

# PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

## CITY OF OCALA

Professional Audit and ACFR Services  
Request For Proposal (RFP) #: FIN/240274

## CONTACTS

Timothy M. Westgate, CPA,  
Audit Partner

(352) 732.3872

twestgate@purvisgray.com

Alison L. Stone, CPA  
Audit Director

(352) 732.3872

astone@purvisgray.com

Purvis, Gray and Company, LLP  
Certified Public Accountants

2347 S.E. 17<sup>th</sup> Street  
Ocala, Florida 34471

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

purvisgray.com

## Page Limit Statement

Below is our Table of Contents listing all requested information for the City of Ocala RFP. While our page numbers show a total of 50 pages, we have stayed within your required 40 page limit excluding the cover page, transmittal letter, sample reports, and resumes.

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City of Ocala, Florida  
Auditor Selection Committee  
Ocala, Florida

We appreciate the opportunity to present Purvis, Gray and Company, LLP (Purvis Gray) to your Auditor Selection Committee, and would take great pride in being retained to serve as your auditors for the City of Ocala (the City).

## Business Structure

Purvis Gray is a **statewide CPA firm** employing approximately 125 professionals and support staff in our Ocala, Gainesville, Tallahassee, Sarasota, Orlando, and Tampa offices. Our multiple office locations throughout the state are the result of **organic growth** from within the firm, without merger or acquisition, which we attribute to our pursuit of **technical excellence and great client service**. We have been in business 78 years, having audited and advised Florida local governments and utilities almost since our inception in 1946. Your audit would be conducted primarily from our Ocala office. The Ocala office works year round on audits, the majority of which are governmental. Mr. Timothy M. Westgate, CPA is the partner in charge and authorized to represent the firm in this matter.

## Government and Special District Experience

We have considerable experience serving governmental entities, utilities, and special districts. **We are currently providing auditing services to thirty Florida municipalities (many of which operate electric, water and wastewater utilities), five Florida counties, nine Florida school boards, over 20 community development districts (including the Villages CDD's), 18 municipal and cooperative utilities, and many other governmental special districts and non-profit organizations. We believe our combined experience serving municipalities and utilities is unmatched in Florida.**

Most of our governmental audits include Federal and State Single Audits, so we stay up to date on the latest changes from both the federal and state sources, including the recent *American Rescue Plan Act* funding (ARPA). We have audited hundreds of different federal and state grant programs, including many from the state and federal agencies that fund several of the City's programs.

## Our People

The best part of Purvis Gray is our people. The individuals comprising your audit team have chosen careers in governmental auditing and are committed to our governmental clients and their industry. You will not have to train our auditors; we do not randomly rotate staff, and you will regularly see partners and directors on site. While our team are governmental auditing specialist perform audits throughout the State of Florida, nearly all of your designated audit team also calls Ocala home. Our team is committed to exceeding your expectations.

## Understanding Information Technology Risks

One of the prominent business risks affecting governmental entities today is information technology. Michael Sandstrum, the IT Audit and Assurance Director assigned to your engagement, has 46 years of experience auditing information systems, as well as CPA, CISA, CISM, CITP, and CDPSE certifications. **Mr. Sandstrum's extensive experience in accounting, auditing, IT auditing, security management, and consulting is paramount in understanding and evaluating the City's IT environment and risks.**



## City Activities

We have conducted annual audits for the City since 2000, which makes us uniquely familiar with your organization's mission, programs, and financial systems. Because of this knowledge and experience, we are uniquely poised to provide the most effective financial audit with the least amount of disturbance to your daily activities. We encourage you to review the recommendations that we have made while serving as the City's auditors; we believe those recommendations demonstrate the quality of audit services we have provided and the expertise we have shared with the City. If selected, we pledge to continue providing high-level service.

## The Audit Firm Rotation Issue

As the City goes through the audit RFP process, some may ask if it is time to rotate auditors and get "fresh eyes" looking at the City's financial statements. Recent independent studies cited by the AICPA concluded that audit firm rotation reduces audit quality and that there is a direct relationship between auditor tenure and auditor competence. **In other words, the more your auditor knows about you, the less chance of missing something significant. No authoritative body, including the AICPA, Public Companies Accounting Oversight Board (PCAOB), Florida Auditor General, and the Government Accountability Office (GAO), recommends audit firm rotation.** In fact, the PCAOB has found that audit failures are three times more likely to occur within the first two years of changing auditors. The core conclusion of this is that who your auditors are and the type of job that they are doing for you is more relevant than changing for change's sake.

## Governmental Audit and Financial Statements Write-Up Experience

As an integrated service to our clients, we also provide full write-up services to fifteen municipalities, three counties, five school boards, and numerous other special districts and other entities. **To efficiently assist the City with an integrated and streamlined Audit and Annual Comprehensive Financial Report (ACFR) write-up process, Purvis Gray is proposing jointly with Milestone Professional Services, Inc. (Milestone) as a subcontractor on the engagement.** Milestone provides services to over fifteen municipalities, six counties, and several other agencies and school boards.

The team of Purvis Gray and MPS provides a level of experience, skillset, and customer service that will provide the best level of service to the City. Donna Collins, CPA, President will serve as the liaison for the ACFR write-up process before and during the audit process. MPS was established sixteen years ago as a governmental consulting firm and provides a wide array of accounting services and financial reporting assistance to governmental agencies. Areas of expertise include audit preparation and year-end closing assistance, internal control development and review, ACFR preparation/technical review, Annual Financial Report (AFR) preparation/technical review, budget preparation, and grant compliance. **In addition, MPS has extensive experience working with The Reporting Solution (TRS), including all aspects of implementation of the software.** Purvis Gray and MPS have worked together for many years serving as the outsourced auditors and outsourced financial statement write-up and technical specialist on multiple mutual clients.

## Certificate of Achievement

Receiving the Certificate of Achievement for Excellence in Financial Reporting is a highly recognized award. **The Partner assigned to your engagement serves as members of the Government Finance Officers Association (GFOA) Special Review Committee for the Certificate of Excellence in Financial Reporting Program.** As such, he reviews ACFRs on behalf of GFOA all through the year, learning new techniques and presentation to make the City's ACFR the best it can be.

### 1—Corporate Name

Purvis Gray is a Limited Liability Partnership and is properly licensed and registered for public practice as certified public accountants in the State of Florida. We have been in business 78 years, employing approximately 125 professionals and support staff.

### 2—Audit Partner and Authorized Representative

Timothy M. Westgate, CPA, Partner  
[twestgate@purvisgray.com](mailto:twestgate@purvisgray.com)

2347 SE 17<sup>th</sup> Street  
Ocala, Florida 34471

(352) 732.3872 Office  
(352) 509.3731 Direct





### 3—Understanding Scope of Professional Services

We have received your Request for Proposal (RFP) #: FIN/240274 for *Professional Audit and ACFR Services*, and we understand the scope of services to be performed and give you our express commitment to meet or exceed the performance specifications and time requirements stated in the RFP.

### 4—Understanding the Work to be Provided to the City

We understand the work to be performed and give you our express commitment to meet or exceed the performance specifications as stated in your RFP, **pages 9 through 13, Scope of Professional Services**. These services are to provide audit services for an initial term of five (5) years, with one (1) option five-year renewal term beginning September 30, 2024. The audit will be performed 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; 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* for the State of Florida.

#### Why Purvis Gray?

|   |   |
|---|---|
|  <p><b>We are Industry Experts</b></p> <ul style="list-style-type: none"><li>• Firmwide Governmental Practice Emphasis</li><li>• Statewide Reputation in Governmental Industries</li></ul> |  <p><b>High-Quality Service Delivery</b></p> <ul style="list-style-type: none"><li>• Technical Excellence Delivered with High-Quality Service</li><li>• Relationship and Deadline Orientation</li></ul> |
|  <p><b>Personnel Assigned to Job</b></p> <ul style="list-style-type: none"><li>• Experienced CPAs</li><li>• Partners, Directors, and Supervisors in the Field = Better Audit</li></ul>     |  <p><b>Clear and Timely Communication</b></p> <ul style="list-style-type: none"><li>• Communication is Valued, Respected, and Continual with our Clients</li></ul>                                      |

### 5—Independence

We are independent certified public accountants as defined by generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. We have audited the financial statements of the City since 2000. Other than the performance of these annual audits, we have had no professional relationships involving the City and no conflict of interest.

### 6—License and Membership

Purvis Gray is properly licensed and registered for public practice in the State of Florida. The key personnel assigned to this engagement are properly licensed and registered to practice as certified public accountants in the State of Florida. In addition, they are current members of the AICPA and FICPA and have received adequate continuing professional education as stipulated by the *Government Auditing Standards*.

Respectfully Submitted,

PURVIS, GRAY AND COMPANY, LLP

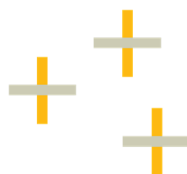


Timothy M. Westgate, CPA

Audit Partner and Authorized Representative

TMW/asb

# TAB 1—FIRM PROFILE, QUALIFICATIONS, AND AVAILABILITY



**PURVIS GRAY**  
CERTIFIED PUBLIC ACCOUNTANTS

## 1—Firm Profile

### A—Company Information

#### *Size of the Firm and Governmental Staff*

Purvis Gray was founded in 1946, in Gainesville Florida by two University of Florida accounting professors, Mr. Roy Purvis and Mr. Howard Gray. The firm has been in business for 78 years and has been auditing local governments for substantially all of that time. Purvis Gray is organized as a Florida Limited Liability Partnership and is a statewide CPA firm employing over 125 professionals and support staff in our Ocala, Gainesville, Tallahassee, Sarasota, Orlando, and Tampa offices.



The audit will be primarily staffed from the Ocala office. Purvis Gray operates on a departmental basis rather than an office basis. Purvis Gray has a total of 16 partners, 13 directors, 12 managers, and over 60 professional staff, including numerous supervisors and senior-level staff members. All the firm's resources are available to our clients and are utilized in that fashion to provide the best possible service. This ensures that we draw upon the knowledge of our specialists in the governmental field, as well as the full resources of the entire team.

Our audit staff consists of a total of 8 partners, 7 directors, 5 managers, and 26 professional staff. Also, as a member of BDO Alliance USA, we are able to provide our clients with access to the technical resources and manpower of the fifth largest accounting firm in the world, combined with our hands-on, local service and knowledge. All of the partners, directors, and managers are CPAs, as are many of the other professional staff. If not CPAs, the professional staff are "exam-eligible" or working toward it.

#### *Firm License*

We are properly licensed and registered for public practice in the State of Florida, and our professional staff are properly licensed and registered to practice as certified public accountants in the State of Florida or are "exam-eligible." A copy of our firm license is shown below:





## Memberships of Professional Organizations

Purvis Gray has been a member with the American Institute of Certified Public Accountants since 1978 (AICPA – Reference #1783188). Our firm continues to be in good standing with the AICPA and Florida Institute of Certified Public Accountants (FICPA – Member #02004618). Several of the partners and staff of Purvis Gray are members of the following organizations:

- ▶ AICPA
- ▶ Government Audit Quality Center (GAQC)
- ▶ GFOA (Special Review Committee for the Certificate of Excellence in Financial Reporting)
- ▶ Florida Electric Cooperatives Association (FECA)
- ▶ American Public Power Association (APPA)
- ▶ State of Florida League of Cities
- ▶ Florida Municipal Electric Association (FMEA)
- ▶ FGFOA (Including School of Governmental Finance, and Technical Resources Committee)
- ▶ FICPA
- ▶ Employee Benefit Plan Audit Quality Center
- ▶ North Florida Chapter FGFOA
- ▶ Southwest Chapter FGFOA
- ▶ Association of Government Accountants (AGA)
- ▶ Nature Coast Chapter FGFOA



Re: Purvis, Gray and Company  
AICPA Account Number: 02004618

To Whom It May Concern,

This letter is to confirm Purvis, Gray and Company is an active firm in the AICPA Governmental Audit Quality Center. Purvis, Gray and Company has been a firm in good standing since August 1, 2009.

A firm in good standing is a firm who has not been suspended or terminated because of disciplinary reasons.

Thank you for allowing us to be of service. Please let us know if we may be of further assistance.

Regards,

Kathleen Johnson  
Senior Manager  
AICPA, Global Engagement Centre

Member Service: 888.777.7077, 9am-6pm ET, Monday-Friday; or [service@aicpa.org](mailto:service@aicpa.org)  
Thank you for your continued support.

\*Please note that membership in the AICPA is not verification of CPA certification.

## Range of Service

The firm offers all services traditionally associated with CPA firms, which can generally be summarized as Audit, Tax, Information Technology (IT), and consulting services. The Audit Department is the largest department, comprising approximately sixty percent of gross revenues. The Audit Department has a concentration of work in the local governmental industry. Our Tax Department provides tax research support to our Audit Department.

## Audit Department

The mission of the Audit Department is to achieve technical excellence, which is used to provide the highest level of quality service to our clients. This higher level of experienced service sets us apart from other firms.

Your “engagement team” will be led by a partner and two directors, with these individuals participating in a significant portion of fieldwork. For more information on the specific individuals committed to your engagement, please refer to the staffing diagram found on page 8.

Our audit team has extensive experience working in a computerized environment and utilizes laptop computers in the field with Microsoft Windows, Word, and Excel. **We employ a paperless audit approach.** We utilize the “paperless” audit documentation system designed by CaseWare International, Inc., the premier industry technology, with an integrated wired or wireless connection in the field. **We will be utilizing Suralink for secure transmission and sharing of records and audit support, allowing for a smooth process of providing and tracking requested information. Suralink will also allow the City staff to track the status of the audit engagement overall from a web-based application with a desktop dashboard in real time.** All members of the audit team will be available to your management team when needed. If our physical presence is not required, our business e-mail addresses and cell phone numbers will be made available for your convenience, and we pride ourselves on responding timely to all client inquiries. We will be available for routine questions year-round.

## ***BDO Alliance USA Resources and Services***



As an Independent Member of the BDO Alliance USA, we have access to BDO’s breadth and depth of resources, enabling us to provide virtually any tax, audit, or assurance service needed by our clients, anywhere in the country. We are able to provide our clients with access to technical and industry-specific resources of the fifth-largest accounting firm in the world, combined with our hands-on, local service and knowledge.

In addition, the BDO Alliance Business Resource Network has established relationships with product and service providers to enhance our delivery capabilities and value to clients. Through these relationships, we are able to offer greater insight and more effective solutions to the City.

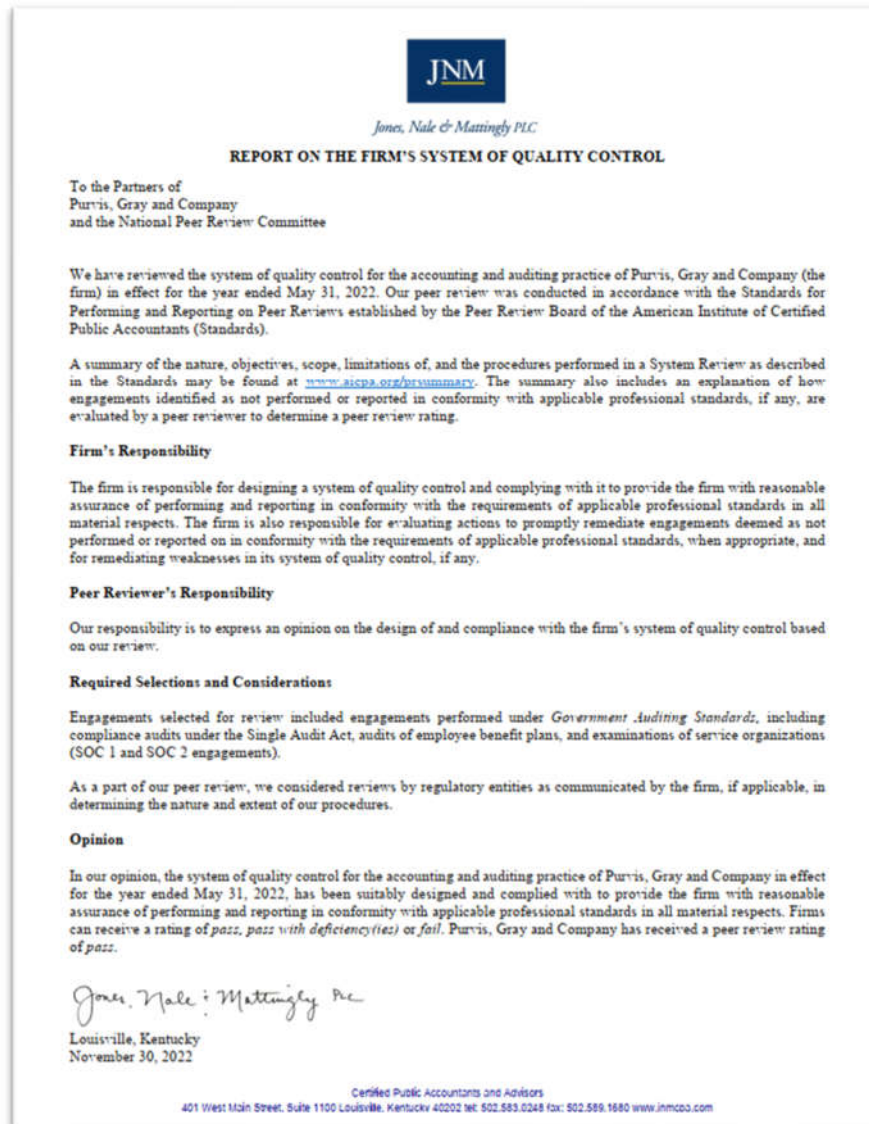
As a member of BDO Alliance USA, we take a comprehensive approach to assessing and serving your needs. Through the core accounting and financial services we provide, we are uniquely positioned to identify additional opportunities to improve the overall operational effectiveness of the City.

## **B—Joint Venture**

We are proposing jointly for the ACFR write-up services portion of the audit proposal with the firm MPS. Ms. Donna Collins, CPA, President will provide these services during the audit process. Other than these services, Purvis Gray will not use any additional subcontractors on this engagement.

## **C—External Quality Control Review**

Purvis Gray is a member of the AICPA’s GAQC. Our firm places high priority on its quality control and has successfully undergone a peer review, as required by the AICPA, at least every three years since 1979. **Because our firm has a heavy concentration of governmental clients, governmental audit engagements are selected for review by the peer review team.** We have included below a copy of our 2022 Peer Review Report, which included a pass rating with no letter of comments; the highest level obtainable.



## D—Substandard Audit Work

Purvis Gray is not aware of any federal or state desk reviews, nor have there been field reviews of its audits during the past five years by state regulatory bodies or professional organizations.

## E—No Disciplinary Action

We have no record of substandard work and have no enforcement actions pending by the State Board of Accountancy or any other regulatory agency or professional organization, nor have we had any such actions in the past five years.

## F—Assurance for Staff Rotation

As a result of our commitment to client service, we typically do not have significant staff changes on our audit engagements. ***We staff our audit engagements to build client relationships. We do not use our clients as staff training grounds.*** If it did become necessary to implement staff changes on your audit, it would be discussed with you in advance, and we would obtain your approval. We feel that our philosophy in this area sets us apart from others who routinely churn staff assignments, placing inexperienced new staff in the field at the client's expense. We expect the entire audit team to return to the City on an annual basis.

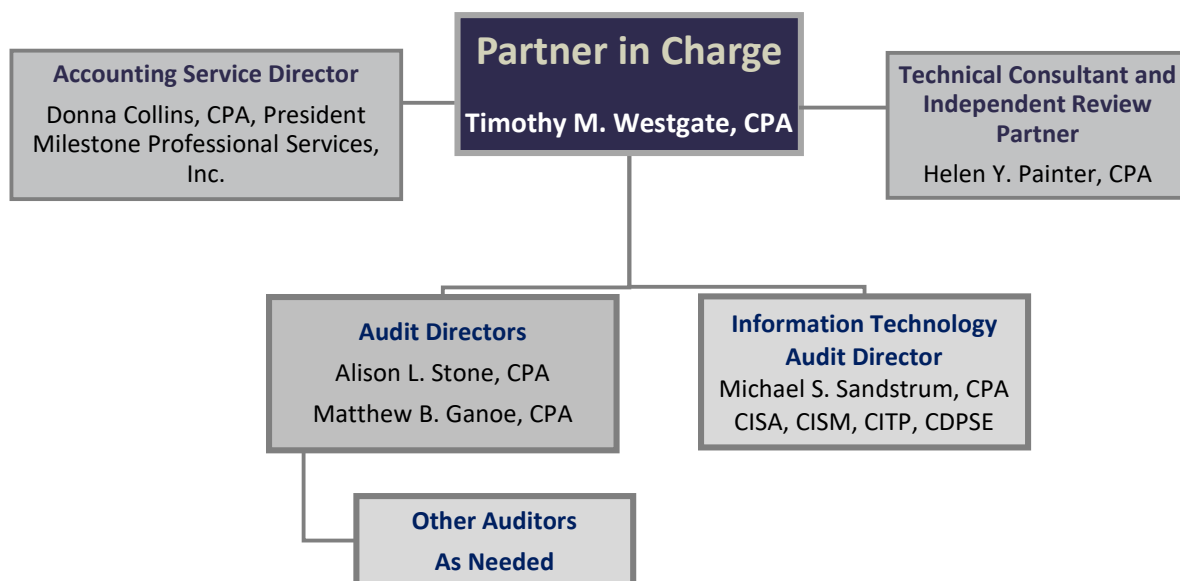
## 2—Partner, Supervisory, and Staff Qualifications and Experience

### A—Team Members and Organizational Chart

The firm that will be the most qualified to serve the City will be the one that can demonstrate its qualifications through past experience, education, and quality control considerations. Our firm’s approach to staffing engagements is to choose partners, directors, managers, and staff based upon a combination of the expertise, experience, and technical ability needed to perform the engagement efficiently. ***The individuals assigned to this engagement possess the necessary technical skills and experience to ensure that the City receives the highest level of service.*** All personnel assigned to your engagement have met or exceeded the “Yellow Book” CPE requirements, as required by the *Rules of the Auditor General*. We expect the entire team to return to the City on an annual basis.

