Credited Service.

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

Death Benefits:

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

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

Supplemental Benefit:

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

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

Contributions:

Remaining amount required to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes. For Fiscal Year 2024, the City is required to contribute 27.19% 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, 2024**

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, 2024:

| Asset Class | Target Allocation | |
|----------------------|--------------------------|-------------|
| | 2024 | 2023 |
| Domestic Equity | 37.50% | 37.50% |
| International Equity | 15.00% | 15.00% |
| Bonds | 25.00% | 25.00% |
| Convertibles | 10.00% | 10.00% |
| Private Real Estate | 7.50% | 7.50% |
| Infrastructure | 5.00% | 5.00% |
| Total | 100.00% | 100.00% |

Concentrations:

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

Rate of Return:

For the year ended September 30, 2024 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 20.41%. 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, 2024 is \$2,467,574.

Annual Pension Cost

The contribution requirement for the Police Officers' Retirement System for the 2024 fiscal year, established through an actuarial valuation performed as of October 1, 2022, was \$4,877,802 (32.65% of current covered payroll). Actual employee contributions to the Police Officers' Retirement System totaled \$1,201,059 (8.00% of current covered payroll), actual City contributions were \$3,918,084 (26.10% of current covered payroll) plus state contributions deposited directly to the plan amounted to \$983,450 (6.55% 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, 2024**

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, 2023 to record the net pension liability, deferred inflows and outflows of resources, and pension expense in its September 30, 2024 financial statements.

| | Measurement Date | |
|---|----------------------|----------------------|
| | 9/30/2024 | 9/30/2023 |
| Total Pension Liability | \$ 125,594,479 | \$ 119,659,470 |
| Plan Fiduciary Net Position | (100,053,409) | (83,675,003) |
| Sponsor's Net Pension Liability | <u>\$ 25,541,070</u> | <u>\$ 35,984,467</u> |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | 79.66% | 69.93% |

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2023 updated to September 30, 2024 using the following actuarial assumptions applied to all measurement periods.

| | 2024 | 2023 |
|---------------------------|-----------------|-----------------|
| Inflation | 2.50% | 2.70% |
| Salary Increase | (Service Based) | (Service Based) |
| Investment Rate of Return | 7.25% | 7.25% |

Mortality Rate Healthy Active Lives:

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

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

Mortality Rate Healthy Retiree Lives

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

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

Mortality Rate Beneficiary Lives:

Females: PubG.H-2010 for healthy retirees.

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

Mortality Rate Disabled Lives:

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

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

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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, 2024 are summarized in the following table:

| Asset Class | Long-Term Expected Real Rate of Return | |
|----------------------|---|-------------|
| | 2024 | 2023 |
| Domestic Equity | 8.20% | 7.20% |
| International Equity | 3.30% | 2.90% |
| Bonds | 2.20% | 1.70% |
| Convertibles | 6.50% | 5.90% |
| Private Real Estate | 5.50% | 5.90% |
| Infrastructure | 6.50% | 5.10% |

Pension expense, Deferred Outflows and Deferred Inflows of Resources

For the year ended September 30, 2024, the City recognized pension expense of \$8,632,318. Contributions made after the measurement date in the amount of \$4,901,534 will be recognized as a reduction of net pension liability in the subsequent fiscal period. As of September 30, 2024, based on a measurement date of September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows

| | |
|--|----------------------|
| Difference between expected and actual experience | \$ 5,827,750 |
| Changes in assumptions | 2,412,651 |
| Difference between expected and actual earnings on investments | 8,121,778 |
| Contributions subsequent to the measurement date | 4,901,534 |
| Total deferred outflows | <u>\$ 21,263,713</u> |

Deferred Inflows

| | |
|---|-------------------|
| Difference between expected and actual experience | 738,137 |
| Total deferred inflows | <u>\$ 738,137</u> |

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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:

| | | |
|------------|----|-------------------|
| 2025 | \$ | 4,158,174 |
| 2026 | | 4,322,416 |
| 2027 | | 6,047,294 |
| 2028 | | 1,096,158 |
| Thereafter | | - |
| | \$ | <u>15,624,042</u> |

Discount Rate:

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|---------------|--------------------------|---------------|
| Measurement Date | 6.25% | 7.25% | 8.25% |
| Sponsor's Net Position Liability 09/30/24 Measurement Date | \$ 40,297,173 | \$ 25,541,070 | \$ 13,264,332 |
| Sponsor's Net Position Liability 09/30/23 Measurement Date | \$ 49,763,090 | \$ 35,984,467 | \$ 24,515,571 |

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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, 2022.

| | <u>Total Pension Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Net Pension Liability</u> |
|---|------------------------------------|--|----------------------------------|
| Beginning balances 9/30/22 | \$ 107,819,338 | \$ 77,186,078 | \$ 30,633,260 |
| Service Cost | 2,455,497 | - | 2,455,497 |
| Interest | 7,792,189 | - | 7,792,189 |
| Change in assumptions | - | - | - |
| Differences between Expected and Actual Experience | 7,145,545 | - | 7,145,545 |
| 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 | (5,592,737) | (5,592,737) | - |
| Administrative Expenses | - | (105,487) | 105,487 |
| Net Change | <u>11,840,132</u> | <u>6,488,925</u> | <u>5,351,207</u> |
| Ending balance 9/30/23 | <u>119,659,470</u> | <u>83,675,003</u> | <u>35,984,467</u> |
| Beginning balances 9/30/23 | \$ 119,659,470 | \$ 83,675,003 | \$ 35,984,467 |
| Service Cost | 2,501,108 | - | 2,501,108 |
| Interest | 8,605,453 | - | 8,605,453 |
| Change in assumptions | - | - | - |
| Differences between Expected and Actual Experience | 1,757,809 | - | 1,757,809 |
| Contributions - Employer | - | 3,918,084 | (3,918,084) |
| Contributions - State | - | 983,450 | (983,450) |
| Contributions- Employee | - | 1,201,059 | (1,201,059) |
| Contributions - Buy Back | - | - | - |
| Net Investment Income | - | 17,320,867 | (17,320,867) |
| Benefit Payments | (6,929,361) | (6,929,361) | - |
| Administrative Expenses | - | (115,693) | 115,693 |
| Net Change | <u>5,935,009</u> | <u>16,378,406</u> | <u>(10,443,397)</u> |
| Ending balance 9/30/24 | <u>\$ 125,594,479</u> | <u>\$ 100,053,409</u> | <u>\$ 25,541,070</u> |

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 9 – PENSION PLANS (Continued)

C. Firefighters' Retirement Plan

Plan Descriptions

The City maintains a 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, 2024 the Plan's participants consisted of:

| | 2024 | 2023 |
|--|------------|------------|
| Retirees and beneficiaries (Inactive members): | | |
| Currently receiving benefits | 84 | 79 |
| DROP retirees | 13 | 17 |
| Disability retirees | 10 | 10 |
| Terminated employees entitled to benefits, but not yet receiving them | 3 | 3 |
| Active plan members | 136 | 124 |
| | <u>246</u> | <u>233</u> |

Pension Benefits:

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

Normal Retirement:

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

Benefit: 3.00% of Average Final Compensation times Credited Service, maximum of 93% of Average Monthly Earnings.

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, 2024**

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 returns, and 50% of State Premium Tax Revenues in excess of \$200,000. A portion of excess returns on COLA assets will be transferred to the plan until the plan becomes 90% funded.

Contributions:

Remaining amount required to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes. For Fiscal Year 2024, the City is required to contribute 40.8% and the members contribute 7.67% of covered payroll to Regular Retirement Plan and 0.50% to COLA Fund (8.17% total).

Pursuant to Florida Statutes Section 175.101, an excise tax amounting to 1.85% of the gross amount of receipts of premiums from policyholders on all premiums collected on casualty insurance policies covering property within the corporate limits of the City is collected by the Insurance Commissioner. Such amounts collected by the Insurance Commissioner, less expenses, are contributed annually to the plan. For the 2024 fiscal year the amount of these contributions totaled \$776,557; 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, 2024**

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, 2024:

| Asset Class | Target Allocation | |
|--------------------------------|--------------------------|----------------|
| | 2024 | 2023 |
| Domestic Fixed Income | 25.00% | 25.00% |
| Domestic Equity / Mutual Funds | 45.00% | 45.00% |
| International Equity | 15.00% | 15.00% |
| International Fixed Income | 5.00% | 5.00% |
| Real Estate | 10.00% | 10.00% |
| Total | <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, 2024 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 22.62%. 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 6.75%.

The DROP balance as of September 30, 2024 is \$7,421,072.

Annual Pension Cost

The contribution requirement for the Firefighters' Retirement Plan for the 2024 fiscal year, established through an actuarial valuation performed as of October 1, 2022, was \$3,376,436 (38.2% of then covered payroll). Actual employee contributions to the Firefighters' Retirement Plan totaled \$913,388 (9.9% of current covered payroll), actual City contributions were \$3,376,436 (36.6% of current covered payroll) plus state contributions deposited directly to the plan amounted to \$776,557. 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, 2024**

NOTE 9 – PENSION PLANS (Continued)

C. Firefighters' Retirement Plan (Continued)

Net Pension Liability

The City has used the alternate measurement date of September 30, 2023 to record the net pension liability, deferred inflows and outflows of resources, and pension expense in its September 30, 2024 financial statements.

| | Measurement Date | |
|---|----------------------|----------------------|
| | 9/30/2024 | 9/30/2023 |
| Total Pension Liability | \$ 121,607,089 | \$ 105,336,098 |
| Plan Fiduciary Net Position | (103,007,901) | (84,719,197) |
| Sponsor's Net Pension Liability | <u>\$ 18,599,188</u> | <u>\$ 20,616,901</u> |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | 84.71% | 80.43% |

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2023 updated to September 30, 2024 using the following actuarial assumptions.

| | 2024 | 2023 |
|---------------------------|-------------|-------------|
| Inflation | 2.50% | 2.50% |
| Salary Increase | 0.00%-7.50% | 0.00%-8.00% |
| Investment Rate of Return | 6.75% | 7.00% |

Mortality Rates:

Active:

Pub-2010 Generational using scale MP-2021. Females, Benefits Weighted Safety Employee Female Table, set forward 1 year.

Pub-2010 Generational using scale MP-2021. Males, Benefits Weighted Safety Below Median Employee Male Table, set forward 1 year.

Disabled:

Pub-2010 Generational using scale MP-2021; Headcount Weighted General Disabled Retiree Female Table set forward one year.

Pub-2010 Generational using scale MP-2021; Headcount Weighted General 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 November 2024, considered 5 years of data experience, and resulted in several updates to the actuarial assumptions. The impact to the total pension liability (TPL) resulting from these assumptions is first reflected in TPL as of September 30, 2024.

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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, 2024, the City recognized pension expense of \$6,845,801. Contributions made after the measurement date in the amount of \$4,152,993 will be recognized as a reduction of net pension liability in the subsequent fiscal period. As of September 30, 2024, based on a measurement date of September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows

| | |
|--|----------------------|
| Difference between expected and actual experience | \$ 2,954,929 |
| Changes in assumptions | 1,378,368 |
| Difference between expected and actual earnings on investments | 5,342,337 |
| Contributions subsequent to the measurement date | <u>4,152,993</u> |
| Total deferred outflows | <u>\$ 13,828,627</u> |

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

| | |
|------------|---------------------|
| 2025 | \$ 3,233,321 |
| 2026 | 2,448,279 |
| 2027 | 4,146,476 |
| 2028 | (152,442) |
| Thereafter | <u>-</u> |
| | <u>\$ 9,675,634</u> |

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 9 – PENSION PLANS (Continued)

C. Firefighters' Retirement Plan (Continued)

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2024 are summarized in the following table:

| Asset Class | Long-Term Expected Real Rate of Return | |
|--------------------------------|---|-------------|
| | 2024 | 2023 |
| Domestic Fixed Income | 2.50% | 2.50% |
| Domestic Equity / Mutual Funds | 7.50% | 7.50% |
| International Equity | 8.50% | 8.50% |
| International Fixed Income | 3.50% | 3.50% |
| Real Estate | 4.50% | 4.50% |

Discount Rate:

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|--------------------|----------------------------------|--------------------|
| Measurement Date | 5.75% | 6.75% | 7.75% |
| Sponsor's Net Position Liability 09/30/24 | | | |
| Measurement Date | \$ 33,013,866 | \$ 18,599,188 | \$ 6,648,203 |
| Sponsor's Net Position Liability 09/30/23 | | | |
| Measurement Date | \$ 32,788,135 | \$ 20,616,901 | \$ 10,530,376 |

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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, 2022.

| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|---|------------------------------------|--|----------------------------------|
| Beginning balances 9/30/22 | \$ 99,641,323 | \$ 76,775,260 | \$ 22,866,063 |
| Service Cost | 1,641,437 | - | 1,641,437 |
| Interest | 6,936,273 | - | 6,936,273 |
| Differences between Expected and Actual Experience | 1,503,363 | - | 1,503,363 |
| Contributions - Employer | - | 3,398,109 | (3,398,109) |
| Contributions - State | - | 692,315 | (692,315) |
| Contributions- Employee | - | 754,044 | (754,044) |
| Net Investment Income | - | 7,650,113 | (7,650,113) |
| Benefit Payments | (4,386,298) | (4,386,298) | - |
| Administrative Expenses | - | (164,346) | 164,346 |
| Net Change | <u>5,694,775</u> | <u>7,943,937</u> | <u>(2,249,162)</u> |
| Ending balance 9/30/23 | <u>105,336,098</u> | <u>84,719,197</u> | <u>20,616,901</u> |
| Beginning balances 9/30/23 | \$ 105,336,098 | \$ 84,719,197 | \$ 20,616,901 |
| Service Cost | 1,787,738 | - | 1,787,738 |
| Interest | 7,330,731 | - | 7,330,731 |
| Differences between Expected and Actual Experience | 2,906,676 | - | 2,906,676 |
| Change of Assumptions | 9,044,065 | - | 9,044,065 |
| Contributions - Employer | - | 3,376,436 | (3,376,436) |
| Contributions - State | - | 776,557 | (776,557) |
| Contributions- Employee | - | 913,388 | (913,388) |
| Net Investment Income | - | 18,238,253 | (18,238,253) |
| Benefit Payments | (4,798,219) | (4,798,219) | - |
| Administrative Expenses | - | (217,711) | 217,711 |
| Net Change | <u>16,270,991</u> | <u>18,288,704</u> | <u>(2,017,713)</u> |
| Ending balance 9/30/24 | <u>\$ 121,607,089</u> | <u>\$ 103,007,901</u> | <u>\$ 18,599,188</u> |

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 9 – PENSION PLANS (Continued)

D. Other Pension Plan Information

Summary of Pension Plan Information

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

| | General Employees | Police Plan | Firefighters' Plan | Total |
|--------------------------------|------------------------------|--------------------|---------------------------|---------------|
| Deferred outflows of resources | \$ 20,714,445 | \$ 21,263,713 | \$ 13,828,627 | \$ 55,806,785 |
| Deferred inflows of resources | - | 738,137 | - | 738,137 |
| Net pension liability | 62,189,174 | 35,984,467 | 20,616,901 | 118,790,542 |
| Pension expense | 6,184,020 | 8,632,318 | 6,845,801 | 21,662,139 |

The following is the net position for each pension trust fund as of September 30, 2024:

| | General Employees' Retirement | Police Officers' Retirement System | Firefighters' Retirement Plan | Total |
|---|--|---|--|-----------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 2,985,452 | \$ 1,950,179 | \$ 3,999,503 | \$ 8,935,134 |
| Receivables: | | | | |
| Accrued interest receivable | - | 171,418 | 212,909 | 384,327 |
| Accounts receivable | 1,080 | - | 44,720 | 45,800 |
| Total receivables | <u>1,080</u> | <u>171,418</u> | <u>257,629</u> | <u>430,127</u> |
| Investments, at fair value | <u>195,745,845</u> | <u>98,187,965</u> | <u>98,912,393</u> | <u>392,846,203</u> |
| Total investments | <u>195,745,845</u> | <u>98,187,965</u> | <u>98,912,393</u> | <u>392,846,203</u> |
| Total Assets | <u>198,732,377</u> | <u>100,309,562</u> | <u>103,169,525</u> | <u>402,211,464</u> |
| Liabilities | | | | |
| Accounts payable | <u>115,312</u> | <u>248,034</u> | <u>161,624</u> | <u>524,970</u> |
| Total liabilities | <u>115,312</u> | <u>248,034</u> | <u>161,624</u> | <u>524,970</u> |
| Net Position Restricted for Pensions | <u>\$ 198,617,065</u> | <u>\$ 100,061,528</u> | <u>\$ 103,007,901</u> | <u>\$ 401,686,494</u> |

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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, 2024:

| | General Employees' Retirement | Police Officers' Retirement System | Firefighters' Retirement Plan | Total |
|---|--|---|--|-----------------------|
| Additions: | | | | |
| Contributions: | | | | |
| Employer | \$ 8,020,524 | \$ 3,918,084 | \$ 3,376,436 | \$ 15,315,044 |
| State | - | 983,450 | 776,557 | 1,760,007 |
| Employee | 412,448 | 1,201,059 | 913,388 | 2,526,895 |
| Total Contributions | <u>8,432,972</u> | <u>6,102,593</u> | <u>5,066,381</u> | <u>19,601,946</u> |
| Investment income: | | | | |
| Investment income (loss) | 31,459,085 | 17,735,282 | 18,465,836 | 67,660,203 |
| Less: Investment management fees | (801,475) | (421,912) | (227,583) | (1,450,970) |
| Net investment income (loss) | <u>30,657,610</u> | <u>17,313,370</u> | <u>18,238,253</u> | <u>66,209,233</u> |
| Total additions (reductions) | <u>39,090,582</u> | <u>23,415,963</u> | <u>23,304,634</u> | <u>85,811,179</u> |
| Deductions: | | | | |
| Pension payments | 15,392,365 | 6,815,051 | 4,757,285 | 26,964,701 |
| Refund to employees | - | 109,170 | 40,934 | 150,104 |
| Administration | 174,643 | 113,544 | 217,711 | 505,898 |
| Total deductions | <u>15,567,008</u> | <u>7,037,765</u> | <u>5,015,930</u> | <u>27,620,703</u> |
| Net Increase (Decrease) | 23,523,574 | 16,378,198 | 18,288,704 | 58,190,476 |
| Net Assets Reserved for Employees' Pension Benefits | | | | |
| Beginning of the year | <u>175,093,491</u> | <u>83,683,330</u> | <u>84,719,197</u> | <u>343,496,018</u> |
| End of year | <u>\$ 198,617,065</u> | <u>\$ 100,061,528</u> | <u>\$ 103,007,901</u> | <u>\$ 401,686,494</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, 2024

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

Schedule of Long Term Debt

Long term liability activity for the year ended September 30, 2024 was as follows:

| | Beginning Balance | Increases | Decrease | Ending Balance | Amounts Due Within One Year |
|---------------------------------------|------------------------------|----------------------|------------------------|---------------------------|--|
| Governmental Activities: | | | | | |
| Direct borrowing | | | | | |
| 2015 Capital Improvement Certificates | \$ 16,865,000 | \$ - | \$ (1,470,000) | \$ 15,395,000 | \$ 1,515,000 |
| 2022 Bank Loan | 60,000,000 | - | (2,895,000) | 57,105,000 | 2,990,000 |
| Total direct borrowing | 76,865,000 | - | (4,365,000) | 72,500,000 | 4,505,000 |
| Other liabilities: | | | | | |
| Lease payable | 453,520 | - | (45,312) | 408,208 | 48,464 |
| SBITA payable | 1,714,971 | 1,481,904 | (1,463,181) | 1,733,694 | 726,989 |
| Net Pension Liability | 90,554,281 | 5,351,207 | (8,066,495) | 87,838,993 | - |
| Compensated Absences | 4,531,191 | 10,768,802 | (10,494,181) | 4,805,812 | 2,952,191 |
| OPEB Liability | 10,102,815 | - | (362,843) | 9,739,972 | 507,132 |
| Liability for fire fees | 3,022,224 | - | (3,022,224) | - | - |
| Claims and Judgment | 8,801,278 | 2,741,072 | (2,566,692) | 8,975,658 | 2,908,621 |
| Total other liabilities | 119,180,280 | 20,342,985 | (26,020,928) | 113,502,337 | 7,143,397 |
| Total Governmental Activities | <u>\$ 196,045,280</u> | <u>\$ 20,342,985</u> | <u>\$ (30,385,928)</u> | <u>\$ 186,002,337</u> | <u>\$ 11,648,397</u> |
| Business-type Activities: | | | | | |
| Direct borrowing | | | | | |
| 2014A Utility Systems Bonds | \$ 13,845,000 | \$ - | \$ (25,000) | \$ 13,820,000 | \$ 25,000 |
| 2014B Utility Systems Bonds | 15,540,000 | - | (2,050,000) | 13,490,000 | 2,105,000 |
| 2015 Utility Systems Bonds | 49,390,000 | - | (3,275,000) | 46,115,000 | 3,370,000 |
| 2017 Utility Systems Bonds | 13,500,000 | - | (2,545,000) | 10,955,000 | 2,625,000 |
| Total direct borrowing | 92,275,000 | - | (7,895,000) | 84,380,000 | 8,125,000 |
| Other liabilities | | | | | |
| Lease payable | 172,853 | 38,385 | (83,385) | 127,853 | 69,177 |
| SBITA payable | 677,438 | - | (343,558) | 333,880 | 333,880 |
| Net Pension Liability | 36,715,607 | - | (5,764,058) | 30,951,549 | - |
| Compensated Absences | 2,073,723 | 4,571,981 | (4,619,658) | 2,026,046 | 1,652,725 |
| OPEB Liability | 5,134,185 | - | (141,156) | 4,993,029 | 240,358 |
| Total other liabilities | 44,773,806 | 4,610,366 | (10,951,815) | 38,432,357 | 2,296,140 |
| Total Business-type Activities | <u>\$ 137,048,806</u> | <u>\$ 4,610,366</u> | <u>\$ (18,846,815)</u> | <u>\$ 122,812,357</u> | <u>\$ 10,421,140</u> |

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

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

Debt issued by the City

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

| Bond Series | True Interest Cost | Average Coupon Rate | Maturity Date | Net Proceeds | Cost of Issuance |
|------------------------|-------------------------------|--------------------------------|--------------------------|-------------------------|-----------------------------|
| Bank Loan, Series 2022 | 3.9822% | 3.9822% | 10/01/38 | \$ 60,000,000 | \$ 14,500 |

| Fiscal Year | Principal | Interest |
|--------------------|----------------------|----------------------|
| 2025 | \$ 2,990,000 | \$ 2,274,035 |
| 2026 | 3,090,000 | 2,154,968 |
| 2027 | 3,195,000 | 2,031,918 |
| 2028 | 3,305,000 | 1,904,686 |
| 2029 | 3,415,000 | 1,773,075 |
| 2030-2034 | 18,865,000 | 6,732,307 |
| 2035-2039 | 22,245,000 | 2,715,860 |
| | <u>\$ 57,105,000</u> | <u>\$ 19,586,849</u> |

Bonds Payable Collateral:

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

Pledged Revenue:

The City has pledged certain revenues, to repay certain bonds and notes outstanding as of September 30, 2024. 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, 2024 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.

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

The following is a schedule of bonds outstanding at September 30, 2024:

| Direct Borrowing | | Purpose Of Issue | Amount Issued | Amount Outstanding | Interest Rates |
|---------------------------------|---------------------------------|-------------------------|----------------------|---------------------------|-----------------------|
| Governmental Activities: | | | | | |
| 2015 | Capital Improvement Certificate | Refunding | \$ 21,440,000 | \$ 15,395,000 | 3.67% |
| 2022 | Bank Loan Series 2022 | Bank Loan | 60,000,000 | <u>57,105,000</u> | 3.98% |
| Total Governmental Activities | | | | <u>\$ 72,500,000</u> | |
| Business-Type Activities | | | | | |
| 2014A | Utility Systems Bonds | Refunding | \$ 24,165,000 | \$ 13,820,000 | 3.67% |
| 2014B | Utility Systems Bonds | Refunding | 28,465,000 | 13,490,000 | 3.069% |
| 2015 | Utility Systems Bonds | Refunding | 65,635,000 | 46,115,000 | 3.67% |
| 2017 | Utility Systems Bonds | Refunding | 18,565,000 | <u>10,955,000</u> | 2.705% |
| Total Business-Type Activities | | | | <u>\$ 84,380,000</u> | |

For the year ended September 30, 2024, principal and interest payments were as follows:

| | Governmental Activities | Business-Type Activities |
|----------------|--------------------------------|---------------------------------|
| Interest Paid | \$ 2,873,220 | \$ 2,675,256 |
| Principal Paid | <u>4,365,000</u> | <u>7,895,000</u> |
| | <u>\$ 7,238,220</u> | <u>\$ 10,570,256</u> |

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

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

| Fiscal Year | Governmental Activities | |
|--------------------|--------------------------------|----------------------|
| | Direct Borrowing | |
| | Principal | Interest |
| 2025 | \$ 4,505,000 | \$ 2,713,160 |
| 2026 | 4,650,000 | 2,547,968 |
| 2027 | 4,805,000 | 2,377,368 |
| 2028 | 4,960,000 | 2,201,161 |
| 2029 | 5,120,000 | 2,019,150 |
| 2030-2034 | 26,215,000 | 7,181,257 |
| 2035-2039 | 22,245,000 | 2,715,860 |
| Total | <u>\$ 72,500,000</u> | <u>\$ 21,755,924</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 2024 pledged revenues | \$ | 11,652,198 |
| Fiscal year 2024 principal and interest paid | \$ | 1,954,125 |
| Outstanding principal and interest not including principal and interest Series 2022 Bank Loan | \$ | 17,564,075 |
| Pledged through fiscal year | | 2033 |
| Estimated percentage pledged | | 15.07% |

| Fiscal Year | Business-Type Activities | |
|--------------------|---------------------------------|----------------------|
| | Direct Borrowing | |
| | Principal | Interest |
| 2025 | \$ 8,125,000 | \$ 2,443,620 |
| 2026 | 8,355,000 | 2,205,322 |
| 2027 | 8,600,000 | 1,960,128 |
| 2028 | 8,850,000 | 1,707,719 |
| 2029 | 9,310,000 | 1,437,743 |
| 2030-2033 | 41,140,000 | 2,682,622 |
| Total | <u>\$ 84,380,000</u> | <u>\$ 12,437,154</u> |

Pledged revenue description

Net revenues of the combined Electric Revenue System and the Water and Sewer System (as defined in bond resolution)

| | | |
|--|----|------------|
| Fiscal year 2024 pledged revenues | \$ | 67,953,714 |
| Fiscal year 2024 principal and interest paid | \$ | 13,260,619 |
| Outstanding principal and interest | \$ | 96,817,154 |
| Pledged through fiscal year | | 2033 |
| Estimated percentage pledged | | 14.25% |

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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, 2024, 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, 2024, 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.