Timothy M. Westgate, CPA will be the Partner in Charge of the City’s engagement. He has over twenty-four years of experience in accounting and auditing for cities, counties, utilities, non-profit organizations, and commercial enterprises. He will be assisted by Alison L. Stone, CPA and Matthew B. Ganoe, CPA as the directors on the engagement. In addition, Donna Collins, CPA, President of MPS, will serve as the Accounting Service Director. Ms. Collins will be a key team participant in streamlining the ACFR preparation process to allow the ACFR to be completed timely. Her experience and knowledge of TRS (formerly CAFR Online) software has been a major factor in working with many government entities.

**The partner and directors will be available to attend meetings and respond to specific inquiries and calls on an immediate basis.** Following is a diagram of your engagement team:





## B—Key Personnel Information, Respective Role and Resumes

### Team Roles

|  |   |
|--|---|
| <b>Partner in Charge of Audit</b>                          | Mr. Westgate will have overall responsibility for excellent client service; he will work closely with the City's management and the audit director to ensure that all work is properly planned, executed, and completed. He will conduct entrance, exit, and interim work conferences with the City and participate extensively in audit fieldwork and the review process.  |
| <b>Technical Consultant and Independent Review Partner</b> | Ms. Painter will provide consultation and review of technical accounting and auditing issues, and a final independent and objective review of the audited financial statements and reports.   |
| <b>Information Technology Audit Director</b>               | Mr. Sandstrum will supervise or perform the review of the City's Information Technology (IT) Environment and key IT General Controls, Application Controls, and IT-Dependent Manual Controls in consultation with the audit team. He will also supervise or perform Computer-Assisted Audit Techniques (CAAT) or data analysis in consultation with the audit team. He will provide recommendations to strengthen the City's IT Environment and IT-related controls. He will also assist with any IT-related issues, as deemed necessary by the audit team. |
| <b>Audit Directors</b>                                     | Ms. Stone and Mr. Ganoe will be responsible for planning and supervision of the audits. They will perform the review of workpapers and report preparation. In addition, they will assist in managing the efficiency of the audits and operating within the time budget.   |
| <b>Audit Staff</b>   | Staff auditors will be primarily responsible for conducting and completing fieldwork and for assisting the audit directors with planning and supervision. They will keep the partner, audit directors, and City staff fully informed on the job status.   |

### Continuing Professional Education

Your entire audit team is in full compliance with the continuing educational requirements set forth under U.S. Government Accountability Office (GAO), *Government Auditing Standards*. As members of the Government Audit Quality Center (GAQC) of the AICPA, each CPA is required to obtain eighty hours of continuing professional education every two years. The continuing professional education material is presented by nationally prominent accounting professors and other individuals who have thorough knowledge of auditing local governments.

We utilize an automated CPE tracking system, Prolaera, to ensure compliance with continuing professional education requirements. The Prolaera platform automatically tracks over 200 jurisdictions and ensures compliance for our entire firm. It automatically calculates CPE hours and requirements, stores completion certificates, and creates renewal reports.

Our partners, directors, managers, supervisors, and senior-level staff members also attend annual conferences sponsored by the FGFOA, FSFOA, RUS, FECA, FMEA/FMPA, and FACC, where they attend and teach continuing professional education courses that deal with new GASB and FASB pronouncements, current issues in Florida law, and other similar topics.

## Audit Team CPA Licenses



## Resumes – Qualifications for Firm Personnel

Beginning on the next page, the engagement team's resumes provide more specific information for each individual, especially their participation in local government audits, and memberships in professional organizations. Your entire audit team is in full compliance with the continuing educational requirements set forth under U.S. Government Accountability Office, *Government Auditing Standards*, as well as members of AICPA and FICA.



# TIMOTHY M. WESTGATE, CPA

Audit Partner

Chair of Quality Control Team

Member of Concurring Review Team

**PURVIS  
GRAY**

## CONTACT INFORMATION

Ocala, Florida  
(352) 732-3872  
[twestgate@purvisgray.com](mailto:twestgate@purvisgray.com)

## PROFILE

### Education

University of South Florida  
2002, Master of Accountancy  
Saint Leo University  
2000, BA, Business Administration,  
Summa Cum Laude

### Professional Credentials

CPA License – AC36053  
Member AICPA, FICPA, and FGFOA  
GFOA SRC Reviewer – GFOA Special  
Committee for Certification of  
Achievement for Excellence in Financial  
Reporting

### Recognition

State of Florida Top 10 Score  
May 2003, CPA Exam

### Community Involvement

Past President – Blessed Trinity Catholic  
Church Parish Council, Ocala, Florida  
Middle School Youth Ministry Director  
Member of the Knights of Columbus  
General Board Member – Southeastern  
Youth Fair

**Years in Accounting: 24**

**Years with Firm: 20**

## SPEAKER/INSTRUCTOR

Numerous In-House CPE Classes  
Introduction to the GFOA's ACFR Award Program, FSFOA  
Governmental Audit Update for Financial Managers, FGFOA  
Fall Institute/FACC Conference  
Grant Budgeting, Marion County Grant Writers' Network  
Fraud and Internal Control in a School District, FSFOA  
Accounting and Auditing Update, FSFOA  
GASB Update, FGFOA and FASBO  
ASC 606: Revenue Recognition

## EXPERIENCE SERVING CLIENTS

### Governmental Experience

#### *Municipalities*

City of Deltona, Florida\* (**ACFR**)  
City of Leesburg, Florida\* (**ACFR**)  
City of Mt. Dora, Florida\*  
City of Ocala, Florida\* (**ACFR**)  
City of St. Cloud, Florida\* (**ACFR**)  
City of Ocoee, Florida\* (**ACFR**)

#### *Utility Experience*

City of Deltona, Florida (W, S)  
City of Leesburg, Florida (E, W, S, G)  
City of Mt. Dora, Florida (E, W, S)  
City of Ocala, Florida (E, W, S)  
City of St. Cloud, Florida (E, W, S)  
DeSoto County, Florida (W, S)  
Florida Municipal Power Agency (E)  
Gainesville Regional Utilities (E, W, S, G)  
Marion County, Florida (W, S)  
Sumter Electric Cooperative (E)  
Suwannee Valley Electric Cooperative (E)  
Talquin Electric Cooperative, Inc. (E)

#### *Counties*

Citrus County Hospital Board  
Desoto County, Florida\*  
Marion County EMS Alliance  
Marion County, Florida\* (**ACFR**)  
Marion County Hospital District  
Marion County Law Library\*

### *School Board Experience*

Alachua County District School Board  
and Internal Accounts\*  
Charlotte County District School Board\*  
Clay County District School Board and  
Internal Accounts\*  
Clayton County Board of Education (GA)  
Hernando County District School Board\*  
(**ACFR**)  
Lake County District School Board (**ACFR**)  
and Internal Accounts\*  
Leon County School Board  
and Internal Accounts\*  
Marion County District School Board (**ACFR**)  
and Internal Accounts\*

### *Health Care Experience*

Citrus County Hospital Board  
Citrus Memorial Health System  
Hospice of Marion County, Inc.  
Kids Central, Inc.  
LifeStream Behavioral Center, Inc.  
Marion County EMS Alliance  
Marion County Hospital District  
Munroe Regional Health System, Inc.  
Partnership for Strong Families, Inc.  
The Centers, Inc.

# Timothy M. Westgate, CPA

Audit Partner

Chair of Quality Control Team

Member of Concurring Review Team

## EXPERIENCE SERVING CLIENTS

---

### Non-Profit Experience

Annunciation Catholic School  
Annette House, Inc.\*  
Catholic Foundation for the Diocese of St. Augustine  
Citrus Memorial Health System  
Cornerstone School, Inc.  
Corpus Christi Parish  
Diocese of St. Augustine  
Education Foundation of Marion County, Inc.  
Epiphany Parish  
Grace School of Ocala, Florida, Inc.  
Holy Faith Parish  
Holy Family Parish  
Holy Spirit Parish & School  
Hospice of Marion County, Inc.  
Immaculate Conception Parish  
Kids Central, Inc.\*  
LifeStream Behavioral Center, Inc.  
Marion County Hospital District  
Meridian Behavioral Healthcare, Inc.  
Morning Star School  
Munroe Regional Health System, Inc.  
Our Lady Le Leche Mission and Shrine  
Our Lady of Consolation  
Our Lady of Good Counsel  
Our Lady Star of the Sea Parish and School  
Palmer Academy & Preschool

Partnership for Strong Families, Inc.\*  
Queen of Peace Parish and School  
Rafiki Foundation  
San Juan de la Cruz Mission  
San Sebastian Parish  
St. Augustine Parish  
St. Edward Parish  
St. Elizabeth Parish & School  
St. Francis High School  
St. Joseph Academy  
St. Joseph Parish and School  
St. John Parish  
St. Luke Parish  
St. Madeline Parish  
St. Mary's Parish  
St. Monica Parish  
St. Patrick's Parish  
St. Paul's Parish and School  
The Centers, Inc.\*  
The Foundation for The Centers, Inc.  
The Refuge, Inc.  
St. Peter's Mission  
St. Philip Neri Mission  
St. William Parish  
Village View Church and School

Mr. Westgate has additional experience working with numerous for-profit engagements not specifically named here, including construction, banking, employee benefit plans and hospitality. This experience provides an additional depth to his audit experience, seeing multiple sides of business transactions and relationships with whom his many governmental clients work with throughout the year.

\*OMB Circular A-133 or Uniform Guidance Single Audits and/or Florida Single Audits  
(E)—Electric (G)—Natural Gas (W)—Water (S)—Sewer



# Timothy M. Westgate, CPA

## CPE Credits

Mr. Westgate is in full compliance with the continuing educational requirements set forth under the U.S. Government Accountability Office (GAO) and *Government Auditing Standards*. A list of the relevant continuing professional education for the past three years follows:

### 2023

- ▶ FSFOA 2023 Spring Conference – Auditor General Update
- ▶ FSFOA 2023 Spring Conference – DOE: Federal Grants (Audits and Improper Payments)
- ▶ FSFOA 2023 Spring Conference – DOE: Cost Report
- ▶ FSFOA 2023 Spring Conference – Legislative Update
- ▶ FSFOA 2023 Spring Conference – Rating Agency
- ▶ FSFOA 2023 Spring Conference – Identifying the Red Flags of Fraud
- ▶ FSFOA 2023 Spring Conference – How to Implement GASB 96 and Maintain Compliance
- ▶ FSFOA 2023 Spring Conference – Internal School Audits
- ▶ FSFOA 2023 Spring Conference – GASB 34 - The Long and Short of IT
- ▶ FGFOA 2023 Annual Conference – Economic Update
- ▶ BDO USA – Audits of Defined Benefit Plans
- ▶ FGFOA 2023 Annual Conference – GASB Update
- ▶ FGFOA 2023 Annual Conference – GASB Hot Topics
- ▶ FGFOA 2023 Annual Conference – ARPA and Single Audit Update
- ▶ FGFOA 2023 Annual Conference – Economic Update
- ▶ FGFOA 2023 Annual Conference – Auditor General and Department of Financial Services Update
- ▶ FGFOA 2023 Annual Conference – Internal Controls and Fraud in the Remote Environment
- ▶ FGFOA 2023 Annual Conference – Opening General Session
- ▶ FGFOA 2023 Annual Conference – Legislative Update
- ▶ FGFOA 2023 Annual Conference – Truth in Millage: What Is It and Why Is It Important
- ▶ PGC Winter Session

### 2022

- ▶ Surgent McCoy – Understanding Cryptocurrency (CCUR)
- ▶ AICPA – Update Audit Primer: Auditing For-Profit Entities Receiving Provider Relief Funds
- ▶ FSFOA – Legislative Update
- ▶ FSFOA – Florida Department of Education Update
- ▶ FSFOA – ERPs Integrating with Your Bank
- ▶ FSFOA – Audits - Grant Risks and Solutions
- ▶ FSFOA – Florida Auditor General
- ▶ FSFOA – FLSA in the School Systems
- ▶ FSFOA – Strategies to Minimize School Bookkeeper Turnover
- ▶ FSFOA – All Things Internal Accounts
- ▶ FGFOA – Opening General Session: Prepare to Be Positive
- ▶ FGFOA – GASB Update
- ▶ FGFOA – GASB 87 Economic
- ▶ FGFOA – GASB Hot Topics
- ▶ FGFOA – Exploring Self Insurance and Other Risk Strategies
- ▶ FGFOA – Single Audit Update
- ▶ FGFOA – Common Financial Reporting Mishaps for GFOA COA Award Program
- ▶ FGFOA – CARES Act
- ▶ FGFOA – Common Audit Findings
- ▶ FSFOA – Annual Comprehensive Financial Report (Instructor Credit)
- ▶ CPAacademy.org – The Fundamentals of ASC 842, Compliance
- ▶ AICPA – Peer Review Must Select Industry Update: Employee Benefit Plans

### 2021

- ▶ FSFOA 2021 Fall Conference – The Great GASB Updates
- ▶ FSFOA 2021 Fall Conference – Government Fraud, Waste and Abuse
- ▶ FSFOA 2021 Fall Conference – Legislative Update
- ▶ FSFOA 2021 Fall Conference – Cyber Attack Simulation
- ▶ FSFOA 2021 Fall Conference – Leadership/Attitude Healthy Living Updates
- ▶ BDO USA HHS PRF Reporting Cracking the Code
- ▶ BDO USA Independence Update and Practice Issues
- ▶ BDO USA General Session Day 2
- ▶ FGFOA GASB Hot Topics
- ▶ FGFOA Common Audit Findings
- ▶ FGFOA Auditor General and Department of Financial Services Update
- ▶ FGFOA You've Issued Debt Now What? Post Issuance Disclosure
- ▶ FGFOA Introduction to Governmental Accounting
- ▶ FGFOA Contract Administration Beginning with the End in Mind
- ▶ FGFOA Providing Government Services in a Remote World
- ▶ FGFOA Debt Financing Options Used for Public Infrastructure
- ▶ FGFOA Comprehensive Annual Financial Report Tips and Tricks to Ensure Timely and Accurate Reporting
- ▶ FGFOA Retirement Plans Best Practices
- ▶ FGFOA Disaster Recovery Accounting and Single Audit Aspects
- ▶ FGFOA Florida Open Financial Statement System Getting Ready for 2022
- ▶ Surgent McCoy CPE Florida Ethics for CPAs



# HELEN Y. PAINTER, CPA

Audit Partner

Member of Quality Control Team

Member of Concurring Review Team

**PURVIS  
GRAY**

## CONTACT INFORMATION

Ocala, Florida  
(352) 732-3872  
[hpainter@purvisgray.com](mailto:hpainter@purvisgray.com)

## PROFILE

### Education

Florida Atlantic University  
1994, Masters in Accounting  
1993, BS, Accounting

### Professional Credentials

CPA License – AC0027790  
Member of AICPA, FICPA, FGFOA, and  
Nature Coast Chapter FGFOA  
FICPA Peer Reviewer Team Captain  
Peer Review Acceptance Committee  
2004 Competent Toastmaster (CTM)  
Distinguishment  
Member of Florida Thoroughbred  
Breeders' and Owners' Association

### Committees

FICPA Accounting Principles and Auditing  
Standards  
FICPA Accounting and Auditing Sections  
Steering Committee  
FICPA Peer Review Committee  
FICPA Peer Review Executive Committee  
BDO Governmental Roundtable  
Committee

**Years in Accounting: 33**

**Years with Firm: 28**

## SPEAKER/INSTRUCTOR

Florida School Finance Officers Association Conferences  
Florida Association of School Business Officials Conference  
Numerous In-House CPE Classes  
Florida State University 2003 – Spring Accounting Conference  
Fraud in the Not-For-Profit Environment  
Florida Local Government Investment Trust Group  
Nature Coast Chapter of the FGFOA

## AUTHOR

*The Audit Process*, Talking Stick

## EXPERIENCE SERVING CLIENTS

### Governmental Experience

#### Counties

Alachua County, Florida\* (**ACFR**)  
Bradford County, Florida\*  
Citrus County, Florida\*  
Gadsden County, Florida\*  
Hardee County, Florida\*  
Hernando County, Florida\* (**ACFR**)  
Liberty County, Florida\*  
Marion County, Florida\* (**ACFR**)  
Wakulla County, Florida\*

#### Municipalities

City of Belleview, Florida\* (**ACFR**)  
City of Bushnell, Florida\* (**ACFR**)  
City of Center Hill, Florida  
City of Dade City, Florida\*  
City of Deltona, Florida\* (**ACFR**)  
City of Dunnellon, Florida\*  
City of Eustis, Florida\* (**ACFR**)  
City of Fort Myers, Florida\*  
City of Jacksonville Beach, Florida\* (**ACFR**)  
City of Leesburg, Florida\* (**ACFR**)  
City of Kissimmee, Florida\* (**ACFR**)  
City of Mount Dora, Florida\*  
City of Ocala, Florida\* (**ACFR**)  
City of Oviedo, Florida (**ACFR**)  
City of Palmetto, Florida  
City of St. Cloud, Florida\* (**ACFR**)  
City of Williston, Florida\*

#### School Board Experience

Academy for Environmental Science Charter  
School  
Citrus County School Board – Internal  
Accounts  
Hernando County School Board\* (**ACFR**)  
The Villages Charter School, Inc.

#### Other Governmental Entities

Florida Municipal Power Agency  
Citrus County Housing Authority\*  
Lakewood Ranch Community Districts  
North Sumter County Utility Dependent  
District  
Villages Center Community Development  
Districts

#### Financial Institution Experience

Citizens First Trust Company, LLC  
Citizens National Bank of Leesburg  
Liberty National Bank  
Newberry Bank  
Villages Bancorporation, Inc.

# Helen Y. Painter, CPA

Audit Partner

Member of Quality Control Team

Member of Concurring Review Team

## EXPERIENCE SERVING CLIENTS

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### Non-Profit Experience

Advocacy Resource Center-Marion, Inc.\*  
Alachua Habitat for Humanity, Inc.  
Arnette House, Inc.\*  
Blessed Trinity Catholic School  
Buffalo Scholarship Foundation, Inc.  
Central Florida Community College Foundation, Inc.\*  
Central Florida Electric Cooperative, Inc.  
Central Florida Health Care, Inc.  
Childhood Development Services, Inc.\*  
Coalition for Youth, Inc.  
Counseling and Resource Center for Women and Families, Inc.  
Crossroads Academy  
Early Learning Coalition of Nature Coast\*  
Early Learning Coalition of Marion County\*  
First Step of Sarasota, Inc.\*  
Florida Agriculture Center and Horse Park Authority  
Florida Autism Charter School of Excellence, Inc.  
Florida Electric Cooperatives Association, Inc.  
Florida Low Income Housing Associates, Inc.\*  
Florida Rural Electric Credit Union  
Florida Sheriffs Youth Ranches, Inc.  
Florida Thoroughbred Breeders' and Owners' Association  
Florida Thoroughbred Breeder and Stallion Awards Program  
Florida Thoroughbred Charities  
Florida Equine Publications, Inc.  
Foundation for Seminole State College  
Gainesville Golf and Country Club  
Hands of Mercy Everywhere, Inc.  
Heartland Rural Health Network, Inc.  
Hernando County Education Foundation  
Intercountry Adoption Accrued and Maintenance Entity, Inc.  
Lake Community Action Agency, Inc.\*  
Lake Sumter Children's Advocacy Center  
Marion Senior Services  
Meadowbrook Academy  
Meridian Behavioral Healthcare, Inc.\*  
Partnership for Strong Families, Inc.\*  
Peaceful Paths, Inc.  
Pepin Academies Foundation, Inc.\*  
Redeemer Christian School  
Santa Fe Community College Endowment Corp., Inc.  
Sarasota African American Cultural Coalition  
Silver River Mentoring & Instruction, Inc.

SMS For Children, Inc.  
St. Paul's Lutheran School  
The Centers, Inc.\*  
Southern Legal Counsel, Inc.  
Sumter Electric Cooperative, Inc.  
Suwannee Valley Electric Cooperative, Inc.  
United Gainesville Community Development Corporation, Inc.  
United Way of Alachua County, Inc.  
United Way of Marion County, Inc.  
University of Central Florida Research Foundation  
University of Florida Division of Housing  
University of Florida Research Foundation, Inc.  
University of Florida Tissue Bank, Inc.  
University Villages Apartments (HUD)\*  
Villages Foundation, Inc.