NOTE 11 – COMMITMENTS AND CONTINGENT LIABILITIES

Litigation

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

Fire Service Fees

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

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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, 2024, in the respective funds are as follows:

| | |
|------------------------------|---------------------|
| General Fund | \$ 2,144,887 |
| Electric | 1,102,892 |
| Water and Sewer | 1,373,152 |
| Nonmajor Business Type Funds | 1,951,733 |
| Nonmajor Governmental Funds | 3,090,466 |
| Total | <u>\$ 9,663,130</u> |

FMPA All Requirements Project (ARP)

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

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

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

Plan Description

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

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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

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

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

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 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, 2022 (the valuation date) the following employees were covered by the benefit terms:

| | Count | Total OPEB Liability |
|--|-------|-------------------------|
| Inactive employees or beneficiaries currently receiving benefits | 279 | \$ 8,076,000 |
| Active employees | 1,073 | 6,657,000 |
| Total | 1,352 | \$ 14,733,000 |

Total OPEB Liability

The employer’s total OPEB liability is reported herein as of September 30, 2024 for the employer fiscal year and reporting period of October 1, 2023 to September 30, 2024. The values shown for this fiscal year and reporting period are based on a measurement date of October 1, 2023 and the corresponding measurement period of October 1, 2022 to October 1, 2023. The measurement of the total OPEB liability is based on a valuation date of October 1, 2022.

Actuarial Assumptions and Actuarial Methods

The total OPEB liability in the October 1, 2023 actuarial valuation was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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

| | |
|-----------------------------|---|
| Expected Return on Assets | None |
| Discount Rate | 4.70% |
| Salary Scale | 5.35% |
| Healthcare Cost Trend Rates | 4.33% for fiscal year ended 2023, then 6.75% for fiscal year ended 2024, decreasing 0.25% per year to an ultimate rate of 5.00% |

Mortality - 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 and 50% annuitant blue collar adjustment, using improvement scale BB.

Mortality - 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

Discount rate

The discount rate has been set equal to 4.70% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.

Total OPEB liability

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

| | Plan OPEB Liability | Plan Fiduciary Net Position | Total OPEB Liability |
|---|--------------------------------|--|---------------------------------|
| Beginning balances 10/01/23 | \$ 15,237,000 | \$ - | \$ 15,237,000 |
| Service Cost | 578,000 | - | 578,000 |
| Interest | 675,000 | - | 675,000 |
| Differences between expected and actual experience | (215,000) | - | (215,000) |
| Contributions-employer | - | 954,000 | (954,000) |
| Benefit Payments | (954,000) | (954,000) | - |
| Assumption changes | (588,000) | - | (588,000) |
| Net Changes | (504,000) | - | (504,000) |
| Ending Balance 09/30/24 | <u>\$ 14,733,000</u> | <u>\$ -</u> | <u>\$ 14,733,000</u> |

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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 4.70% as what the City's total OPEB liability would be if it were calculated using a trend rate that is 1% lower and 1% higher than the current rate:

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|---------------------------------|--------------------|----------------------------------|--------------------|
| Employer's Total OPEB Liability | \$ 16,856,000 | \$ 14,733,000 | \$ 13,024,000 |

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

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

| | <u>1% Decrease</u> | <u>Current Trend Rate</u> | <u>1% Increase</u> |
|---------------------------------|--------------------|-------------------------------|--------------------|
| Employer's Total OPEB Liability | \$ 12,816,000 | \$ 14,733,000 | \$ 17,167,000 |

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

For the year ended September 30, 2024, the City recognized OPEB expense of \$1,204,000 as the result of implementing GASB No.75. Contributions made after the measurement date in the amount of \$954,000 will be recognized as a reduction of OPEB liability in the subsequent fiscal period.

The deferred outflows of resources and deferred inflows of resources related to OPEB as of September 30, 2024 from various sources are as follows:

Deferred outflows

| | |
|--|---------------------|
| Differences between expected and actual experience | \$ 1,634,000 |
| Changes of assumptions | 2,450,000 |
| Contributions subsequent to the measurement date | <u>954,000</u> |
| Total deferred outflows | <u>\$ 5,038,000</u> |

Deferred inflows

| | |
|--|---------------------|
| Differences between expected and actual experience | 683,000 |
| Changes of assumptions | <u>4,999,000</u> |
| Total deferred inflows | <u>\$ 5,682,000</u> |

**CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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:

| | | |
|------------|----|--------------------|
| 2025 | \$ | (58,000) |
| 2026 | | (50,000) |
| 2027 | | (15,000) |
| 2028 | | (243,000) |
| 2029 | | (475,000) |
| Thereafter | | (757,000) |
| | \$ | <u>(1,598,000)</u> |

NOTE 13 – CHANGES IN ACCOUNTING STANDARDS

A. Adoption of New Accounting Standard

The City adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*, in fiscal year 2024. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide consistency of information.

B. Future Adoption of New Accounting Standards

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

GASB Statement No. 101, *Compensated Absences*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends September 30, 2025.

GASB Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends September 30, 2025.

NOTE 14 – TAX ABATEMENTS

As of September 30, 2024, the City currently has Economic Investment Program agreements with 17 active participants. There are no agreements that have current tax abatements as required by GASB 77.



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CITY OF OCALA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | Budgeted Amounts (GAAP Basis) | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|----------------------|---------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Property tax | \$ 44,499,457 | \$ 44,499,457 | \$ 45,270,947 | \$ 771,490 |
| Utility service tax | 10,260,000 | 10,260,000 | 13,833,419 | 3,573,419 |
| Communication service tax | 2,745,449 | 2,745,449 | 3,246,050 | 500,601 |
| Other tax | 1,807,801 | 1,807,801 | 2,162,990 | 355,189 |
| State shared revenues | 9,756,709 | 9,756,709 | 9,477,576 | (279,133) |
| Permits and fees | 2,617,600 | 2,617,600 | 3,916,837 | 1,299,237 |
| Intergovernmental revenues | 73,300 | 14,451,227 | 8,354,345 | (6,096,882) |
| Charges for services | 26,540,176 | 26,560,701 | 27,328,554 | 767,853 |
| Fines and forfeitures | 586,500 | 586,500 | 708,238 | 121,738 |
| Investment income (loss) | (76,000) | (76,000) | 5,392,915 | 5,468,915 |
| Miscellaneous | 503,125 | 764,292 | 1,338,746 | 574,454 |
| Total revenues | 99,314,117 | 113,973,736 | 121,030,617 | 7,056,881 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 15,220,494 | 17,593,402 | 13,267,555 | 4,325,847 |
| Public safety | 78,159,843 | 86,430,720 | 79,856,589 | 6,574,131 |
| Physical Environment | 105,000 | 653,105 | 273,809 | 379,296 |
| Transportation | 8,343,036 | 9,818,345 | 5,928,922 | 3,889,423 |
| Economic environment | 3,747,843 | 8,386,520 | 3,499,865 | 4,886,655 |
| Culture and recreation | 12,450,721 | 13,057,282 | 11,767,743 | 1,289,539 |
| Capital outlay | 4,277,307 | 22,656,368 | 10,159,587 | 12,496,781 |
| Debt service: | | | | |
| Principal payments | - | - | 1,508,493 | (1,508,493) |
| Interest and fees | - | - | 108,898 | (108,898) |
| Total expenditures | 122,304,244 | 158,595,742 | 126,371,461 | 32,224,281 |
| Excess (deficiency) of revenues over expenditures | (22,990,127) | (44,622,006) | (5,340,844) | 39,281,162 |
| Other Financing Sources (Uses) | | | | |
| Issuance of SBITAs | - | - | 1,481,904 | 1,481,904 |
| Transfers in | 29,178,861 | 29,298,223 | 36,074,174 | 6,775,951 |
| Transfers out | (9,889,183) | (12,486,516) | (12,434,336) | 52,180 |
| Total other financing sources (uses) | 19,289,678 | 16,811,707 | 25,121,742 | 8,310,035 |
| Net change in fund balance | (3,700,449) | (27,810,299) | 19,780,898 | 47,591,197 |
| Fund balance - beginning | 69,775,912 | 69,775,912 | 69,775,912 | - |
| Fund balance - ending | \$ 66,075,463 | \$ 41,965,613 | \$ 89,556,810 | \$ 47,591,197 |

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

Last 10 Fiscal Years

| Reporting Period Ending Measurement Date | 9/30/2025 9/30/2024 | 9/30/2024 9/30/2023 | 9/30/2023 9/30/2022 | 9/30/2022 9/30/2021 |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Total pension liability | | | | |
| Service cost | \$ 742,626 | \$ 750,899 | \$ 831,827 | \$ 901,990 |
| Interest | 15,434,854 | 15,836,398 | 16,152,980 | 16,089,455 |
| Changes of benefit terms | - | 3,603,325 | - | - |
| Differences between expected and actual experience | (801,518) | (9,581,404) | (5,188,968) | (112,857) |
| Changes of assumptions | 2,426,534 | 2,428,274 | 2,516,081 | 2,543,358 |
| Contributions - buy back | - | - | - | - |
| Benefit payments, including refunds of employee contributions | (15,395,031) | (15,697,889) | (15,190,015) | (15,009,928) |
| Net change in total pension liability | 2,407,465 | (2,660,397) | (878,095) | 4,412,018 |
| Total pension liability - beginning | 237,325,855 | 239,986,252 | 240,864,347 | 236,452,329 |
| Total pension liability- ending | <u>\$ 239,733,320</u> | <u>\$ 237,325,855</u> | <u>\$ 239,986,252</u> | <u>\$ 240,864,347</u> |
| Plan fiduciary net position | | | | |
| Contributions - employer | 8,020,524 | 7,848,969 | 10,006,355 | 10,222,493 |
| Contributions - employee | 412,448 | 434,332 | 452,786 | 477,170 |
| Contributions - buy back | - | - | - | - |
| Net investment income | 30,700,030 | 16,514,391 | (28,662,814) | 31,044,311 |
| Benefit payments, including refunds of employee contributions | (15,395,031) | (15,697,889) | (15,190,015) | (15,009,928) |
| Administrative expense | (174,644) | (178,809) | (205,613) | (187,212) |
| Net change in plan fiduciary net position | 23,563,327 | 8,920,994 | (33,599,301) | 26,546,834 |
| Plan fiduciary net position - beginning | 175,136,681 | 166,215,687 | 199,814,988 | 173,268,154 |
| Plan fiduciary net position - ending | <u>198,700,008</u> | <u>175,136,681</u> | <u>166,215,687</u> | <u>199,814,988</u> |
| Net pension liability - ending | <u>\$ 41,033,312</u> | <u>\$ 62,189,174</u> | <u>\$ 73,770,565</u> | <u>\$ 41,049,359</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 82.88% | 73.80% | 69.26% | 82.96% |
| Covered payroll | \$ 8,285,487 | \$ 8,735,081 | \$ 9,055,666 | \$ 9,543,908 |
| Net pension liability as a percentage of covered payroll | 495.24% | 711.95% | 814.63% | 430.11% |

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

Notes to the RSI

Major assumption changes for calculation of the net pension liability are as follows:

For the FY24 calculation, the investment rate of return was decreased to 6.60% from 6.70%. The inflation rate was increased from 2.00% to 2.50%.

| 9/30/2021 9/30/2020 | 9/30/2020 9/30/2019 | 9/30/2019 9/30/2018 | 9/30/2018 9/30/2017 | 9/30/2017 9/30/2016 | 9/30/2016 9/30/2015 |
|--|--|--|--|---|--|
| \$ 986,562 16,021,917 - | \$ 1,133,206 15,765,056 - | \$ 1,288,820 15,359,295 - | \$ 1,567,489 14,832,634 - | \$ 1,852,029 14,160,117 - | \$ 1,955,680 13,857,718 - |
| (1,001,087) (414,750) - | 552,340 - - | 2,072,529 - - | 1,126,640 3,182,088 - | 1,198,983 5,202,901 - | 1,329,173 - - |
| (14,076,564) 1,516,078 234,936,251 | (13,192,455) 4,258,147 230,678,104 | (12,344,439) 6,376,205 224,301,899 | (13,468,466) 7,240,385 217,061,514 | (11,575,745) 10,838,285 206,223,229 | (13,862,112) 3,280,459 202,942,770 |
| <u>\$ 236,452,329</u> | <u>\$ 234,936,251</u> | <u>\$ 230,678,104</u> | <u>\$ 224,301,899</u> | <u>\$ 217,061,514</u> | <u>\$ 206,223,229</u> |
| 13,799,155 511,521 - | 14,822,313 540,161 - | 15,482,762 608,171 - | 14,802,319 740,871 - | 14,187,965 574,059 - | 13,053,609 584,624 - |
| 13,352,784 | 4,173,467 | 6,324,077 | 13,427,988 | 10,585,043 | (2,523,690) |
| (14,076,564) (137,131) 13,449,765 | (13,192,455) (204,769) 6,138,717 | (12,344,439) (225,097) 9,845,474 | (13,468,466) (224,873) 15,277,839 | (11,575,745) (225,101) 13,546,221 | (13,862,112) (172,861) (2,920,430) |
| 159,818,389 173,268,154 | 153,679,672 159,818,389 | 143,834,198 153,679,672 | 128,556,359 143,834,198 | 115,010,138 128,556,359 | 117,930,568 115,010,138 |
| <u>\$ 63,184,175</u> | <u>\$ 75,117,862</u> | <u>\$ 76,998,432</u> | <u>\$ 80,467,701</u> | <u>\$ 88,505,155</u> | <u>\$ 91,213,091</u> |
| 73.28% | 68.03% | 66.62% | 64.13% | 59.23% | 55.77% |
| \$ 10,229,855 | \$ 10,785,500 | \$ 11,804,951 | \$ 13,747,075 | \$ 14,722,210 | \$ 21,970,446 |
| 617.64% | 696.47% | 652.26% | 585.34% | 601.17% | 415.16% |

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

Last 10 Fiscal Years

| At the fiscal year end | 9/30/2024 | 9/30/2023 | 9/30/2022 | 9/30/2021 |
|-------------------------------------|------------------|------------------|---------------------|---------------------|
| Actuarially determined contribution | \$ 8,046,929 | \$ 7,874,648 | \$ 9,497,997 | \$ 9,716,181 |
| Contributions in relation to the | | | | |
| Actuarially determined contribution | 8,020,524 | 7,848,969 | 10,006,355 | 10,222,493 |
| Contribution Deficiency (Excess) | <u>\$ 26,405</u> | <u>\$ 25,679</u> | <u>\$ (508,358)</u> | <u>\$ (506,312)</u> |
| Covered payroll | \$ 8,285,487 | \$ 8,735,081 | \$ 9,055,666 | \$ 9,543,908 |
| Contributions as a percentage of | | | | |
| Covered payroll | 96.80% | 89.86% | 110.50% | 107.11% |

| <u>9/30/2020</u> | <u>9/30/2019</u> | <u>9/30/2018</u> | <u>9/30/2017</u> | <u>9/30/2016</u> | <u>9/30/2015</u> |
|------------------|--------------------|---------------------|------------------|-------------------|------------------|
| \$ 13,858,120 | \$ 14,822,313 | \$ 15,254,002 | \$ 14,802,319 | \$ 14,186,322 | \$ 13,053,609 |
| 13,858,120 | 14,894,139 | 15,482,762 | 14,802,319 | 14,187,965 | 13,053,609 |
| <u>\$ -</u> | <u>\$ (71,826)</u> | <u>\$ (228,760)</u> | <u>\$ -</u> | <u>\$ (1,643)</u> | <u>\$ -</u> |
| \$ 10,229,855 | \$ 10,785,500 | \$ 11,804,951 | \$ 13,747,075 | \$ 14,722,210 | \$ 21,970,446 |
| 135.47% | 138.09% | 131.15% | 107.68% | 96.37% | 59.41% |

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

Last 10 Fiscal Years

| <u>For the Year Ending</u> | <u>Weighted Rate Of Returns ⁽¹⁾</u> |
|-----------------------------------|---|
| 9/30/2015 | -0.21% |
| 9/30/2016 | 9.08% |
| 9/30/2017 | 10.46% |
| 9/30/2018 | 4.41% |
| 9/30/2019 | 2.59% |
| 9/30/2020 | 8.03% |
| 9/30/2021 | 17.61% |
| 9/30/2022 | -14.20% |
| 9/30/2023 | 9.93% |
| 9/30/2024 | 17.47% |

(1) Net of investment expense



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

Last 10 Fiscal Years

| Reporting Period Ending Measurement Date | 9/30/2025 9/30/2024 | 9/30/2024 9/30/2023 | 9/30/2023 9/30/2022 | 9/30/2022 9/30/2021 |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Total pension liability | | | | |
| Service cost | \$ 2,501,108 | \$ 2,455,497 | \$ 2,110,794 | \$ 2,146,200 |
| Interest | 8,605,453 | 7,792,189 | 7,560,734 | 7,321,459 |
| Changes of benefit terms | - | - | - | - |
| Change in Funding Standard Account | - | - | - | - |
| Differences between expected and actual experience | 1,757,809 | 7,145,545 | (1,191,428) | 278,283 |
| Changes of assumptions | - | - | 3,198,090 | 1,043,477 |
| Contributions - buy back | - | 39,638 | 5,761 | 27,555 |
| Benefit payments, including refunds of employee contributions | (6,929,361) | (5,592,737) | (5,127,217) | (7,486,310) |
| Net change in total pension liability | 5,935,009 | 11,840,132 | 6,556,734 | 3,330,664 |
| Total pension liability - beginning | \$ 119,659,470 | \$ 107,819,338 | \$ 101,262,604 | \$ 97,931,940 |
| Total pension liability- ending | <u>\$ 125,594,479</u> | <u>\$ 119,659,470</u> | <u>\$ 107,819,338</u> | <u>\$ 101,262,604</u> |
| Plan fiduciary net position | | | | |
| Contributions - employer | 3,918,084 | 2,850,400 | 2,990,891 | 2,450,000 |
| Contributions - State | 983,450 | 877,590 | 763,084 | 683,980 |
| Contributions - employee | 1,201,059 | 1,185,777 | 1,057,924 | 885,087 |
| Contributions - buy back | - | 39,638 | 5,761 | 27,555 |
| Net investment income | 17,320,867 | 7,233,744 | (15,762,887) | 15,961,589 |
| Benefit payments, including refunds of employee contributions | (6,929,361) | (5,592,737) | (5,127,217) | (7,486,310) |
| Administrative expense | (115,693) | (105,487) | (89,434) | (88,551) |
| Net change in plan fiduciary net position | 16,378,406 | 6,488,925 | (16,161,878) | 12,433,350 |
| Plan fiduciary net position - beginning | 83,675,003 | 77,186,078 | 93,347,956 | 80,914,606 |
| Plan fiduciary net position - ending | <u>100,053,409</u> | <u>83,675,003</u> | <u>77,186,078</u> | <u>93,347,956</u> |
| Net pension liability - ending | <u>\$ 25,541,070</u> | <u>\$ 35,984,467</u> | <u>\$ 30,633,260</u> | <u>\$ 7,914,648</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 79.66% | 69.93% | 71.59% | 92.18% |
| Covered payroll | \$ 15,013,243 | \$ 14,822,209 | \$ 13,224,044 | \$ 11,063,586 |
| Net pension liability as a percentage of covered payroll | 170.12% | 242.77% | 231.65% | 71.54% |

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

Notes to the RSI

Major assumption changes for calculation of the net pension liability are as follows:

For the FY24 calculation, the inflation rate was decreased from 2.70% to 2.50%.

| | 9/30/2021 9/30/2020 | 9/30/2020 9/30/2019 | 9/30/2019 9/30/2018 | 9/30/2018 9/30/2017 | 9/30/2017 9/30/2016 | 9/30/2016 9/30/2015 |
|----|--------------------------------------|---|--------------------------------------|--------------------------------------|---|---|
| \$ | 2,006,052 7,171,736 - - | \$ 1,741,664 6,952,007 - - | \$ 1,558,052 6,630,559 - - | \$ 1,579,043 6,600,886 - - | \$ 1,629,468 6,316,211 (1,150,613) - | \$ 1,639,535 6,207,407 - - |
| | (116,394) 382,036 - | (450,176) 1,421,185 34,025 | 1,433,941 - - | (252,579) (35,707) - | (727,086) 1,741,528 - | (971,456) - 83,865 |
| | (5,289,742) 4,153,688 | (5,478,770) 4,219,935 | (5,943,808) 3,678,744 | (5,888,193) 2,003,450 | (4,814,327) 2,995,181 | (4,062,918) 2,896,433 |
| \$ | 93,778,252 | \$ 89,558,317 | \$ 85,879,573 | \$ 83,876,123 | \$ 80,880,942 | 77,984,509 |
| \$ | 97,931,940 | \$ 93,778,252 | \$ 89,558,317 | \$ 85,879,573 | \$ 83,876,123 | \$ 80,880,942 |
| | 2,783,760 688,440 901,945 - | 3,014,876 636,601 823,654 34,025 | 4,077,869 584,334 731,022 - | 3,582,817 530,026 669,044 - | 3,469,395 516,594 672,201 - | 3,111,881 471,520 629,554 83,865 |
| | 6,830,174 | 2,344,271 | 6,110,450 | 6,716,321 | 5,151,384 | (1,046,879) |
| | (5,289,742) (92,774) 5,821,803 | (5,478,770) (79,693) 1,294,964 | (5,943,808) (89,863) 5,470,004 | (5,888,193) (88,507) 5,521,508 | (4,814,327) (83,196) 4,912,051 | (4,062,918) (72,024) (885,001) |
| | 75,092,803 80,914,606 | 73,797,839 75,092,803 | 68,327,835 73,797,839 | 62,806,327 68,327,835 | 57,894,276 62,806,327 | 58,779,277 57,894,276 |
| \$ | 17,017,334 | \$ 18,685,449 | \$ 15,760,478 | \$ 17,551,738 | \$ 21,069,796 | \$ 22,986,666 |
| | 82.62% | 80.07% | 82.40% | 79.56% | 74.88% | 71.58% |
| \$ | 11,274,315 | \$ 10,295,675 | \$ 9,137,770 | \$ 8,363,052 | \$ 8,402,515 | \$ 9,288,611 |
| | 150.94% | 181.49% | 172.48% | 209.87% | 250.76% | 247.47% |

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

Last 10 Fiscal Years

| At the fiscal year end | <u>9/30/2024</u> | <u>9/30/2023</u> | <u>9/30/2022</u> | <u>9/30/2021</u> |
|-------------------------------------|--------------------|---------------------|-------------------|-------------------|
| Actuarially determined contribution | \$ 4,877,802 | \$ 3,446,048 | \$ 4,131,191 | \$ 3,534,816 |
| Contributions in relation to the | | | | |
| Actuarially determined contribution | 4,901,534 | 3,727,990 | 3,753,975 | 3,133,980 |
| Contribution Deficiency (Excess) | <u>\$ (23,732)</u> | <u>\$ (281,942)</u> | <u>\$ 377,216</u> | <u>\$ 400,836</u> |
| Covered payroll | \$ 15,013,243 | \$ 14,822,209 | \$ 13,224,044 | \$ 11,063,586 |
| Contributions as a percentage of | | | | |
| Covered payroll | 32.65% | 25.15% | 28.39% | 28.33% |

| <u>9/30/2020</u> | <u>9/30/2019</u> | <u>9/30/2018</u> | <u>9/30/2017</u> | <u>9/30/2016</u> | <u>9/30/2015</u> |
|-------------------|-------------------|---------------------|---------------------|---------------------|--------------------|
| \$ 3,716,014 | \$ 4,250,054 | \$ 4,076,359 | \$ 3,582,731 | \$ 3,762,646 | \$ 3,505,831 |
| 3,472,200 | 3,651,477 | 4,662,203 | 4,112,843 | 3,985,989 | 3,583,401 |
| <u>\$ 243,814</u> | <u>\$ 598,577</u> | <u>\$ (585,844)</u> | <u>\$ (530,112)</u> | <u>\$ (223,343)</u> | <u>\$ (77,570)</u> |
| \$ 11,274,315 | \$ 10,295,675 | \$ 9,137,770 | \$ 8,363,052 | \$ 8,402,515 | \$ 9,288,611 |
| 30.80% | 35.47% | 51.02% | 49.18% | 47.44% | 38.58% |

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

Last 10 Fiscal Years

| <u>For the Year Ending</u> | <u>Weighted Rate Of Returns ⁽¹⁾</u> |
|-----------------------------------|---|
| 9/30/2015 | -1.76% |
| 9/30/2016 | 8.95% |
| 9/30/2017 | 10.82% |
| 9/30/2018 | 9.04% |
| 9/30/2019 | 3.14% |
| 9/30/2020 | 9.04% |
| 9/30/2021 | 19.91% |
| 9/30/2022 | -16.74% |
| 9/30/2023 | 9.30% |
| 9/30/2024 | 20.41% |

(1) Net of investment expense



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

Last 10 Fiscal Years

| Reporting Period Ending Measurement Date | 9/30/2025 9/30/2024 | 9/30/2024 9/30/2023 | 9/30/2023 9/30/2022 | 9/30/2022 9/30/2021 |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Total pension liability | | | | |
| Service cost | \$ 1,787,738 | \$ 1,641,437 | \$ 1,573,269 | \$ 1,534,997 |
| Interest | 7,330,731 | 6,936,273 | 6,542,516 | 6,205,220 |
| Changes of benefit terms | - | - | - | - |
| Differences between expected and actual experience | 2,906,676 | 1,503,363 | 1,717,962 | 1,062,384 |
| Changes of assumptions | 9,044,065 | - | - | - |
| Benefit payments, including refunds of employee contributions | (4,798,219) | (4,386,298) | (4,167,351) | (3,877,368) |
| Net change in total pension liability | 16,270,991 | 5,694,775 | 5,666,396 | 4,925,233 |
| Total pension liability - beginning | 105,336,098 | 99,641,323 | 93,974,927 | 89,049,694 |
| Total pension liability- ending | <u>\$ 121,607,089</u> | <u>\$ 105,336,098</u> | <u>\$ 99,641,323</u> | <u>\$ 93,974,927</u> |
| Plan fiduciary net position | | | | |
| Contributions - employer | 3,376,436 | 3,398,109 | 3,334,160 | 2,960,648 |
| Contributions - State | 776,557 | 692,315 | 614,717 | 734,643 |
| Contributions - employee | 913,388 | 754,044 | 677,091 | 541,289 |
| Net investment income | 18,238,253 | 7,650,113 | (13,470,714) | 14,803,229 |
| Benefit payments, including refunds of employee contributions | (4,798,219) | (4,386,298) | (4,167,351) | (3,877,368) |
| Administrative expense | (217,711) | (164,346) | (135,218) | (116,404) |
| Other | - | - | - | - |
| Net change in plan fiduciary net position | 18,288,704 | 7,943,937 | (13,147,315) | 15,046,037 |
| Plan fiduciary net position - beginning | 84,719,197 | 76,775,260 | 89,922,575 | 74,876,538 |
| Plan fiduciary net position - ending | 103,007,901 | 84,719,197 | 76,775,260 | 89,922,575 |
| Net pension liability - ending | <u>\$ 18,599,188</u> | <u>\$ 20,616,901</u> | <u>\$ 22,866,063</u> | <u>\$ 4,052,352</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 84.71% | 80.43% | 77.05% | 95.69% |
| Covered payroll | \$ 9,225,858 | \$ 9,215,346 | \$ 8,244,756 | \$ 7,703,127 |
| Net pension liability as a percentage of covered payroll | 201.60% | 223.72% | 277.34% | 52.61% |

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

Notes to the RSI

Major assumption changes for calculation of the net pension liability are as follows:

For the FY24 calculation, the investment rate of return was decreased to 6.75% from 7.00%. An experience study was completed for the period 10/1/19 - 10/1/23 and the changes were included this net pension liability measurement. Retirement and withdrawal rates were updated to better align with the recent experience study. Mortality rates were updated to project using Scale MP-2021.

| 9/30/2021 9/30/2020 | 9/30/2020 9/30/2019 | 9/30/2019 9/30/2018 | 9/30/2018 9/30/2017 | 9/30/2017 9/30/2016 | 9/30/2016 9/30/2015 |
|--|--|--|--|--|---|
| \$ 1,394,105 5,853,602 58,566 | \$ 1,455,310 5,479,962 - | \$ 1,326,905 5,276,956 - | \$ 1,317,786 4,878,081 - | \$ 1,227,874 4,637,901 (556,590) | \$ 1,121,980 4,471,685 - |
| 310,138 6,753,635 | 1,406,892 165,836 | (809,914) - | 1,862,026 2,528,873 | 258,882 - | (904,013) - |
| (3,948,542) | (2,981,313) | (3,449,899) | (2,909,019) | (2,208,735) | (3,092,921) |
| 10,421,504 | 5,526,687 | 2,344,048 | 7,677,747 | 3,359,332 | 1,596,731 |
| 78,628,190 | 73,101,503 | 70,757,455 | 63,079,708 | 59,720,376 | 58,123,645 |
| <u>\$ 89,049,694</u> | <u>\$ 78,628,190</u> | <u>\$ 73,101,503</u> | <u>\$ 70,757,455</u> | <u>\$ 63,079,708</u> | <u>\$ 59,720,376</u> |
| 2,627,755 520,367 673,724 9,444,624 | 2,299,394 488,640 638,372 2,012,954 | 2,495,113 472,989 736,600 5,087,763 | 1,945,055 434,616 664,806 6,250,958 | 2,490,684 434,473 643,628 4,770,021 | 2,180,098 467,838 554,915 13,508 |
| (3,948,542) (109,725) (73,667) | (2,981,313) (84,759) 157,698 | (3,449,899) (85,835) - | (2,909,019) (67,415) - | (2,208,735) (84,143) - | (3,092,921) (77,503) - |
| <u>9,134,536</u> | <u>2,530,986</u> | <u>5,256,731</u> | <u>6,319,001</u> | <u>6,045,928</u> | <u>45,935</u> |
| 65,742,002 74,876,538 | 63,211,016 65,742,002 | 57,954,285 63,211,016 | 51,635,284 57,954,285 | 45,589,356 51,635,284 | 45,543,421 45,589,356 |
| <u>\$ 14,173,156</u> | <u>\$ 12,886,188</u> | <u>\$ 9,890,487</u> | <u>\$ 12,803,170</u> | <u>\$ 11,444,424</u> | <u>\$ 14,131,020</u> |
| 84.08% | 83.61% | 86.47% | 81.91% | 81.86% | 76.34% |
| \$ 7,367,409 | \$ 7,366,658 | \$ 7,657,531 | \$ 6,886,009 | \$ 7,333,107 | \$ 6,507,660 |
| 192.38% | 174.93% | 129.16% | 185.93% | 156.07% | 217.14% |

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

Last 10 Fiscal Years

| At the fiscal year end | <u>9/30/2024</u> | <u>9/30/2023</u> | <u>9/30/2022</u> | <u>9/30/2021</u> |
|-------------------------------------|------------------|------------------|------------------|------------------|
| Actuarially determined contribution | \$ 3,864,715 | \$ 3,844,267 | \$ 3,741,519 | \$ 3,331,293 |
| Contributions in relation to the | | | | |
| Actuarially determined contribution | <u>3,864,715</u> | <u>3,844,267</u> | <u>3,741,519</u> | <u>3,331,293</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 9,225,858 | \$ 8,272,546 | \$ 7,949,354 | \$ 7,703,127 |
| Contributions as a percentage of | | | | |
| Covered payroll | 41.89% | 46.47% | 47.07% | 43.25% |

| <u>9/30/2020</u> | <u>9/30/2019</u> | <u>9/30/2018</u> | <u>9/30/2017</u> | <u>9/30/2016</u> | <u>9/30/2015</u> |
|------------------|-------------------|--------------------|------------------|---------------------|--------------------|
| \$ 2,987,939 | \$ 2,816,168 | \$ 2,881,523 | \$ 2,236,606 | \$ 2,370,353 | \$ 2,355,312 |
| 2,987,939 | 2,643,714 | 2,968,102 | 2,185,456 | 2,731,085 | 2,420,499 |
| <u>\$ -</u> | <u>\$ 172,454</u> | <u>\$ (86,579)</u> | <u>\$ 51,150</u> | <u>\$ (360,732)</u> | <u>\$ (65,187)</u> |
| \$ 7,367,409 | \$ 7,366,658 | \$ 7,657,531 | \$ 6,886,009 | \$ 7,333,107 | \$ 6,507,660 |
| 40.56% | 35.89% | 38.76% | 31.74% | 37.24% | 37.19% |

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

Last 10 Fiscal Years

| <u>For the Year Ending</u> | <u>Weighted Rate Of Returns ⁽¹⁾</u> |
|-----------------------------------|---|
| 9/30/2015 | 0.06% |
| 9/30/2016 | 10.88% |
| 9/30/2017 | 12.80% |
| 9/30/2018 | 9.22% |
| 9/30/2019 | 3.42% |
| 9/30/2020 | 14.31% |
| 9/30/2021 | 19.78% |
| 9/30/2022 | -14.99% |
| 9/30/2023 | 9.95% |
| 9/30/2024 | 22.62% |

(1) Net of investment expense

CITY OF OCALA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2024

Last 10 Fiscal Years

| | 9/30/2024 | 9/30/2023 | 9/30/2022 | 9/30/2021 | 9/30/2020 | 9/30/2019 | 9/30/2018 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB liability | | | | | | | |
| Service cost | \$ 578,000 | \$ 772,000 | \$ 667,000 | \$ 611,000 | \$ 462,000 | \$ 498,000 | \$ 473,000 |
| Interest | 675,000 | 434,000 | 446,000 | 459,000 | 568,000 | 527,000 | 518,000 |
| Differences between expected and actual experience | (215,000) | 1,617,000 | (202,000) | 828,000 | (1,029,000) | 131,000 | - |
| Changes of assumptions | (588,000) | (5,761,000) | 1,928,000 | 917,000 | 2,339,000 | (675,000) | - |
| Benefit payments, including refunds of employee contributions | (954,000) | (1,741,000) | (1,477,000) | (656,000) | (606,000) | (763,000) | (748,000) |
| Net change in total OPEB liability | (504,000) | (4,679,000) | 1,362,000 | 2,159,000 | 1,734,000 | (282,000) | 243,000 |
| Total OPEB liability - beginning | 15,237,000 | 19,916,000 | 18,554,000 | 16,395,000 | 14,661,000 | 14,943,000 | 14,700,000 |
| Total OPEB liability- ending | <u>\$ 14,733,000</u> | <u>\$ 15,237,000</u> | <u>\$ 19,916,000</u> | <u>\$ 18,554,000</u> | <u>\$ 16,395,000</u> | <u>\$ 14,661,000</u> | <u>\$ 14,943,000</u> |
| Contributions- employer | \$ 954,000 | \$ 1,741,000 | \$ 1,477,000 | \$ 656,000 | \$ 606,000 | \$ 763,000 | \$ 748,000 |
| Benefit payments, including refunds of employee contributions | (954,000) | (1,741,000) | (1,477,000) | (656,000) | (606,000) | (763,000) | (748,000) |
| Net change in plan fiduciary net position | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Employer's total OPEB liability | <u>\$ 14,733,000</u> | <u>\$ 15,237,000</u> | <u>\$ 19,916,000</u> | <u>\$ 18,554,000</u> | <u>\$ 16,395,000</u> | <u>\$ 14,661,000</u> | <u>\$ 14,943,000</u> |
| Plan fiduciary net position as a percentage of the total OPEB Liability | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Covered employee payroll | \$ 69,276,000 | \$ 69,276,000 | \$ 51,712,000 | \$ 51,712,000 | \$ 55,028,000 | \$ 55,028,000 | \$ 50,556,000 |
| Employer's total OPEB liability as a percentage of covered employee payroll | 21.27% | 21.99% | 38.51% | 35.88% | 29.79% | 26.64% | 29.56% |

Notes to Schedule:

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

*10 years of data will be presented as it becomes available

**CITY OF OCALA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
OPEB PLAN**

Last 10 Fiscal Years *

| | 9/30/2024 | 9/30/2023 | 9/30/2022 | 9/30/2021 | 9/30/2020 | 9/30/2019 | 9/30/2018 |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Actuarially determined contribution | \$ 954,000 | \$ 1,741,000 | \$ 1,477,000 | \$ 656,000 | \$ 606,000 | \$ 763,000 | \$ 748,000 |
| Contributions in relation to the | | | | | | | |
| Actuarially determined contribution | 954,000 | 1,741,000 | 1,477,000 | 656,000 | 606,000 | 763,000 | 748,000 |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered employee payroll | \$ 69,276,000 | \$ 69,276,000 | \$ 51,712,000 | \$ 51,712,000 | \$ 55,028,000 | \$ 55,028,000 | \$ 50,556,000 |
| Contributions as a percentage of | | | | | | | |
| Covered employee payroll | 1.38% | 2.51% | 2.86% | 1.27% | 1.10% | 1.39% | 1.48% |

Notes to Schedule:

The employer has elected to make an annual contribution equal to the benefit payments. The employer share of net benefits is the difference between the expected benefit payments and the retiree contributions. It is sometimes referred to as "pay-as-you go."

The expected benefit payments are actuarially determined to reflect the age difference between the overall covered group and the retiree group.

Actuarially determined contributions, which are based on the "pay-as-you-go" cost, and actual contributions are from the measurement periods ending June 30 of the year prior to the year-end of the reporting periods shown.

* Information prior to fiscal year 2018 is not available.

**CITY OF OCALA, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024**

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, 2024.

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 2024, 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, 2024, 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 – SCHEDULES OF CONTRIBUTIONS

GENERAL EMPLOYEES' RETIREMENT SYSTEM:

Valuation Date: October 1, 2022

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: 15 Years (as of 10/01/2022 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 Ordinance 2013-48.

CITY OF OCALA, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024

NOTE 2 – SCHEDULES OF CONTRIBUTIONS (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: | 2.5% per year. |
| Salary Increases: | Service based |
| Payroll Increase: | None |
| Interest Rate: | 6.80% per year, compounded annually, net of investment related expenses. The interest rate is mandated by Ordinance 2013-48. |
| Cost of Living Increases: | 3% automatic lifetime COLA, beginning one year after retirement for all categories except pre-retirement death. Applies to future retirees on and after October 1, 2008 to the frozen accrued benefit as of September 30, 2013 only. The grandfathered Members maintain this provision on their entire benefit. No COLA on the variable benefit earned for Credited Service on and after October 1, 2013. |

| | | |
|--------------------|------------|--------------------------------------|
| Normal Retirement: | <u>Age</u> | <u>Probability of Retirement</u> |
| | 65 | 50% |
| | 66-67 | 33% |
| | 68 + | 100% |

Members with at least 30 years of Credited Service are assumed to retire immediately.

| | <u>25 or More Years Credited Service</u> | | <u>Less than 25 Years Credited Service</u> | |
|-------------------|--|-------------------|--|-------------------|
| | <u>Credited Service</u> | <u>Assumption</u> | <u>Age</u> | <u>Assumption</u> |
| | 25 | 10.50% | 55-60 | 5.75% |
| | 26 | 5.50% | 61 | 6.50% |
| | 27 | 11.50% | 62 | 12.00% |
| | 28 | 7.50% | 63 | 5.00% |
| Early Retirement: | 29 | 4.00% | 64 | 3.00% |

| | <u>Service</u> | <u>Termination Rate</u> |
|--------------------|----------------|-----------------------------|
| | 0 | 20.00% |
| | 1-4 | 15.00% |
| | 5-9 | 7.50% |
| | 10-19 | 4.00% |
| Termination Rates: | 20 + | 6.50% |

CITY OF OCALA, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024

NOTE 2 – SCHEDULES OF CONTRIBUTIONS (Continued)

GENERAL EMPLOYEES' RETIREMENT SYSTEM (Continued)

Disability Rates: See Table Below. 75% of disablements are assumed to be service incurred.

Mortality: PubG.H-2010 projected generationally with Mortality Improvement Scale MP-2018.

Other Information: Disability Rate Table.

| | <u>% Becoming Disabled During</u> |
|------------|-----------------------------------|
| <u>Age</u> | <u>the Year</u> |
| 20 | 0.051% |
| 30 | 0.058% |
| 40 | 0.121% |
| 50 | 0.429% |
| 60 | 1.611% |

POLICE OFFICERS' RETIREMENT SYSTEM

Valuation Date: October 1, 2022

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 15 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: 2.50% per year.

| Salary Increases: | <u>Years of Credited Service</u> | <u>Salary Scale</u> |
|-------------------|----------------------------------|---------------------|
| | <1 | 15.00% |
| | 1 | 6.50% |
| | 2-9 | 5.50% |
| | 10-20 | 4.50% |
| | 21-24 | 3.75% |
| | >25 | 3.50% |

**CITY OF OCALA, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024**

NOTE 2 – SCHEDULES OF CONTRIBUTIONS (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 Growth: 0.00%

Interest Rate: 7.25% 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 subsidized benefit at the rate of 10% per year.

Termination Rates:

| Service | Termination Rate |
|---------|------------------|
| 0-5 | 13.00% |
| 10-Jun | 4.00% |
| 15-Nov | 3.00% |
| 16-25 | 2.00% |
| 26+ | 0.00% |

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:

Disability Rate Table.

| <u>Age</u> | <u>% Becoming Disabled During the Year</u> |
|------------|--|
| 20 | 0.14% |
| 25 | 0.15% |
| 30 | 0.18% |
| 35 | 0.23% |
| 40 | 0.30% |
| 45 | .051% |
| 50 | 1.00% |

CITY OF OCALA, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024

NOTE 2 – SCHEDULES OF CONTRIBUTIONS (Continued)

FIREFIGHTERS' RETIREMENT PLAN:

Valuation Date: October 1, 2022

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 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 |
| Actuarial Asset Method: | 20% Phase-In Method with a fresh start methodology as of October 1, 2019 and a 80%/120% corridor. | |
| 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. | |
| Withdrawal Rates: | <u>Age</u> | <u>Rate</u> |
| | < 30 | 8.0% |
| | < 35 | 5.5% |
| | < 40 | 2.7% |
| | < 45 | 1.9% |
| | < 50 | 1.2% |
| | < 55 | 0.5% |
| Disability Rates: | See Table Below. 75% of disablements are assumed to be service related | |

**CITY OF OCALA, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024**

NOTE 2 – SCHEDULES OF CONTRIBUTIONS (Continued)

FIREFIGHTERS' RETIREMENT PLAN (Continued)

Mortality: Pub-2010 generational using scale MP-2018.

Disabled: Pub-2010 Mortality Table.

Other Information: Disability Rate Table.

| <u>Age</u> | <u>% Becoming Disabled During the Year</u> |
|------------|--|
| 20 | 0.10% |
| 30 | 0.14% |
| 40 | 0.29% |
| 50 | 0.92% |

**CITY OF OCALA, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

SPECIAL REVENUE FUNDS:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted or committed 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.

Community Redevelopment Agency Fund – This fund accounts for City and County resources collected that are to be used for additions to certain redevelopment projects.

Stormwater Utility Fund – This fund accounts for resources collected that are to be used for additions to, improvements to, and maintenance of the storm damage system.

Affordable Housing Fund – This fund accounts for City resources collected that are to be used for expenditures related to affordable housing initiatives within the City.

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 (SHIP) for low income housing programs.

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 of 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.

Bank Loan Series 2022 Fund – This fund is used to account for payment of principal, interest and related costs for \$60 million bank loan in fiscal year 2022.

**CITY OF OCALA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

| | Special Revenue Funds | Debt Service Funds | Total Nonmajor Governmental Funds |
|--|--------------------------------------|-----------------------------------|--|
| Assets | | | |
| Equity in pooled cash fund | \$ 69,712,144 | \$ 8,553,291 | \$ 78,265,435 |
| Accounts and notes receivables | 958,521 | - | 958,521 |
| Accrued interest receivable | 273,009 | - | 273,009 |
| Prepaid expenses | 5,578 | - | 5,578 |
| Due from other governments | 1,836,617 | - | 1,836,617 |
| Total assets | <u>72,785,869</u> | <u>8,553,291</u> | <u>81,339,160</u> |
| Liabilities and fund balances | | | |
| Liabilities: | | | |
| Accounts payable and accrued liabilities | 2,718,617 | 6,974,473 | 9,693,090 |
| Due to other funds | 400,000 | - | 400,000 |
| Retainage on contracts | 409,683 | - | 409,683 |
| Escrow/Deposits | 628,987 | - | 628,987 |
| Unearned revenue | 379,079 | - | 379,079 |
| Advances from Other Funds | 5,600,000 | - | 5,600,000 |
| Total liabilities | <u>10,136,366</u> | <u>6,974,473</u> | <u>17,110,839</u> |
| Deferred inflows of resources | | | |
| Deferred inflows from future revenues | 66,494 | - | 66,494 |
| Total deferred inflows of resources | <u>66,494</u> | <u>-</u> | <u>66,494</u> |
| Fund Balances: | | | |
| Nonspendable | 5,578 | - | 5,578 |
| Restricted | 47,622,522 | 1,740,837 | 49,363,359 |
| Committed | 16,907,912 | - | 16,907,912 |
| Unassigned (Deficit) | (1,953,003) | (162,019) | (2,115,022) |
| Total fund balances | <u>62,583,009</u> | <u>1,578,818</u> | <u>64,161,827</u> |
| Total liabilities and fund balances | <u>\$ 72,785,869</u> | <u>\$ 8,553,291</u> | <u>\$ 81,339,160</u> |

CITY OF OCALA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | Special Revenue Funds | Debt Service Funds | Total Nonmajor Governmental Funds |
|--|--------------------------------------|-----------------------------------|--|
| Revenues | | | |
| Property tax | \$ 1,795,584 | \$ - | \$ 1,795,584 |
| Local option gas tax | 5,247,099 | - | 5,247,099 |
| Infrastructure Sales Surtax | 12,255,882 | - | 12,255,882 |
| Permits and fees | 7,349 | - | 7,349 |
| Intergovernmental revenues | 1,510,258 | - | 1,510,258 |
| Charges for services | 8,447,012 | - | 8,447,012 |
| Investment income | 4,712,905 | 65,622 | 4,778,527 |
| Miscellaneous | 105,261 | - | 105,261 |
| Total revenues | <u>34,081,350</u> | <u>65,622</u> | <u>34,146,972</u> |
| Expenditures | | | |
| Current: | | | |
| General government | 1,083 | - | 1,083 |
| Physical environment | 5,576,969 | - | 5,576,969 |
| Public safety | 39,667 | - | 39,667 |
| Transportation | 7,144,048 | - | 7,144,048 |
| Economic environment | 1,684,387 | - | 1,684,387 |
| Capital outlay | 11,125,662 | - | 11,125,662 |
| Debt service: | | | |
| Principal payments | - | 4,365,000 | 4,365,000 |
| Interest and fees | 80,000 | 2,816,624 | 2,896,624 |
| Total expenditures | <u>25,651,816</u> | <u>7,181,624</u> | <u>32,833,440</u> |
| Excess (deficiency) of revenues over expenditures | <u>8,429,534</u> | <u>(7,116,002)</u> | <u>1,313,532</u> |
| Other financing sources (uses) | | | |
| Transfers in | 4,137,868 | 7,051,750 | 11,189,618 |
| Transfers out | (101,573) | (6,743,506) | (6,845,079) |
| Total other financing sources (uses) | <u>4,036,295</u> | <u>308,244</u> | <u>4,344,539</u> |
| Net change in fund balances | 12,465,829 | (6,807,758) | 5,658,071 |
| Fund balances - beginning | 50,117,180 | 8,386,576 | 58,503,756 |
| Fund balances - ending | <u>\$ 62,583,009</u> | <u>\$ 1,578,818</u> | <u>\$ 64,161,827</u> |