### For-Profit Experience

Golden Hills Golf and Turf Club, Inc.  
Stonecrest Property Owners Association  
WRYP, ALF, Inc. (HUD)

### Employee Benefit Plan Experience

Advocacy Resource Center Marion, Inc. Retirement Plan  
Coastal Behavioral Healthcare 403(b) Plan  
Coastal Behavioral Healthcare Money Purchase Plan  
Employee Benefit Plan of PFSF, Inc.  
First Step of Sarasota 403(b) Plan  
Florida Sheriffs Youth Ranches, Inc. Pension Plan and Trust  
Holding Co. of the Villages, Inc. Employee Savings Plan  
Partnership for Strong Families, Inc. 401(k) Profit Sharing Plan  
Orthotic and Prosthetic Center 401(k) Plan  
The Villages Charter School, Inc. Employee Savings Plan

\*OMB Circular A-133 or Uniform Guidance Single Audits and/or Florida Single Audits  
(E)—Electric (G)—Natural Gas (W)—Water (S)—Sewer

# Helen Y. Painter, CPA

## CPE Credits

Ms. Painter is in full compliance with the continuing educational requirements set forth under U.S. Government Accountability Office (GAO), *Government Auditing Standards*. A list of the relevant continuing professional education for the past three years follows:

2023

- ▶ FICPA – AICPA Peer Review Update Course (8 Hours of A&A Credit)
- ▶ FGFOA Nature Coast Chapter – GASB 96
- ▶ FGFOA Nature Coast Chapter – Government Accounting Complexities
- ▶ FGFOA Nature Coast Chapter – Treasury Investments, Fixed Income
- ▶ FGFOA Nature Coast Chapter – Arbitrage Rebate and Post Issuance Compliance
- ▶ FGFOA Nature Coast Chapter – Liquidity Solutions
- ▶ FGFOA 2023 Annual Conference – GASB Hot Topics
- ▶ FGFOA 2023 Annual Conference – GASB Update
- ▶ FGFOA 2023 Annual Conference – ARPA and Single Audit Update
- ▶ FGFOA 2023 Annual Conference – Auditor General and Department of Financial Services Update
- ▶ FGFOA 2023 Annual Conference – Financial Reporting Complexities in Local Governments
- ▶ FGFOA 2023 Annual Conference – Investment 201
- ▶ FGFOA 2023 Annual Conference – ACFR 101 Where to Start
- ▶ FGFOA 2023 Annual Conference – Broadband and Infrastructure Programs
- ▶ FGFOA 2023 Annual Conference – Common Audit Findings
- ▶ FGFOA 2023 Annual Conference – Legislative Update
- ▶ FGFOA 2023 Annual Conference – How to Pass Your Single Audit
- ▶ Becker Professional Education – Auditing Employee Benefit Plans, Part
- ▶ AICPA – Peer Review Industry Update - Government Auditing Standards
- ▶ AICPA – Budgeting Considerations for Not-for-Profits
- ▶ AICPA – Ethical Issues in Not-for-Profit Financial Reporting
- ▶ AICPA – Statement of Financial Position: Not-for-Profit Financial Reporting
- ▶ AICPA – Not-for-Profit Financial Reporting
- ▶ PGC Winter Session

2022

- ▶ AICPA – Peer Review Program Advanced Course
- ▶ AICPA – Peer Review Must Select Industry Update Governmental Auditing Standards
- ▶ AICPA – Peer Review Update Course
- ▶ PGC – Personal Growth Series - Time Management
- ▶ PGC – Winter Tax CPE
- ▶ FGFOA Nature Coast — Technology, Driving Process Improvements
- ▶ FGFOA Nature Coast – GASB Update
- ▶ FGFOA Nature Coast – Coach Your Team to Win Engagement
- ▶ FGFOA Nature Coast – Hot Topics for Audits of Local Government
- ▶ FGFOA Nature Coast – Internal Controls for Local Government
- ▶ AICPA – Peer Review Must Select Industry Update Employee Benefit Plans
- ▶ AICPA – Risk Assessment - Not-for-Profit Governance and Assurance
- ▶ AICPA – Interpreting and Analyzing Financial Statements - Not-for-Profit Financial Reporting

2021

- ▶ FICPA AICPA Peer Review Update Course
- ▶ BDO USA General Day 1 Intro to DEI as a Bus Enabler – HRCI555109
- ▶ BDO USA Yellow Book Update and Practice Issues
- ▶ BDO USA Assurance Practice Leaders Session Part 1 Auditing 1
- ▶ BDO USA Single Audit Surprises and Other Matters
- ▶ BDO USA Troubled Debt Restructuring and Debt Modification
- ▶ BDO USA Unveiling BDOs Next Generation in Audit Innovation
- ▶ BDO USA Performing Preparation Compilations Reviews Engagements SSARS 101
- ▶ FGFOA GASB Update and Practice Issues
- ▶ FGFOA GASB Hot Topics
- ▶ FGFOA Auditor General and Department of Financial Services Update
- ▶ FGFOA Common Audit Findings
- ▶ FGFOA Retirement Plans Best Practices
- ▶ FGFOA Florida Open Financial Statement System Getting Ready for 2022
- ▶ BDO USA NFP 2021 Current Trends and Issues in Industries
- ▶ BDO USA NFP Audit Quality Update
- ▶ BDO USA NFP GASB 87 Leases Implementation
- ▶ BDO USA NFP GAAP Update
- ▶ BDO USA NFP Risk Assessment Interaction Between the Risk of Non-Compliance and Sampling
- ▶ BDO USA NFP Cash Management
- ▶ BDO USA NFP Government Audit Quality Center Updates
- ▶ Surgent McCoy CPE Florida Ethics for CPAs





# ALISON L. STONE, CPA

Audit Director

Member of Quality Control Team

Member of Concurring Review Team

**PURVIS  
GRAY**

## CONTACT INFORMATION

Ocala, Florida  
(352) 732-3872  
[astone@purvisgray.com](mailto:astone@purvisgray.com)

## PROFILE

### Education

University of South Florida  
2005, BS, Accounting  
Stetson University  
1999, BS, Marketing

### Professional Credentials

CPA License – AC40301  
Member AICPA, FICPA, FGFOA, and Local  
Nature Coast Chapter of the FGFOA

### Previous Experience

Grant Thornton, LLP, Staff Auditor  
Foelgner, Ronz, and Straw CPA Firm, Staff  
Accountant  
Target Stores, Executive Team Leader

**Years in Accounting: 18**

**Years with Firm: 16**

## EXPERIENCE SERVING CLIENTS

### Governmental Experience

City of Belleview, Florida\* (**ACFR**)  
City of Bushnell, Florida\* (**ACFR**)  
Citrus County, Florida, Constitutional Officers\*  
City of Eustis, Florida (**ACFR**)  
Marion County, Florida\* (**ACFR**)  
City of Ocala, Florida\* (**ACFR**)  
City of Mount Dora, Florida\*  
City of St. Cloud, Florida\* (**ACFR**)  
City of Williston, Florida\*  
Marion County Hospital District  
North Lake County Hospital District

### School Board and Charter School Experience

Lake County District School Board\*  
Marion County District School Board\* (**ACFR**)  
Francis Marion Military Academy  
Ocali Charter School

### Non-Profit Experience

Arnette House, Inc.  
The Centers, Inc.  
Citrus Memorial Health Foundation, Inc.  
Childhood Development Services, Inc.  
College of Central Florida Foundation, Inc.  
Early Learning Coalition of Marion County, Inc.\*  
Early Learning Coalition of Nature Coast, Inc.\*  
Florida Thoroughbred Breeders' and Owners' Association  
Florida Thoroughbred Breeder and Stallion Awards Program  
Florida Equine Publications, Inc.  
Hospice of Marion County, Inc.  
Kids Central, Inc.\*  
Lake Sumter State College Foundation, Inc.  
Marion Senior Services, Inc.  
Partnership for Strong Families, Inc.  
Silver River Mentoring and Instruction, Inc.  
University of Central Florida Research Foundation  
University of Florida Research Foundation, Inc.  
Gainesville Country Club

# Alison L. Stone, CPA

Audit Director

Member of Quality Control Team

Member of Concurring Review Team

## EXPERIENCE SERVING CLIENTS

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### Employee Benefit Plan Experience

City of Belleview, Florida General Employees' Retirement Fund  
City of Belleview, Florida Police Officers' Retirement Fund  
Kids Central 401(k)  
The Centers 401(k)  
Marion Senior Services 403(b)  
City of Mt. Dora, Florida General Employees' Retirement Plan  
City of Mt. Dora, Florida Police Officers' Retirement Plan  
City of Mt. Dora, Florida Firefighters' Retirement Plan  
Munroe Regional Medical Center 401(k)  
Munroe Regional Medical Center Pension Plan  
City of Ocala, Florida Police Officers' Pension Plan  
City of Ocala, Florida General Employees' Pension Plan  
City of Ocala, Florida Firefighters' Pension Plan  
Partnership for Strong Families Benefit Plan 401(k)  
City of St. Cloud, Florida General Employees' Retirement Plan  
City of St. Cloud, Florida Police Officers' and Firefighters'  
Retirement Plan  
The Holding Company of the Villages Employee Savings Plan

### Utility Experience

City of Eustis, Florida (W, S)  
Marion County, Florida (W, S)  
City of Ocala, Florida (E, W, S)  
City of Mount Dora, Florida (E, W, S)  
City of St. Cloud, Florida (W, S)

### For-Profit Experience

Telecom Services Bureau  
Various General Business Compilations/Reviews

### Financial Institution Experience

Villages Bancorporation, Inc.

**\*OMB Circular A-133 or Uniform Guidance Single Audits and/or Florida Single Audits**  
(E)—Electric (G)—Natural Gas (W)—Water (S)—Sewer

# Alison L. Stone, CPA

## CPE Credits

Ms. Stone is in full compliance with the continuing educational requirements set forth under U.S. Government Accountability Office (GAO), *Government Auditing Standards*. A list of the relevant continuing professional education for the past three years follows:

2023

- ▶ FGFOA Nature Coast Chapter – GASB 96
- ▶ FGFOA Nature Coast Chapter – Government Accounting Complexities
- ▶ FGFOA Nature Coast Chapter – Treasury Investments, Fixed Income
- ▶ FGFOA Nature Coast Chapter – Arbitrage Rebate and Post Issuance Compliance
- ▶ FGFOA Nature Coast Chapter – Liquidity Solutions
- ▶ Becker Professional Education – Auditing Employee Benefit Plans, Part I
- ▶ BDP USA LLP – SA 2023 Government Audit Quality Center Trends and Issues
- ▶ BDO USA LLP – SA 2023 Single Audit Planning Trends and Issues
- ▶ BDO USA LLP – SA 2023 Single Audit Sampling for Compliance Requirement Latest Issues and Trends
- ▶ BDO USA LLP – SA 2023 Major Program Determination
- ▶ Becker Professional Education – Fraud and Abuse in Non-Profit and Government Environments
- ▶ Becker Professional Education – Federal Government Contracting Contract Fraud
- ▶ Becker Professional Education – Yellow Book and Single Audit Update 2023
- ▶ Becker Professional Education – Yellow Book Examination Engagements
- ▶ Becker Professional Education – Single Audit Focus on Designing and Performing Test of Control and Compliance
- ▶ BDO USA – Grant Revenue for Governments - Audit Approach and Documentation Considerations
- ▶ BDO USA – State of the Government Industry and Accounting and Auditing Update/GASB Update
- ▶ BDO USA – Accounting Estimates in Government Audits
- ▶ BDO USA – GASB 87 Lessons Learned and Year 2 Considerations
- ▶ BDO USA – Internal Controls Considerations in Government Audits
- ▶ BDO USA – Common Errors and Deficiencies in Government Audits
- ▶ PGC Winter Session

2022

- ▶ BDO – NFP: Deep Dive into Revenue and Support for NFPs
- ▶ BDO – NFP: Leases - NFP Considerations
- ▶ BDO – Coronavirus State and Local Fiscal Recovery Funds - What You Need to Know
- ▶ BDO – NFP: Coronavirus Relief Fund
- ▶ BDO – NFP: GASB 87, Leases - Statement Overview and Implementation Considerations
- ▶ BDO – NFP: A User's Guide to Performing Component Unit Determinations
- ▶ BDO – NFP: Foundation of Indirect Costs - What You Need to Know
- ▶ BDO – Single Audit Procurement
- ▶ BDO – 2018 Yellow Book - Focus on Independence
- ▶ BDO – NFP: Group Audit Consideration for Governments
- ▶ BDO – NFP: GASB Update (Rebroadcast)
- ▶ FGFOA – Opening General Session - Prepare to Be Positive
- ▶ FGFOA – GASB Update
- ▶ FGFOA – GASB 87
- ▶ FGFOA – Economic Update
- ▶ FGFOA – GASB Hot Topics
- ▶ FGFOA – Financial Reporting Complexities in Local Governments
- ▶ FGFOA – Single Audit Update
- ▶ FGFOA – Common Financial Reporting Mishaps from the GFOA COA Award Program
- ▶ FGFOA – ARPA and CARES Act Funding
- ▶ BDO – Basics of EBP Investments Part I
- ▶ BDO – EBP Update Series Part III - Risk Assessment and Methodology

2021

- ▶ Purvis Gray Winter Tax CPE Series
- ▶ FGFOA Accounting for Leases (GASB 87)
- ▶ FGFOA Auditing Governmental
- ▶ FGFOA Specialized Knowledge
- ▶ FGFOA Personal Development
- ▶ NASBA Risk Assessment Methodology for Governments
- ▶ BDO USA Common Reporting Deficiencies in Governments
- ▶ BDO USA CARES Act Single Audit Compliance Approach and Training
- ▶ BDO USA PPP to Recognize or Not
- ▶ BDO USA Sampling in the Single Audit Environment
- ▶ BDO US Single Audit Approach What to Do When the CFDA is Not in the Matrix
- ▶ Surgent McCoy CPE, LLC Florida Ethics for CPAs (ETFL)



# MATTHEW B. GANOE, CPA

Audit Director

PURVIS  
GRAY

## CONTACT INFORMATION

Ocala, Florida  
(352) 732-3872  
[mganoë@purvisgray.com](mailto:mganoë@purvisgray.com)

## PROFILE

### Education

Saint Leo University  
2014, MBA, Accounting Concentration  
2009, BS, Accounting

### Professional Credentials

CPA License – AC49575  
Member of AICPA and FICPA

Years in Accounting: 14

Years with Firm: 9

## SPEAKER/INSTRUCTOR

Numerous In-House CPE Classes  
Understanding Your Cost of Power Adjustments, FECA  
GASB Updates, FGFOA  
GASB 87, FGFOA  
GASB 96, FGFOA and FSFOA  
GASB 101, FGFOA  
Introduction to the GFOA's ACFR Award Program, FSFOA

## EXPERIENCE SERVING CLIENTS

### Governmental Experience

City of Belleview, Florida (ACFR)  
City of Bushnell, Florida\* (ACFR)  
City of Deltona, Florida (ACFR)  
City of Eustis, Florida (ACFR)  
City of Green Cove, Florida\*  
City of Kissimmee, Florida\* (ACFR)  
City of Ocala, Florida\* (ACFR)  
City of Ocoee, Florida\* (ACFR)  
City of Oviedo, Florida\* (ACFR)  
City of St. Cloud, Florida\* (ACFR)  
City of Williston, Florida\*  
Marion County, Florida\* (ACFR)  
Nassau County, Florida\* (ACFR)  
Village Community Development Districts, Florida

### School Board Experience

Citrus County District School Board Internal Accounts  
Clay County District School Board\*  
Clayton District School Board\*  
Hernando County School Board (ACFR)  
Lake County District School Board\*  
Marion County District School Board\* (ACFR)  
Villages Charter Schools

### Non-Profit Experience

Arnette House, Inc.  
Childhood Development Services, Inc.\*  
College of Central Florida Foundation  
Florida Agriculture Center and Horse Park Authority\*  
Florida Thoroughbred Breeders Association  
Florida Thoroughbred Breeders and Stallion Awards Program  
Foundation for Seminole State College of Florida  
Hands of Mercy Everywhere, Inc.  
Lake-Sumter State College Foundation  
LifeStream Behavior Center\*  
Marion County Public Education Foundation  
Marion Senior Services, Inc.\*  
Partnership for Strong Families, Inc.



# Matthew B. Ganoe, CPA

Audit Director

## EXPERIENCE SERVING CLIENTS

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### Utility Experience

City of Belleview, Florida (W, S)  
City of Eustis, Florida (W, S)  
City of Ocala, Florida (E, W, S)  
City of Ocoee, Florida (W, S)  
City of Oviedo, Florida (W, S)  
City of St. Cloud, Florida (W, S)  
Florida Municipal Power Agency (E)  
Gainesville Regional Utilities (E)  
Kissimmee Utility Authority (E)  
Marion County, Florida (W, S)  
Sumter Electric Cooperative (E)  
Talquin Electric Cooperative (E, W, S)  
Utility Commission of New Smyrna Beach (E, W, S)

### Employee Benefit Plan Experience

Childhood Development Services, Inc. 403(b)  
Clay Electric Cooperative  
Marion Senior Services, Inc.  
Munroe Regional Medical Center 401(k)  
Munroe Regional Medical Center Pension Plan  
Partnership for Strong Families, Inc.  
Telecom Service Bureau  
The Centers, Inc. 401(k)  
The Holding Company of the Villages, Inc.  
Villages Charter Schools

**\*OMB Circular A-133 or Uniform Guidance Single Audits and/or Florida Single Audits**

**(E)—Electric (G)—Natural Gas (W)—Water (S)—Sewer**

# Matthew B. Ganoe, CPA

## CPE Credits

Mr. Ganoe is in full compliance with the continuing educational requirements set forth under U.S. Government Accountability Office (GAO), *Government Auditing Standards*. A list of the relevant continuing professional education for the past three years follows:

2023

- ▶ FGFOA Nature Coast Chapter – GASB 96 (Instructor Credit)
- ▶ FGFOA Nature Coast Chapter – Government Accounting Complexities
- ▶ FGFOA Nature Coast Chapter – Treasury Investments, Fixed Income
- ▶ FGFOA Nature Coast Chapter – Arbitrage Rebate and Post Issuance Compliance
- ▶ FGFOA Nature Coast Chapter – Liquidity Solutions
- ▶ Florida School Finance Officers Association – GASB 96
- ▶ BDO USA LLP – SA 2023 Single Audit Sampling for Compliance Requirement
- ▶ FGFOA 2023 Annual Conference – GASB Hot Topics
- ▶ FGFOA 2023 Annual Conference – GASB Update
- ▶ FGFOA 2023 Annual Conference – ARPA and Single Audit Update
- ▶ FGFOA 2023 Annual Conference – Auditor General and Department of Financial Services Update
- ▶ FGFOA 2023 Annual Conference – Economic Update
- ▶ FGFOA 2023 Annual Conference – Internal Controls and Fraud in the Remote Environments
- ▶ FGFOA 2023 Annual Conference – Opening General Session
- ▶ FGFOA 2023 Annual Conference – ACFR 101 Where to Start
- ▶ FGFOA 2023 Annual Conference – Common Audit Findings
- ▶ FGFOA 2023 Annual Conference – Legislative Update
- ▶ FGFOA 2023 Annual Conference – Truth in Millage What Is It and Why Is It Important?
- ▶ FGFOA 2023 Annual Conference – How to Pass Your Single Audit
- ▶ Nature Coast Chapter – GASB 101 Compensated Absences
- ▶ PGC Winter Session

2022

- ▶ FGFOA Nature Coast – Technology, Driving Process Improvement
- ▶ FGFOA Nature Coast – GASB Update
- ▶ FGFOA Nature Coast – Coach Your Team to Win Engagement
- ▶ FGFOA Nature Coast – Hot Topics for Audits of Local Government
- ▶ FGFOA Nature Coast – Internal Controls for Local Government
- ▶ FSFOA – Legislative Update
- ▶ FSFOA – Florida Department of Education Update
- ▶ FSFOA – GASB 87
- ▶ FSFOA – Audits - Grant Risks and Solutions
- ▶ FSFOA – Florida Auditor General Update
- ▶ FSFOA – FLSA in the School Systems
- ▶ FSFOA – All Things Internal Accounts
- ▶ FGFOA – GASB Update
- ▶ FGFOA – GASB Hot Topics
- ▶ FGFOA – Opening General Session - Prepare to Be Positive
- ▶ FGFOA – Auditor General and Department of Financial Services Update
- ▶ FGFOA – GASB 87 Implementation Update (Including Presenter Credit)
- ▶ FGFOA – Legislative Update
- ▶ FGFOA – Introduction to Governmental Accounting
- ▶ FGFOA – Financial Reporting Complexities in Local Government
- ▶ FGFOA – Single Audit Update
- ▶ FGFOA – Common Financial Reporting Mishaps from the GFOA COA Award
- ▶ FGFOA – ARPA and CARES Act Funding
- ▶ FGFOA – Common Audit Findings
- ▶ FGFOA Nature Coast Chapter – Hotter Topics GASB Updates and More
- ▶ FSFOA Fall Conference – Annual Comprehensive Financial Report
- ▶ CPAAcademy.org – The Fundamentals of ASC 842 Compliance

2021

- ▶ FSFOA 2021 Fall Conference – Legislative Update
- ▶ FSFOA 2021 Fall Conference – Cyber Attack Simulation: We've Been Hacked! Now What?
- ▶ FSFOA 2021 Fall Conference – Internal Account GASB 84: A Side-by-Side Comparison
- ▶ FSFOA 2021 Fall Conference – Leadership/Attitude/Healthy Living Update
- ▶ FSFOA 2021 Fall Conference – New Ways of Doing Old Things - Cashless Payments
- ▶ FGFOA Accounting for Leases GASB 87
- ▶ FGFOA Providing Government Services in a Remote World
- ▶ FGFOA Creating Efficiencies for Internal Audits
- ▶ FGFOA Lies, Lies, and Economic Forecasts
- ▶ FGFOA Comprehensive Annual Financial Report Tips and Tricks to Ensure Timely and Accurate Reporting
- ▶ FGFOA Debt Financing Options Used for Public Infrastructure
- ▶ FGFOA Disaster Recovery Accounting and Single Audit Aspects
- ▶ FGFOA Florida Open Financial Statement System Getting Ready for 2022
- ▶ BDO USA NFP 2021 GASB Update
- ▶ BDO USA NFP 2021 GASB Leases Implementation
- ▶ BDO USA NFP 2021 Risk Assessment Methodology for Governments
- ▶ Surgent McCoy CPE Florida Ethics for CPAs (ETFL)



# MICHAEL S. SANDSTRUM, CPA, CISA, CISM, CITP, CDPSE

IT Audit Director

PURVIS  
GRAY

## CONTACT INFORMATION

Sarasota, Florida  
(941) 907-0350  
[msandstrum@purvisgray.com](mailto:msandstrum@purvisgray.com)

## PROFILE

### Education

Auburn University  
2002, Master of Business  
Administration (Graduated with Honors)  
Wichita State University  
1976, BA, Business Administration in  
Accounting (with a Minor in Political  
Science)

### Professional Credentials

CPA License – AC39388 (Florida)  
CPA License – 2087 (Mississippi)  
Certified Information Systems  
Auditor (CISA)  
Certified Information Security  
Manager (CISM)  
Certified Information Technology  
Professional (CITP)  
Certified Data Privacy Solutions  
Engineer (CDPSE)

### Professional Affiliations

American Institute of CPAs (AICPA)  
Florida Institute of CPAs (FICPA)  
Information Systems Audit and Control  
Association (ISACA)  
Florida Government Finance Officers  
Association (FGFOA)

### Previous Employers, 1977-2017

AuditWerx – Tampa, FL  
CS&L CPAs – Bradenton, FL  
Moody-Price, LLC – Baton Rouge, LA  
Heavy Quip – Jackson, MS  
Horton and Associates CPAs – Jackson, MS

**Years Auditing Information Systems: 46**

**Years with Firm: 6**

## PROFESSIONAL PROFILE

Michael has extensive experience in accounting, auditing, IT auditing, security management, and consulting, both in public accounting and private industry sectors. He has held positions as Technology Director, Senior Audit Manager, Tax Manager, Programmer, Systems Analyst, Chief Information Officer, and IT Audit Manager. In addition, Michael has performed SOX internal auditing, managed numerous SOC 1 and SOC 2 engagements, Attestation engagements, as well as GAAS financial audit risk assessments.