**CITY OF OCALA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2024**

| | Downtown Development | Local Gasoline Tax |
|--|---------------------------------|-----------------------------------|
| Assets | | |
| Equity in pooled cash and investment fund | \$ 477,608 | \$ 6,837,315 |
| Accrued interest receivable | 1,347 | 27,477 |
| Accounts and notes receivable | - | - |
| Prepaid expenses | - | - |
| Due from other governments | 815 | 477,066 |
| Total assets | <u>479,770</u> | <u>7,341,858</u> |
| Liabilities and fund balances | | |
| Liabilities: | | |
| Accounts payable and accrued liabilities | 45,000 | 112,798 |
| Due to other funds | - | - |
| Retainage on contracts | - | 1,856 |
| Interfund advances payable | - | - |
| Unearned revenue | - | 379,079 |
| Escrow | - | 628,987 |
| Total liabilities | <u>45,000</u> | <u>1,122,720</u> |
| Deferred inflows of resources | | |
| Deferred inflows from future revenues | - | - |
| Total deferred inflows from resources | <u>-</u> | <u>-</u> |
| Fund Balances (Deficit): | | |
| Nonspendable | - | - |
| Restricted | 434,770 | 6,219,138 |
| Committed | - | - |
| Unassigned (deficit) | - | - |
| Total fund balances (deficit) | <u>434,770</u> | <u>6,219,138</u> |
| Total liabilities and fund balances | <u>\$ 479,770</u> | <u>\$ 7,341,858</u> |

| Community Redevelopment Agency | Stormwater Utility | Affordable Housing | SHIP Local Housing Assistance | Infrastructure Sales Surtax | Total |
|---|-------------------------------|-------------------------------|--|--|----------------------|
| \$ 11,156,930 | \$ 14,597,383 | \$ 1,350,456 | \$ 420,144 | \$ 34,872,308 | \$ 69,712,144 |
| 44,855 | 58,371 | - | 1,674 | 139,285 | 273,009 |
| - | 885,173 | - | 73,348 | - | 958,521 |
| 395 | 5,183 | - | - | - | 5,578 |
| - | 606,329 | - | - | 752,407 | 1,836,617 |
| <u>11,202,180</u> | <u>16,152,439</u> | <u>1,350,456</u> | <u>495,166</u> | <u>35,764,000</u> | <u>72,785,869</u> |
| 49,326 | 514,746 | - | 31,965 | 1,964,782 | 2,718,617 |
| 400,000 | - | - | - | - | 400,000 |
| 42,621 | 75,054 | - | - | 290,152 | 409,683 |
| 5,600,000 | - | - | - | - | 5,600,000 |
| - | - | - | - | - | 379,079 |
| - | - | - | - | - | 628,987 |
| <u>6,091,947</u> | <u>589,800</u> | <u>-</u> | <u>31,965</u> | <u>2,254,934</u> | <u>10,136,366</u> |
| - | - | - | 66,494 | - | 66,494 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>66,494</u> | <u>-</u> | <u>66,494</u> |
| 395 | 5,183 | - | - | - | 5,578 |
| 7,062,841 | - | - | 396,707 | 33,509,066 | 47,622,522 |
| - | 15,557,456 | 1,350,456 | - | - | 16,907,912 |
| (1,953,003) | - | - | - | - | (1,953,003) |
| <u>5,110,233</u> | <u>15,562,639</u> | <u>1,350,456</u> | <u>396,707</u> | <u>33,509,066</u> | <u>62,583,009</u> |
| <u>\$ 11,202,180</u> | <u>\$ 16,152,439</u> | <u>\$ 1,350,456</u> | <u>\$ 495,166</u> | <u>\$ 35,764,000</u> | <u>\$ 72,785,869</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, 2024

| | <u>Downtown Development</u> | <u>Local Gasoline Tax</u> |
|--|--|--|
| Revenues | | |
| Property taxes | \$ 130,357 | \$ - |
| Local option gas tax | - | 5,247,099 |
| Infrastructure sales surtax | - | - |
| Permits, fees and special assessments | - | - |
| Intergovernmental revenues | - | 499,336 |
| Charges for services | - | - |
| Investment income | 31,017 | 400,492 |
| Miscellaneous | - | 22,080 |
| Total revenues | <u>161,374</u> | <u>6,169,007</u> |
| Expenditures | | |
| Current: | | |
| General government | - | - |
| Public safety | - | - |
| Physical environment | - | - |
| Transportation | - | 3,476,601 |
| Economic environment | 56,240 | - |
| Capital outlay | - | 340,650 |
| Debt service: | | |
| Interest and paying agents' fees | - | - |
| Total expenditures | <u>56,240</u> | <u>3,817,251</u> |
| Excess (deficiency) of revenues over expenditures | <u>105,134</u> | <u>2,351,756</u> |
| Other financing sources (uses) | | |
| Transfers in | - | - |
| Transfers out | (10,000) | - |
| Total other financing sources (uses) | <u>(10,000)</u> | <u>-</u> |
| Net change in fund balances | 95,134 | 2,351,756 |
| Fund balances - beginning | <u>339,636</u> | <u>3,867,382</u> |
| Fund balances - ending | <u>\$ 434,770</u> | <u>\$ 6,219,138</u> |

| Community Redevelopment Agency | Stormwater Utility | Affordable Housing | SHIP Local Housing Assistance | Infrastructure Sales Surtax | Total |
|---|-------------------------------|-------------------------------|--|--|----------------------|
| \$ 1,665,227 | \$ - | \$ - | \$ - | \$ - | \$ 1,795,584 |
| - | - | - | - | - | 5,247,099 |
| - | - | - | - | 12,255,882 | 12,255,882 |
| - | 7,349 | - | - | - | 7,349 |
| - | 471,960 | - | 538,962 | - | 1,510,258 |
| - | 8,445,870 | 1,142 | - | - | 8,447,012 |
| 843,231 | 1,023,718 | - | 52,248 | 2,362,199 | 4,712,905 |
| 19,995 | 2,000 | - | 61,186 | - | 105,261 |
| <u>2,528,453</u> | <u>9,950,897</u> | <u>1,142</u> | <u>652,396</u> | <u>14,618,081</u> | <u>34,081,350</u> |
| - | 1,083 | - | - | - | 1,083 |
| - | - | - | - | 39,667 | 39,667 |
| - | 5,576,969 | - | - | - | 5,576,969 |
| - | - | - | - | 3,667,447 | 7,144,048 |
| 516,223 | - | 199,800 | 912,124 | - | 1,684,387 |
| 1,053,900 | 2,211,369 | - | - | 7,519,743 | 11,125,662 |
| 80,000 | - | - | - | - | 80,000 |
| <u>1,650,123</u> | <u>7,789,421</u> | <u>199,800</u> | <u>912,124</u> | <u>11,226,857</u> | <u>25,651,816</u> |
| 878,330 | 2,161,476 | (198,658) | (259,728) | 3,391,224 | 8,429,534 |
| 2,588,754 | - | 1,549,114 | - | - | 4,137,868 |
| (91,573) | - | - | - | - | (101,573) |
| <u>2,497,181</u> | <u>-</u> | <u>1,549,114</u> | <u>-</u> | <u>-</u> | <u>4,036,295</u> |
| 3,375,511 | 2,161,476 | 1,350,456 | (259,728) | 3,391,224 | 12,465,829 |
| <u>1,734,722</u> | <u>13,401,163</u> | <u>-</u> | <u>656,435</u> | <u>30,117,842</u> | <u>50,117,180</u> |
| <u>\$ 5,110,233</u> | <u>\$ 15,562,639</u> | <u>\$ 1,350,456</u> | <u>\$ 396,707</u> | <u>\$ 33,509,066</u> | <u>\$ 62,583,009</u> |

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
DOWNTOWN DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | <u>Actual</u> | <u>Final Budget</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------|-------------------------|---|
| Revenues | | | |
| Property taxes | \$ 130,357 | \$ 128,999 | \$ 1,358 |
| Investment income (loss) | 31,017 | - | 31,017 |
| Total revenues | <u>161,374</u> | <u>128,999</u> | <u>32,375</u> |
| Expenditures | | | |
| Current: | | | |
| Economic environment | 56,240 | 68,418 | 12,178 |
| Capital outlay | - | 10,000 | 10,000 |
| Total expenditures | <u>56,240</u> | <u>78,418</u> | <u>22,178</u> |
| Excess (deficiency) of revenues over expenditures | <u>105,134</u> | <u>50,581</u> | <u>54,553</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 | 95,134 | 40,581 | 54,553 |
| Fund balance - beginning | <u>339,636</u> | <u>339,636</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 434,770</u> | <u>\$ 380,217</u> | <u>\$ 54,553</u> |

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
LOCAL GASOLINE TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | <u>Actual</u> | <u>Final Budget</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|----------------------------|---|
| Revenues | | | |
| Local option gas tax | \$ 5,247,099 | \$ 4,386,730 | \$ 860,369 |
| Intergovernmental revenues | 499,336 | 443,846 | 55,490 |
| Fines and forfeitures | - | 5,000 | (5,000) |
| Investment income (loss) | 400,492 | - | 400,492 |
| Miscellaneous | 22,080 | 18,000 | 4,080 |
| Total revenues | <u>6,169,007</u> | <u>4,853,576</u> | <u>1,315,431</u> |
| Expenditures | | | |
| Current: | | | |
| Transportation | 3,476,601 | 4,086,234 | 609,633 |
| Capital outlay | 340,650 | 1,808,549 | 1,467,899 |
| Total expenditures | <u>3,817,251</u> | <u>5,894,783</u> | <u>2,077,532</u> |
| Excess (deficiency) of revenues over expenditures | <u>2,351,756</u> | <u>(1,041,207)</u> | <u>3,392,963</u> |
| Net change in fund balance | 2,351,756 | (1,041,207) | 3,392,963 |
| Fund balance - beginning | <u>3,867,382</u> | <u>3,867,382</u> | <u>-</u> |
| Fund balance - ending | <u><u>\$ 6,219,138</u></u> | <u><u>\$ 2,826,175</u></u> | <u><u>\$ 3,392,963</u></u> |

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES - BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT AGENCY (CRA) FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | Actual | Final Budget | Variance with Final Budget Positive (Negative) |
|--|---------------------|-------------------------|---|
| Revenues | | | |
| Property tax | \$ 1,665,227 | \$ 1,665,226 | \$ 1 |
| Investment income | 843,231 | - | 843,231 |
| Miscellaneous | 19,995 | - | 19,995 |
| Total revenues | <u>2,528,453</u> | <u>1,665,226</u> | <u>863,227</u> |
| Expenditures | | | |
| Current: | | | |
| Economic environment | 516,223 | 3,028,003 | 2,511,780 |
| Debt service | | | |
| Principal | - | 400,000 | 400,000 |
| Interest | 80,000 | 79,999 | (1) |
| Capital outlay | 1,053,900 | 5,703,971 | 4,650,071 |
| Total expenditures | <u>1,650,123</u> | <u>9,211,973</u> | <u>7,561,850</u> |
| Excess (deficiency) of revenues over expenditures | <u>878,330</u> | <u>(7,546,747)</u> | <u>8,425,077</u> |
| Other Financing Sources (Uses) | | | |
| Transfers in | 2,588,754 | 2,568,753 | 20,001 |
| Transfers out | (91,573) | - | (91,573) |
| Total other financing sources (uses) | <u>2,497,181</u> | <u>2,568,753</u> | <u>(71,572)</u> |
| Net change in fund balance | <u>3,375,511</u> | <u>(4,977,994)</u> | <u>8,353,505</u> |
| Fund balance - beginning | <u>1,734,722</u> | <u>1,734,722</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 5,110,233</u> | <u>\$ (3,243,272)</u> | <u>\$ 8,353,505</u> |

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
STORMWATER UTILITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | <u>Actual</u> | <u>Final Budget</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-----------------------------|-----------------------------|---|
| Revenues | | | |
| Permits, fees and special assessments | \$ 7,349 | \$ 60,000 | \$ (52,651) |
| Intergovernmental revenues | 471,960 | 1,080,809 | (608,849) |
| Charges for services | 8,445,870 | 8,000,800 | 445,070 |
| Investment income (loss) | 1,023,718 | - | 1,023,718 |
| Other | 2,000 | - | 2,000 |
| Total revenues | <u>9,950,897</u> | <u>9,141,609</u> | <u>809,288</u> |
| Expenditures | | | |
| Current: | | | |
| General government | 1,083 | 25,000 | 23,917 |
| Physical environment | 5,576,969 | 6,955,937 | 1,378,968 |
| Capital outlay | 2,211,369 | 5,101,526 | 2,890,157 |
| Total expenditures | <u>7,789,421</u> | <u>12,082,463</u> | <u>4,293,042</u> |
| Excess (deficiency) of revenues over expenditures | <u>2,161,476</u> | <u>(2,940,854)</u> | <u>5,102,330</u> |
| Net change in fund balance | 2,161,476 | (2,940,854) | 5,102,330 |
| Fund balance - beginning | <u>13,401,163</u> | <u>13,401,163</u> | <u>-</u> |
| Fund balance - ending | <u><u>\$ 15,562,639</u></u> | <u><u>\$ 10,460,309</u></u> | <u><u>\$ 5,102,330</u></u> |

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
AFFORDABLE HOUSING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | <u>Actual</u> | <u>Final Budget</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|---------------------|-------------------------|---|
| Revenues | | | |
| Charges for services | \$ 1,142 | \$ - | \$ 1,142 |
| Total revenues | <u>1,142</u> | <u>-</u> | <u>1,142</u> |
| Expenditures | | | |
| Current: | | | |
| Economic environment | 199,800 | 1,070,000 | 870,200 |
| Total expenditures | <u>199,800</u> | <u>1,070,000</u> | <u>870,200</u> |
| Excess (deficiency) of revenues over expenditures | (198,658) | (1,070,000) | 871,342 |
| Other financing sources (uses) | | | |
| Transfers in | 1,549,114 | 1,549,114 | - |
| Total other financing sources (uses) | <u>1,549,114</u> | <u>1,549,114</u> | <u>-</u> |
| Net change in fund balance | 1,350,456 | 479,114 | 871,342 |
| Fund balance - beginning | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 1,350,456</u> | <u>\$ 479,114</u> | <u>\$ 871,342</u> |

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
SHIP LOCAL HOUSING ASSISTANCE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | <u>Actual</u> | <u>Final Budget</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------|-------------------------|---|
| Revenues | | | |
| Intergovernmental revenues | \$ 538,962 | \$ 1,146,387 | \$ (607,425) |
| Investment income (loss) | 52,248 | - | 52,248 |
| Other | 61,186 | 46,076 | 15,110 |
| Total revenues | <u>652,396</u> | <u>1,192,463</u> | <u>(540,067)</u> |
| Expenditures | | | |
| Current: | | | |
| Economic environment | 912,124 | 1,192,463 | 280,339 |
| Total expenditures | <u>912,124</u> | <u>1,192,463</u> | <u>280,339</u> |
| Excess (deficiency) of revenues over expenditures | (259,728) | - | (259,728) |
| Net change in fund balance | (259,728) | - | (259,728) |
| Fund balance - beginning | <u>656,435</u> | <u>656,435</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 396,707</u> | <u>\$ 656,435</u> | <u>\$ (259,728)</u> |

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
INFRASTRUCTURE SALES SURTAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | <u>Actual</u> | <u>Final Budget</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-----------------------------|----------------------------|---|
| Revenues | | | |
| Intergovernmental revenues | \$ 12,255,882 | \$ 12,097,078 | \$ 158,804 |
| Investment income (loss) | 2,362,199 | - | 2,362,199 |
| Total revenues | <u>14,618,081</u> | <u>12,097,078</u> | <u>2,521,003</u> |
| Expenditures | | | |
| Current: | | | |
| Public safety | 39,667 | 39,667 | - |
| Transportation | 3,667,447 | 4,870,923 | 1,203,476 |
| Capital outlay | 7,519,743 | 28,809,138 | 21,289,395 |
| Total expenditures | <u>11,226,857</u> | <u>33,719,728</u> | <u>22,492,871</u> |
| Excess (deficiency) of revenues over expenditures | <u>3,391,224</u> | <u>(21,622,650)</u> | <u>25,013,874</u> |
| Net change in fund balance | 3,391,224 | (21,622,650) | 25,013,874 |
| Fund balance - beginning | <u>30,117,842</u> | <u>30,117,842</u> | <u>-</u> |
| Fund balance - ending | <u><u>\$ 33,509,066</u></u> | <u><u>\$ 8,495,192</u></u> | <u><u>\$ 25,013,874</u></u> |

**CITY OF OCALA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
SEPTEMBER 30, 2024**

| | 2007A/2015 Improvement Certificates | 2022 Bank Loan | Total |
|--|--|-------------------------------|---------------------|
| Assets | | | |
| Equity in pooled cash and investment fund | \$ 1,740,837 | \$ 6,812,454 | \$ 8,553,291 |
| Total restricted assets | <u>\$ 1,740,837</u> | <u>\$ 6,812,454</u> | <u>\$ 8,553,291</u> |
| Liabilities and fund balances | | | |
| Liabilities: | | | |
| Accounts Payable from Restricted Assets | \$ - | \$ 6,974,473 | \$ 6,974,473 |
| Total liabilities payable from restricted assets | - | 6,974,473 | 6,974,473 |
| Fund balances: | | | |
| Restricted | 1,740,837 | - | 1,740,837 |
| Unassigned (deficit) | - | (162,019) | (162,019) |
| Total fund balances (deficit) | <u>1,740,837</u> | <u>(162,019)</u> | <u>1,578,818</u> |
| Total liabilities and fund balances | <u>\$ 1,740,837</u> | <u>\$ 6,812,454</u> | <u>\$ 8,553,291</u> |

CITY OF OCALA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | 2007A/2015 Improvement Certificates | 2022 Bank Loan | Total |
|---|--|-------------------------------|---------------------|
| Revenues | | | |
| Investment income (loss) | \$ 65,622 | \$ - | \$ 65,622 |
| Total Revenues | <u>65,622</u> | <u>-</u> | <u>65,622</u> |
| Expenditures | | | |
| Debt service: | | | |
| Principal payments | 1,470,000 | 2,895,000 | 4,365,000 |
| Interest and paying agents' fees | 483,900 | 2,332,724 | 2,816,624 |
| Total expenditures | <u>1,953,900</u> | <u>5,227,724</u> | <u>7,181,624</u> |
| (Deficiency) of revenues over expenditures | <u>(1,888,278)</u> | <u>(5,227,724)</u> | <u>(7,116,002)</u> |
| Other financing sources (uses) | | | |
| Transfers in | 1,906,140 | 5,145,610 | 7,051,750 |
| Transfers out | - | (6,743,506) | (6,743,506) |
| Total other financing sources (uses) | <u>1,906,140</u> | <u>(1,597,896)</u> | <u>308,244</u> |
| Net change in fund balances | 17,862 | (6,825,620) | (6,807,758) |
| Fund balances - beginning | <u>1,722,975</u> | <u>6,663,601</u> | <u>8,386,576</u> |
| Fund balances - ending | <u>\$ 1,740,837</u> | <u>\$ (162,019)</u> | <u>\$ 1,578,818</u> |

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
2007A/2015 IMPROVEMENT CERTIFICATES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | <u>Actual</u> | <u>Final Budget</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|----------------------------|---|
| Revenues | | | |
| Investment income (loss) | \$ 65,622 | \$ 4,120 | \$ 61,502 |
| Total revenues | <u>65,622</u> | <u>4,120</u> | <u>61,502</u> |
| Expenditures | | | |
| Debt service: | | | |
| Principal payments | 1,470,000 | 1,470,000 | - |
| Interest and paying agents' fees | 483,900 | 484,500 | 600 |
| Total expenditures | <u>1,953,900</u> | <u>1,954,500</u> | <u>600</u> |
| Excess (deficiency) of revenues over expenditures | <u>(1,888,278)</u> | <u>(1,950,380)</u> | <u>62,102</u> |
| Other financing sources (uses) | | | |
| Transfers in | 1,906,140 | 1,976,850 | (70,710) |
| Transfers out | - | (3,520) | 3,520 |
| Total other financing sources (uses) | <u>1,906,140</u> | <u>1,973,330</u> | <u>(67,190)</u> |
| Net change in fund balance | 17,862 | 22,950 | (5,088) |
| Fund balance - beginning | <u>1,722,975</u> | <u>1,722,975</u> | <u>-</u> |
| Fund balance - ending | <u><u>\$ 1,740,837</u></u> | <u><u>\$ 1,745,925</u></u> | <u><u>\$ (5,088)</u></u> |

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
2022 BANK LOAN
FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | Actual | Final Budget | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---|
| Revenues | | | |
| Investment income (loss) | \$ - | \$ - | \$ - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures | | | |
| Debt service: | | | |
| Principal payments | 2,895,000 | 2,895,000 | - |
| Interest and paying agents' fees | 2,332,724 | 2,331,677 | (1,047) |
| Total expenditures | <u>5,227,724</u> | <u>5,226,677</u> | <u>(1,047)</u> |
| Excess (deficiency) of revenues over expenditures | <u>(5,227,724)</u> | <u>(5,226,677)</u> | <u>(1,047)</u> |
| Other financing sources (uses) | | | |
| Transfers in | 5,145,610 | 5,144,610 | 1,000.00 |
| Transfers out | (6,743,506) | - | (6,743,506) |
| Total other financing sources (uses) | <u>(1,597,896)</u> | <u>5,144,610</u> | <u>(6,742,506)</u> |
| Net change in fund balance | (6,825,620) | (82,067) | (6,743,553) |
| Fund balance - beginning | <u>6,663,601</u> | <u>6,663,601</u> | <u>-</u> |
| Fund balance - ending | <u>\$ (162,019)</u> | <u>\$ 6,581,534</u> | <u>\$ (6,743,553)</u> |

**CITY OF OCALA, FLORIDA
NONMAJOR BUSINESS-TYPE FUNDS
SEPTEMBER 30, 2024**

NONMAJOR BUSINESS-TYPE FUNDS:

Sanitation Fund – This fund accounts for the operation and maintenance of the City's refuse collection system.

Municipal Golf Course Fund – This fund accounts for the construction, operation and maintenance of the City's golf course.

Ocala International Airport Fund – This fund accounts for the construction, operation and maintenance of the City's airport and the Foreign Trade Zone #217.

Ocala Fiber Network Fund – This fund accounts for the construction, operation and maintenance of the City's broadband communications (fiber optics) network.

SunTran Fund – This fund accounts for the operation 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, 2024**

| | Non-Major Enterprise Funds | | | | | |
|--|-----------------------------------|--------------------------------------|--|------------------------------------|---------------------|----------------------|
| | Sanitation | Municipal Golf Course | Ocala International Airport | Ocala Fiber Network | SunTran | Total |
| Assets | | | | | | |
| Current Assets: | | | | | | |
| Cash and investments | \$ - | \$ 44,672 | \$ - | \$ - | \$ 150 | \$ 44,822 |
| Equity in pooled cash and investment fund | 8,944,577 | 597,202 | 3,517,063 | 10,265,706 | - | 23,324,548 |
| Receivables (net, where applicable, of allowances for uncollectibles): | | | | | | |
| Accounts and notes | 961,329 | 432,041 | 144,560 | 412,852 | 7,165 | 1,957,947 |
| Accrued interest | 36,228 | 2,417 | 15,970 | 41,039 | - | 95,654 |
| Unbilled revenues | 760,680 | - | - | 443,410 | - | 1,204,090 |
| Prepays | - | 37,192 | - | 5,300 | 19,859 | 62,351 |
| Inventories | - | 89,330 | - | 1,320,444 | - | 1,409,774 |
| Due from other governments | 5,960 | - | 457,440 | 80,270 | 1,357,584 | 1,901,254 |
| Total current assets | <u>10,708,774</u> | <u>1,202,854</u> | <u>4,135,033</u> | <u>12,569,021</u> | <u>1,384,758</u> | <u>30,000,440</u> |
| Noncurrent Assets: | | | | | | |
| Capital assets: | | | | | | |
| Capital assets not being depreciated | - | 23,797 | 5,980,584 | 1,276,981 | - | 7,281,362 |
| Capital assets being depreciated, net | 9,953,308 | 401,263 | 24,342,244 | 9,959,236 | 4,944,161 | 49,600,212 |
| Total capital assets (net) | <u>9,953,308</u> | <u>425,060</u> | <u>30,322,828</u> | <u>11,236,217</u> | <u>4,944,161</u> | <u>56,881,574</u> |
| Total noncurrent assets | <u>9,953,308</u> | <u>425,060</u> | <u>30,322,828</u> | <u>11,236,217</u> | <u>4,944,161</u> | <u>56,881,574</u> |
| Total assets | <u>\$ 20,662,082</u> | <u>\$ 1,627,914</u> | <u>\$ 34,457,861</u> | <u>\$ 23,805,238</u> | <u>\$ 6,328,919</u> | <u>\$ 86,882,014</u> |
| Deferred outflows of resources: | | | | | | |
| Deferred amount pension related | 1,370,451 | - | 192,784 | 404,431 | - | 1,967,666 |
| Deferred amount OPEB related | 285,492 | - | 45,483 | 80,572 | - | 411,547 |
| Total deferred outflows of resources | <u>\$ 1,655,943</u> | <u>\$ -</u> | <u>\$ 238,267</u> | <u>\$ 485,003</u> | <u>\$ -</u> | <u>\$ 2,379,213</u> |
| Liabilities | | | | | | |
| Current Liabilities: | | | | | | |
| Payable from unrestricted assets: | | | | | | |
| Accounts payable and accrued liabilities | \$ 742,261 | \$ 694,018 | \$ 104,354 | \$ 326,811 | \$ 287,795 | 2,155,239 |
| Contract retainage | - | - | 167 | 735 | - | 902 |
| Compensated absences payable | 137,135 | - | 47,186 | 139,725 | - | 324,046 |
| OPEB obligation payable | 40,093 | - | 6,570 | 12,229 | - | 58,892 |
| Leases payable | - | - | - | 69,177 | - | 69,177 |
| Due to other governments | - | 8,118 | 9,062 | 11,324 | - | 28,504 |
| Due to other funds | - | - | - | - | 1,354,076 | 1,354,076 |
| Customer deposits | - | 20,980 | 109,070 | - | - | 130,050 |
| Unearned revenue | - | 49,443 | 1,645,739 | - | - | 1,695,182 |
| Total current liabilities | <u>919,489</u> | <u>772,559</u> | <u>1,922,148</u> | <u>560,001</u> | <u>1,641,871</u> | <u>5,816,068</u> |
| Noncurrent Liabilities: | | | | | | |
| Compensated absences payable | 116,407 | - | - | 7,785 | - | 124,192 |
| OPEB obligation payable | 813,759 | - | 140,845 | 218,001 | - | 1,172,605 |
| Leases payable | - | - | - | 58,676 | - | 58,676 |
| Net pension liability | 4,067,172 | - | 572,139 | 1,200,250 | - | 5,839,561 |
| Total noncurrent liabilities | <u>4,997,338</u> | <u>-</u> | <u>712,984</u> | <u>1,484,712</u> | <u>-</u> | <u>7,195,034</u> |
| Total liabilities | <u>\$ 5,916,827</u> | <u>\$ 772,559</u> | <u>\$ 2,635,132</u> | <u>\$ 2,044,713</u> | <u>\$ 1,641,871</u> | <u>\$ 13,011,102</u> |
| Deferred Inflows of Resources: | | | | | | |
| Deferred inflows OPEB related | 261,156 | - | 23,719 | 122,440 | - | 407,315 |
| Total deferred inflows of resources | <u>261,156</u> | <u>-</u> | <u>23,719</u> | <u>122,440</u> | <u>-</u> | <u>407,315</u> |
| Net Position | | | | | | |
| Net investment in capital assets | 9,953,308 | 425,060 | 30,322,661 | 11,107,629 | 4,944,161 | 56,752,819 |
| Unrestricted (accumulated deficit) | 6,186,734 | 430,295 | 1,714,616 | 11,015,459 | (257,113) | 19,089,991 |
| Total net position | <u>\$ 16,140,042</u> | <u>\$ 855,355</u> | <u>\$ 32,037,277</u> | <u>\$ 22,123,088</u> | <u>\$ 4,687,048</u> | <u>\$ 75,842,810</u> |

CITY OF OCALA, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | Non-Major Enterprise Funds | | | | | |
|---|-----------------------------------|--------------------------------------|--|------------------------------------|---------------------|----------------------|
| | Sanitation | Municipal Golf Course | Ocala International Airport | Ocala Fiber Network | SunTran | Total |
| Operating Revenues: | | | | | | |
| Charges for services | \$ 16,349,755 | \$ 1,819,584 | \$ 2,127,097 | \$ 10,142,143 | \$ 279,971 | \$ 30,718,550 |
| Other | 11,156 | - | 82,447 | 55,713 | 7,020 | 156,336 |
| Total operating revenues | 16,360,911 | 1,819,584 | 2,209,544 | 10,197,856 | 286,991 | 30,874,886 |
| Operating Expenses: | | | | | | |
| Operation and maintenance | 7,622,459 | 304,842 | 850,195 | 1,716,961 | 4,392,329 | 14,886,786 |
| Administration | 5,299,303 | 2,053,650 | 698,724 | 3,543,838 | - | 11,595,515 |
| Amortization expense | - | - | - | 91,303 | - | 91,303 |
| Depreciation | 916,872 | 64,264 | 1,616,147 | 1,830,253 | 498,648 | 4,926,184 |
| Total operating expenses | 13,838,634 | 2,422,756 | 3,165,066 | 7,182,355 | 4,890,977 | 31,499,788 |
| Operating income (loss) | 2,522,277 | (603,172) | (955,522) | 3,015,501 | (4,603,986) | (624,902) |
| Non-Operating Revenues (Expenses): | | | | | | |
| Investment income | 663,324 | 36,573 | 259,774 | 694,649 | - | 1,654,320 |
| Interest expense | - | - | - | (4,331) | - | (4,331) |
| Gain (loss) on sale of fixed asset | - | - | 592,389 | - | - | 592,389 |
| Other non-operating revenue | 990,945 | - | - | 41,170 | 3,713,694 | 4,745,809 |
| Total non-operating revenues (expenses) | 1,654,269 | 36,573 | 852,163 | 731,488 | 3,713,694 | 6,988,187 |
| Income (loss) before capital contributions and transfers | 4,176,546 | (566,599) | (103,359) | 3,746,989 | (890,292) | 6,363,285 |
| Capital Contributions | 59,046 | - | 317,534 | - | - | 376,580 |
| Transfers in | - | 853,480 | - | - | 584,233 | 1,437,713 |
| Transfers out | (2,254,950) | (173,000) | - | (1,030,947) | - | (3,458,897) |
| Total transfers | (2,254,950) | 680,480 | - | (1,030,947) | 584,233 | (2,021,184) |
| Change in net position | 1,980,642 | 113,881 | 214,175 | 2,716,042 | (306,059) | 4,718,681 |
| Net position - October 1 | \$ 14,159,400 | \$ 741,474 | \$ 31,823,102 | \$ 19,407,046 | \$ 4,993,107 | \$ 71,124,129 |
| Net position - September 30 | \$ 16,140,042 | \$ 855,355 | \$ 32,037,277 | \$ 22,123,088 | \$ 4,687,048 | \$ 75,842,810 |

**CITY OF OCALA, FLORIDA
STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

| | Non-Major Enterprise Funds | | | | | |
|--|----------------------------|-----------------------------|-----------------------------------|---------------------------|-------------|---------------|
| | Sanitation | Municipal Golf Course | Ocala International Airport | Ocala Fiber Network | SunTran | Total |
| Cash Flows from Operating Activities: | | | | | | |
| Cash received from customers | \$ 16,397,870 | \$ 1,839,333 | \$ 2,125,223 | \$ 10,161,079 | \$ 282,715 | \$ 30,806,220 |
| Cash paid to suppliers for goods and services | (9,002,205) | (2,329,282) | (947,830) | (2,138,563) | (3,397,233) | (17,815,113) |
| Cash paid to employees for services | (4,386,730) | - | (607,006) | (3,049,278) | (403,114) | (8,446,128) |
| Net cash provided by (used in) operating activities | 3,008,935 | (489,949) | 570,387 | 4,973,239 | (3,517,632) | 4,544,980 |
| Cash Flows from Non-Capital Financing Activities: | | | | | | |
| Transfers in | - | 853,480 | - | - | 584,233 | 1,437,713 |
| Transfers out | (2,254,950) | (173,000) | - | (1,030,947) | - | (3,458,897) |
| Operating grants | 956,395 | - | - | (35,333) | 3,166,243 | 4,087,305 |
| Net cash provided by (used in) non-capital financing activities | (1,298,555) | 680,480 | - | (1,066,280) | 3,750,476 | 2,066,121 |
| Cash Flows from Capital and Related Financing Activities: | | | | | | |
| Proceeds from sale of capital assets | 86,333 | - | 593,537 | - | - | 679,870 |
| Lease principal payments | - | - | - | (83,385) | - | (83,385) |
| Lease interest payments | - | - | - | (4,331) | - | (4,331) |
| Acquisition and construction of capital assets | (3,382,756) | (137,292) | (225,108) | (2,706,311) | (232,694) | (6,684,161) |
| Contributions received from other governments and developers | 59,046 | - | 642,272 | - | - | 701,318 |
| Net cash (used in) capital and related financing activities | (3,237,377) | (137,292) | 1,010,701 | (2,794,027) | (232,694) | (5,390,689) |
| Cash Flows from Investing Activities: | | | | | | |
| Investment income | 656,067 | 35,603 | 251,027 | 678,318 | - | 1,621,015 |
| Net cash provided by investing activities | 656,067 | 35,603 | 251,027 | 678,318 | - | 1,621,015 |
| Net increase (decrease) in cash and cash equivalents | (870,930) | 88,842 | 1,832,115 | 1,791,250 | 150 | 2,841,427 |
| Cash and cash equivalents, beginning | \$ 9,815,507 | \$ 553,032 | \$ 1,684,948 | \$ 8,474,456 | \$ - | \$ 20,527,943 |
| Cash and cash equivalents, ending | \$ 8,944,577 | \$ 641,874 | \$ 3,517,063 | \$ 10,265,706 | \$ 150 | \$ 23,369,370 |

CITY OF OCALA, FLORIDA
STATEMENT OF CASH FLOWS (Continued)
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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 | \$ 8,944,577 | \$ 641,874 | \$ 3,517,063 | \$ 10,265,706 | \$ 150 | \$ 23,369,370 |
| Cash and cash equivalents, end of year | <u>8,944,577</u> | <u>641,874</u> | <u>3,517,063</u> | <u>10,265,706</u> | <u>150</u> | <u>23,369,370</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) | | | | | | |
| Operating Activities: | | | | | | |
| Operating income (loss) | 2,522,277 | (603,172) | (955,522) | 3,015,501 | (4,603,986) | (624,902) |
| Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities: | | | | | | |
| Depreciation & amortization | 916,872 | 64,264 | 1,616,147 | 1,921,556 | 498,648 | 5,017,487 |
| (Increase) decrease in assets and deferred outflow of resources: | | | | | | |
| Accounts and notes receivable | 36,959 | 19,370 | (8,132) | (36,777) | (4,276) | 7,144 |
| Inventories | - | 25,800 | - | (73,239) | - | (47,439) |
| Other current assets | 804 | (15,471) | 1,166 | - | 4,628 | (8,873) |
| Deferred outflows pension | 637,268 | - | 89,646 | 188,062 | - | 914,976 |
| Deferred outflow OPEB | 65,639 | - | 6,564 | 39,383 | - | 111,586 |
| Increase (decrease) in liabilities and deferred inflow of resources: | | | | | | |
| Accounts and contracts payable | (361,459) | 17,944 | (10,242) | 146,644 | 205,205 | (1,908) |
| Compensated absences payable | (24,124) | - | 7,570 | 11,452 | - | (5,102) |
| OPEB obligation payable | (18,512) | - | (1,851) | (11,107) | - | (31,470) |
| Due to other funds | - | - | - | - | 382,149 | 382,149 |
| Due to other governments | - | 937 | 8,716 | 905 | - | 10,558 |
| Net pension liability | (757,423) | - | (106,549) | (223,521) | - | (1,087,493) |
| Customer deposits | - | (6,279) | 4,021 | - | - | (2,258) |
| Deferred inflows OPEB | (9,366) | - | (937) | (5,620) | - | (15,923) |
| Unearned revenue | - | 6,658 | (80,210) | - | - | (73,552) |
| Net cash provided by (used in) operating activities | <u>\$ 3,008,935</u> | <u>\$ (489,949)</u> | <u>\$ 570,387</u> | <u>\$ 4,973,239</u> | <u>\$ (3,517,632)</u> | <u>\$ 4,544,980</u> |
| Noncash Capital and Related Financing Activities: | | | | | | |
| Capital additions funded by accounts and contracts payable | \$ - | \$ - | \$ 167 | \$ 735 | \$ - | \$ 902 |
| Issuance of SBITA or lease | <u>-</u> | <u>-</u> | <u>-</u> | <u>38,385</u> | <u>-</u> | <u>38,385</u> |



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**CITY OF OCALA, FLORIDA
STATISTICAL SECTION
SEPTEMBER 30, 2024**

This part of the City of Ocala, Florida's annual comprehensive 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.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax

Debt Capacity

These schedules 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

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place

Operating Information

These schedules 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 schedules is derived from the annual comprehensive financial reports for the relevant years.

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

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | |
| Net invested in capital assets | \$ 136,345,185 | \$ 142,447,242 | \$ 142,579,197 | \$ 144,116,288 |
| Restricted | 14,253,874 | 8,975,960 | 13,711,945 | 12,538,873 |
| Unrestricted | (6,091,460) | (4,629,276) | (9,538,921) | (3,874,746) |
| Total governmental activities net position | <u>144,507,599</u> | <u>146,793,926</u> | <u>146,752,221</u> | <u>152,780,415</u> |
| Business-type activities | | | | |
| Net invested in capital assets | 226,332,226 | 228,909,169 | 205,989,676 | 208,016,157 |
| Restricted | 12,975,219 | 12,966,465 | 33,647,458 | 40,452,063 |
| Unrestricted | 56,262,159 | 49,974,407 | 41,988,027 | 33,787,661 |
| Total business-type activities net position | <u>295,569,604</u> | <u>291,850,041</u> | <u>281,625,161</u> | <u>282,255,881</u> |
| Primary government | | | | |
| Net invested in capital assets (1) | 362,677,411 | 371,356,411 | 348,568,873 | 352,132,445 |
| Restricted (3) | 27,229,093 | 21,942,425 | 47,359,403 | 52,990,936 |
| Unrestricted (2) (4) (5) | 50,170,699 | 45,345,131 | 32,449,106 | 29,912,915 |
| Total primary government net position | <u>\$ 440,077,203</u> | <u>\$ 438,643,967</u> | <u>\$ 428,377,382</u> | <u>\$ 435,036,296</u> |

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

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

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

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

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

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 140,551,684 | \$ 144,263,587 | \$ 141,919,068 | \$ 144,120,074 | \$ 147,284,538 | \$ 153,346,706 |
| 15,994,010 | 17,847,468 | 24,680,544 | 35,467,317 | 52,713,662 | 53,086,147 |
| 16,002,683 | (55,735,218) | (41,956,351) | (29,101,959) | (19,852,033) | 8,386,565 |
| <u>156,554,367</u> | <u>106,375,837</u> | <u>124,643,261</u> | <u>150,485,432</u> | <u>180,146,167</u> | <u>214,819,418</u> |
| 219,640,297 | 229,806,945 | 229,459,133 | 226,283,800 | 234,962,733 | 246,708,251 |
| 39,985,327 | 40,316,227 | 46,553,961 | 53,792,169 | 56,317,228 | 61,987,037 |
| 22,368,955 | 24,981,348 | 31,284,269 | 31,730,343 | 34,296,276 | 53,412,029 |
| <u>281,994,579</u> | <u>295,104,520</u> | <u>307,297,363</u> | <u>311,806,312</u> | <u>325,576,237</u> | <u>362,107,317</u> |
| 360,191,981 | 374,070,532 | 371,378,201 | 370,403,874 | 382,247,271 | 400,054,957 |
| 55,979,337 | 58,163,695 | 71,234,505 | 89,259,486 | 109,030,890 | 115,073,184 |
| 38,371,638 | (30,753,870) | (10,672,082) | 2,628,384 | 14,444,243 | 61,798,594 |
| <u>\$ 454,542,956</u> | <u>\$ 401,480,357</u> | <u>\$ 431,940,624</u> | <u>\$ 462,291,744</u> | <u>\$ 505,722,404</u> | <u>\$ 576,926,735</u> |

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

| | 2015 | 2016 | 2017 | 2018 |
|------------------------------------|----------------|----------------|----------------|----------------|
| Expenses | | | | |
| Governmental Activities: | | | | |
| General government | \$ 12,098,361 | \$ 11,597,693 | \$ 15,103,102 | \$ 16,541,510 |
| Public safety | 39,867,780 | 42,665,312 | 42,095,725 | 45,582,373 |
| Public safety- Fire fee settlement | - | - | - | - |
| Physical environment | 4,827,696 | 6,154,252 | 6,413,857 | 7,012,507 |
| Transportation | 16,251,420 | 17,375,706 | 18,046,664 | 19,400,855 |
| Economic environment | 2,145,278 | 3,778,358 | 1,182,204 | 1,595,196 |
| Human services | 2,825 | 5,247 | 5,113 | 17,021 |
| Culture and recreation | 5,982,171 | 7,159,916 | 8,747,638 | 9,856,771 |
| Interest on long-term debt | 768,408 | 2,417,186 | 863,436 | 816,261 |
| Total Governmental Activities | 81,943,939 | 91,153,670 | 92,457,740 | 100,822,494 |
| Business-type Activities: | | | | |
| Electric | 131,540,076 | 136,853,553 | 144,857,424 | 139,377,776 |
| Water and sewer | 29,444,099 | 30,830,593 | 32,970,648 | 34,326,111 |
| Sanitation | 8,218,564 | 8,933,087 | 9,271,356 | 10,932,803 |
| Municipal Golf Course | 1,791,935 | 1,938,067 | 1,999,735 | 2,139,314 |
| International airport | 1,718,391 | 1,838,267 | 1,829,899 | 1,752,284 |
| Fiber Network | 2,472,288 | 2,695,714 | 3,315,091 | 3,819,983 |
| SunTran | 3,213,971 | 3,059,382 | 3,118,029 | 2,929,334 |
| Total Business-type Activities | 178,399,324 | 186,148,663 | 197,362,182 | 195,277,605 |
| Total Expenses | 260,343,263 | 277,302,333 | 289,819,922 | 296,100,099 |
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for services: | | | | |
| General government | 11,976,789 | 12,961,644 | 13,247,342 | 15,323,733 |
| Public safety | 9,316,289 | 9,401,196 | 9,790,569 | 10,339,923 |
| Physical environment | 6,621.00 | 128 | 442 | 135,074 |
| Economic environment | 33,269 | 61,865 | 103,597 | - |
| Culture and recreation | 625,997 | 585,640 | 547,225 | 671,332 |
| Operating grants and contributions | 2,080,103 | 2,429,040 | 3,941,191 | 2,093,493 |
| Capital grants and contributions | 101,321 | 1,867,635 | 1,707,662 | 2,231,867 |
| Total governmental activities | 24,140,389 | 27,307,148 | 29,338,028 | 30,795,422 |
| Business-type Activities: | | | | |
| Charges for services: | | | | |
| Electric | 143,366,578 | 143,790,825 | 149,362,971 | 151,400,553 |
| Water and sewer | 26,665,395 | 28,267,876 | 28,841,424 | 29,574,011 |
| Sanitation | 10,212,366 | 10,598,109 | 11,235,445 | 12,507,267 |
| Municipal golf courses | 1,014,454 | 1,227,082 | 1,456,241 | 1,442,187 |
| International airport | 988,125 | 1,065,576 | 1,103,267 | 1,107,269 |
| Fiber Network | 3,100,306 | 3,588,651 | 4,095,942 | 5,203,224 |
| SunTran | 430,559 | 365,528 | 420,010 | 342,775 |
| Operating grants and contributions | 2,495,443 | 2,027,718 | 2,739,807 | 2,964,470 |
| Capital grants and contributions | 7,548,606 | 2,879,731 | 5,390,271 | 6,509,675 |
| Total Business-type Activities | 195,821,832 | 193,811,096 | 204,645,378 | 211,051,431 |
| Total Program Revenues | \$ 219,962,221 | \$ 221,118,244 | \$ 233,983,406 | \$ 241,846,853 |

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----|-------------|----------------|----------------|----------------|----------------|----------------|
| \$ | 14,173,067 | \$ 12,539,845 | \$ 12,543,745 | \$ 11,952,518 | \$ 14,790,497 | \$ 13,978,720 |
| | 47,822,519 | 58,112,349 | 57,613,575 | 57,827,557 | 73,652,568 | 84,048,367 |
| | - | 80,000,000 | - | - | - | - |
| | 6,132,488 | 6,629,347 | 6,990,456 | 7,522,112 | 6,176,550 | 6,974,339 |
| | 20,192,533 | 17,937,405 | 16,513,398 | 19,538,618 | 18,891,969 | 24,462,835 |
| | 2,954,852 | 3,604,606 | 3,665,074 | 3,207,917 | 4,079,129 | 5,273,468 |
| | - | - | - | - | - | - |
| | 10,225,166 | 9,746,534 | 9,143,439 | 10,043,079 | 11,303,090 | 12,663,415 |
| | 846,853 | 797,420 | 746,729 | 1,833,538 | 3,188,320 | 3,043,705 |
| | 102,347,478 | 189,367,506 | 107,216,416 | 111,925,339 | 132,082,123 | 150,444,849 |
| | 141,562,509 | 134,900,874 | 137,572,943 | 188,453,689 | 177,586,080 | 154,427,702 |
| | 35,295,692 | 35,235,871 | 34,001,912 | 36,343,504 | 35,544,613 | 38,086,943 |
| | 11,035,028 | 11,648,985 | 11,786,769 | 11,792,441 | 13,370,420 | 13,838,634 |
| | 2,111,379 | 1,792,709 | 1,658,800 | 1,783,802 | 2,058,892 | 2,422,756 |
| | 2,118,597 | 1,490,607 | 1,518,031 | 2,925,026 | 2,868,581 | 3,165,066 |
| | 4,299,046 | 4,657,453 | 5,232,092 | 6,080,816 | 6,570,831 | 7,186,686 |
| | 3,144,422 | 3,227,376 | 3,585,371 | 4,233,781 | 4,092,069 | 4,890,977 |
| | 199,566,673 | 192,953,875 | 195,355,918 | 251,613,059 | 242,091,486 | 224,018,764 |
| | 301,914,151 | 382,321,381 | 302,572,334 | 363,538,398 | 374,173,609 | 374,463,613 |
| | 14,881,579 | 8,113,682 | 8,545,958 | 10,777,935 | 12,174,289 | 10,991,844 |
| | 10,865,438 | 11,052,473 | 9,842,226 | 15,186,680 | 12,326,722 | 20,196,985 |
| | 103,704 | 7,178,037 | 8,100,060 | 8,330,631 | 8,334,781 | 8,445,482 |
| | - | 54,897 | 56,294 | 259,532 | 161,086 | 87,591 |
| | 818,514 | 427,141 | 485,134 | 608,760 | 715,948 | 785,049 |
| | 4,366,727 | 2,193,649 | 2,561,616 | 7,173,153 | 5,116,121 | 9,231,907 |
| | 897,270 | 951,787 | 297,732 | 820,242 | 272,567 | 359,132 |
| | 31,933,232 | 29,971,666 | 29,889,020 | 43,156,933 | 39,101,514 | 50,097,990 |
| | 150,735,604 | 155,074,881 | 158,037,816 | 206,625,372 | 194,411,347 | 183,776,059 |
| | 31,065,814 | 31,400,930 | 34,340,257 | 38,070,524 | 43,141,483 | 47,617,526 |
| | 13,390,517 | 14,369,835 | 15,415,424 | 15,596,566 | 15,911,367 | 16,360,911 |
| | 1,463,600 | 1,276,066 | 1,711,086 | 1,595,230 | 1,704,801 | 1,819,584 |
| | 1,114,247 | 1,265,518 | 1,571,302 | 1,758,906 | 1,927,701 | 2,209,544 |
| | 6,782,699 | 7,150,454 | 7,885,925 | 8,498,919 | 9,147,913 | 10,197,856 |
| | 315,487 | 255,155 | 168,842 | 151,498 | 214,046 | 286,991 |
| | 2,040,475 | 7,466,671 | 3,236,285 | 3,512,878 | 4,205,775 | 5,825,875 |
| | 7,858,521 | 7,619,198 | 9,248,394 | 8,848,928 | 10,820,191 | 12,524,153 |
| | 214,766,964 | 225,878,708 | 231,615,331 | 284,658,821 | 281,484,624 | 280,618,499 |
| \$ | 246,700,196 | \$ 255,850,374 | \$ 261,504,351 | \$ 327,815,754 | \$ 320,586,138 | \$ 330,716,489 |

(Continued)

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

| | 2015 | 2016 | 2017 | 2018 |
|---|-----------------|-----------------|-----------------|-----------------|
| Net (Expense)/Revenue: | | | | |
| Governmental Activities | \$ (57,803,550) | \$ (63,846,522) | \$ (63,119,712) | \$ (70,027,072) |
| Business-type Activities | 17,422,508 | 7,662,433 | 7,283,196 | 15,773,826 |
| Total net expense | (40,381,042) | (56,184,089) | (55,836,516) | (54,253,246) |
| General Revenues | | | | |
| Governmental Activities: | | | | |
| Property taxes | 22,160,053 | 25,500,381 | 26,579,539 | 28,086,252 |
| Utility service tax | 9,786,858 | 9,144,899 | 9,083,731 | 9,767,251 |
| Other taxes | 7,494,498 | 7,470,991 | 12,163,357 | 14,996,501 |
| Unrestricted revenues | 5,465,229 | 5,917,854 | 6,194,657 | 6,428,967 |
| Investment income | 1,424,026 | 1,760,743 | 438,878 | 86,514 |
| Miscellaneous | 1,339,232 | 853,394 | 654,463 | 1,479,744 |
| Transfers | 10,815,588 | 13,914,315 | 14,804,493 | 15,205,236 |
| Total governmental revenues and transfers | 58,485,484 | 64,562,577 | 69,919,118 | 76,050,465 |
| Business-type Activities: | | | | |
| Investment income | 1,978,959 | 2,532,319 | 665,920 | 62,130 |
| Gain on sale of capital assets | - | - | - | - |
| Transfers | (10,815,588) | (13,914,315) | (14,804,493) | (15,205,236) |
| Total business-type activities | (8,836,629) | (11,381,996) | (14,138,573) | (15,143,106) |
| Total primary government | 49,648,855 | 53,180,581 | 55,780,545 | 60,907,359 |
| Change in Net Position | | | | |
| Governmental Activities | 681,934 | 716,055 | 6,799,406 | 6,028,194 |
| Business-type Activities | 8,585,879 | (3,719,563) | (6,855,377) | 630,720 |
| Total Change in Net Position | \$ 9,267,813 | \$ (3,003,508) | \$ (55,971) | \$ 6,658,914 |