Michael is responsible for IT risk assessment/audit function for Purvis Gray. This responsibility includes conducting the IT risk assessments for school boards, counties, municipalities, and not-for-profit organizations. In addition, he is responsible for managing SOC 1 and SOC 2 engagements for cloud organizations, data centers, and a child support processor for the State of Florida.

## TECHNICAL EXPERTISE

|   |  |
|---|--|
| SOC 2 Type 1 and Type 2                 | FISMA                                  |
| SOC 1 Type 1 and Type 2                 | NIST                                   |
| SOC Readiness Engagements               | Financial and IT Controls              |
| Information Technology General Controls | HIPAA                                  |
| Examinations                            | GLBA                                   |
| DHSMV David System Examinations         | COBIT                                  |
| Client Development                      | Business Processes Analysis            |
| IT Security Controls Auditing           | Data Mining & Reporting                |
| IT SOX Auditing                         | EDI/XML                                |
| Industry Experience:                    | Cloud Integration                      |
| Healthcare                              | Security Management & Compliance       |
| Local Governments                       | IDEA Audit and Data Analytics Software |
| Banking                                 | AS/400                                 |
| Claims Processing                       | Linux                                  |
| Manufacturing                           | Mainframe                              |
| Distribution                            | Windows                                |
| Cloud Providers                         | SQL                                    |
| Data Centers                            | Oracle                                 |
| Non-Profit                              | CaseWare Audit Software                |
| Information Security – Consulting       | Citrix                                 |
| Privacy Assessments and Consulting      | ERP Systems                            |
| Risk Assessments                        |  |
| Agreed Upon Procedures                  |  |

# Michael S. Sandstrum, CPA, CISA, CISM, CITP, CGMA, CDPSE

## CPE Credits

Mr. Sandstrum is in full compliance with the continuing educational requirements set forth under U.S. Government Accountability Office (GAO), *Government Auditing Standards*. A list of the relevant continuing professional education for the past three years follows:

### 2023

- ▶ AICPA Town Hall Series – Specialized Knowledge
- ▶ AICPA Town Hall – Trends and Best Practices in Cybersecurity
- ▶ ISACA – The State of Privacy 2023
- ▶ Surgent – What You Need to Know About ASC 842, Leases
- ▶ ISACA – Using COBIT 2019 to Develop an IT Audit Plan Webinar
- ▶ ISACA – Unlocking Data Driven Decisioning for Security Operations
- ▶ Surgent McCoy CPE, LLC – Florida Ethics for CPAs (ETFL)
- ▶ AICPA – FCPA Overview, Case Studies, and How to Leverage Data Analytics to Identify High Risk Transactions
- ▶ BDO USA – What to Know: Recent Changes to SOC 1 Guide
- ▶ FGFOA 2023 Annual Conference – GASB Hot Topics
- ▶ FGFOA 2023 Annual Conference – GASB Update
- ▶ FGFOA 2023 Annual Conference – Benefits of Moving to the Cloud
- ▶ FGFOA 2023 Annual Conference – Economic Update
- ▶ FGFOA 2023 Annual Conference – Internal Controls and Fraud in the Remote Environment
- ▶ FGFOA 2023 Annual Conference – Opening General Session
- ▶ FGFOA 2023 Annual Conference – Common Audit Findings
- ▶ FGFOA 2023 Annual Conference – Legislative Update
- ▶ FGFOA 2023 Annual Conference – Update on the Latest Banking Technologies
- ▶ FGFOA 2023 Annual Conference – Cybersecurity in the Remote Environment
- ▶ AuditBoard – Navigating the A1 Act Preparing for the Challenges of the Latest EU Regulations
- ▶ ISACA – Time Matters Proactively Prepare for and Respond Faster to Business Disruptions
- ▶ ISACA – Virtual Summit 2023: Building a Viable Cybersecurity Program
- ▶ PGC – SAS 145 Understanding the Entity and its Environment and Assessing the Risks of Material Misstatements
- ▶ PGC – Examination Engagements (in Conjunction with an Audit)
- ▶ PGC – CaseWare Connector
- ▶ PGC – SAS 142 Audit Evidence
- ▶ PGC – Quality Control and Peer Review
- ▶ PGC – Mastering Soft Skills for Workplace Success
- ▶ PGC – Governmental Accounting 101 and GASB 34 Conversions
- ▶ PGC – SAS 143 Auditing Accounting Estimates
- ▶ PGC – Developing and Using Analytics in an Audit
- ▶ PGC – SOC Reports (Use in an Audit)
- ▶ PGC Winter Session

### 2022

- ▶ AICPA – Town Hall Series
- ▶ ISACA – Virtual Summit Data Protection in an Evolving World on Demand
- ▶ ISACA – Bringing Privacy to the Security Table
- ▶ ISACA – Security Through Maturity: A Framework for Comprehensive Cloud Infrastructure Security Strategy
- ▶ FGFOA – Legislative Review
- ▶ AICPA – Cyber Breach: Choose Your Own Response
- ▶ AuditBoard – Third-Party Risk Management - What You Don't Know Today Can Hurt You
- ▶ AuditBoard – Continuous Monitoring at Scale: The Future of Security Compliance
- ▶ AuditBoard – Opportunity Knocks: Turning Digital Risk into Your Competitive Advantage
- ▶ BDO – What Asset Management Professionals Need to Know About System and Organization Controls Reports
- ▶ ISACA – Software Composition Analysis for Managing Security and Licensing Risks
- ▶ FGFOA – Cybersecurity for Operations Based Departments
- ▶ FGFOA – Common Audit Findings
- ▶ FGFOA – ARPA and CARES Act Funding
- ▶ FGFOA – Financial Reporting Complexities in Local Governments
- ▶ FGFOA – GASB Hot Topics
- ▶ FGFOA – Legislative Update
- ▶ FGFOA – Prepare to Be Positive
- ▶ FGFOA – Intro to Governmental Accounting
- ▶ FGFOA – Auditor General and Department of Financial Services Update

### 2021

- ▶ Surgent McCoy CPE Florida Ethics for CPAs (ETFL)
- ▶ ISACA Mitigating the Security Risks of a Remote Workforce During a Crisis
- ▶ ISACA Risk Management in Action 4 Key Pillars for Achievable Resilience
- ▶ ISACA Data Protection for Cloud-First Organizations
- ▶ BDO USA General Day 1, Day 2, and Day 3 Sessions
- ▶ BDO USA Adding Value to the Board Hot Topics in Governance
- ▶ BDO USA Single Audit Surprises and Other Matters
- ▶ BDO USA ASC 740 Accounting for Current Events and Other Practice Matters
- ▶ FGFOA GASB Update
- ▶ FGFOA Economic Update Planning for a Post Pandemic Futures
- ▶ FGFOA Common Audit Findings
- ▶ FGFOA Introduction to Governmental Accounting
- ▶ FGFOA Auditor General and Department of Financial Services Update
- ▶ FGFOA Legislative Update
- ▶ FGFOA Creating Efficiencies for Internal Audits
- ▶ FGFOA Providing Government Services in a Remote World
- ▶ FGFOA Financial Reporting Complexities in Local Governments
- ▶ FGFOA Debt Financing Options Used for Public Infrastructure
- ▶ FGFOA Disaster Recovery How Do You Solve the Hurricane Problem
- ▶ FGFOA Disaster Recovery Accounting and Single Audit Aspects
- ▶ FGFOA Florida Open Financial Statement System Getting Ready for 2022

# DONNA COLLINS, CPA

President, Milestone Professional Services, Inc.

## CONTACT INFORMATION

1970 East Osceola Parkway, Suite 350  
Kissimmee, Florida 34743  
(352) 408.4949  
[www.milestonePS.com](http://www.milestonePS.com)

## Professional Affiliations

American Institute of CPAs (AICPA)  
Florida Institute of CPAs (FICPA)

## EXPERIENCE SERVING CLIENTS

Donna has over 33 years of experience in the public sector serving governmental clients. This includes prior audit experience with both national and regional accounting firms. Donna also served four years as the Accounting Director for a Central Florida County. Her background encompasses compliance monitoring and reporting, financial reporting, and budget preparation assistance. Donna has also worked as a technical reviewer for Annual Comprehensive Financial Reports and participated as a speaker for the FICPA and FGFOA as well as coordinating internal firm presentations and training. She is a member of the GFOA, FGFOA, AICPA, and FICPA, and served as the past Chair for the FICPA State and Local Government Committee and past Chair of the FICPA State and Local Government Annual Conference Committee. **She has extensive experience working with The Reporting Solution (formerly CAFR Online) software.** Donna is a licensed Certified Public Accountant. A copy of her license and continuing education for the past two years is available upon request.

## Governmental Experience

City of Altamonte Springs, Florida  
Town of Belleair, Florida  
City of Belleview, Florida (**ACFR**)  
City of Cape Canaveral, Florida  
City of Casselberry, Florida  
City of Cocoa, Florida  
DeSoto County, Florida  
City of Eustis, Florida (**ACFR**)  
City of Gulfport, Florida  
Hernando County, Florida (**ACFR**)  
Town of Howey-in-the Hills, Florida  
City of Indian Rocks Beach, Florida  
City of Kissimmee, Florida (**ACFR**)  
Lake County, Florida  
City of Leesburg, Florida (**ACFR**)  
Marion County, Florida (**ACFR**)  
Osceola County, Florida (**ACFR**)  
Seminole County, Florida  
City of Temple Terrace, Florida  
City of Winter Garden, Florida



## C—Percentage of Time Devoted to the Engagement

Below is an approximate percentage of time that each team member will devote to your audit during the timeframe scheduled for both interim and final fieldwork:

Timothy M. Westgate - 25%  
Helen Y. Painter - 5%

Alison L. Stone - 80%  
Matthew B. Ganoe - 80%

Michael S. Sandstrum - 20%  
Supervisors Seniors Staff - 100%

## 3—References and Firm Experience

### A—Governmental Engagements

#### Ocala Office (Local Office) Engagements

#### Municipalities

##### CITY OF BELLEVUE

Ms. Marge Strausbaugh, Finance Director (352) 245-6532  
5343 SE Abshier Blvd. [mstrausbaugh@bellevuefl.org](mailto:mstrausbaugh@bellevuefl.org)  
Bellevue, Florida 34420

**Date**—September 30, 1990 to Present

**Annual Budget**—\$17.1M

**Scope of Work**—Audit of all operations, including Community Redevelopment Agency and Single Audit of federal and state grant programs. Participates in the GFOA Certificate Program.

##### CITY OF BUSHNELL

Ms. Shelley Ragan, Finance Director (352) 793-2591  
117 East Joe P. Strickland, Jr. Ave. [sragan@cityofbushnell.fl.com](mailto:sragan@cityofbushnell.fl.com)  
Bushnell, Florida 33513

**Date**—September 30, 1995 to Present

**Annual Budget**—\$11.1M

**Scope of Work**—Audit of all operations, including Single Audit of federal and state grant programs. Participates in the GFOA Certificate Program.

##### CITY OF CENTER HILL, FLORIDA

Ms. Diane Lamb, City Clerk (352) 793-4431  
PO Box 649 [cntrhill@embargmail.com](mailto:cntrhill@embargmail.com)  
Center Hill, Florida 33514

**Date**—September 30, 2020 to Present

**Annual Budget**—\$3.3M

**Scope of Work**—Audit of all operations, including Single Audit of federal and state grant programs.

##### CITY OF DADE CITY, FLORIDA

Ms. Leslie Porter, Finance Director (352) 523-5052  
38008 Meridian Avenue [lporter@dadecityfl.com](mailto:lporter@dadecityfl.com)  
Dade City, Florida 33525

**Date**—September 30, 2014 to Present

**Annual Budget**—\$40.0M

**Scope of Work**—Audit of all operations, including Community Redevelopment Agency and Single Audit of federal and state grant programs.

##### CITY OF DELTONA FLORIDA

Ms. Mari Leisen, Finance Director (386) 878-8553  
2345 Providence Blvd. [mleisen@deltonafl.gov](mailto:mleisen@deltonafl.gov)  
Deltona, Florida 32725

**Date**—September 30, 1995 to Present

**Annual Budget**—\$110M

**Scope of Work**—Audit of all operations, including Defined Benefit Pension Plans, Community Redevelopment Agency, and Single Audit of federal and state grant programs. Participates in the GFOA Certificate Program.

## CITY OF EUSTIS, FLORIDA

Mr. Mike Sheppard, Finance Director (352) 483-5430  
 PO Drawer 68 [SheppardM@ci.eustis.fl.us](mailto:SheppardM@ci.eustis.fl.us)  
 Eustis, Florida 32727-0068

**Date**—September 30, 1998 to Present

**Annual Budget**—\$53.3M

**Scope of Work**—Audit of all operations, including Community Redevelopment Agency and Single Audit of federal and state grant programs. Participates in the GFOA Certificate Program.

## CITY OF KISSIMMEE, FLORIDA

Ms. Shantavia Ritchie, CPA, Finance Director (407) 518-2220  
 101 Church Street, Suite 430 [Tavia.Ritchie@kissimmee.org](mailto:Tavia.Ritchie@kissimmee.org)  
 Kissimmee, Florida 34741

**Date**—September 30, 2016 to Present

**Annual Budget**—\$267.0M

**Scope of Work**—Audit of all operations, including two Community Redevelopment Agencies, and Single Audit of federal and state grant programs. Participates in the GFOA Certificate Program.

## CITY OF OCALA, FLORIDA

Mr. Emory Roberts, Jr., Director of Finance (352) 629-8229  
 110 S.E. Watula Avenue, 3<sup>rd</sup> Floor [eroberts@ocalafl.org](mailto:eroberts@ocalafl.org)  
 Ocala, Florida 34471

**Date**—September 30, 2000 to Present

**Annual Budget**—\$394M

**Scope of Work**—Audit of all operations, including Airport, Community Redevelopment Agency, three Defined Benefit Pension plans, and Single Audit of federal and state grant programs. Participates in the GFOA Certificate Program.

## CITY OF OCOEE, FLORIDA

Ms. Rebecca Roberts, CPA (407) 905-3100  
 1 North Bluford Avenue [rroberts@ocoe.org](mailto:rroberts@ocoe.org)  
 Ocoee, Florida 34761

**Date**—September 30, 2022 to Present

**Annual Budget**—\$98.5M

**Scope of Work**—Audit of all operations, including Community Redevelopment Agency, and Single Audit of federal and state grant programs. Participates in the GFOA Certificate Program.

## CITY OF OVIEDO, FLORIDA

Mr. Jerry Boop, CPA, CGFO, Director of Finance (407) 971-5544  
 400 Alexandria Blvd. [jboop@cityofoviedo.net](mailto:jboop@cityofoviedo.net)  
 Oviedo, Florida 32765

**Date**—September 30, 2019 to Present

**Annual Budget**—\$72.9

**Scope of Work**—Audit of all operations, including Community Redevelopment Agency and Single Audit of federal grant programs. Participates in the GFOA Certificate Program.

## TOWN OF REDDICK, FLORIDA

Mr. Steve Rogers, Town Council President (352)284-1866  
 4345 NW 152 Street [townofreddick@windstream.net](mailto:townofreddick@windstream.net)  
 Reddick, Florida 32686

**Date**—September 30, 2023 to Present

**Annual Budget**—\$250k

**Scope of Work**—Audit of all operations.

## CITY OF ST. CLOUD, FLORIDA

Jeffrey Cooper, Finance Director (407) 957-7311  
 1300 9<sup>th</sup> Street [jeffrey.cooper@stcloud.org](mailto:jeffrey.cooper@stcloud.org)  
 St. Cloud, Florida 34769

**Date**—September 30, 1979 to 2008; and 2012 to Present

**Annual Budget**—\$191.9M

**Scope of Work**—Audit of all operations, including Community Redevelopment Agency and Single Audit of federal grant programs. Participates in the GFOA Certificate Program.

## CITY OF WILLISTON, FLORIDA

Mr. Stephen Bloom, Finance Director (352) 528-3060  
 50 NW Main Street [Stephen.bloom@inframark.com](mailto:Stephen.bloom@inframark.com)  
 Williston, Florida 33071

**Date**—September 30, 2010 to Present

**Annual Budget**—\$20.4M

**Scope of Work**—Audit of all operations, including Community Redevelopment Agency and Single Audit of federal grant programs.

## County

## MARION COUNTY, FLORIDA

Mrs. Jennifer Cole, Finance Director (352) 671-5520  
 PO Box 1030 [jenniferc@marioncountyclerk.org](mailto:jenniferc@marioncountyclerk.org)  
 Ocala, Florida 34478

**Date**—September 30, 2001 to Present

**Annual Budget**—\$600M

**Scope of Work**—Audit of all Board of County Commissioners operations, including Community Redevelopment Agency, Single Audit of federal and state grant programs, and separate audits of the Constitutional Officers. Participates in the GFOA Certificate Program.

## School Boards

### CITRUS COUNTY DISTRICT SCHOOL BOARD (INTERNAL ACCOUNTS ONLY)

Ms. Tammy Wilson (352) 726-1931  
 Business Operations Supervisor [wilsona@citrus.k12.fl.us](mailto:wilsona@citrus.k12.fl.us)  
 1007 W. Main Street  
 Inverness, Florida 34450

**Date**—June 30, 2014 to Present

**Annual Budget**—\$322.9M

**Scope of Work**—Audit of all Internal Accounts.

### CLAY COUNTY DISTRICT SCHOOL BOARD

Dr. Susan Legutko (904) 336-6721  
 Assistant Superintendent of Business Affairs [susan.legutko@myoneclay.net](mailto:susan.legutko@myoneclay.net)  
 900 Walnut Street  
 Green Cove Springs, Florida 32043

**Date**—June 30, 2011 to Present

**Annual Budget**—\$440M

**Scope of Work**—Audit of all operations, including Internal Accounts and Single Audit of federal grant programs.

## HERNANDO COUNTY DISTRICT SCHOOL BOARD

Ms. Joyce McIntyre, Director of Finance (352) 797-7004 Ext. 438  
 919 North Broad Street [mcintyre\\_j@hcsb.k12.fl.us](mailto:mcintyre_j@hcsb.k12.fl.us)  
 Brooksville, Florida 34601

**Date**—June 30, 2011 to Present

**Annual Budget**—\$510.0M

**Scope of Work**—Audit of all operations, including Single Audit of federal grant programs. Participates in the GFOA Certificate Program.

## LAKE COUNTY DISTRICT SCHOOL BOARD

Mr. Scott Ward, Chief Finance Director (352) 253-6566  
 201 W. Burleigh Blvd. [wardt1@lake.k12.fl.us](mailto:wardt1@lake.k12.fl.us)  
 Tavares, Florida 32778

**Date**—June 30, 2005 to Present

**Annual Budget**—\$577.3M

**Scope of Work**—Audit of all operations, including Internal Accounts and Single Audit of federal grant programs. Participates in the GFOA Certificate Program.

## MARION COUNTY DISTRICT SCHOOL BOARD

Theresa Boston-Ellis, CFO (352) 671-7720  
 PO Box 670 [Theresa.Boston-Ellis@marion.k12.fl.us](mailto:Theresa.Boston-Ellis@marion.k12.fl.us)  
 Ocala, Florida 34478

**Date**—June 30, 2000 to Present

**Annual Budget**—\$528M

**Scope of Work**—Audit of all operations, including Internal Accounts and Single Audit of federal grant programs. Participates in the GFOA Certificate Program.