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------|------------------|-----------------|-----------------|-----------------|------------------|
| \$ (70,414,246) | \$ (159,395,840) | \$ (77,327,396) | \$ (68,768,406) | \$ (92,980,609) | \$ (100,345,717) |
| 15,200,291 | 32,924,833 | 36,259,413 | 33,045,762 | 39,393,138 | 56,599,735 |
| (55,213,955) | (126,471,007) | (41,067,983) | (35,722,644) | (53,587,471) | (43,745,982) |
| 30,390,304 | 32,306,598 | 34,874,426 | 36,949,326 | 41,845,602 | 47,066,531 |
| 10,373,092 | 9,319,912 | 9,319,912 | 9,319,912 | 14,460,925 | 13,833,419 |
| 15,927,031 | 15,767,325 | 14,706,970 | 17,025,274 | 20,896,809 | 22,912,021 |
| 6,761,150 | 6,315,818 | 6,315,818 | 6,315,818 | 9,586,355 | 9,477,576 |
| 4,838,095 | 5,142,603 | (183,469) | (8,504,610) | 4,451,185 | 12,420,398 |
| 1,101,835 | 733,753 | 1,429,765 | 1,197,714 | 3,898,776 | 1,444,008 |
| 21,170,701 | 23,637,291 | 23,933,547 | 24,106,826 | 27,501,692 | 27,865,015 |
| 90,562,208 | 93,223,300 | 90,396,969 | 86,410,260 | 122,641,344 | 135,018,968 |
| 5,329,108 | 3,822,399 | (133,023) | (4,429,987) | 1,851,595 | 7,237,320 |
| - | - | - | - | 26,884 | 559,040 |
| (21,170,701) | (23,637,291) | (23,933,547) | (24,106,826) | (27,501,692) | (27,865,015) |
| (15,841,593) | (19,814,892) | (24,066,570) | (28,536,813) | (25,623,213) | (20,068,655) |
| 74,720,615 | 73,408,408 | 66,330,399 | 57,873,447 | 97,018,131 | 114,950,313 |
| 20,147,962 | (66,172,540) | 18,267,424 | 25,842,171 | 29,660,735 | 34,673,251 |
| (641,302) | 13,109,941 | 12,192,843 | 4,508,949 | 13,769,925 | 36,531,080 |
| \$ 19,506,660 | \$ (53,062,599) | \$ 30,460,267 | \$ 30,351,120 | \$ 43,430,660 | \$ 71,204,331 |

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

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| General fund | | | | |
| Nonspendable | \$ 269,708 | \$ 545,193 | \$ 1,147,780 | \$ 818,773 |
| Restricted | 2,247,645 | 1,097,701 | 1,573,949 | 1,999,031 |
| Committed | 2,150,167 | 1,521,527 | 1,545,781 | 1,825,787 |
| Assigned | 25,530,135 | 20,553,148 | 14,105,173 | 15,712,693 |
| Unassigned | 15,535,866 | 17,096,287 | 18,645,544 | 19,067,511 |
| Total general fund | <u>45,733,521</u> | <u>40,813,856</u> | <u>37,018,227</u> | <u>39,423,795</u> |
| CRA fund | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 4,251,696 | 1,678,833 | 1,824,463 | 2,394,248 |
| Unassigned | - | - | - | - |
| Total CRA fund | <u>4,251,696</u> | <u>1,678,833</u> | <u>1,824,463</u> | <u>2,394,248</u> |
| All other governmental funds | | | | |
| Nonspendable | - | - | - | 62,293.00 |
| Restricted | 8,789,576 | 6,574,272 | 10,783,703 | 8,521,664 |
| Committed | 5,830,170 | 5,397,900 | 5,187,862 | 4,603,096 |
| Total all other governmental funds | <u>\$ 14,619,746</u> | <u>\$ 11,972,172</u> | <u>\$ 15,971,565</u> | <u>\$ 13,187,053</u> |

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 2,299,121 | \$ 2,827,844 | \$ 3,525,048 | \$ 3,077,887 | \$ 2,551,294 | \$ 5,231,678 |
| 2,362,000 | 2,588,494 | 2,748,786 | 3,322,068 | 3,624,534 | 3,636,055 |
| 2,954,841 | 3,910,065 | 2,872,695 | 2,744,106 | 2,093,001 | 2,033,120 |
| 22,362,272 | 26,139,813 | 35,126,233 | 14,121,678 | 16,303,753 | 38,170,936 |
| 21,801,107 | 20,587,032 | 22,699,503 | 20,899,910 | 45,203,331 | 40,485,021 |
| <u>51,779,341</u> | <u>56,053,248</u> | <u>66,972,265</u> | <u>44,165,649</u> | <u>69,775,913</u> | <u>89,556,810</u> |
| - | - | - | 1,113.00 | 1,435 | 395 |
| 2,855,528 | 3,123,102 | 979,557 | 3,795,337 | 5,539,716 | 7,062,841 |
| - | - | - | (4,945,145) | (3,806,429) | (1,953,033) |
| <u>2,855,528</u> | <u>3,123,102</u> | <u>979,557</u> | <u>(1,148,695)</u> | <u>1,734,722</u> | <u>5,110,203</u> |
| 66,547 | 950 | 6,354 | 1,109,178 | 1,137,622 | 5,183 |
| 11,133,200 | 12,466,884 | 21,220,672 | 50,527,255 | 33,848,199 | 59,208,430 |
| 5,342,040 | 6,538,710 | 8,699,554 | 10,717,713 | 13,396,635 | (161,989) |
| <u>\$ 16,541,787</u> | <u>\$ 19,006,544</u> | <u>\$ 29,926,580</u> | <u>\$ 62,354,146</u> | <u>\$ 48,382,458</u> | <u>\$ 59,051,624</u> |

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

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|---------------|-----------------|---------------|---------------|---------------|
| Revenues: | | | | | |
| Property tax | \$ 22,160,053 | \$ 25,500,381 | \$ 26,579,539 | \$ 28,086,252 | \$ 30,390,304 |
| Utility service tax | 9,786,858 | 9,144,899 | 9,083,731 | 9,767,251 | 10,373,092 |
| Communication service tax | 2,695,896 | 2,643,849 | 2,467,314 | 2,543,312 | 2,557,723 |
| Local option gas tax | 3,866,844 | 3,453,019 | 3,523,965 | 3,557,305 | 3,713,340 |
| Other tax | 931,758 | 1,374,123 | 1,391,683 | 1,519,756 | 1,524,808 |
| Infrastructure Sales Surtax | - | - | 4,780,395 | 7,376,128 | 8,131,160 |
| State revenue sharing | 5,465,229 | 5,917,854 | 6,194,657 | 6,428,967 | 6,761,150 |
| Other intergovernmental revenue | 2,485,782 | 4,286,325 | 5,648,852 | 4,427,716 | 5,344,740 |
| Licenses, permits and fees | 2,263,047 | 2,306,800 | 2,860,444 | 3,828,575 | 3,254,885 |
| Fines and forfeitures | 795,029 | 544,354 | 790,722 | 1,212,005 | 488,023 |
| Charges for services | 18,462,867 | 20,169,669 | 20,038,009 | 21,327,125 | 22,845,586 |
| Investment income | 939,000 | 1,223,380 | 275,234 | 59,281 | 3,319,355 |
| Gifts | 72,643 | - | - | - | - |
| Miscellaneous | 1,304,467 | 789,782 | 737,810 | 1,705,551 | 1,113,517 |
| Total revenues | 71,229,473 | 77,354,435 | 84,372,355 | 91,839,224 | 99,817,683 |
| Expenditures: | | | | | |
| General government | 12,551,399 | 11,709,642 | 14,998,495 | 16,494,605 | 14,097,158 |
| Public safety | 41,668,300 | 43,252,530 | 43,692,227 | 47,376,895 | 49,563,254 |
| Physical environment | 4,181,600 | 4,992,613 | 5,065,131 | 5,920,590 | 5,088,532 |
| Transportation | 8,652,943 | 9,853,517 | 10,307,913 | 12,041,985 | 12,220,874 |
| Economic environment | 2,149,273 | 3,746,782 | 1,225,350 | 1,498,538 | 2,954,396 |
| Human services | - | - | - | - | - |
| Culture and recreation | 5,744,114 | 6,659,803 | 8,112,809 | 9,206,055 | 9,731,547 |
| Capital outlay | 4,590,914 | 12,397,566 | 7,189,104 | 12,621,118 | 9,031,688 |
| Debt service | | | | | |
| Principal payments | 2,300,000 | 2,340,000 | 2,380,000 | 2,405,000 | 2,625,000 |
| Issuance Costs | 143,920 | - | - | - | - |
| Interest and fees | 1,051,611 | 640,869 | 783,863 | 755,634 | 731,799 |
| Total expenditures | 83,034,074 | 95,593,322 | 93,754,892 | 108,320,420 | 106,044,248 |
| Excess of revenues over (under) expenditures | (11,804,601) | (18,238,887) | (9,382,537) | (16,481,196) | (6,226,565) |
| Other financing sources (uses): | | | | | |
| Issuance of SBITAs | - | - | - | - | - |
| Transfers in | 15,532,524 | 14,284,779 | 19,091,037 | 21,004,954 | 27,361,341 |
| Transfers out | (4,595,045) | (6,185,994) | (9,359,106) | (4,332,917) | (4,583,216) |
| Issuance of debt | 21,440,000 | - | - | - | - |
| Payment to bond escrow agent | (21,325,093) | - | - | - | - |
| Total other financing sources (uses) | 11,052,386 | 8,098,785 | 9,731,931 | 16,672,037 | 22,778,125 |
| Net change in fund balances | \$ (752,215) | \$ (10,140,102) | \$ 349,394 | \$ 190,841 | \$ 16,551,560 |
| Debt service as a percentage of noncapital expenditures | 4.27% | 3.58% | 3.65% | 3.30% | 3.46% |

| 2020 | 2021 | 2022 | 2023 | 2024 |
|---------------|---------------|---------------|---------------|---------------|
| \$ 32,306,598 | \$ 34,874,426 | \$ 36,949,326 | \$ 41,845,602 | \$ 47,066,531 |
| 9,319,912 | 10,179,971 | 11,842,744 | 14,460,925 | 13,833,419 |
| 2,437,867 | 2,713,821 | 2,681,273 | 2,959,834 | 3,246,050 |
| 3,585,041 | 3,809,521 | 3,919,597 | 3,986,545 | 5,247,099 |
| 8,142,311 | 9,271,128 | 11,270,239 | 11,954,606 | 12,255,882 |
| 1,602,106 | 1,626,321 | 1,835,438 | 1,995,824 | 2,162,990 |
| 6,315,818 | 7,939,789 | 9,312,030 | 9,586,355 | 9,477,576 |
| 3,065,761 | 2,893,433 | 8,033,509 | 5,730,993 | 9,864,603 |
| 3,048,184 | 3,075,675 | 4,349,468 | 3,135,698 | 3,924,186 |
| 799,415 | 414,781 | 378,668 | 285,638 | 708,238 |
| 23,058,307 | 23,505,131 | 30,395,288 | 28,367,430 | 35,775,566 |
| 3,574,849 | (139,785) | (6,607,849) | 3,554,503 | 10,171,442 |
| - | - | - | - | - |
| 1,508,208 | 1,431,298 | 1,200,842 | 3,898,777 | 1,444,007 |
| 98,764,377 | 101,595,510 | 115,560,573 | 131,762,730 | 155,177,589 |
| 12,108,761 | 12,234,823 | 12,473,273 | 12,971,333 | 13,268,638 |
| 56,187,681 | 56,710,296 | 133,689,312 | 74,593,607 | 79,896,256 |
| 5,101,065 | 4,883,834 | 5,131,374 | 5,423,205 | 5,850,778 |
| 9,275,080 | 8,040,624 | 10,309,633 | 9,057,689 | 13,072,970 |
| 3,573,962 | 3,674,463 | 3,266,572 | 3,997,803 | 5,184,252 |
| - | - | - | - | - |
| 8,965,184 | 8,318,670 | 9,366,271 | 10,354,444 | 11,767,743 |
| 17,631,768 | 9,482,577 | 14,203,439 | 14,997,541 | 21,285,249 |
| 1,910,000 | 1,955,000 | 2,005,000 | 3,042,760 | 5,873,493 |
| - | - | 144,500 | - | - |
| 686,740 | 636,679 | 585,328 | 3,041,292 | 3,005,522 |
| 115,440,241 | 105,936,966 | 191,174,702 | 137,479,674 | 159,204,901 |
| (16,675,864) | (4,341,456) | (75,614,129) | (5,716,944) | (4,027,312) |
| - | - | - | - | 1,481,904 |
| 28,098,024 | 28,356,280 | 67,957,742 | 49,555,046 | 47,263,792 |
| (4,415,922) | (4,319,316) | (44,850,915) | (20,929,534) | (19,279,415) |
| - | - | 60,000,000 | - | - |
| - | - | - | - | - |
| 23,682,102 | 24,036,964 | 83,106,827 | 28,625,512 | 29,466,281 |
| \$ 7,006,238 | \$ 19,695,508 | \$ 7,492,698 | \$ 22,908,568 | \$ 25,438,969 |
| 2.65% | 2.69% | 1.46% | 4.97% | 6.44% |

**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 |
|---|---------------------------------|--------------------------------|--------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| 2015 | \$ 1,865,190,878 | \$ 1,200,011,918 | \$ 414,249,269 | \$ 82,114,250 | \$ 341,278,836 | \$ 495,473,914 |
| 2016 | 1,936,663,122 | 1,258,421,706 | 425,141,543 | 80,989,470 | 459,505,926 | 433,974,369 |
| 2017 | 2,075,318,777 | 1,300,793,552 | 429,896,092 | 71,907,136 | 466,059,673 | 425,331,897 |
| 2018 | 2,226,552,442 | 1,341,027,871 | 479,805,999 | 75,645,866 | 502,373,632 | 453,292,378 |
| 2019 | 2,409,763,238 | 1,420,625,688 | 503,312,729 | 93,474,099 | 512,933,752 | 456,604,710 |
| 2020 | 3,320,824,971 | 1,509,240,756 | 603,111,766 | 98,011,908 | 549,012,657 | 503,839,353 |
| 2021 | 2,889,340,875 | 1,597,056,294 | 662,125,022 | 106,868,311 | 590,697,021 | 540,729,599 |
| 2022 | 3,261,281,018 | 1,612,861,332 | 760,841,053 | 105,757,858 | 609,423,243 | 536,887,880 |
| 2023 | 4,158,667,883 | 1,760,051,161 | 863,285,699 | 105,005,600 | 684,494,016 | 595,833,632 |
| 2024 | 4,818,227,236 | 1,934,853,323 | 999,961,394 | 123,340,372 | 771,300,939 | 679,735,249 |

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 |
|----------------------|----------------------------------|----------------------------------|------------------------|----------------------------|--|---|---|
| \$ 148,895,802 | \$ 4,547,214,867 | \$ 528,032,771 | \$ 1,401,872,609 | \$ 3,673,375,029 | 6.164 | \$ 3,899,548,863 | 94.20% |
| 141,256,751 | 4,735,952,887 | 586,397,669 | 1,388,167,060 | 3,934,183,496 | 6.617 | 4,154,364,832 | 94.70% |
| 139,970,995 | 4,909,278,122 | 588,586,529 | 1,408,960,525 | 4,088,904,126 | 6.618 | 4,322,308,801 | 94.60% |
| 145,751,903 | 5,224,450,091 | 645,347,634 | 1,517,867,206 | 4,351,930,519 | 6.618 | 4,600,349,386 | 94.60% |
| 156,827,352 | 5,553,541,568 | 671,045,422 | 1,628,173,937 | 4,596,413,053 | 6.618 | 4,974,473,001 | 92.40% |
| 166,570,852 | 6,750,612,263 | 718,766,651 | 1,930,247,158 | 6,848,549,775 | 6.618 | 7,239,481,792 | 94.60% |
| 176,184,025 | 6,563,001,147 | 800,813,779 | 2,061,733,427 | 7,382,800,477 | 6.618 | 7,804,228,834 | 94.60% |
| 182,517,189 | 7,069,569,573 | 807,920,573 | 2,284,020,245 | 7,854,578,184 | 6.618 | 8,302,936,770 | 94.60% |
| 242,917,805 | 8,410,255,796 | 874,587,249 | 3,004,473,873 | 9,322,128,383 | 6.618 | 10,121,746,344 | 92.10% |
| 270,778,948 | 9,598,197,461 | 1,010,281,688 | 3,564,952,471 | 10,621,453,416 | 6.618 | 11,064,013,975 | 96.00% |

CITY OF OCALA, FLORIDA
PROPERTY TAX RATES AND LEVIES -
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(rate per \$1,000 of assessed value)

MILLAGE RATES

| Fiscal Year ⁽¹⁾ | <u>Direct</u> | <u>Overlapping</u> | | | <u>Total</u> |
|---------------------------------------|----------------------|---------------------------|----------------------|--|---------------------|
| | <u>City</u> | <u>County</u> | <u>School</u> | <u>Water Mgmt Districts</u> | |
| 2015 | 6.25 | 3.90 | 7.30 | 0.32 | 17.76 |
| 2016 | 6.16 | 3.90 | 8.17 | 0.30 | 18.53 |
| 2017 | 6.62 | 3.89 | 7.90 | 0.29 | 18.70 |
| 2018 | 6.62 | 4.02 | 7.56 | 0.27 | 18.47 |
| 2019 | 6.62 | 3.98 | 7.32 | 0.26 | 18.17 |
| 2020 | 6.62 | 4.42 | 7.18 | 0.24 | 18.46 |
| 2021 | 6.62 | 4.42 | 7.02 | 0.23 | 18.29 |
| 2022 | 6.62 | 4.42 | 6.90 | 0.22 | 18.16 |
| 2023 | 6.62 | 4.29 | 6.51 | 0.20 | 17.61 |
| 2024 | 6.62 | 4.29 | 6.44 | 0.18 | 17.53 |

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.
- (2) 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 | 2024 | | | 2015 | | |
|---------------------------------|----------------------------------|------|---|----------------------------|------|---|
| | Taxable Assessed Valuation Value | Rank | Percent of Total Taxable Assessed Value | Taxable Assessed Valuation | Rank | Percent of Total Taxable Assessed Value |
| Marion Community Hospital | \$ 168,469,621 | 1 | 1.59% | \$ 49,606,910 | 2 | 1.35% |
| Fedex Ground package System | 119,902,758 | 2 | 1.13% | - | - | - |
| Cardinal LG Company | 114,539,089 | 3 | 1.08% | - | - | - |
| TL IP Ocala Industrial Owner | 92,885,751 | 4 | 0.87% | - | - | - |
| Northland Saddleworth LLC | 64,775,592 | 5 | 0.61% | - | - | - |
| Carlton Arms Apartments | 61,076,599 | 6 | 0.58% | 28,748,929 | 4 | 0.78% |
| Northland and Heathbrook LLC | 51,804,445 | 7 | 0.49% | - | - | - |
| Mclane Ocala LLC | 44,267,217 | 8 | 0.42% | - | - | - |
| West Shore Deerwood LLC | 44,263,321 | 9 | 0.42% | - | - | - |
| NP Ocala Industrial LLC | 41,312,898 | 10 | 0.39% | | | |
| Paddock Mall Associates | - | - | - | 39,209,408 | 3 | 1.07% |
| K-Mart Corporation | - | - | - | \$ 52,983,919 | 1 | 1.44% |
| Embarq | - | - | - | 26,608,835 | 6 | 0.72% |
| Silver Springs Bottled Water Co | - | - | - | 23,521,778 | 7 | 0.64% |
| Wal-Mart | - | - | - | 28,343,451 | 5 | 0.77% |
| Closetmaid Corporation | - | - | - | 20,542,403 | 8 | 0.56% |
| FEM Ocala LLC | - | - | - | 20,417,323 | 9 | 0.56% |
| C.C. Ocala Joint Venture | - | - | - | 19,841,213 | 10 | 0.54% |
| Total | <u>\$ 803,297,291</u> | | <u>7.55%</u> | <u>\$ 309,824,169</u> | | <u>8.43%</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 |
| 2015 | \$ 22,630,418 | \$ 21,803,282 | 96.35% | \$ 97,409 | \$ 21,900,691 | 96.78% |
| 2016 | 26,103,617 | 25,107,454 | 96.18% | 122,978 | 25,230,432 | 96.65% |
| 2017 | 27,099,003 | 25,794,595 | 95.19% | 140,037 | 25,934,632 | 95.70% |
| 2018 | 28,825,142 | 27,468,776 | 95.29% | 121,204 | 27,589,980 | 95.71% |
| 2019 | 30,417,039 | 29,678,027 | 97.57% | 179,222 | 29,857,249 | 98.16% |
| 2020 | 32,547,847 | 31,328,051 | 96.25% | 130,305 | 31,458,356 | 96.65% |
| 2021 | 35,213,221 | 34,050,151 | 96.70% | 174,387 | 34,224,537 | 97.19% |
| 2022 | 37,059,886 | 35,743,813 | 96.45% | 97,571 | 35,841,384 | 96.71% |
| 2023 | 41,737,560 | 40,004,583 | 95.85% | 454,067 | 40,458,650 | 96.94% |
| 2024 | 46,698,079 | 44,884,155 | 96.12% | 386,792 | 45,270,947 | 96.94% |

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 | SBITA Payable | Leases Payable | Bank loan | Total | Utility Systems Revenue Bonds | SBITA Payable | Leases payable | Total | | | |
| 2015 | \$ 34,540 | \$ - | \$ 175 | \$ - | \$ 34,715 | \$ 146,545 | \$ - | \$ - | \$ 146,545 | \$ 181,260 | 9.06% | \$ 3,106 |
| 2016 | 32,200 | - | 121 | - | 32,321 | 141,060 | - | - | 141,060 | 173,381 | 8.10% | 2,903 |
| 2017 | 29,820 | - | 65 | - | 29,885 | 134,780 | - | - | 134,780 | 164,665 | 7.37% | 2,760 |
| 2018 | 27,415 | - | - | - | 27,415 | 128,405 | - | - | 128,405 | 155,820 | 6.63% | 2,595 |
| 2019 | 24,790 | - | - | - | 24,790 | 121,675 | - | - | 121,675 | 146,465 | 5.82% | 2,380 |
| 2020 | 22,880 | - | - | - | 22,880 | 114,645 | - | - | 114,645 | 137,525 | 5.18% | 2,215 |
| 2021 | 20,925 | - | 535 | - | 21,460 | 107,410 | - | - | 107,410 | 128,870 | 4.56% | 2,037 |
| 2022 | 18,920 | - | 496 | 60,000 | 79,416 | 99,950 | - | 254 | 100,204 | 179,620 | 5.94% | 2,772 |
| 2023 | 16,865 | 1,715 | 453 | 60,000 | 79,033 | 92,275 | 677 | 173 | 93,125 | 172,158 | 5.32% | 2,594 |
| 2024 | 15,395 | 1,734 | 408 | 57,105 | 74,642 | 84,380 | 334 | 128 | 84,842 | 159,484 | 4.50% | 2,293 |

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, 2015-2024.

CITY OF OCALA, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1)
SEPTEMBER 30, 2024

| <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 | \$ - | 23.59% | \$ - |
| Total Overlapping Debt | | | - |
| The City's total direct debt | | | <u>74,641,902</u> |
| Total direct and overlapping debt | | | <u>\$ 74,641,902</u> |

(1) The City of Ocala had no outstanding general obligation debt during the fiscal year ended September 30, 2024.