## VILLAGES CHARTER SCHOOL, INC.

Ms. Gina Ritch, CPA (352) 259-6808  
 Director of Accounting and Finance [Gina.Ritch@tvcs.org](mailto:Gina.Ritch@tvcs.org)  
 251 Buffalo Trail  
 The Villages, Florida 32162

**Date**—June 30, 2005 to Present

**Annual Budget**—\$34.4M

**Scope of Work**—Audit of all Charter School operations, including Internal Accounts and Form 990.

## Special Districts

## FLORIDA MUNICIPAL POWER AGENCY

Danyel Sullivan-Marrero, Controller (321) 239-1090  
 8553 Commodity Circle [Danyel.SullivanMarrero@fmpa.com](mailto:Danyel.SullivanMarrero@fmpa.com)  
 Orlando, Florida 32819

**Date**—September 30, 2004 to Present

**Annual Budget**—\$873.3M

**Scope of Work**—Audit of all Agency operations (a Florida Special District).

## KISSIMMEE UTILITY AUTHORITY

Mr. Kevin Crawford [kcrawfor@kua.com](mailto:kcrawfor@kua.com)  
 Vice President of Finance and Risk Management  
 Mr. Brian Horton, CEO [bhorton@kua.com](mailto:bhorton@kua.com)  
 Mr. Larry Mattern, VP Power Supply [lmattern@kua.com](mailto:lmattern@kua.com)  
 1701 W. Carroll Street (407) 933-9803  
 Kissimmee, Florida 34741

**Date**—September 30, 2008 to Present

**Annual Budget**—\$300.0M

**Scope of Work**—Audit of all Authority operations, including Single Audit of federal and state grant programs, electric system, and defined benefit pension plan. Serves approximately 65,000 electric customers.

## THE VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT AND AFFILIATES, AKA "THE VILLAGES" MADE UP OF 21 SPECIAL DISTRICTS

Mr. Kenny Blocker, Deputy District Manager (352) 753-4508  
 984 Old Mill Run [kenny.blocker@districtgov.org](mailto:kenny.blocker@districtgov.org)  
 The Villages, Florida 32162

**Date**—September 30, 2004 to Present

**Annual Budget**—\$214.0M

**Scope of Work**—Audit of all District operations, including multiple especial assessments and water and sewer utilities.

### ***Governmental Financial Statements Preparation***

We have assisted many of our clients with financial statement preparation in accordance with Governmental Accounting Standards Board (GASB). Our quality control process requires preparation of the financial statements to be reviewed by the partner in charge of the audit and the technical reviewer. Whether we prepare the financial statements or review client prepared statements, we complete a comprehensive disclosure checklist to ensure all required elements of the financial statements and note disclosures are adequately presented. The partner assigned to your engagement is a special reviewer for the GFOA's Certificate for Excellence in Financial Reporting program, which assists the City in further enhancing the accuracy and transparency of the City's Annual Comprehensive Financial Report. Additionally, Milestone, who will be serving the City in assisting with the preparation process, has extensive experience and is dedicated solely to assisting local governments, primarily in the role of financial accounting and reporting.

### ***Governmental Experience***

Audits we currently perform for governmental-type clients are listed on the next few pages. These audits were conducted in accordance with *Government Auditing Standards*, with Federal and State Single Audits performed, when applicable. We have identified each entity, **the principal local office** of performance, and dates of service. **(ACFR)** as indicated in the following table, indicates inclusion of an Annual Comprehensive Financial Report in the engagement. **We currently have 40 auditors in our governmental audit staff.**



## Municipalities

- ▶ City of Alachua—(Gainesville)—2009 to Present—**(ACFR)**
- ▶ City of Atlantic Beach—(Gainesville)—2004 to Present
- ▶ City of Bartow—(Sarasota)—2008 to Present
- ▶ City of Belleview—(Ocala)—2007 to Present—**(ACFR)**
- ▶ Town of Bronson—(Gainesville)—2006 to Present
- ▶ City of Bushnell—(Ocala)—1995 to Present—**(ACFR)**
- ▶ City of Cedar Key—(Gainesville)—1987 to Present
- ▶ City of Center Hill—(Ocala)—2021 to Present
- ▶ City of Crestview—(Tallahassee)—2021 to Present
- ▶ City of Dade City—(Ocala)—2014 to Present
- ▶ City of Defuniak Springs (Tallahassee)—2023 Present
- ▶ City of Deltona—(Ocala)—1995 to Present—**(ACFR)**
- ▶ City of Eustis—(Ocala)—1998 to Present—**(ACFR)**
- ▶ City of Fort Meade—(Sarasota)—1996 to Present
- ▶ City of Frostproof—(Sarasota)—2020 to Present
- ▶ City of Gainesville—(Gainesville)—2018 to Present—**(ACFR)**
- ▶ City of Green Cove Springs—(Gainesville)—2003-2016; 2023 to Present
- ▶ City of Jacksonville Beach—(Tallahassee)—1996 to Present—**(ACFR)**
- ▶ City of Kissimmee—(Ocala)—2016 to Present—**(ACFR)**
- ▶ City of Live Oak—(Tallahassee)—2012 to Present
- ▶ City of Newberry—(Gainesville)—2013 to Present—**(ACFR)**
- ▶ City of Neptune Beach—(Gainesville)—2013 to Present
- ▶ City of Ocala—(Ocala)—2000 to Present—**(ACFR)**
- ▶ City of Ocoee—(Ocala)—2021 to Present—**(ACFR)**
- ▶ Town of Orange Park—(Gainesville)—2014 to Present
- ▶ City of Oviedo—(Ocala)—2019 to Present—**(ACFR)**
- ▶ Town of Reddick—(Ocala)—2023 to Present
- ▶ City of St. Cloud—(Ocala)—2012 to Present—**(ACFR)**
- ▶ City of Williston—(Ocala)—2010 to Present
- ▶ City of Winter Springs—(Gainesville)—2021 to Present—**(ACFR)**

## Counties

- ▶ Alachua County—(Gainesville/Sarasota)—2018 to Present—**(ACFR)**
- ▶ DeSoto County—(Sarasota)—2001 to Present
- ▶ Gadsden County—(Tallahassee)—2010 to Present
- ▶ Marion County—(Ocala)—2001 to Present—**(ACFR)**
- ▶ Nassau County—(Gainesville/Tallahassee)—2005 to Present—**(ACFR)**

## School Boards

- ▶ Alachua County District School Board—(Gainesville)—2008 to Present
- ▶ Charlotte County District School Board—(Sarasota)—2014 to Present
- ▶ Citrus County District School Board—(Ocala)—2014 to Present
- ▶ Clay County School Board—(Ocala)—2011 to Present
- ▶ Hernando County School Board—(Ocala)—2011 to Present—**(ACFR)**
- ▶ Lake County District School Board—(Ocala)—2005 to Present—**(ACFR)**
- ▶ Leon County School Board—(Tallahassee)—2018 to Present
- ▶ Levy County District School Board—(Gainesville)—2018 to Present
- ▶ Marion County School Board—(Ocala)—2000 to Present—**(ACFR)**
- ▶ The Villages Charter School, Inc.—(Ocala)—2005 to Present

## Community Redevelopment Agencies (CRAs)

- ▶ City of Alachua
- ▶ City of Bartow
- ▶ City of Belleview
- ▶ City of Cedar Key
- ▶ City of Crestview
- ▶ City of Dade City
- ▶ City of Deltona
- ▶ City of Defuniak Springs
- ▶ City of Eustis
- ▶ City of Fort Meade
- ▶ City of Jacksonville Beach
- ▶ City of Kissimmee
- ▶ City of Kissimmee Vine Street
- ▶ City of Live Oak
- ▶ Marion County
- ▶ City of Newberry
- ▶ City of Ocala
- ▶ City of Ocoee
- ▶ City of Oviedo
- ▶ City of St. Cloud
- ▶ City of Williston

## Special Districts

- ▶ Alachua County Library District
- ▶ Bartow Municipal Airport Development Authority
- ▶ Children’s Trust of Alachua County
- ▶ Dog Island Conservation District
- ▶ Florida Gas Utility
- ▶ Florida Municipal Power Agency
- ▶ Gainesville-Alachua County Regional Airport Authority
- ▶ Kissimmee Utility Authority
- ▶ Lakewood Ranch Community Development Districts (Made up of 6 Special Districts)
- ▶ Lehigh Acres Municipal Services Improvement District
- ▶ Peace River Manasota Regional Water Supply Authority
- ▶ The Villages Community Development Districts (Made up of 21 Special Districts)
- ▶ Utilities Commission, City of New Smyrna Beach
- ▶ Withlacoochee Regional Water Supply Authority

## Water, Sewer, and Gas Utilities

- ▶ City of Alachua
- ▶ City of Atlantic Beach
- ▶ City of Bartow
- ▶ City of Belleview
- ▶ Town of Bronson
- ▶ City of Bushnell
- ▶ DeSoto County
- ▶ City of Deltona
- ▶ City of Eustis
- ▶ Florida Gas Utility, Gainesville
- ▶ City of Fort Meade
- ▶ City of Jacksonville Beach
- ▶ Lehigh Acres Municipal Services Improvement District
- ▶ City of Live Oak
- ▶ Nassau County
- ▶ City of Neptune Beach
- ▶ City of Newberry
- ▶ City of Oviedo
- ▶ City of Ocala
- ▶ Peace River Manasota Regional Water Supply Authority
- ▶ City of St. Cloud
- ▶ Town of Orange Park
- ▶ Utilities Commission New Smyrna Beach
- ▶ Village Center Community Development District & Affiliates, The Villages
- ▶ City of Williston
- ▶ Withlacoochee Regional Water Supply Authority, Dade City

## Electric Utilities

- ▶ City of Alachua
- ▶ City of Bartow
- ▶ City of Bushnell
- ▶ Central Florida Electric Cooperative, Inc.
- ▶ Choctawhatchee Electric Cooperative, Inc.
- ▶ Florida Municipal Power Association
- ▶ City of Fort Meade
- ▶ City of Green Cove Springs
- ▶ Gulf Coast Electric Cooperative, Inc.
- ▶ City of Jacksonville Beach
- ▶ Kissimmee Utility Authority
- ▶ City of Newberry
- ▶ City of Ocala
- ▶ Peace River Electric Cooperative, Inc.
- ▶ City of St. Cloud
- ▶ Sumter Electric Cooperative, Inc.
- ▶ Talquin Electric Cooperative, Inc.
- ▶ City of Williston
- ▶ Withlacoochee Electric Cooperative, Inc.
- ▶ Utilities Commission New Smyrna Beach

## Rural Electric Cooperatives

- ▶ Central Florida Electric Cooperative, Inc., Chiefland
- ▶ Choctawhatchee Electric Cooperative, Inc., DeFuniak Springs
- ▶ Gulf Coast Electric Cooperative, Inc., Wewahitchka
- ▶ Lee County Electric Cooperative, Inc., North Ft. Myers
- ▶ Peace River Electric Cooperative, Inc., Wauchula
- ▶ Sumter Electric Cooperative, Inc., Sumterville
- ▶ Talquin Electric Cooperative, Inc., Quincy
- ▶ Withlacoochee River Electric Cooperative, Inc., Dade City

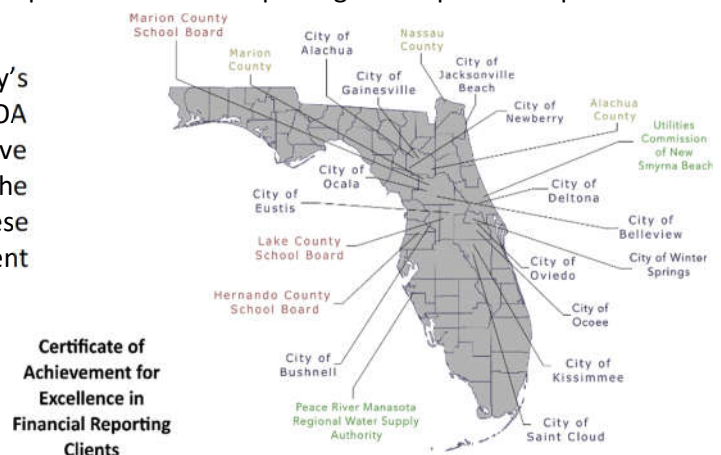
## Defined Benefit Plans

- ▶ Munroe Regional Medical Pension Plan
- ▶ Florida Pest Control and Chemical Company, Inc. Pension Plan and Trust
- ▶ Clay Electric Cooperative Retiree Welfare Plan
- ▶ Kissimmee Utility Authority Pension Trust Fund
- ▶ City of Atlantic Beach, Florida General Employees' Retirement Plan
- ▶ City of Atlantic Beach, Florida Police Retirement Plan
- ▶ City of Bartow, Florida General Employees' Retirement Plan
- ▶ City of Deltona, Florida Firefighters' Pension Plan
- ▶ City of Deltona, Florida General Employees' Pension Plan
- ▶ City of Fort Meade, Florida General Employees' Pension Plan
- ▶ City of Fort Meade, Florida Police Officers' Pension Plan
- ▶ City of Fort Meade, Florida Firefighters' Pension Plan
- ▶ City of Gainesville Employees' Pension Plan
- ▶ City of Gainesville Police Officers' and Firefighters' Consolidated Pension Plan
- ▶ City of Gainesville Other Postemployment Benefits (OPEB) Plan
- ▶ City of Jacksonville Beach, Florida General Employees' Retirement System
- ▶ City of Jacksonville Beach, Florida Police Officers' Retirement System
- ▶ City of Jacksonville Beach, Florida Fire Fighters' Retirement System
- ▶ City of Live Oak, Florida Firefighter Pension Trust Fund
- ▶ City of Neptune Beach, Florida Police Officers' Pension Plan
- ▶ City of Ocala, Florida Police Officers' Pension Plan
- ▶ City of Ocala, Florida Firefighters' Pension Plan
- ▶ City of Orange Park, Florida Police Officers' Pension Plan
- ▶ City of Orange Park, Florida Firefighters' Pension Plan
- ▶ City of Orange Park, Florida General Employees' Pension Plan
- ▶ City of Oviedo, Florida Police and Fire Pension Plans
- ▶ City of St. Cloud, Florida General Employees' Retirement Plan
- ▶ City of St. Cloud, Florida Police Officers' Retirement Plan
- ▶ City of St. Cloud, Florida Firefighters' Retirement Plan

## Certificate of Achievement for Excellence in Financial Reporting

Several of our partners and managers are members of the FGFOA Technical Resources and Programs Committees. They serve on the GFOA Special Review Committee for the Certificate of Achievement for Excellence in Financial Reporting. As such, they review Annual Comprehensive Financial Statements on behalf of the GFOA throughout the year, learning new presentation and reporting techniques to help our clients obtain and maintain this award.

Members of the audit team assigned to the City's audit are members of FGFOA, attend FGFOA continuing professional education events, and have provided technical expertise and assistance to the following local governments to help these governments receive the Certificate of Achievement for Excellence in Financial Reporting.



## Single Audit of Federal and State Grants

### Federal Award Compliance – Uniform Guidance

If a Federal or State Single Audit is required (generally, when total federal or state grant expenditures exceed \$750,000 during the fiscal year), the auditor is responsible for testing compliance with all major federal and state award programs. If a Federal or State Single Audit is required, each major program will be tested for the compliance requirements applicable to that program.

As a large regional audit firm with significant governmental experience, we have performed single audits of countless federal and state grant programs. Our single audits have included grants from the following Federal and State Departments, including numerous programs within each.

#### Federal Grant Programs

Federal Communications Commission  
Federal Emergency Management Agency  
National Endowment for the Arts  
National Endowment for the Humanities  
National Science Foundation  
US Department of Agriculture  
US Department of Agriculture Food and Nutrition Service  
US Department of Aviation Administration  
US Department of Children and Families  
US Department of Commerce  
US Department of Commerce NOAA  
US Department of Defense  
US Department of Economic Opportunity  
US Department of Education  
US Department of Education of Elementary Secondary Education  
US Department of Election Assistance Commission  
US Department of Energy  
US Department of Environmental Protection Agency  
US Department of Federal Highway Administration  
US Department of General Services Administration  
US Department of Health and Human Services  
US Department of Homeland Security  
US Department of Housing and Urban Development  
US Department of Interior  
US Department of Justice  
US Department of Labor  
US Department of Treasury  
US Department of Transportation

#### State Grant Programs

Clean Florida Council  
Executive Office of the Governor  
Office of Early Learning  
State Courts System  
Florida Department of Agriculture and Consumer Services  
Florida Department of Children and Families  
Florida Commission on Tourism  
Florida Department of Community Affairs  
Florida Department of Corrections  
Florida Department of Economic Opportunity  
Florida Department of Elder Affairs  
Florida Department of Emergency Management  
Florida Department of Environmental Protection  
Florida Department of Fish and Wildlife Commission  
Florida Department of Health  
Florida Department of Health and Rehabilitative Services  
Florida Department of Highway Safety and Motor Vehicles  
Florida Department of Housing Finance Corporation  
Florida Department of Juvenile Justice  
Florida Department of Legal Affairs and Attorney General  
Florida Department of Library and Information Services  
Florida Department of Management Services  
Florida Department of Natural Resources  
Florida Department of State  
Florida Department of Transportation  
Florida Department of Workforce Innovation

We are members of the AICPA Governmental Audit Quality Center (GAQC), which offers various programs and certifications in the Single Audit area. **Several Purvis Gray staff have received Single Audit certifications, which substantiates their expertise in this area.**

## **GASB Experience**



Our firm has been performing audits of governmental entities, including preparing governmental financial statements in conformance with GASB pronouncements, for over 50 years. Members of your audit team are regular speakers at accounting conferences on current and proposed GASB statements as well as serving on the GFOA Special Review Committee for the Certificate of Excellence in Financial Reporting program. This leadership approach to the local government industry keeps us on the cutting edge of all governmental accounting and financial reporting issues, trends, and techniques.

During the past several years, we have assisted many governmental entities with implementing new GASB accounting and financial reporting standards that have significantly affected financial statements. These include, but are not limited to, GASB No. 68, *Pension Accounting*, GASB No. 75, *Other Postemployment Benefits*, GASB No. 84, *Fiduciary Activities*, GASB No. 87, *Leases*, GASB No. 96, *Subscription-Based IT Arrangements* and other pronouncements dealing with Investment and Debt disclosures. Your audit team is up to date on this and all other GASB pronouncements, and is ready to assist you in implementation.

## **B—References**

Beginning on the next page, we have provide three letters of references.

## **C—Sample Audit Report**

We have uploaded in a separate document, sample audit reports from the City of Ocala, Florida.





**GREGORY C. HARRELL**  
CLERK OF COURT AND COMPTROLLER – MARION COUNTY, FLORIDA  
FINANCE DEPARTMENT

CLERK OF COURT  
RECORDER OF OFFICIAL RECORDS  
CLERK AND ACCOUNTANT OF THE BOARD OF COUNTY COMMISSIONERS  
CUSTODIAN OF COUNTY FUNDS AND COUNTY AUDITOR

POST OFFICE BOX 1030  
OCALA, FLORIDA 34478-1030  
TELEPHONE (352) 671-5520  
WWW.MARIONCOUNTYCLERK.ORG

April 5, 2024

To Whom It May Concern:

It is my pleasure to offer this recommendation letter for Purvis Gray and Company. I have had the opportunity to work with their audit teams in both my role as Finance Director of the Marion County Clerk of Court and Comptroller's Office as well as in my previous financial role for a local school district. In total, our working relationship extends beyond 15 years.

In Marion County, we have a substantial audit engagement which includes the County, five constitutional offices, two discretely presented component units, and two special districts. Purvis Gray and Company has a very well organized and efficient audit process which minimizes the amount of time needed to collaborate on-site with our staff. With an engagement as large as ours, it can be an arduous task to schedule fieldwork. The audit teams have been very accommodating with scheduling, especially during new GASB implementations. In addition to our positive audit experiences with Purvis Gray and Company, I appreciate the continuing education opportunities and presentations they offer and find it reassuring to be able to contact them throughout the year with any questions or concerns.

The staff at Purvis Gray and Company have a professional work ethic, excellent customer service and are truly a pleasure to work with. I encourage you to consider their services for your next audit selection. I am confident that you will find your experience with Purvis Gray and Company to be just as favorable as ours.

Please feel free to contact me if you have any further questions via email at [jenniferc@marioncountyclerk.org](mailto:jenniferc@marioncountyclerk.org) or by phone at (352) 671-5518.

Sincerely,

  
Jennifer Cole, CGFO  
Finance Director



Danyel Sullivan-Marrero, CPA  
Controller

April 3, 2024

To Whom It May Concern,

I am writing to recommend Purvis Gray & Company (PG&C) for your auditing needs. Florida Municipal Power Agency has been a client since 2004, and I have had the pleasure of working closely with their team for the past five years. We have consistently been impressed by their professionalism, expertise, and dedication to excellence.

Throughout our partnership, PG&C has consistently delivered exceptional audit services that have provided invaluable insights and assurance to our organization. Their team of auditors demonstrates a deep understanding of our industry, regulatory requirements, and the unique challenges facing our business.

One of the standout qualities of PG&C is their commitment to thoroughness and attention to detail. Their comprehensive approach has helped us identify areas for improvement and strengthen internal controls. They communicate effectively, respond promptly to inquiries, and are always willing to go above and beyond to address any concerns or questions that arise throughout the audit process.

In summary, I have complete confidence in PG&C's ability to deliver outstanding audit services that meet the highest standards of quality and integrity. I sincerely recommend them to any organization seeking a reliable and experienced auditing partner.

Should you require any further information or have any questions, please do not hesitate to contact me.

Warm regards,

Danyel Sullivan-Marrero, CPA, MBA  
Controller

Florida Municipal Power Agency  
8553 Commodity Circle • Orlando, FL 32819 • (407) 355-7767 • [www.fmpa.com](http://www.fmpa.com)



April 1<sup>st</sup>, 2024

To whom it may concern,

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I am pleased to provide this letter of reference for Purvis Gray & Company. They have served as the city of St. Cloud auditors for nearly 40 years in total (1979-2008 and 2012 to present). The city changed auditors from 2009-2011, but promptly returned to Purvis Gray & Company.

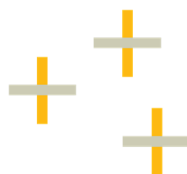
As Finance Director, and previously Deputy Finance Director, I cannot say enough good things about them. The audits are always extremely well planned, so they are always very smooth with minimal disruption to normal operations.