(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>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Assessed Value (100% at market as of January 1, 2020) | <u>\$ 3,671,502,621</u> | <u>\$ 3,944,515,628</u> | <u>\$ 4,094,928,360</u> | <u>\$ 4,355,765,086</u> |
| Debt Limit: 20% of Assessed Value | 734,300,524 | 788,903,126 | 818,985,672 | 871,153,017 |
| Amount of General Obligation Debt Outstanding | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Legal Debt Margin | <u>\$ 734,300,524</u> | <u>\$ 788,903,126</u> | <u>\$ 818,985,672</u> | <u>\$ 871,153,017</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>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <u>\$ 4,604,476,504</u> | <u>\$ 4,918,302,617</u> | <u>\$ 5,321,067,050</u> | <u>\$ 5,600,116,125</u> | <u>\$ 6,306,959,303</u> | <u>\$ 7,056,542,680</u> |
| 920,895,301 | 983,660,523 | 1,064,213,410 | 1,120,023,225 | 1,261,391,861 | 1,411,308,536 |
| - | - | - | - | - | - |
| <u>\$ 920,895,301</u> | <u>\$ 983,660,523</u> | <u>\$ 1,064,213,410</u> | <u>\$ 1,120,023,225</u> | <u>\$ 1,261,391,861</u> | <u>\$ 1,411,308,536</u> |

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

| | 2015 | 2016 | 2017 | 2018 |
|---|----------------|----------------|----------------|----------------|
| Capital Improvement Bonds and Certificates: | | | | |
| Net revenue available for debt service | \$ 8,333,770 | \$ 8,359,167 | \$ 8,271,340 | \$ 8,682,982 |
| Debt Service payments: | | | | |
| Principal | 2,300,000 | 2,340,000 | 2,380,000 | 2,405,000 |
| Interest | 1,088,305 | 639,269 | 783,309 | 755,634 |
| Total debt service payments | \$ 3,388,305 | \$ 2,979,269 | \$ 3,163,309 | \$ 3,160,634 |
| Coverage (times) | 2.46 | 2.81 | 2.61 | 2.75 |
| Electric System Bonds: | | | | |
| Gross revenues | \$ 144,341,225 | \$ 145,415,283 | \$ 149,789,455 | \$ 151,438,543 |
| Less: operating expenses | 121,428,949 | 126,925,324 | 134,847,261 | 129,812,504 |
| Net revenue available for debt service | 22,912,276 | 18,489,959 | 14,942,194 | 21,626,039 |
| Water & Sewer Bonds: | | | | |
| Gross revenues | \$ 27,477,111 | \$ 28,907,441 | \$ 29,008,377 | \$ 29,580,210 |
| Less: operating expenses | 15,383,110 | 17,069,840 | 19,278,182 | 21,072,860 |
| Net revenue available for debt service | 12,094,001 | 11,837,601 | 9,730,195 | 8,507,350 |
| Utility System Bonds: | | | | |
| Net revenue available for debt service | \$ 35,006,277 | \$ 30,327,560 | \$ 24,672,389 | \$ 30,133,389 |
| Debt Service payments: | | | | |
| Principal | 5,360,000 | 5,485,000 | 6,265,000 | 6,375,000 |
| Interest | 6,146,150 | 3,787,146 | 4,507,063 | 3,839,465 |
| Total debt service payments | \$ 11,506,150 | \$ 9,272,146 | \$ 10,772,063 | \$ 10,214,465 |
| Coverage (times) | 3.04 | 3.27 | 2.29 | 2.95 |

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>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 8,662,889 | \$ 8,238,069 | \$ 9,856,947 | \$ 10,585,026 | \$ 10,585,026 | 11,652,198 |
| 2,625,000 | 1,910,000 | 1,955,000 | 2,005,000 | 3,042,760 | 5,873,493 |
| 731,798 | 686,741 | 636,679 | 585,328 | 3,041,292 | 3,004,476 |
| <u>\$ 3,356,798</u> | <u>\$ 2,596,741</u> | <u>\$ 2,591,679</u> | <u>\$ 2,590,328</u> | <u>\$ 6,084,052</u> | <u>\$ 8,877,969</u> |
| 2.58 | 3.17 | 3.80 | 4.09 | 1.74 | 1.31 |
| \$ 154,082,760 | \$ 157,341,827 | \$ 157,704,984 | \$ 205,000,602 | \$ 195,786,924 | \$ 186,688,775 |
| 130,967,706 | 123,859,220 | 126,386,440 | 177,291,788 | 166,208,084 | 143,307,041 |
| <u>23,115,054</u> | <u>33,482,607</u> | <u>31,318,544</u> | <u>27,708,814</u> | <u>29,578,840</u> | <u>43,381,734</u> |
| \$ 32,378,191 | \$ 32,339,993 | \$ 33,883,410 | \$ 36,328,047 | \$ 44,095,075 | \$ 50,201,053 |
| 21,841,494 | 21,915,827 | 20,663,551 | 23,362,397 | 22,859,413 | 25,662,422 |
| <u>10,536,697</u> | <u>10,424,166</u> | <u>13,219,859</u> | <u>12,965,650</u> | <u>21,235,662</u> | <u>24,538,631</u> |
| \$ 33,651,751 | \$ 43,906,773 | \$ 44,538,403 | \$ 40,674,464 | \$ 50,814,502 | \$ 67,920,365 |
| 6,730,000 | 7,030,000 | 7,235,000 | 7,460,000 | 7,460,000 | 7,895,000 |
| 3,921,634 | 3,879,227 | 3,636,830 | 3,398,141 | 3,398,141 | 2,921,721 |
| <u>\$ 10,651,634</u> | <u>\$ 10,909,227</u> | <u>\$ 10,871,830</u> | <u>\$ 10,858,141</u> | <u>\$ 10,858,141</u> | <u>\$ 10,816,721</u> |
| 3.16 | 4.02 | 4.10 | 3.75 | 4.68 | 6.28 |

**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⁾ |
|------------------------|----------------------------------|---|--|---|--|
| 2015 | 58,355 | \$ 2,077,404,623 | \$ 35,599 | \$ 53,213 | 6.3% |
| 2016 | 59,720 | 2,221,636,226 | 37,201 | 54,543 | 5.9% |
| 2017 | 59,668 | 2,319,588,360 | 38,875 | 55,907 | 4.8% |
| 2018 | 60,042 | 2,439,163,319 | 40,624 | 57,305 | 4.1% |
| 2019 | 61,549 | 2,612,901,402 | 42,452 | 58,737 | 3.5% |
| 2020 | 62,023 | 2,751,509,901 | 44,363 | 60,206 | 5.3% |
| 2021 | 63,250 | 2,932,210,411 | 46,359 | 61,711 | 5.3% |
| 2022 | 64,809 | 3,139,685,970 | 48,445 | 63,254 | 3.2% |
| 2023 | 66,368 | 3,359,896,604 | 50,625 | 64,835 | 3.4% |
| 2024 | 69,556 | 3,679,747,947 | 52,903 | 66,456 | 4.4% |

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, 2024 | | | September 30, 2015 | | |
|-----------------------------------|--------------------|------|---|--------------------|------|---|
| | Total Employees | Rank | Percent of Total City/County Employment | Total Employees | Rank | Percent of Total City/County Employment |
| Marion County School Board | 6,306 | 1 | 4.34% | 6,070 | 1 | 4.99% |
| Munroe Regional Medical Center | | | | 2,648 | 2 | 2.18% |
| HCA Florida Ocala Hospital | 3,171 | 3 | 2.18% | | | |
| AdventHealth Ocala ⁽¹⁾ | 3,606 | 2 | 2.48% | | | |
| State of Florida | 2,600 | 5 | 1.79% | 2,600 | 3 | 2.14% |
| Wal-Mart | 2,689 | 4 | 1.85% | 2,370 | 4 | 1.95% |
| Ocala Health | | | | 2,200 | 5 | 1.66% |
| Lockheed Martin | 1,100 | 10 | 0.76% | 981 | 10 | 0.81% |
| FedEx Ground | 1,500 | 7 | 1.03% | | | |
| Publix Supermarkets | 2,257 | 6 | 1.55% | 1,488 | 6 | 1.22% |
| Commissioners Commissioners | 1,368 | 8 | 0.94% | 1,462 | 7 | 1.20% |
| City of Ocala | 1,134 | 9 | 0.78% | 941 | 9 | 0.80% |
| AT&T | | | | 1,000 | 8 | 0.84% |
| Total | 25,731 | | 17.69% | 21,760 | | 18.36% |
| Ocala MSA Labor Force | | | <u>145,462</u> | | | <u>118,517</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**

| | 2015 | 2016 | 2017 | 2018 |
|--------------------------------------|--------|--------|----------|----------|
| Legislative..... | 6.00 | 6.00 | 6.00 | 8.00 |
| Executive..... | 14.00 | 18.00 | 23.00 | 16.00 |
| Business and Financial Services..... | 26.63 | 28.00 | 30.00 | 30.00 |
| Procurement..... | - | - | - | - |
| Human Resources and Risk..... | 8.00 | 9.00 | 9.00 | 10.00 |
| Development Services..... | 36.38 | 40.68 | 44.55 | 43.55 |
| Planning..... | - | - | 1.00 | 2.00 |
| Police | | | | |
| Officers..... | 151.64 | 147.19 | 155.00 | 165.00 |
| Civilians..... | 96.00 | 103.00 | 103.19 | 102.00 |
| Fire | | | | |
| Firefighters and Officers..... | 129.63 | 128.88 | 130.00 | 130.00 |
| Civilians..... | 4.00 | 4.00 | 4.00 | 4.00 |
| Engineering | 19.00 | 19.00 | 30.00 | 40.00 |
| Recreation..... | 63.41 | 58.25 | 71.66 | 74.85 |
| Public Works..... | 101.25 | 102.00 | 110.00 | 116.00 |
| Fleet/Facilities..... | 22.04 | 36.43 | 39.43 | 39.43 |
| Airport..... | 5.00 | 5.00 | 5.38 | 5.38 |
| Water & Sewer..... | 84.70 | 85.40 | 91.10 | 92.10 |
| Telecommunications..... | 7.00 | 11.00 | 15.00 | 19.00 |
| Electric..... | 150.55 | 159.80 | 159.00 | 161.00 |
| Information & Technology..... | 14.00 | 12.00 | 21.00 | 22.00 |
| Community Programs..... | 1.50 | 1.55 | 2.50 | 2.50 |
| Total | 940.73 | 975.18 | 1,050.81 | 1,082.81 |

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

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

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------|----------|----------|----------|----------|----------|
| 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.07 |
| 16.00 | 15.00 | 16.00 | 16.00 | 19.00 | 22.00 |
| 18.20 | 16.00 | 16.00 | 16.00 | 16.00 | 16.00 |
| 8.00 | 10.00 | 12.00 | 12.00 | 13.00 | 13.00 |
| 12.00 | 12.00 | 13.00 | 13.00 | 12.00 | 12.00 |
| 47.36 | 52.63 | 57.50 | 57.50 | 63.23 | 64.20 |
| 2.13 | 1.75 | 1.75 | 1.75 | 1.75 | 1.50 |
| 157.00 | 178.00 | 192.00 | 192.00 | 194.00 | 210.00 |
| 106.00 | 108.00 | 114.00 | 118.00 | 124.00 | 114.58 |
| 130.00 | 133.00 | 136.00 | 136.00 | 136.00 | 152.50 |
| 4.00 | 4.00 | 4.00 | 4.00 | 7.00 | 4.00 |
| 41.00 | 42.00 | 41.00 | 41.00 | 41.00 | 41.00 |
| 81.70 | 80.10 | 94.27 | 94.27 | 92.57 | 86.82 |
| 102.00 | 103.00 | 103.00 | 103.00 | 103.00 | 103.00 |
| 38.14 | 36.39 | 38.39 | 38.39 | 38.39 | 40.28 |
| 5.50 | 5.50 | 5.50 | 5.50 | 5.63 | 5.63 |
| 94.15 | 95.00 | 95.00 | 95.00 | 99.25 | 95.39 |
| 20.00 | 27.00 | 25.00 | 24.00 | 26.20 | 26.06 |
| 167.29 | 172.04 | 164.04 | 164.04 | 161.33 | 164.92 |
| 19.00 | 21.04 | 21.04 | 21.04 | 22.04 | 22.11 |
| 1.50 | - | - | - | - | 11.13 |
| 1,078.97 | 1,120.45 | 1,157.49 | 1,160.49 | 1,183.39 | 1,214.19 |

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

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|----------------------------|-------------------|-------------------|-------------------|-------------------|
| City Leases at Airport: | | | | |
| Sports Complex Lease | <u>\$ 160,960</u> | <u>\$ 165,760</u> | <u>\$ 165,788</u> | <u>\$ 165,788</u> |
| Total Value of City Leases | <u>160,960</u> | <u>165,760</u> | <u>165,788</u> | <u>165,788</u> |
| City Leases | <u>160,960</u> | <u>165,760</u> | <u>165,788</u> | <u>165,788</u> |
| Net Subsidy | <u>\$ 160,960</u> | <u>\$ 165,760</u> | <u>\$ 165,788</u> | <u>\$ 165,788</u> |

Pursuant to an agreement with the Federal Aviation Administration (FAA), the City has agreed to include a schedule of the subsidy to the Airport Fund annually in the Comprehensive Annual Financial Report.

| <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 151,972 | \$ 179,604 | \$ 165,788 | \$ 225,000 | \$ 225,000 | \$ 225,000 |
| <u>151,972</u> | <u>179,604</u> | <u>165,788</u> | <u>225,000</u> | <u>225,000</u> | <u>225,000</u> |
| <u>151,972</u> | <u>179,604</u> | <u>165,788</u> | <u>225,000</u> | <u>225,000</u> | <u>225,000</u> |
| \$ 151,972 | \$ 179,604 | \$ 165,788 | \$ 225,000 | \$ 225,000 | \$ 225,000 |

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

| | 2015 | 2016 | 2017 |
|---|----------------|---------------|----------------|
| Police | | | |
| Number of calls for service | 272,552 | 249,085 | 251,326 |
| Traffic citations issued | 12,210 | 12,306 | 13,139 |
| Cases investigated | 10,010 | 5,672 | 4,756 |
| Arrests | 2,766 | 3,398 | 4,028 |
| Fire | | | |
| Number of calls for service | 19,238 | 24,358 | 21,369 |
| Fires reported | 238 | 337 | 306 |
| Inspections | 2,595 | 2,416 | 2,565 |
| Building Permits | | | |
| Building permits issued | 1,738 | 1,840 | 2,030 |
| Value of permits issued (in thousands) | \$ 111,252,423 | \$ 82,956,019 | \$ 285,787,964 |
| New Construction - Units and Value: | | | |
| Commercial - Number of Units | 49 | 28 | 54 |
| Commercial - Value | \$ 10,050,568 | \$ 14,365,711 | \$ 98,543,017 |
| Residential - Number of Units | 121 | 91 | 208 |
| Residential - Value | \$ 29,516,113 | \$ 17,725,394 | \$ 56,686,440 |
| Streets and Drainage | | | |
| Street Resurfacing (miles) | 9.77 | 19 | 11 |
| Potholes repaired | 1,345 | 731 | 394 |
| Parks and Recreation | | | |
| Athletic field permits issued | 177 | 95 | 81 |
| Participants using the pools | 28,705 | 28,109 | 25,066 |
| Golf rounds | 73,580 | 81,846 | 83,786 |
| Fleet Maintenance | | | |
| Vehicles owned by the City | 1,274 | 1,447 | 1,462 |
| Percent maintained by Fleet | 96 | 99 | 99 |
| Preventive maintenance completed | 693 | 1,268 | 1,274 |
| Solid Waste | | | |
| Number of customers | 15,486 | 15,668 | 15,928 |
| Residential refuse collected (in tons) | 15,154 | 13,484 | 13,927 |
| Residential recyclables collected (in tons) | 3,777 | 3,804 | 3,481 |
| Commercial refuse collected (in tons) | 38,052 | 39,187 | 40,032 |
| Electric | | | |
| Avg. Number of active customers | 49,439 | 49,975 | 50,541 |
| Avg. Monthly Consumption (in KWH) | 2,086 | 2,140 | 2,064 |
| Water | | | |
| Number of customers | 23,353 | 23,696 | 24,052 |
| Max. daily plant capacity (in gallons) | 24,420 | 24,420 | 24,420 |
| Avg. monthly consumption | 10,726 | 11,230 | 10,726 |
| Wastewater | | | |
| Number of customers | 26,880 | 28,463 | 27,948 |
| Sanitary/Storm Mains Cleaned (ft.) | 29,887 | 25,992 | 28,072 |

Source: The City of Ocala

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------|---------------|----------------|---------------|----------------|----------------|----------------|
| 233,126 | 228,145 | 225,235 | 218,313 | 207,514 | 221,199 | 209,521 |
| 9,926 | 9,712 | 8,683 | 7,506 | 6,504 | 9,077 | 8,347 |
| 16,351 | 16,843 | 15,935 | 14,171 | 15,096 | 15,560 | 19,186 |
| 2,905 | 3,198 | 3,442 | 2,737 | 3,179 | 3,232 | 3,703 |
| 17,519 | 17,521 | 19,484 | 23,854 | 24,960 | 25,642 | 25,576 |
| 296 | 284 | 321 | 311 | 304 | 310 | 284 |
| 2,430 | 2,027 | 3,228 | 4,973 | 5,323 | 5,765 | 4,714 |
| 2,431 | 2,261 | 2,300 | 2,062 | 3,472 | 2,874 | 2,804 |
| \$ 329,979,238 | \$ 24,841,520 | \$ 229,165,345 | \$ 60,013,483 | \$ 626,448,900 | \$ 394,969,472 | \$ 610,344,389 |
| 56 | 67 | 33 | 30 | 109 | 991 | 2,039 |
| \$ 116,455,447 | \$ 84,174,057 | \$ 74,036,715 | \$ 58,647,477 | \$ 91,237,621 | \$ 161,125,562 | \$ 291,028,523 |
| 257 | 213 | 342 | 210 | 1,480 | 1,331 | 156 |
| \$ 80,145,118 | \$ 67,461,125 | \$ 79,120,062 | \$ 43,413,908 | \$ 335,529,273 | \$ 121,044,808 | \$ 77,715,230 |
| 6 | 54.75 | 36.71 | 33.64 | 30.05 | 25.84 | 22.53 |
| 626 | 1,389 | 1,073 | 969 | 733 | 1,578 | 2,521 |
| 105 | 171 | 708 | 1,677 | 240 | 1,449 | 1,611 |
| 24,867 | 22,965 | 8,051 | 13,613 | 16,695 | 20,081 | 27,040 |
| 75,060 | 47,313 | 43,387 | 44,432 | 37,504 | 44,002 | 44,484 |
| 1,458 | 1,283 | 1,157 | 1,117 | 1,082 | 911 | 885 |
| 99 | 99 | 98 | 97 | 99 | 98 | 98 |
| 1,302 | 1,459 | 1,993 | 2,078 | 2,263 | 1,700 | 1,907 |
| 15,861 | 16,267 | 16,591 | 16,766 | 16,884 | 17,130 | 17,201 |
| 14,547 | 14,636 | 15,875 | 16,441 | 19,279 | 17,569 | 16,158 |
| 3,320 | 3,112 | 3,093 | 3,379 | 3,231 | 3,175 | 3,066 |
| 42,299 | 45,708 | 35,391 | 43,475 | 43,285 | 44,211 | 44,785 |
| 50,902 | 51,661 | 52,116 | 52,662 | 53,101 | 54,123 | 55,961 |
| 2,084 | 2,097 | 2,097 | 2,057 | 2,081 | 2,045 | 2,004 |
| 24,298 | 27,512 | 25,601 | 23,632 | 28,498 | 27,880 | 28,395 |
| 24,420 | 24,420 | 24,420 | 24,420 | 24,420 | 24 | 24 |
| 11,402 | 11,931 | 11,931 | 12,673 | 12,944 | 13,826 | 14,350 |
| 28,476 | 27,512 | 37,617 | 29,730 | 29,149 | 32,029 | 32,571 |
| 52,461 | 28,031 | 32,765 | 23,676 | 20,045 | 21,992 | 21,120 |

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

| FUNCTION: | 2015 | 2016 | 2017 |
|--|-------------|-------------|-------------|
| Area: Land (square miles) | 44.79 | 44.79 | 46.95 |
| Miles of Streets, Sidewalks and Bike Paths | | | |
| Streets - Paved | 339.70 | 398.73 | 374.19 |
| Streets - Unpaved | 3.38 | 2.30 | 2.30 |
| Sidewalks | 242.20 | 242.20 | 242.20 |
| Bike Paths | 27.30 | 27.30 | 53.33 |
| Miles of Sewers | | | |
| Storm | 280.00 | 283.00 | 283.83 |
| Sanitary | 360.30 | 379.12 | 373.90 |
| Force Main | 90.00 | 96.82 | 96.97 |
| Water Lines | 575.5 | 589.16 | 539.85 |
| | 129 | 132.00 | 132.00 |
| Fire Protection | | | |
| Stations | 6 | 6 | 6 |
| Employees - Sworn | 129 | 130 | 130 |
| Employees - Civilian | 4 | 4 | 4 |
| Fire and rescue response time (minutes) | 6.7 | 6 | 5 |
| Police Protection | | | |
| Stations | 4 | 4 | 4 |
| Employees - Sworn | 165 | 165 | 165 |
| Employees - Civilian | 100 | 100 | 102 |
| Vehicular Patrol Units - Marked Vehicles | 126 | 125 | 135 |
| Vehicular Patrol Units - Motorcycles | 6 | 4 | 9 |
| Vehicular Patrol Units - Other Vehicles | 78 | 78 | 78 |
| Recreation | | | |
| Land area (acres) | 837 | 837 | 837 |
| Activity centers | 5 | 6 | 6 |
| Pools | 2 | 2 | 2 |
| Playgrounds (not reported prior to 2004) | 23 | 24 | 24 |

Source: The City of Ocala

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------|--------|--------|--------|--------|--------|--------|
| 46.95 | 46.95 | 46.95 | 46.95 | 47.37 | 48.00 | 47.81 |
| 357.47 | 358.77 | 358.77 | 357.47 | 379 | 379 | 375 |
| 1.49 | 1.49 | 1.49 | 1.49 | 1.49 | 1.49 | 1.49 |
| 244.12 | 245.43 | 246.04 | 177.08 | 172 | 172 | 172 |
| 55.03 | 55.40 | 55.50 | 35.53 | 35.53 | 35.53 | 35.53 |
| 290.49 | 293.10 | 294.35 | 296.44 | 298.30 | 298.80 | 298.98 |
| 380.00 | 380.00 | 395.00 | 362.32 | 362.45 | 367.23 | 371.43 |
| 97.63 | 97.63 | 99.00 | 94.42 | 94.48 | 162.34 | 99.84 |
| 589.00 | 589.00 | 598.00 | 563.41 | 562.88 | 566.71 | 564.64 |
| 134.00 | 137.00 | 137.00 | 137.00 | 140.00 | 137.00 | 142.00 |
| 6 | 7 | 7 | 7 | 7 | 7 | 7 |
| 130 | 133 | 136 | 136 | 139 | 143 | 154 |
| 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| 6 | 7 | 5 | 6.25 | 6.33 | 6.35 | 6.3 |
| 4 | 4 | 4 | 3 | 3 | 3 | 3 |
| 157 | 178 | 192 | 194 | 194 | 208 | 200 |
| 106 | 108 | 114 | 121 | 126 | 129 | 121 |
| 133 | 145 | 159 | 169 | 188 | 194 | 194 |
| 9 | 9 | 9 | 6 | 6 | 1 | 0 |
| 78 | 79 | 81 | 91 | 119 | 98 | 98 |
| 839 | 839 | 841 | 841 | 842 | 843 | 843 |
| 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| 25 | 25 | 25 | 25 | 25 | 27 | 27 |

COMPLIANCE SECTION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024
CITY OF OCALA, FLORIDA**

| Federal Grantor/Pass-Through Grantor/Program Title | Assistance Listing/CFSA 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-20-MC-12-0029 | \$ 33,915 |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-21-MC-12-0029 | 124,237 |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-22-MC-12-0029 | 161,665 |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-23-MC-12-0029 | 96,674 |
| COVID-19 Community Development Block Grants/ Entitlement Grants | 14.218 | B-20-MW-12-0029 | 587 |
| <i>Total CDBG-Entitlement Grants</i> | | | <u>417,078</u> |
| <i>Passed through Marion County, Florida:</i> | | | |
| Emergency Solutions Grant Program | 14.231 | N/A | 118,641 |
| <i>Passed through Marion County, Florida:</i> | | | |
| Home Investment Partnership Program | 14.239 | MC-20-DC-12-0232 | 313,125 |
| Home Investment Partnership Program | 14.239 | MC-21-DC-12-0232 | 240,208 |
| <i>Total Home Investment Partnership Program Grants</i> | | | <u>553,333</u> |
| National Homeless Response System Data Performance (NHDAP) | 14.261 | FL0641L4H142105 | 36,126 |
| Total U.S. Department of Housing and Urban Development | | | <u>1,125,178</u> |
| <i>Passed through State Office of Attorney General:</i> | | | |
| Crime Victim Assistance | 16.575 | VOCA-C-2023-City of Ocala-00098 | 40,050 |
| Bulletproof Vest Partnership Program | 16.607 | 2022-BUBX-22030923 | 7,938 |
| Bulletproof Vest Partnership Program | 16.607 | 2021-BUBX-21025745 | 18,211 |
| <i>Total Bulletproof Vest Partnership Program</i> | | | <u>26,149</u> |
| <i>Passed through Florida Department of Law Enforcement</i> | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 15PBJA-21-GG-01331-JAGX | 12,671 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 15PBJA-22-GG-00656-MUMU | 30,000 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 15PBJA-23-GG-03273-JAGX | 19,360 |
| <i>Total Edward Byrne Memorial Justice Assistance Grant Program</i> | | | <u>62,031</u> |
| Total U.S. Department of Justice | | | <u>128,230</u> |
| <u>US. Department of Transportation:</u> | | | |
| Federal Transit Cluster | | | |
| Federal Transit Formula Grants | 20.507 | FL-2022-018-00 | 710 |
| Federal Transit Formula Grants | 20.507 | FL-2018-121-00 | 41,989 |
| Federal Transit Formula Grants | 20.507 | FL-2020-019-00 | 165,511 |
| Federal Transit Formula Grants | 20.507 | FL-2023-053-00 | 1,309,676 |
| Federal Transit Formula Grants | 20.507 | FL-2024-023-00 | 930,829 |
| COVID-19 Federal Transit Formula Grants | 20.507 | FL-2020-021-01 | 123,861 |
| Buses and Bus Facilities Formula, Competitive and Low or No Emissions Programs | 20.526 | FL-2024-025-00 | 39,500 |
| <i>Federal Transit Cluster Total</i> | | | <u>2,612,076</u> |