In addition, Purvis Gray & Company is always very responsive to requests for additional assistance and guidance. They have even assisted us with the transition of our water/sewer utility to management by Toho Water Authority.

I would recommend this firm to any entity considering their services. Please contact me if you have any questions.

Jeff Cooper, Finance Director  
City of St. Cloud, FL.  
407-957-7382

## TAB 2—SPECIFIC AUDIT APPROACH AND METHODOLOGY



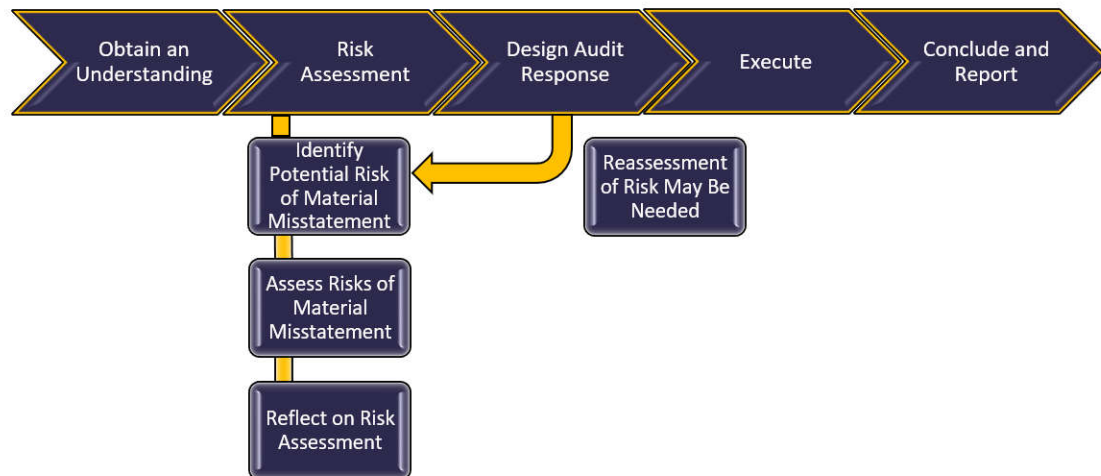
**PURVIS GRAY**  
CERTIFIED PUBLIC ACCOUNTANTS



## 1—Audit Approach

### A—Audit Methodology

As a Purvis Gray client, the City will benefit from our audit methodology, which combines professional judgment from responsive partners with industry and technical experience with a risk-based audit approach, audit innovation through advanced technologies and data analytics, and a continuous focus on audit quality. The audit approach depicted below integrates advanced technologies for efficiency and transparency, and focuses on risks of material misstatement.



#### *Obtain an Understanding*

- ▶ Inquiries with management and those charged with governance.
- ▶ Understand the City's objectives, strategies, risks, and environment.
- ▶ Understand internal controls.
- ▶ Evaluate sources both inside and outside the City.
- ▶ Preliminary analytical review.
- ▶ Retrospective review.

#### *Risk Assessment*

##### *Identify Potential Risk of Material Misstatement*

- ▶ Perform walkthroughs.
- ▶ Understand the City's process and flow of transactions.
- ▶ Assess likelihood and magnitude for potential risk of material misstatement.
- ▶ Identify relevant controls and scope in IT environment.
- ▶ Assess the design and implementation of relevant controls.
- ▶ Determine the operating effectiveness of relevant controls.

##### *Assess Risks of Material Misstatement*

- ▶ Scope the engagement.
- ▶ Consider complexity of the City, applicable financial reporting framework, and relevant risks.

##### *Reflect on Risk Assessment*

- ▶ Holistic view of the undertaken judgment process.
- ▶ Consider any information omitted.
- ▶ Determine reasonableness of conclusion.
- ▶ Consider materiality.



### *Design Audit Response*

- ▶ Test controls.
- ▶ Substantive analytical procedures.
- ▶ Data analytics test.
- ▶ Other substantive procedures.

### *Execute*

Utilize technologies, automation, and data analytics, such as:

- ▶ Suralink
- ▶ CaseWare
- ▶ IDEA
- ▶ Thomson Reuters PPC Checkpoint Tools
- ▶ Engagement level automations

### *Conclude and Report*

- ▶ Evaluate evidence.
- ▶ Consider effects of potential misstatement.
- ▶ Final analytical review.
- ▶ Share content with those charges with governance.
- ▶ Issue management letter and auditor reports.
- ▶ Issue report to those charged with governance.

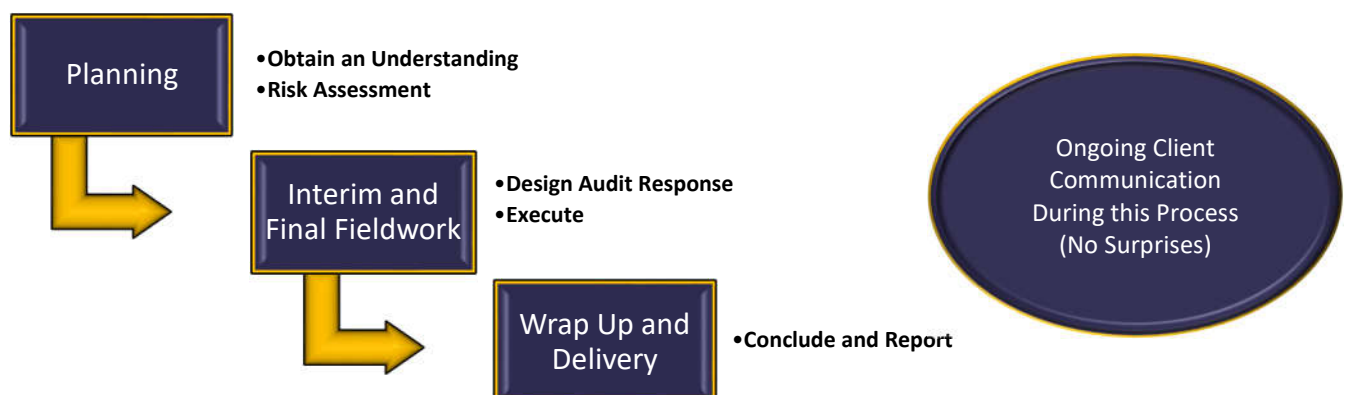
### **B—Proposed Segmentation and Level of Staff**

Upon being engaged as your auditors, we would immediately complete our formal due diligence/client acceptance procedures, execute an engagement letter, review the prior auditor’s workpapers after proper notification by the City, and schedule planning meetings with City management.

These meetings are conducted for the following purposes:

- ▶ Confirm roles and expectations.
- ▶ Discuss specific accounting, financial reporting, and current year developments.
- ▶ Develop specific performance measures to ensure mutual understanding of the audit process.
- ▶ Develop timelines to confirm shared performance expectations for on-time deliverables.
- ▶ Request key financial reporting cycle and other permanent file documentation.

Estimated hours, by staffing level and segment, are as follows:



| Hours By Segment   | Partners | Directors/<br>Managers | Supervisor/<br>Senior | Staff/<br>Other | Total |
|--|----------|------------------------|-----------------------|-----------------|-------|
| <b>Interim Fieldwork</b>   |          |                        |                       |                 |       |
| Audit Planning and Administration<br>(Incl. Staff Supervision and Review)    | 20       | 50                     | 30                    |                 | 100   |
| Internal Controls (Key Control<br>Identification and Walkthroughs)           |          | 10                     | 15                    | 45              | 70    |
| Information Technology<br>General Controls Review                            |          | 45                     |                       |                 | 45    |
| <b>Total Interim Fieldwork</b>   | 20       | 105                    | 45                    | 45              | 215   |
| <b>Final Fieldwork</b>   |          |                        |                       |                 |       |
| Audit Planning and Administration<br>(Includes Staff Supervision and Review) | 25       | 40                     |                       |                 | 65    |
| Cash and Investments   |          |                        |                       | 30              | 30    |
| Governmental Revenues and<br>Accounts Receivables                            |          | 5                      |                       | 25              | 30    |
| Utility Revenues and Accounts Receivables                                    |          | 15                     | 25                    |                 | 40    |
| Inventory  |          |                        |                       | 5               | 5     |
| Capital Assets   |          |                        | 25                    |                 | 25    |
| Accounts Payable and<br>Expenditures/Expenses                                |          |                        |                       | 25              | 25    |
| Debt/Long-Term Liabilities   |          |                        | 10                    | 20              | 30    |
| Net Position/Fund Balance  |          |                        |                       | 5               | 5     |
| Payroll and Related Benefits (Pension and OPEB)                              |          | 10                     |                       | 30              | 40    |
| Single Audit   |          |                        | 70                    | 30              | 100   |
| CRA Audit  |          | 5                      | 15                    | 10              | 30    |
| <b>Total Final Fieldwork</b>   | 25       | 75                     | 145                   | 180             | 425   |
| <b>Wrap-Up and Delivery</b>  |          |                        |                       |                 |       |
| Audit Completion Procedures and Reporting                                    | 25       | 60                     |                       |                 | 85    |
| Assistance with Preparation of the<br>Financial Statements and Production    |          | 120                    | 25                    | 30              | 175   |
| <b>Total Wrap-Up and Delivery</b>  | 25       | 180                    | 25                    | 30              | 260   |
| <b>Total Estimated Audit Hours</b>   | 70       | 360                    | 215                   | 255             | 900   |

| Staff Level       | Interim<br>Fieldwork | Year-End<br>Fieldwork | Write-Up<br>and<br>Wrap-Up | Total |
|-------------------|----------------------|-----------------------|----------------------------|-------|
| Partners          | 20                   | 25                    | 25                         | 70    |
| Directors         | 105                  | 75                    | 180                        | 360   |
| Supervisor/Senior | 45                   | 145                   | 25                         | 215   |
| Staff/Other       | 45                   | 180                   | 30                         | 255   |
| <b>Total</b>      | 215                  | 425                   | 260                        | 900   |

## C—Work Plan

Our detailed work plan will be developed in coordination with your staff and will be modified where the audit objective can be achieved in a manner least intrusive to your operations. The proposed segmentation of the audit is based on the following timing of performing the various procedures in our audit approach noted on pages 39 through 40.

### Planning and Interim Work - July/August (and Each Succeeding Year)

- ▶ A letter communicating the details of the audit plan for interim and year-end procedures will be provided to those charged with governance.
- ▶ Entrance conferences with the City's Manager/Finance Director and other key personnel regarding the City's operations, audit assistance, and other pertinent items will be held.
- ▶ Immediately following the initial conference, the following elements of the work plan will be executed. Review the City's operating systems, budget, organizational charts, internal controls, data processing operations, financial reports, internal audit reports, Board minutes, resolutions, and regulatory correspondence, etc. Determine preliminary materiality limits and perform risk assessment procedures.
- ▶ Review the City's federal awards and state financial assistance. Identify major programs or projects and related compliance requirements, plan approach for internal controls, and determine the nature and extent of and build compliance tests required by the Federal and State *Single Audit Acts*.
- ▶ Perform a review of the internal controls used in the computer environment related to financially significant systems. This review will be performed by individuals from our IT Department along with Audit Department personnel.
- ▶ Establish or revise estimated time requirements by entity and functional area following interim work performed.
- ▶ Prepare preliminary audit programs based upon risk assessment procedures performed.
- ▶ Perform preliminary procedures (such as permanent file construction, review of prior year workpapers, verification of beginning balances, coordination of schedule preparation, confirmations, etc.).
- ▶ Perform interim fieldwork at a time agreed-upon with the City's staff.
- ▶ Perform preliminary analytical procedures to identify areas of concern and resolve at earliest possible date.
- ▶ Initiate Single Audit procedures - internal control and compliance tests.
- ▶ Hold meetings, as applicable, to assess and discuss the impact of significant regulatory and accounting standard changes.
- ▶ Assist with year-end cutoff procedures (such as finalize confirmations, determine status of in-process construction) and observe taking of annual inventory.

### Final Fieldwork - February/March (and Each Succeeding Year)

- ▶ Hold pre-audit fieldwork meeting with the City's management and other key personnel.
- ▶ Perform final year-end audit fieldwork, including sampling, vouching, internal control tests not completed during interim, compliance tests, and substantive tests, including Single Audits.
- ▶ Complete all audit fieldwork according to timetable of each year.

### Wrap Up/Presentation - March/April of Each Year

- ▶ Perform Purvis Gray's independent (in-house) reviews and post-fieldwork analytical review.
- ▶ Review the City's draft of financial statements, notes, and draft auditor's reports, and related letters.
- ▶ Hold preliminary exit conferences with the City's management and other key personnel and deliver preliminary draft auditor's reports and comments.
- ▶ Deliver final copies of independent auditor's reports on internal control and compliance after final exit conference.
- ▶ Presentation to the City Commission each year.
- ▶ Prepare and certify the Data Collection Form for federal grants with the federal audit clearinghouse.

Interim and final fieldwork will be further segmented along fund lines and by cross-fund areas that are common to all funds. Cross-fund areas will include: cash and investments, accounts payable, payroll/benefits, capital assets, debt, Single Audit (if applicable), pensions, and utility billing. The Single Audit, if applicable, will be conducted across all department grant programs/projects and all grant revenues, receivables, and unearned revenues and expenses.

**Proper planning and communication are essential to an effective and efficient audit.** At least one month prior to interim and final fieldwork, Purvis Gray will prepare the client request list using Suralink. This provides a dynamic request list that is integrated with a secure file hosting system (hosted in SOC 2 compliant data centers) for seamless document coordination between the client and the auditor. With Suralink's dynamic request list, all audit requests and documents provided by the City are in one place. The request list is updated in real time, and accessible by everyone working on the engagement, including the City's team members. The City may assign individual users to each request and monitor audit progress with dashboard and email notifications, customized by each individual user. Potential issues or concerns are identified, discussed, and resolved as early as possible. All members of the audit team and the firm are available to the City's management at any time throughout the engagement. Our audit approach utilizes substantive tests, compliance tests, tests of controls, and analytical procedures.

### D—Timeline of Reports

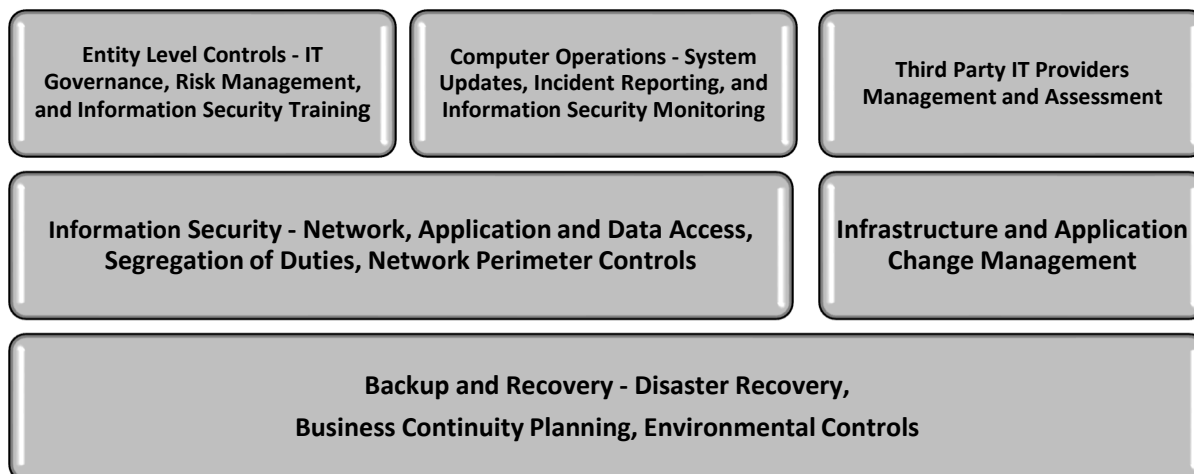
The above work plan is established to meet your deadlines as identified further below:

|  |                |
|--|----------------|
| ▶ Detailed Audit Plan Completion Date:                     | September 2024 |
| ▶ Interim Fieldwork and Final Fieldwork Completion Date:   | March 15, 2025 |
| ▶ Draft Report and Recommendations Provided to Management: | March 2025     |
| ▶ Final Auditor Reports and Management Letters Delivered:  | March 2025     |

### E—IT Specialists

#### ***Purvis Gray's IT Audit Professionals Conduct the Assessment of IT Controls***

As part of the financial audit process, auditing standards require the auditor to gain an understanding of the IT environment, including the Information Technology General Controls, which includes determining suitability of design and whether the control is implemented. The following are various types of IT General and Cybersecurity Controls that are typically evaluated as part of the financial audit process:



Our IT Auditors will work with your IT professionals to evaluate the IT General Controls relevant to your financial applications that are key to the financial audit to advise and assist in the type, timing, and degree of testing performed by the audit team. This is usually accomplished through a questionnaire and checklist to be completed by your IT personnel followed up by interviews, inspection, and testing as deemed necessary by our IT Auditors. The above procedures consider the increased emphasis on cybersecurity by the State of Florida that requires the City's standards to be consistent with generally accepted best practices for cybersecurity standards.

**Additionally, it is not uncommon for our IT Auditors to offer valuable formal or informal recommendations to further mature and refine your IT General Controls as a result of this process.** The familiarity we gain from completing this work, which is required for your financial audit, will also make us very familiar with your IT platforms, Enterprise Resource Planning (ERP) systems, and all other aspects of your IT. This is helpful in the event that we may be of further service beyond the Financial Audit in any areas of IT Consulting and Assessment services that we offer.

### ***Integration of Data Analytics and Artificial Intelligence (AI)***

In order to provide for a more thorough audit while also increasing efficiency, Purvis Gray utilizes Audimation's IDEA data analytical software to streamline and automate certain aspects of the audit process. Whereas traditional solely AI-driven platforms adopt a one-size-fits-all approach to analysis of data, IDEA allows for the use of pre-programmed and self-running data analysis routines, which can be adapted by the auditor to maximize applicability of routines to a specific client's data formats and operations and incorporates invaluable auditor judgment into the analysis of routine results, limiting the occurrence of "false positives" in accumulation of anomalies for follow-up. Through the use of IDEA, your audit team will be able to:

- ▶ Perform analytical tests over 100% of transactions within a transaction cycle in minutes.
- ▶ Produce analytical reports, including Benford Analysis, Gap Detections, and Extractions of atypical transactions.
- ▶ "Mask" provided data populations to produce various summaries and aggregations for direct analysis of large data sets.

The team members assigned to your engagement have over 20 years' combined experience working with this software and are familiar with building and analyzing the results of cycle-specific routines.

### **F—Analytical Procedures**

Analytical procedures will be used extensively on this engagement. Initial applications will be used in general planning to improve the firm's understanding of operations and to identify areas for increased attention. Analytical procedures will also be used to facilitate the development of the audit program. During the audit fieldwork, analytical procedures will be used as substantive tests to reduce or eliminate certain tests of details. Analytical procedures will be used in the following and other audit areas:

- |                               |                                       |
|-------------------------------|---------------------------------------|
| ▶ Governmental Revenues       | ▶ Utility Billing                     |
| ▶ Payroll and Fringe Benefits | ▶ Governmental and Other Expenditures |

### **G—Internal Controls**

#### ***Obtain an Understanding***

During the preliminary phase of the audit, we will perform procedures to obtain an understanding of the City's internal controls over financial reporting for all significant audit areas. Understanding internal control will also include review and documentation of the City's control environment, risk assessment process, information and communication system, monitoring activities, and control activities. Through interviews and other inquiries of those involved in the day-to-day activities, we will gain an understanding of the following:

- ▶ Significant Classes of Transactions and Cycles
  - Financial Close and Reporting, Including Equity Classifications and Journal Entries
  - Purchasing, Accounts Payable, and Cash Disbursements
  - Human Resources and Payroll
  - Utility Billing, Accounts Receivable, and Cash Receipts
  - Grant Expenditures, Billing, Accounts Receivable, and Cash Receipts
- ▶ Other Areas with Significant Risks or Fraud Risks
  - Unusual Transactions
  - Significant Estimates

### *Identify Key Controls and Assess Risk*

After gaining an understanding of the internal controls over financial reporting, we will identify the key controls, evaluate whether they are properly designed, and verify implementation of those controls through walkthroughs of transactions, review of relevant documents, and observation. Based upon this understanding of key controls, we will assess control risk.

### *Test Operating Effectiveness*

Through sampling, we will test the operating effectiveness of certain key controls, primarily over utility billing receipts, as well as operating and payroll disbursements.

### *Ongoing Communication*

Communication with management throughout this process is essential. This allows us to understand whether we have identified the correct key controls, if a potential control deficiency is mitigated by other controls, and whether exceptions identified during testing are isolated incidents or an indication of a systemic control deficiency. Recommendations for improvement or best practices will be shared with management. After discussion with management, any identified control deficiencies that rise to the level of a material weakness or a significant deficiency will be communicated to the governing body.

## **H—Approach to Selecting Audit Samples**

Statistical sampling will be used on this engagement and will be coordinated with other audit procedures to achieve audit objectives in the most efficient manner possible. Statistical sampling will be used for:

- |  |   |
|--|---|
| ▶ Tests of Controls                                      | ▶ Tests of Compliance with Laws and Regulations |
| ▶ Substantive Tests of Transactions and Account Balances | ▶ Attribute Sampling (e.g., census data)        |

All sampling will be performed 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; Uniform Guidance; Chapter 10.550, *Rules of the Auditor General*; and State Department of Financial Services, *State Projects Compliance Supplement*.

## **I—Fieldwork Completed Onsite**

Typically, 60% of your audit will be completed on site and 40% will be completed remotely; however, these percentages do vary from client to client, depending upon client preference.

## **J—Fieldwork Completed Outside of 100-Mile Radius**

Your audit will be conducted out of our Ocala office and no work will be completed outside of a 100-mile radius of the Ocala City hall. While our auditors are well known as statewide audit experts for local governmental entities, substantially all of your proposed audit team are residents of Marion County, with several being City residents.