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024
CITY OF OCALA, FLORIDA**

| Federal Grantor/Pass-Through Grantor/Program Title | Assistance Listing/CFSA Number | Pass-Through Grantor Number | Federal Expenditures |
|--|---|------------------------------------|---------------------------------|
| <u>U.S. Department of Transportation continued</u> | | | |
| Airport Improvement Program | 20.106 | 3-12-0055-031-2022 | 50,211 |
| Airport Improvement Program | 20.106 | 3-12-0055-031-2024 | 70,380 |
| <i>Total Airport Improvement Program</i> | | | <u>120,591</u> |
| <i>Passed through Florida Department of Transportation:</i> | | | |
| Highway Planning & Construction | 20.205 | G2466 | 382,652 |
| <i>Passed through University of North Florida:</i> | | | |
| Highway Planning & Construction | 20.205 | N/A | 36,920 |
| Highway Planning & Construction | | G0200 | 4,267 |
| <i>Total Highway Planning & Construction</i> | | | <u>423,839</u> |
| <i>Passed through Florida Department of Transportation:</i> | | | |
| Recreational Trails Program | 20.219 | T19023 | 216,515 |
| Total U.S. Department of Transportation | | | <u>3,373,021</u> |
| <u>U.S. Department of Treasury</u> | | | |
| Coronavirus State and Local Government Fiscal Recovery Funds | 21.027 | N/A | 532,901 |
| Total The Department of Treasury | | | <u>532,901</u> |
| <u>U.S. Environmental Protection Agency</u> | | | |
| Diesel Emission Reduction Act (DERA) National Grants | 66.039 | 02D12221 | 984,985 |
| Brownfields Multipurpose, Assessment, Revolving Loan Fund and Cleanup Cooperative Agreements | 66.818 | BF #02D28522 | 261,194 |
| Total U.S. Environmental Protection Agency | | | <u>1,246,179</u> |
| <u>U.S. Department of Energy</u> | | | |
| Energy Efficiency and Conservation Block Grant Program (EECBG) | 81.128 | EECEQ-00312 | 119,972 |
| Total The Department of Energy | | | <u>119,972</u> |
| <u>U.S. Department of Homeland Security</u> | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | Z4062 | 498,676 |
| Hazard Mitigation Grant | 97.039 | H0512 | 3,631 |
| Hazard Mitigation Grant | 97.039 | H0572 | 230,855 |
| Hazard Mitigation Grant | 97.039 | H0576 | 547,273 |
| Hazard Mitigation Grant | 97.039 | H0413 | 525,101 |
| <i>Total Hazard Mitigation Grant</i> | | | <u>1,306,860</u> |
| Assistance of Firefighters Grant | 97.044 | EMW-2023-FG-03654 | 306,518 |
| Total U.S. Department of Homeland Security | | | <u>2,112,054</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS: | | | <u>8,637,535</u> |

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024
CITY OF OCALA, FLORIDA**

| Federal Grantor/Pass-Through Grantor/Program Title | Assistance Listing/CFSA Number | Pass-Through Grantor Number | Federal Expenditures |
|---|---|------------------------------------|---------------------------------|
| STATE FINANCIAL ASSISTANCE | | | |
| <u>Executive Office of the Governor:</u> | | | |
| Urban Search and Rescue Sustainment Program | 31.078 | T0254 | 1,669 |
| Total Executive Office of the Governor | | | 1,669 |
| <u>Florida Department of Environmental Protection:</u> | | | |
| Statewide Water Quality Restoration Projects | 37.039 | LPA0707 | 250,000 |
| Statewide Water Quality Restoration Projects | 37.039 | WG093 | 909,025 |
| <i>Total Statewide Water Quality Restoration Projects</i> | | | 1,159,025 |
| Total Florida Department of Environmental Protection | | | 1,159,025 |
| <u>Florida Housing Finance Corporation:</u> | | | |
| State Housing Initiatives Partnership Program (SHIP) | 40.901 | N/A | 912,124 |
| Total Florida Housing Finance Corporation | | | 912,124 |
| <u>Florida Department of Financial Services</u> | | | |
| Fire Decontamination Equipment Grant Project | 43.013 | N/A | 5,400 |
| Total Florida Department of Financial Services | | | 5,400 |
| <u>Florida Department of Transportation:</u> | | | |
| Aviation Grant Programs | 55.004 | G2G96 | 178,765 |
| Aviation Grant Programs | 55.004 | G2O62 | 62,860 |
| <i>Total Aviation Grant Programs</i> | | | 241,625 |
| Public Transit Block Grant Program | 55.010 | G2H37 | 355,442 |
| Public Transit Block Grant Program | 55.010 | G2215 | 317,352 |
| <i>Total Public Transit Block Grant Program</i> | | | 672,794 |
| Local Transportation Projects | 55.039 | G2A71 | 844,423 |
| Total Florida Department of Transportation | | | 1,758,842 |
| <u>Florida Department of Children and Families:</u> | | | |
| <i>Passed through Marion County Florida</i> | | | |
| Homeless Staffing Grant | 60.021 | N/A | 33,756 |
| Total Florida Department of Children and Families | | | 33,756 |

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024
CITY OF OCALA, FLORIDA**

| Federal Grantor/Pass-Through Grantor/Program Title | Assistance Listing/CFSA Number | Pass-Through Grantor Number | Federal Expenditures |
|---|---|------------------------------------|---------------------------------|
| Florida Department of Law Enforcement: | | | |
| Florida Incident Based Reporting System | 71.043 | 2021-FBSFA-F2-010 | 12,421 |
| State Assistance for Fentanyl Eradication (S.A.F.E.) in Florida | 71.122 | 2023-SAFE-SF-027 | 81,029 |
| Total Florida Department of Law Enforcement: | | | 93,450 |
| Florida Department of Highway Safety and Motor Vehicles | | | |
| Florida Arts License Plate Project | 76.041 | N/A | 16,500 |
| Total Florida Department of Highway Safety and Motor Vehicles | | | 16,500 |
| TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE: | | | 3,980,766 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE: | | | \$ 12,618,301 |

Notes:

Basis of Presentation

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 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.

Indirect Cost Rate

The City of Ocala did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Additional Information

Assistance Listing Number 97.036 Disaster Grants. Public Assistance (Presidentially Declared Disasters) include \$498,676 in expenditures that occurred prior to October 1, 2023.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ocala, Florida (the City) as of and for the year ended September 30, 2024, 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 26, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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

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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***

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.

Purvis Gray

March 26, 2025
Ocala, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of Ocala, Florida's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the Department of Financial Services, *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2024. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Our responsibilities under those standards and the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs and state projects.

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General* will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a major federal program or state project on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a major 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

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***

deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Purvis Gray

March 26, 2025
Ocala, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF OCALA, FLORIDA**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

| | |
|--|---------------|
| Type of Auditor's Report issued: | Unmodified |
| Internal Control Over Financial Reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None reported |
| Non-compliance material to financial statements noted? | No |

Federal Awards and State Projects

| | |
|---|---------------|
| Internal Control Over Major Programs/Projects: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None reported |
| Type of Auditor's Report Issued on Compliance for Major Programs/Projects: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a), or Chapter 10.557, <i>Rules of the Auditor General</i> ? | No |

Identification of Major Federal Programs and State Projects:

Federal Program or Cluster

| | |
|--|-------------------------|
| U.S. Department of Homeland Security: | Assistance Listing No.: |
| Hazard Mitigation Grant Program | 97.039 |
| U.S. Department of Transportation: | Assistance Listing No.: |
| Federal Transit Cluster | |
| Federal Transit Formula Grants | 20.507 |
| Buses and Bus Facilities Formula, Competitive and Low or No Emissions Programs | 20.526 |
| U.S. Department of Environmental Protection: | Assistance Listing No.: |
| Diesel Emission Reduction Act (DERA) National Grants | 66.039 |

State Projects

| | |
|---|-----------------|
| Florida Department of Environmental Protection: | |
| Statewide Water Quality Restoration Projects | CSFA No. 37.039 |
| Florida Housing Finance Corporation: | |
| State Housing Initiatives Partnership Program | CSFA No. 40.901 |

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF OCALA, FLORIDA**

| | |
|---|-----------|
| Dollar Threshold Used to Distinguish Between Type A and Type B Programs – Federal Programs | \$750,000 |
| Dollar Threshold Used to Distinguish Between Type A and Type B Programs – State Projects | \$750,000 |
| Auditee qualified as low-risk auditee pursuant to the Uniform Guidance? | Yes |

Other Issues

- No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects.

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

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

We have examined the City of Ocala, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2024, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specific requirements. The nature, timing, and extent of procedures selected depend on our judgement, including an assessment of the risk of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with specific requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.

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.

Purvis Gray

March 26, 2025
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, 2024, and have issued our report thereon dated March 26, 2025.

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 26, 2025, 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, 2024, 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.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, the City confirms that a Property Assessed Clean Energy (PACE) program, authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the City's geographical boundaries during the fiscal year under audit.

As required by Sections 10.554(1)(i)6.b. and 10.554(1)(i)6.c., *Rules of the Auditor General*, the following are the program administrators and their contact information:

| Program Administrator | Address | Phone Number | Third-Party Administrators |
|--|---|----------------|--|
| Florida Green Finance Authority | 2501A Burns Rd. Palm Beach Gardens, Florida 33410 | (561) 630-4922 | Petros Pace Finance, LLC 300 Colorado St., Ste 2000 Austin, Texas 78701 Attn: Tommie Deavenport, COO (512) 599-9037 Renew Financial Group LLC 555 12th St., Ste 1650 Oakland, California 94607 Attn: Todd Wodraska (844) 736-3934 |
| Green Corridor Pace District | 5385 North Nob Hill Rd. Sunrise, Florida 33351 | (786) 271-9208 | Ygrene Energy Fund 6303 Blue Lagoon Dr., Ste 400 Miami, Florida 33126 (866) 634-1358 Willdan Financial Services 2401 E Katella Ave., Ste 300 Anaheim, California 92806 (866) 807-6864 |

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

MANAGEMENT LETTER

| Program Administrator | Address | Phone Number | Third-Party Administrators |
|----------------------------------|---------|----------------|---|
| Florida Development Finance Corp | | (407) 712-6352 | <p>Allectrify Colin Bishopp - CEO (202) 550-7570 colin@allectrify.com Fran Faulknor - CIO (240) 393-5569 fran@allectrify.com Aaron Jordan - Director (202) 550-7570 aaron@allectrify.com Colin Kalvas - Counsel (202) 550-7570 ckalvas@brickergraydon.com</p> <p>Bayview PACE Victoria DaSilva - Investment Associate victoriadasilva@bayview.com Danny Roberts - Asst. VP (844) 518-2343 dannyroberts@bayview.com</p> <p>Ebee Management Group Teresa Smith - Strategic Growth (419) 340-0420 tsmith@ebeeco.com</p> <p>Enhanced Capital Ian McCulley imcculley@enhancedcapital.com</p> <p>FBRT Green Capital, LLC Lain Gutierrez - Managing Director (212) 588-1420 l.gutierrez@benefitstreetpartners.com</p> <p>Forbright Bank Martin Gitlin - Attorney (203) 557-3894 martin@cleanenergycounsel.com Omayra Rodriguez - Director (301) 299-8810 orodriguez@forbrightbank.com</p> |

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

MANAGEMENT LETTER

| Program Administrator | Address | Phone Number | Third-Party Administrators |
|-----------------------|---------|--------------|--|
| | | | <p>Imperial Ridge Joel Poppert - Managing Director (303) 390-1655 jpoppert@imperialridgecap.com Kevin Morse - Managing Director (303) 390-1655 kmorse@imperialridgecap.com</p> <p>Lord Capital LLC Stephen Ceurvorst (212) 400-7150 sceurvorst@lordcap.com Joseph Lau - President (212) 400-7150 jlau@lordcap.com</p> <p>Nuveen Green Capital Robert Dimatteo (917) 968-0948 robert.dimatteo@nuveen.com Alicia Helgans (203) 875-9501 alicia.helgans@nuveen.com Tara Crotty (917) 208-4016 tara.crotty@nuveen.com</p> <p>PACE Equity Shay Harold (407) 227-4275 sharold@pace-equity.com</p> <p>PACE Loan Group Rafi Golberstein - CEO (612) 355-2606 rafi@paceloangroup.com Matthew McCormack - Junior Originator (612) 355-2630 matthew@paceloangroup.com</p> <p>Peachtree Group Robert Loeb (770) 299-2516 rloeb@stonehillsc.com Allison Neary (470) 298-3715 aneary@stonehillsc.com</p> |

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

MANAGEMENT LETTER

| Program Administrator | Address | Phone Number | Third-Party Administrators |
|-----------------------|---------|--------------|--|
| | | | Petros PACE Finance John Gamm - VP Legal (512) 599-9027 john@petrospartners.com Andy Meyer – SVP (636) 577-0378 andy@petrospartners.com Poppy Bank Andrew Fuller (888) 636-9994 afuller@poppy.bank Rockwood Todd Velnosky – Principal (314) 380-5999 tvelnosky@rockwoodam.com Sustainable Equity, LLC Byron DeLear (314) 445-7911 byron@sustainableequity.org Twain Financial Partners Ammie Minton - Asst. Director (314) 300-4202 ammie.minton@twainfinancial.com Jela Dilber – Director (314) 300-4183 jela.dilber@twainfinancial.com |

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)7, *Rules of the Auditor General*, the Ocala Community Redevelopment Agency (CRA) reported this information in the CRA's separately issued financial statements.

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

MANAGEMENT LETTER

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, *Rules of the Auditor General*, the Ocala Downtown Development District (the District) reported this information in the District's separately issued financial statements.

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 fraud, waste, or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but 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.

Purvis Gray

March 26, 2025
Ocala, Florida



IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Peter Brill, who being duly sworn deposes and says on oath that:

1. I am the Director of Finance 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.



Peter Brill, Director of Finance
City of Ocala

STATE OF FLORIDA
COUNTY OF MARION

SWORN TO AND SUBSCRIBED before me this 25th day of March, 2025.



NOTARY PUBLIC
Print Name marcella hughes

Personally known ✓ or produced identification _____

Type of identification produced: _____

My Commission Expires:

12/27/27



MARCELLA HUGHES
Commission # HH 476421
Expires December 27, 2027



Ocala

Legislation Text

110 SE Watula Avenue
Ocala, FL 34471

www.ocalafl.gov

File #: 2025-1244

Agenda Item #: 3c.

Submitted By: Pamela Omichinski

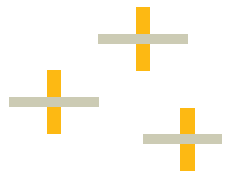
Presentation By: Peter Brill

Department: Utility Billing/Customer Service

STAFF RECOMMENDATION (Motion Ready):
Independent Auditor's Presentation

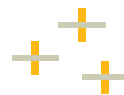
OCALA'S RELEVANT STRATEGIC GOALS:
Fiscally Sustainable, Operational Excellence

PROOF OF PUBLICATION:
n/a



City of Ocala, Florida

Audit Results for the Year Ending September 30, 2024



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Leadership of Your Audit Team



Timothy M. Westgate, CPA
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twestgate@purvisgray.com



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Matthew B. Ganoe, CPA
Audit Director
mganoe@purvisgray.com

GFOA Excellence In Financial Reporting Award

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, 2023

Auditor's Reports

| Matter | Conclusion |
|--|---|
| Auditor's Opinion Financial Statements and Notes | <ul style="list-style-type: none">• Unmodified or "Clean" opinion issued• Fairly presented in accordance with GAAP |
| Internal Control, Compliance, and Other Matters (GAS) | <ul style="list-style-type: none">• No Material Weaknesses or Significant Deficiencies in internal control over financial reporting were reported under Government Auditing Standards (GAS)• No instances of non-compliance or other matters required to be reported |
| Compliance with F.S. Sec 218.415 | <ul style="list-style-type: none">• The City complied, in all material respects, with compliance requirements for local government investments |
| Management Letter Rules of the Auditor General 10.550 | <ul style="list-style-type: none">• No findings of deteriorating financial condition or financial emergency• No noted non-compliance with contracts or grants required to be reported under the Rules of the Auditor General |

Auditor's Reports – Single Audit

| Matter | Conclusion |
|---|--|
| Major Federal Program | <ul style="list-style-type: none">• Hazard Mitigation Grant Program -AL No. 97.039• Federal Transit Formula Grants -AL No. 20.507• Buses and Bus Facilities Formula, Competitive and Low or No Emissions Programs -AL No. 20.526• Diesel Emission Reduction Act (DERA) National Grants -AL No. 66.039 |
| Major State Project | <ul style="list-style-type: none">• Statewide Water Quality Restoration Projects- CFSA No. 37.039• State Housing Initiatives Partnership Program- CFSA No. 40.901 |
| Auditor's Opinion on Compliance | <ul style="list-style-type: none">• Complied in all material respects• Unmodified Opinion ("Clean" Opinion) |
| Internal Control Over Compliance Matters | <ul style="list-style-type: none">• No Material Weaknesses were reported over Federal or State Grants |

Other Audit Matters

| Matter | Conclusion |
|---|--|
| Adoption of New Standards | <ul style="list-style-type: none">• New standard implemented related to <i>Accounting Changes and Error Corrections</i> (GASB 100). |
| Adjustments Detected by the Audit Process | <ul style="list-style-type: none">• There were no adjustments detected during our audit procedures that were material, either individually or in the aggregate |
| Disagreements with Management | <ul style="list-style-type: none">• None (Accounting or Auditing Matters) |
| Difficulties Encountered in Performing our Audit | <ul style="list-style-type: none">• We encountered no significant difficulties in dealing with management in performing and completing our audit |

Other Audit Matters

| Matter | Conclusion |
|------------------------------|--|
| Other Discussion Items | <ul style="list-style-type: none">• Electric Fund PCA• Timely Reporting from Actuaries• Upcoming Accounting Standards<ul style="list-style-type: none">• GASB Statement No. 101, <i>Compensated Absences</i>• GASB Statement No. 102, <i>Certain Risk Disclosures</i>• GASB Statement No. 103, <i>Financial Reporting Model Improvements</i>• Other Suggestions |
| Grant Tracking and Reporting | <ul style="list-style-type: none">• Continued improvements are recommended in tracking and reporting processes.• Centralized grant oversight and better tracking tools can reduce potential errors, improve compliance, and streamline monitoring. |

Thank you- Questions?



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Ocala

Legislation Text

110 SE Watula Avenue
Ocala, FL 34471

www.ocalafl.gov

File #: 2025-1245

Agenda Item #: 3d.

Submitted By: Pamela Omichinski

Presentation By: Peter Brill

Department: Utility Billing/Customer Service

STAFF RECOMMENDATION (Motion Ready):
Governance Letter to Council

OCALA'S RELEVANT STRATEGIC GOALS:
Fiscally Sustainable, Operational Excellence

PROOF OF PUBLICATION:
n/a

GOVERNANCE LETTER

Honorable Mayor and Council Members
City of Ocala
Ocala, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ocala, Florida (the City) for the year ended September 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards; *Government Auditing Standards*; the Uniform Guidance, Florida Department of Financial Services, *State Projects Compliance Supplement*; and Chapter 10.550, *Rules of the Auditor General*; as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 27, 2024. Professional standards also require that we communicate to you the following information related to our audit:

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 13 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*. There was no impact to the City's financial statements as a result of the adoption of this statement. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- **Depreciation Expense and Accumulated Depreciation** — As discussed in the notes to the financial statements, capital assets are stated at cost at the time of purchase or construction. Management estimates accumulated depreciation and depreciation expense for such assets by utilizing the straight-line method of depreciation and by determining estimated useful lives based on the classes of depreciable property described in the notes to the financial statements.

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- **Allowance for Doubtful Accounts** — Management's estimate of the allowance for doubtful accounts reduces the City's accounts receivable balances to the net realizable value in the statement of net position and increases the bad debt expense in the statement of revenues, expenses, and changes in net position in accordance with generally accepted accounting principles. Management estimates the allowance periodically during the year and at year-end. Management's estimation methodology estimates the allowance as: 100% of accounts receivable balances 90 days or older, plus the accounts receivable balances less than 90 days old multiplied by a ratio determined by management.
- **Estimation of Unbilled Revenue** — Management's estimate of the unbilled revenue is reported as part of accounts receivable (net) on the statement of net position and consists of an accrual for usage in September 2024, billed in October 2024. Estimating the revenue involves calculating a percentage of each account's total number of days in September 2024 and applying each account's percentage to the billed revenue for each account to come up with the estimated September 2024 unbilled revenue.
- **Investment Fair Value** — Management's estimate of the fair value of financial instruments is based on the fair market value of the security at a particular point in time.
- **Net Pension Liability, Pension Related Deferred Outflows and Inflows of Resources, and Pension Expense** — The City's net pension liability, deferred outflows, deferred inflows, and pension expense for the established defined-benefit plans are estimates based on actuarial studies performed by a qualified actuary hired by the City. There are significant underlying assumptions in the actuarial report, which if changed would significantly affect the reported amounts.
- **Other Postemployment Benefits (OPEB)** — The unfunded accrued actuarial liability, deferred outflows, and deferred inflows for OPEB are determined by an actuarial report based on employee census data and assumptions selected by management, based on industry trends. There are significant underlying assumptions in the actuarial report which, if changed, would significantly affect the reported amounts.
- **Incurred but Not Reported (IBNR) Self Insurance Claims** — The City's calculation of IBNR costs is based on cost estimates developed by the City's actuary and third-party administrator. Generally, the same cost estimates are used for both regulatory and accounting purposes. The annual IBNR cost estimate is recorded in the self-insurance fund of the City, which is classified as an internal service fund within the City's Annual Comprehensive Financial Report.
- **Leases** — Management's estimate related to the initial measurement of lease assets and liabilities, interest expense, lease term, present value of lease payments, and fair value of underlying assets is all based on interpretation of the terms in the agreements and the discount rate determined by management.
- **Subscription-Based Information Technology Arrangements (SBITA)** — Management's estimate related to the initial measurement of SBITA assets and liabilities, interest expense, subscription term, present value of subscription payments is all based on interpretation of the terms in the agreements and the discount rate determined by management.
- **Litigation** — As mentioned in Note 11, Commitments and Contingent Liabilities, the City has various suits and claims arising in the ordinary course of operations.

Honorable Mayor and Council Members
City of Ocala
Ocala, Florida

We evaluated the methods, assumptions and data used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The following is considered a significant financial statement item:

- **Regulatory Operations/Rate Stabilization** — As discussed in the notes to the financial statements, management records rate stabilization funding so that revenues are deferred as cash is set aside for future rate stabilization, and revenue is recognized from the deferred revenue account as rate stabilization funds are utilized to buffer customers' utility bills. This method was adopted in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and reflects the economics of rate regulation by the City Council.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 26, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Honorable Mayor and Council Members
City of Ocala
Ocala, Florida

The following are audit matters that we would like to bring to the attention of the Mayor, City Council, and management of the City:

- **GASB Statement No. 101, *Compensated Absences***—will become effective for the year ending September 30, 2025. This statement updates the treatment for compensated absences and requires that liabilities for compensated absences be recognized for: (1) leave that has not been used, and (2) leave that has been used but not yet paid in cash or settled through non-cash means. The City is reviewing the impact of this new standard on its financial reporting.
- **GASB Statement No. 102, *Certain Risk Disclosures***—will become effective for the year ending September 30, 2025. This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.
- **GASB Statement No. 103, *Financial Reporting Model Improvements***—will be effective for the year ending September 30, 2026. This statement introduces improvements to the financial reporting model aimed at enhancing the clarity and decision-usefulness of key financial information while addressing certain application issues. The City should review the potential impact of this new standard on its financial reporting.
- **GASB Statement No. 104, *Disclosure of Certain Capital Assets***—will be effective for the year ending September 30, 2026. This statement enhances financial statement note disclosures by requiring governments to provide more detailed information about certain types of capital assets. Specifically, lease assets, intangible right-to-use assets, and subscription-based information technology assets must be disclosed separately by major class in the capital assets note disclosures. Additionally, intangible assets other than these categories must also be disclosed separately by major class.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We are engaged to report on 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, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Honorable Mayor and Council Members
City of Ocala
Ocala, Florida

We were not engaged to report on introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has 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 it.

Restriction on Use

This information is intended solely for the use of the Mayor, Council Members, and management of the City of Ocala, and is not intended, and should not be, used by anyone other than these specified parties.

Purvis Gray

March 26, 2025
Ocala, Florida