**K—Fieldwork Completed by Subcontractor Company**

Purvis Gray is proposing jointly with Milestone Professional Services as an outsourced company for the write-up process of your ACFR. Milestone will not be participating directly with the audit fieldwork.

**Additional Audit Approach Information*****Approach to the Single Audit***

Procedures specific to testing of major federal programs or state projects are as follows:

- ▶ Determine if the City has \$750,000 of federal or state expenditures during the audit period, which would require a federal or state single audit.
- ▶ Determine if the City qualifies as a “low risk” auditee to determine the percentage of federal assistance required to be audited.
- ▶ Classify expenditures between Type A and Type B programs based on calculated threshold.
- ▶ Review Grant Program Internal Controls, prior findings, if any, and inherent risk to identify major federal programs to be detail audited using risk-based approach.
- ▶ Test internal controls over direct and material compliance requirements for all major programs or projects based upon the OMB *Compliance Supplement* or the *State Projects Compliance Supplement*.
- ▶ Review grant agreements for all major programs or projects, confirm with grantor agencies various information related to programs selected for testing, including the amount paid during the current audit period, and other relevant items.
- ▶ Reconcile expenditures reported on the Schedule of Expenditures of Federal Awards and State Financial Assistance (SEFA) to the underlying accounting records. Audit grant revenues and expenditures charged to grant programs to ensure allowability and that indirect costs are properly charged.
- ▶ Review the SEFA and related notes and ensure the information agrees to supporting accounting records and audit work performed and includes all relevant information.
- ▶ Prepare the auditor’s report on the SEFA and the auditor’s report on compliance and internal control over each major program or project.
- ▶ Prepare the Summary Schedule of Findings and Questioned Costs.
- ▶ Prepare or assist in the preparation and filing of the Data Collection Form with the Federal Audit Clearinghouse and prepare the auditor’s certification of the submission.

***Approach to be Taken in Preparing Management Letters***

We ensure our audit reports and letters are in compliance with the latest auditing standards through the use of PPC’s practice aids. In addition, we utilize templates provided by the Auditor General of the State of Florida for the development of our management letters. We will draw upon our 78 years of experience with other local governments to look for ways that the City can be more efficient, cost effective, and improve internal controls. We will offer independent business advice and make ourselves available each year to meet with management and the individual members of City governance to discuss the results of the audit and of our comments and recommendations.

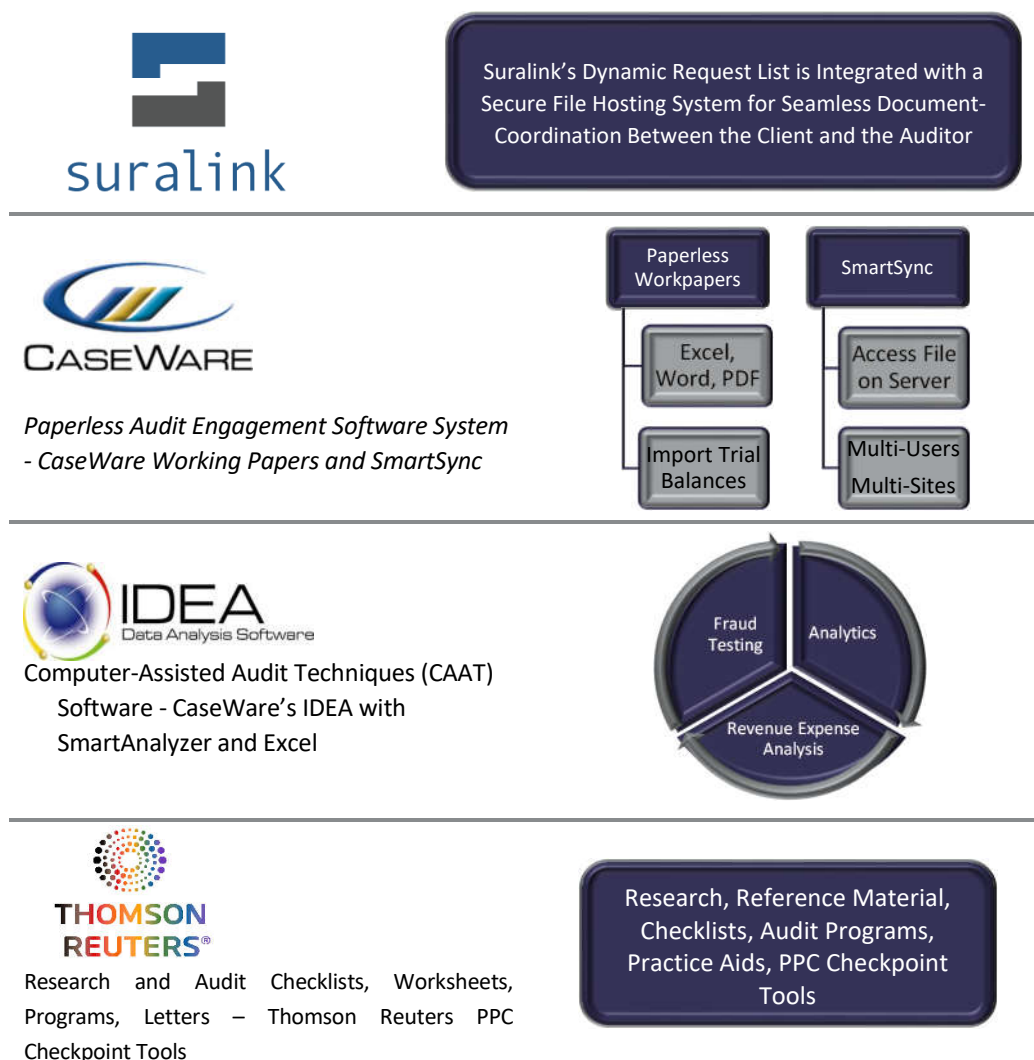
Our approach to audit findings is simple: we try to identify and communicate significant matters as early in the process as possible. Items which do not rise to the level of significant deficiencies in internal control over financial reporting or significant compliance matters are communicated as exit conference items. We do not like surprises, and we know our clients do not like them either. That is why we hold weekly progress meetings with our clients in order to discuss and resolve internal control issues or accounting matters as quickly as possible.

### **Workload and Ability to Meet Timeline**

We take our commitment to provide services to the City very seriously. The reason our firm has continued to grow and maintain its outstanding reputation is because we do what we say we are going to do. Each year we schedule our annual workload for staff across all offices. Prior to proposing on new clients, we evaluate our capacity to ensure we only respond if we will be able to meet or exceed our clients' needs. We are highly experienced at managing audits and work closely with our clients to arrive at mutually acceptable dates of fieldwork and delivery. **One of our firm's goals is to perform as much audit work as possible during interim fieldwork.** This allows us to better schedule our annual workload and minimize the pressure on your staff to maintain timetables and meet deadlines after year-end. In addition, it permits the earliest possible identification, understanding, and resolution of any unusual accounting and auditing issues. **We have reserved the requested fieldwork dates for the conduct of your audit with the team we have committed to perform it.**

### **Audit Software**

Purvis Gray values security and strives to protect data provided by the City. Our auditors' laptops are encrypted, and communications between the auditors and Purvis Gray's servers are performed over a secure VPN connection. The following are the various computer audit software tools used by Purvis Gray:



**2—Identification of Potential Audit Problems**

We do not anticipate any significant potential audit problems. We do assume that every audit engagement will encounter some amount of unanticipated audit problems, it is simply the nature of audit engagements. In the unusual circumstance where a disagreement arises between the audit engagement partner and the City in regards to application of generally accepted accounting principles or similar items, it would first be discussed with an in-firm specialist and then with outside experts such as the GASB technical services center.

Since our firm specializes in governmental auditing, we remain knowledgeable about current and proposed standards and will discuss new standards with the City's personnel well in advance of implementation to avoid surprises and the sudden disruption they may cause.

The GASB, the AICPA, and other regulatory bodies may enact financial reporting or auditing standards which may affect our scope of services during the proposed engagement period. Again, we will notify you well in advance of any significant developments.

As previously mentioned, our firm is a leader in the governmental industry. We regularly attend and speak at governmental accounting conferences around the state including AGA, FGFOA, FSFOA, FACC, and other groups. Our partners, directors, and managers are actively involved in the FICPA and FGFOA local government committees that respond to FASB, GASB, and *Auditing Standards Board* exposure drafts. Our membership in the AICPA Governmental Quality Control Center helps provide resources regarding new accounting and auditing pronouncements affecting our local governmental clients. Our auditors are up to date on all proposed pronouncements and other cutting-edge issues facing your industry and are able to provide seasoned advice and assistance as needed.

**3—Sample Report Format**

We have uploaded separate pdf documents of the City of Ocala's ACFR, CRA, and DDD audit reports. The requested "sample report format" is included in those audit reports.

**4—Additional Services Provided****Accounting and Tax Services**

The Accounting and Tax Services Department of Purvis Gray is often used in troubleshooting problem tax areas associated with audits of governmental entities. Our tax professionals deal with issues such as bond arbitrage rebate calculations, payroll tax problems, ERISA compliance for employee benefit plans, unrelated business income tax issues, tax effects of planned giving, charitable annuities, and remainder trust, and other tax topics. This department is also responsible for the preparation of payroll and income tax returns for individuals and businesses, including corporate, partnership, estate, and trust tax returns. In addition, this department provides tax research support services to our audit department.

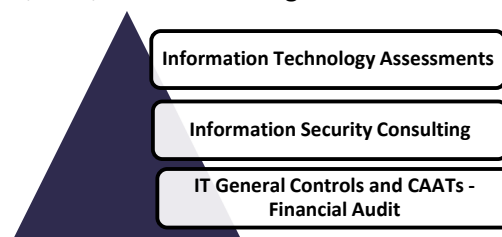
### Consulting Services

The consulting practice of Purvis Gray utilizes members of the Audit, Accounting and Tax Services, and IT Departments to perform a wide range of consulting and management advisory services for our clients. Our consulting personnel have performed engagements in each of the following categories:

|   |  |
|---|--|
| <b>Accounting System Reviews</b>                                | <ul style="list-style-type: none"> <li>▶ GASB Statement Implementations</li> <li>▶ Internal Control Opinions</li> <li>▶ Procedures Documentation</li> <li>▶ Performance Audits and Cost Reduction Studies</li> <li>▶ Feasibility/Efficiency Studies</li> <li>▶ Budget Review and Budget Preparation</li> </ul> |
| <b>Other Financial Services</b>                                 | <ul style="list-style-type: none"> <li>▶ Expert Testimony</li> <li>▶ Personal Financial/Retirement Planning</li> <li>▶ Other Financial Services</li> <li>▶ Tax Representation</li> <li>▶ Fraud/Defalcation Engagements</li> </ul>  |
| <b>Business Valuations and Reorganizations</b>                  | <ul style="list-style-type: none"> <li>▶ Business Ownership Succession</li> <li>▶ Business Valuations</li> <li>▶ Mergers and Acquisitions</li> <li>▶ Business Formations</li> <li>▶ Business Liquidations</li> </ul>   |
| <b>Information Security and Privacy Controls and Consulting</b> | <ul style="list-style-type: none"> <li>▶ IT Security Controls Assessment</li> <li>▶ Privacy Controls Assessment</li> <li>▶ Information Security Policies and Procedures</li> <li>▶ IT Risk Assessments</li> </ul>  |

### Computer Assistance Capability

The IT Audit Director assigned to the City’s engagement and our other IT Audit Department professionals have extensive experience and are proficient in working in various computerized environments. Purvis Gray offers a full suite of IT audit, consulting, and assessment services. These services are performed by IT Audit professionals with CPA, CISA, CISM, CITP, and CDPSE designations and can be summarized as follows:



**Purvis Gray’s IT Audit professionals conduct the assessment of IT controls.** As part of the financial audit process, auditing standards require the auditor to gain an understanding of the IT environment, including the Information Technology General Controls, which includes determining suitability of design and whether the controls are properly implemented.

**Information Security Consulting Offering**—As your business partner, our Information Security Program Design involves evaluating organizational security and compliance status using techniques such as interviews, observations, and documentation review:



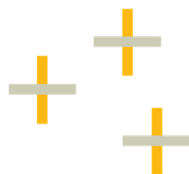
**Information Technology Assessments**—Information Technology Assessment engagements offered by Purvis Gray include the following:



**AICPA Cybersecurity Engagements**—Cybersecurity threats are on the rise, challenging organizations of all sizes—both public and private. Commissioners, board members, managers, investors, customers, residents, and other stakeholders are pressuring organizations to demonstrate that they are managing cybersecurity threats and that they have put into place effective cybersecurity risk management programs to prevent, detect, and respond to security breaches in a timely manner.

**Computer Assisted Audit Techniques (CAATs)**—When considered necessary, more effective, and/or more efficient, we will utilize CAATs. We utilize Audimation’s CaseWare IDEA Data Analysis Software and Microsoft Excel to perform such procedures. Such tools allow us to analyze the City’s data and may allow us to perform a 100% test of a transaction class for certain attributes in less time than it would take to gather a statistical sample and test such sample through manual procedures.

## TAB 3—PRICE PROPOSAL

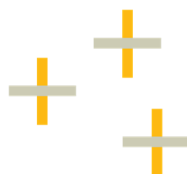


**PURVIS GRAY**  
CERTIFIED PUBLIC ACCOUNTANTS



Uploaded as a Separate Document

## TAB 3—PRICE PROPOSAL



**PURVIS GRAY**  
CERTIFIED PUBLIC ACCOUNTANTS

**1—All-Inclusive Maximum Price**

| Exhibit A - PRICE PROPOSAL  |  | CONTRACT# FIN/240274 |
|---|--|----------------------|
|  | Proposer Name                            | Proposer Location    |
|   | Purvis Gray and Company, LLP             | Ocala, Florida       |
| ANNUAL AUDIT COST   |  |                      |
| ITEM  | DESCRIPTION                              | AUDIT FEE            |
| 1   | City Audit Fee - FY 2024                 | \$114,500.00         |
| 2   | CRA Audit & Report Preparation - FY 2024 | \$5,500.00           |
| 3   | ACFR & Report Preparation - FY 2024      | \$15,000.00          |
| TOTAL ALL INCLUSIVE FY 2024 PRICE   |  | \$135,000.00         |
|   |  |                      |
| 4   | City Audit Fee - FY 2025                 | \$118,500.00         |
| 5   | CRA Audit & Report Preparation - FY 2025 | \$5,700.00           |
| 6   | ACFR & Report Preparation - FY 2025      | \$15,500.00          |
| TOTAL ALL INCLUSIVE FY 2025 PRICE   |  | \$139,700.00         |
|   |  |                      |
| 7   | City Audit Fee - FY 2026                 | \$122,600.00         |
| 8   | CRA Audit & Report Preparation - FY 2026 | \$5,900.00           |
| 9   | ACFR & Report Preparation - FY 2026      | \$16,000.00          |
| TOTAL ALL INCLUSIVE FY 2026 PRICE   |  | \$144,500.00         |
|   |  |                      |
| 10  | City Audit Fee - FY 2027                 | \$126,900.00         |
| 11  | CRA Audit & Report Preparation - FY 2027 | \$6,100.00           |
| 12  | ACFR & Report Preparation - FY 2027      | \$16,600.00          |
| TOTAL ALL INCLUSIVE FY 2027 PRICE   |  | \$149,600.00         |
|   |  |                      |
| 13  | City Audit Fee - FY 2028                 | \$131,300.00         |
| 14  | CRA Audit & Report Preparation - FY 2028 | \$6,300.00           |
| 15  | ACFR & Report Preparation - FY 2028      | \$17,200.00          |
| TOTAL ALL INCLUSIVE FY 2028 PRICE   |  | \$154,800.00         |
| GRAND TOTAL FOR 5 YEAR TERM   |  | \$723,600.00         |
| ADDITIONAL ITEMS (if applicable)  |  |                      |
| ITEM  | DESCRIPTION                              | AUDIT FEE            |
| 16  | DDD Audit & Report Preparation           | \$5,000.00           |

## 2—Schedule of Professional Fees and Expenses

**PURVIS, GRAY AND COMPANY, LLP**  
**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES**

|                     | <b>Estimated<br/>Hours</b> | <b>Hourly<br/>Rates</b> | <b>Total</b>      |
|---------------------|----------------------------|-------------------------|-------------------|
| Partners            | 70                         | \$ 250                  | \$ 17,500         |
| Director/Manager    | 360                        | 200                     | 72,000            |
| Supervisor/Senior   | 215                        | 150                     | 32,250            |
| Staff               | 230                        | 120                     | 27,600            |
| Other/Production    | 25                         | 80                      | 2,000             |
|                     | <u>900</u>                 |                         | <u>\$ 151,350</u> |
| <b>Fee Discount</b> |                            |                         | <u>(16,350)</u>   |
| <b>Total Fee</b>    |                            |                         | <u>\$ 135,000</u> |

|                           | <b>City's Basic<br/>Financial</b> | <b>CRA Audit</b> | <b>ACFR &amp; Report Preparation</b> | <b>Total Fee</b> |
|---------------------------|-----------------------------------|------------------|--------------------------------------|------------------|
| <b>September 30, 2024</b> | \$ 114,500                        | \$ 5,500         | \$ 15,000                            | \$ 135,000       |
| <b>September 30, 2025</b> | 118,500                           | 5,700            | 15,500                               | 139,700          |
| <b>September 30, 2026</b> | 122,600                           | 5,900            | 16,000                               | 144,500          |
| <b>September 30, 2027</b> | 126,900                           | 6,100            | 16,600                               | 149,600          |
| <b>September 30, 2028</b> | 131,300                           | 6,300            | 17,200                               | 154,800          |

## 3—Rates for Additional Professional Services

### Fees for Additional Services

Hourly rates for additional services vary based upon the level of staff (i.e., partner, director, manager, senior, etc.) required to perform the additional services. We agree to perform additional services at the same hourly rate set forth above for completion of the basic audit.

The basic audit fee includes any travel or other out-of-pocket costs that may be incurred by our staff throughout the audit engagement.

# **CITY OF OCALA, FLORIDA**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

For the fiscal year ended  
September 30, 2022

Prepared by:

**Finance Department**

Emory Roberts Jr., CIA, CISA, CGAP

**Interim Chief Financial Officer**





**CITY OF OCALA, FLORIDA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2022**

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FINANCE DEPARTMENT  
201 SE 3<sup>rd</sup> STREET  
OCALA, FLORIDA 34471

March 30, 2023

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

It is our pleasure to submit this *Annual Comprehensive Financial Report* for the City of Ocala, Florida for the fiscal year ended September 30, 2022. The report fulfills the requirements set forth in the *Florida Statutes*, Chapter 166.241 and the *Rules of the Florida Auditor General*, Chapter 10.550. The organization, form, and content of this report together with accompanying financial statements and statistical tables are formulated in accordance with the principles prescribed by the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, the State of Florida, and the Government Finance Officers Association.

This report consists of management's representations concerning the finances of the City of Ocala. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Since the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Purvis, Gray and Company, a firm of licensed certified public accountants, has audited the City of Ocala's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements for the year ended September 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The

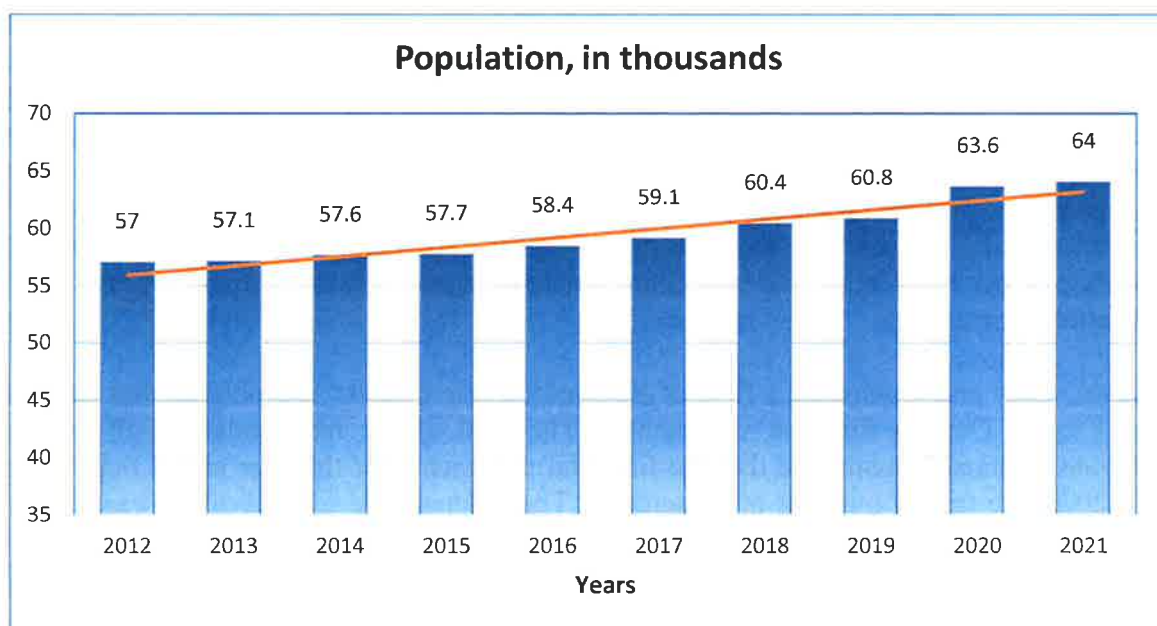
independent auditor concluded, based upon the audit, there was a reasonable basis for rendering an unmodified opinion on the City’s financial statements for the fiscal year ended September 30, 2022, as fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors.

### **Profile of the City**

The City of Ocala is the most populous city in Marion County and serves as its county seat. Ocala is located in north central Florida approximately 67 miles northwest of Orlando and approximately 40 miles east of the Gulf of Mexico near the site of Ocale, a major Timucua village and chiefdom during the 16<sup>th</sup> century. The City takes its name from the historical village, the name of which is believed to mean “Big Hammock” in the Timucua language. There are approximately 47 square miles of land included within the corporate boundaries of the City. The City’s population has been trending upwards for the last ten years and as of July 1, 2021, the official population estimate from Census.gov/quickfacts was 64,096.





In 1846, the City of Ocala was established to operate under a Council-Manager form of government. The City Council consists of six elected officials (the Mayor and five Council members) who are responsible for enacting the ordinances and resolutions which govern the City. The Council appoints the City Manager, City Auditor, City Attorney, and the City Clerk. The City Charter states the City Manager shall be the Chief Administrative Officer of the City and shall be responsible to the Council for the administration of all City affairs placed in their charge by or under the Charter.

The City of Ocala provides its constituents with a wide variety of public services as listed below:

- ✓ Airport
- ✓ Building Inspections
- ✓ Code Enforcement
- ✓ Community and Economic Development
- ✓ Electric Power
- ✓ Golf Course
- ✓ Mass Transit
- ✓ Parks, Recreation, and Cultural Affairs
- ✓ Police and Fire Protection
- ✓ Refuse Collection
- ✓ Stormwater Management
- ✓ Street Maintenance, Traffic Engineering and Parking
- ✓ Fiber Network
- ✓ Water and Wastewater

Internal support services include the following:

- ✓ Accounting and Financial Reporting
- ✓ Accounts Payable and Accounts Receivable
- ✓ Asset Management and Property Control
- ✓ Budget and Budget Monitoring
- ✓ Cash and Investment Management
- ✓ Citywide Management
- ✓ Debt Management
- ✓ Fleet Maintenance
- ✓ Facilities Maintenance
- ✓ Human Resources, Labor Relations, and Risk Management
- ✓ Internal Audit
- ✓ Information and Computer Systems
- ✓ Procurement Services
- ✓ Public Relations

Operating funds required to support the above-stated services are reflected in this report. This report includes all funds that are controlled by or are dependent on the City Council.

In addition to the above activities, the City exercises oversight responsibility for the Community Redevelopment Agency. Accordingly, these activities are included in the reporting entity and reflected in this report. Note 1 in the *Notes to Financial Statements* lists specific criteria used for establishing oversight responsibility.

The City also maintains budgetary controls. The objective is to ensure compliance with legal provisions contained in the annual budget approved by the City Council. Annual budgets are legally adopted for all funds including the *general funds, special revenue funds, enterprise funds, internal service funds, fiduciary funds, and debt service funds*. Budgets are controlled at the department level and total expenditures may not legally exceed appropriations for each budgeted fund without Council approval. Encumbrance accounting is utilized to reserve the encumbered portion of the appropriation. Appropriations lapse at year end and outstanding encumbrances are re-appropriated as part of the subsequent year's budget.

### **Factors Affecting the City's Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

The General Fund's main revenue sources include Property Tax, State Revenue Sharing, Half Cent Sales Tax, and transfers from the Enterprise Funds. During uncertain times of COVID-19, the General Fund has flourished the past few fiscal years. Ocala's economy continues to show signs of strengthening, with a 6.4% increase in real property valuations, heightened building permit activity, a low unemployment rate, and drops in the area's foreclosure rates, our COVID-19 recovery outlook remains positive. The City's long-range fiscal forecast projects the General Fund to remain constant over the next three fiscal years. Areas of concerns are growth pressures in annual pension contribution costs and inflationary pressures associated with day-to-day operations, capital expenses, and long- term debt arising from fire fee lawsuit settlement.

**Local Economy.** In recent years, Ocala has become a center for manufacturing, logistics, and distribution companies, and continues to market the Ocala International Airport Business Park. Healthcare and Social Services continues to be among the largest sectors for employment in the city; construction of Shands Teaching Hospital and Clinic is now underway. The City continues to implement sustainable strategies by identifying target industries and programs to make the local economy more resilient. The tourist industry also has a significant impact on the economy, with the Silver Springs and Rainbow Springs attractions, and the Ocala National Forest nearby. The completion of the world class 300-acre World Equestrian Center in western Marion County will further contribute to the existing \$2.6 billion equine industry.

The City's strategic investments in economic development made over the past five years are yielding meaningful results. Construction has commenced on a 34-acre parcel for the Ocala Marion County Business Park. Amazon, Chewy, AutoZone and FedEx are all located within the Business Park area and provide over 8 million square feet of distribution space. The recently approved sale of non-aviation property adjacent to the Ocala International Airport is expected to add an additional 2 million square feet of logistics and distribution to the Ocala International Airport Business Park. Peak Logistics is also under construction and only two properties of the original development remain for development.

The City has entered in two agreements providing incentives such as grants, property donation, capital improvements and tax increment financing for the redevelopment of catalytic opportunity sites identified in the Midtown Master Plan. The City has an open Call for Proposals and continues to evaluate proposals for available catalytic opportunity sites. Small and medium-sized enterprises (SMEs) located within the four Community Redevelopment Areas can apply to grant programs that support certain improvements to building and property.

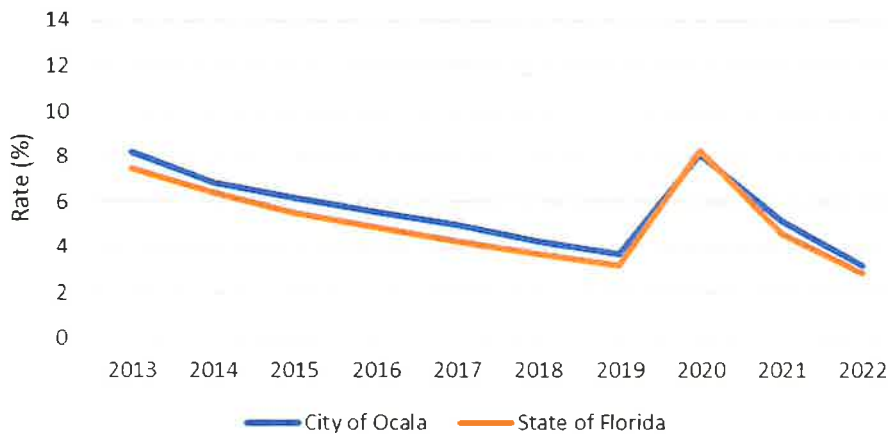
As of September 30, the City administered seventeen (17) Economic Investment Program agreements with city investments to be paid over several years based on company performance. Companies will add over 4000 new jobs to the local economy and make significant capital investments.

The City is actively engaged in the community by building strategic alliances with the private sector, site selectors, developers, business owners, other governmental agencies, and realtors to provide a business-friendly environment that creates opportunity for expansion. To support businesses and their employees, the City has entered into several redevelopment agreements to facilitate the creation of at least 1,240 new, market rate and affordable housing units within the next seven years.

The \$300,000 U.S. Environmental Protection Agency (EPA) Brownfield grant awarded to the City of Ocala to carry out environmental assessments on properties within the city that may contain hazardous substances or petroleum in the soil or groundwater has been used to conduct twenty-four assessments across fourteen properties. At completion of the grant the City expended 100% of the grant funds. The purpose of the grant is to encourage redevelopment of these sites by determining whether contamination exists and if so, the extent of the anticipated cleanup. The City submitted an outstanding application for the FY2021/22 EPA Brownfields Program and was selected as one of eleven communities in the state of Florida to receive a grant award. The community-wide grant in the amount of \$500,000 will be used to conduct eligible assessment-related activities. Activities under this grant will target the elimination of blight and further redevelopment, thereby creating economic development throughout the community.

The U.S. Bureau of Labor Statistics indicates the Ocala Metropolitan Statistical Area (MSA) average annual unemployment rate decreased from 7.7% in 2020 to 3.4% in 2022. The MSA average annual unemployment rate is higher than the State average of 2.9% but slightly lower than the national average of 3.7%. The unemployment rate in the City Averaged 3.2 % in 2022. The present outlook has improved significantly compared to 2020 where both State and City unemployment rate peaked at double digits due to the COVID-19 pandemic.

### Unemployment Rate Average Annual Estimates



**Long-term Financial Planning.** Both General Government and the City-owned Utility Funds develop multi-year financial forecasts, including capital improvement plans. Some of the key projects in these capital improvement plans are:

- Downtown Hotel, Retail and Apartments
- Terminal Parking at Airport
- Recurring annual funding for the following areas:
  - Annual City-wide resurfacing and sidewalk program
  - Facilities maintenance
  - Fleet management
  - Information technology upgrades
- Historic District Improvements and upgrades
- Overhead/Underground/Lighting work orders
- Substation upgrades
- Drainage Retention Area upgrades
- Water and sanitary sewer main improvements and extensions
- Multiple Community Park improvements

**Key Management Practices.** The City has adopted the following key management practices:

- **General Fund Reserve Policy** – The General Fund will maintain an operating reserve of not less than 20 percent of planned budget expenditures.
- **Debt Management Policy** – Outlines allowable debt issuance purposes, debt structure, limitations on debt levels, allowable types of debt, promotes sound financial management and enhances the City’s credit ratings.
- **Capital Improvement Plan** – Requires the City to develop and implement a five-year capital improvement plan to anticipate long-term capital needs.

- **Electric Rate Stabilization Reserve (ERSR)** – The City will maintain a minimum targeted funding level of 15% of projected annual fuel costs, with a maximum level at 25%. If the existing reserves plus the amount of an over recovery brings the ERSR funding level above the targeted maximum, the utility retains the option of issuing a credit to customers or reducing the power cost adjustment (PCA) rate.
- **Utility Fund Transfer** –Transfers to the General Fund are a percentage of operating revenues which are consistent with competitive markets and are applied to the following utilities:
  - Electric 15%
  - Water Resources 10%
  - Fiber 15%
  - Sanitation 10%
- **Three-year Budget Model** – The City will develop and maintain a comprehensive three-year budget model to assist in making financial decisions regarding long-term revenue and expenditure requirements.

## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ocala for its comprehensive annual financial report for the fiscal year ended September 30, 2021. This was the thirty-fifth year the City has received this prestigious award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such a financial report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting it to GFOA.

The GFOA also presented an Award for Distinguished Budget Presentation for the City's Annual Budget for the fiscal year beginning October 1, 2021, making the thirtieth year the City has received the award. It is based on a governmental unit's publishing a budget document that meets program criteria as a policy document, operations guide, financial plan, and communications medium.

An Annual Comprehensive Financial Report could not have been prepared without the efficient and dedicated services of many individuals responsible for its completion. The utmost appreciation is extended to employees throughout the organization who maintained financial records upon which this report is based. The year-end closing procedures required prior to the audit and the document preparation could not have been accomplished without the professional efforts of Peter Brill, Assistant Finance Director

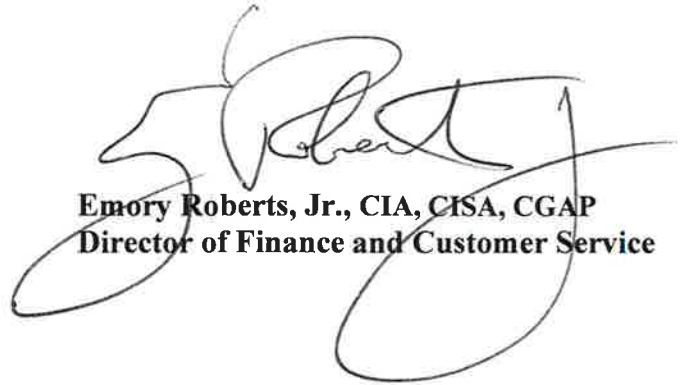
and Raymond Bachik, Accounting Manager. Special recognition is given to all the employees of the Finance Department and Budget Department who worked diligently to ensure the timeliness and accuracy of the report.

The Mayor, Council President, and Council members' continued support in planning and conducting the City's financial operations in a responsible manner are sincerely appreciated. This has proven to be an invaluable asset in the preparation of this report which is geared toward reflecting the financial health of the community while complying with the City's fiduciary responsibility. Their leadership demonstrates the interest to maintain a fiscally sound government.

Respectfully submitted,



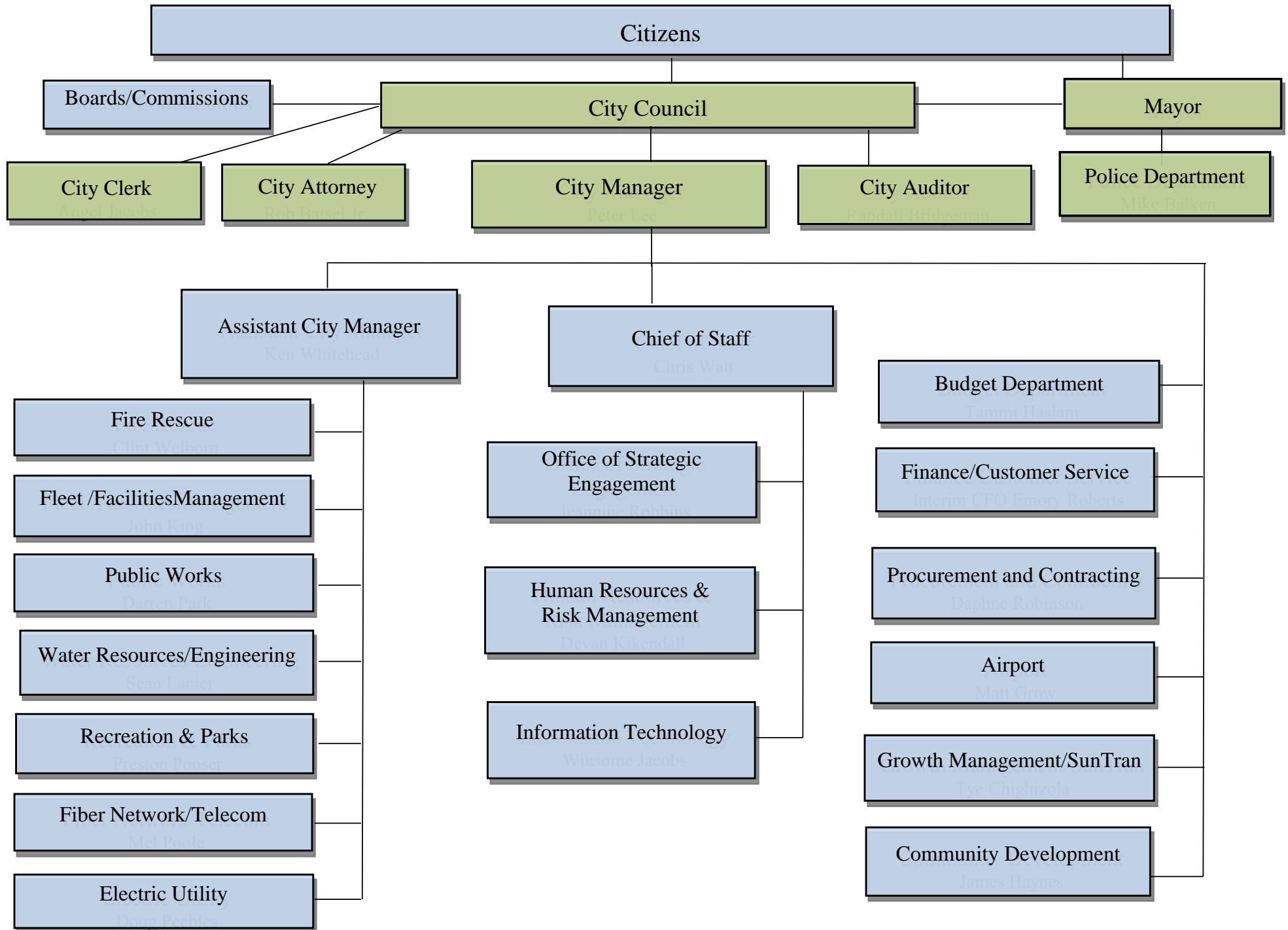
**Peter A. Lee, AICP**  
**City Manager**



**Emory Roberts, Jr., CIA, CISA, CGAP**  
**Director of Finance and Customer Service**



# CITY OF OCALA - Organizational Chart



**CITY OF OCALA, FLORIDA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2022**

**ELECTED OFFICIALS**

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

**APPOINTED OFFICIALS**

City Manager  
City Attorney  
City Clerk  
Internal Auditor

Peter Lee  
Robert W. Batsel, Jr.  
Angel Jacobs  
Randall Bridgeman

**EXECUTIVE STAFF**

Assistant City Manager  
Chief of Staff, Support Services

Ken Whitehead  
Christopher Watt

**Finance Staff**

Interim Chief Financial Officer  
Assistant Director of Finance & CSO  
Accounting Manager  
Fiscal Operations Supervisor  
Accountant I  
Fiscal Operations Supervisor  
Senior Accountant  
Senior Accountant  
Accounts Payable  
Accounts Receivable  
Payroll Manager  
Accounting Specialist  
Payroll Specialist II  
Payroll Specialist II  
Pension Benefits Coordinator  
Administrative Specialist III

Emory Roberts Jr.  
Peter Brill  
Raymond Bachik  
Anthony Webber  
Maribel Lozada  
Cathy Larson  
Jessica Brown  
Mackenzie Usher  
Linda Wright  
Nick Sammy  
Melissa Demetropoulos  
Hayley Masey  
Porsha Ullrich  
Rosanna Holmes  
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, 2021

*Christopher P. Morrell*

Executive Director/CEO



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## 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, 2022, 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, 2022, 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.

#### ***Emphasis of a Matter***

As described in Note 13 to the financial statements, in 2022, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

#### ***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.

#### CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Lakeland | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

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

## INDEPENDENT AUDITOR'S REPORT

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.

### ***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



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

## **INDEPENDENT AUDITOR'S REPORT**

supplement the basic financial statements. Such information is the responsibility of management and, 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 30, 2023 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



March 30, 2023  
Ocala, Florida

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

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, 2022. 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 \$462,291,744 (net position), an increase of 7.03% from the prior year. Of this amount, \$370,403,874 represents investments in capital assets (net of related debt), \$89,259,486 in restricted net position and \$2,628,384 in unrestricted net position.
- Governmental general revenue and transfers-in totaled \$137,767,510 compared to \$125,483,840 in FY 2021, which is a 9.8% increase from the prior year. Expenses totaled \$111,925,339 compared to \$107,216,416 in 2021 or a 4.4% increase from the prior year. This is mostly attributable to increased costs in Transportation and Interest on long term debt.
- At the close of the fiscal year, the City's governmental activities reported combined ending net position of \$150,485,432 as compared to the prior year \$124,643,261, an increase of \$25,842,171 or 20.7%. Of the fiscal year end net position, (\$29,101,959) was unrestricted versus (\$41,956,351) the prior fiscal year. This change from last fiscal year's balance was due to a net adjustment for \$80,000,000 Fire Fee lawsuit liability and \$60,000,000 in loan proceeds to settle lawsuit claims.
- The business-type activities revenue totaled \$280,228,834 as compared to \$231,482,308 for a 21.1% increase over the prior year driven by higher charges for services. Expenses and transfers-out totaled \$275,719,885 as compared to \$219,289,465 in 2021, for a 25.7% increase from the prior year. This result produced an increase in business-type net assets of \$4,508,949 as compared to an increase of \$12,192,843 in the prior year.
- The City is committed to providing the Citizens of Ocala with the highest quality services while maintaining efficiency and cost effectiveness.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds and internal service funds.

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. This report also contains other supplementary information in addition to the basic financial statements that provide details about the City's internal service fund presented in a separate column in the basic financial statements.

**CITY OF OCALA, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 21-23 of this report.

The *statement of net position* presents financial information on the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, culture and recreation, economic environment, physical environment and transportation. The business-type activities of the City include operation of an electric utility, solid waste disposal system, water and sewer utilities, golf course, airport, public transportation and fiber network.

The Community Redevelopment Agency (CRA) is a blended component unit that for all practical purposes is treated as part of the primary government. The data from this component unit is presented separately in the financial statements.

**Fund financial statements.** A *fund* is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The basic governmental fund financial statements can be found on pages 24-27 of this report.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the CRA funds, which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of these non-major governmental funds is provided in the *combining statements* in the other supplemental information section of this report.

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

The City adopts an annual appropriated budget for its various funds. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

**Proprietary funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City maintains seven enterprise funds to account for the following operations: electric, water and sewer, sanitation, golf course, airport, fiber and transit. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for all of the City's proprietary funds. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the other supplemental information section of this report. The basic proprietary fund financial statements can be found on pages 28-32 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 105-132 of this report.

The combining statements and budgetary comparison schedules regarding non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements can be found on pages 134-162 of this report.

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

**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 \$462,291,744 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**

|   | <b>Governmental Activities</b> |                | <b>Business -type Activities</b> |                | <b>Total Primary Government</b> |                |
|---|--------------------------------|----------------|----------------------------------|----------------|---------------------------------|----------------|
|   | <b>2022</b>                    | <b>2021</b>    | <b>2022</b>                      | <b>2021</b>    | <b>2022</b>                     | <b>2021</b>    |
| Current and other assets                | \$ 164,786,742                 | \$ 144,359,768 | \$ 164,974,449                   | \$ 156,671,489 | \$ 329,761,191                  | \$ 301,031,257 |
| Capital assets (net)                    | 162,808,106                    | 161,709,547    | 323,518,680                      | 333,353,856    | 486,326,786                     | 495,063,403    |
| Total Assets                            | 327,594,848                    | 306,069,315    | 488,493,129                      | 490,025,345    | 816,087,977                     | 796,094,660    |
| Total deferred outflows<br>of resources | 26,973,801                     | 28,010,211     | 10,480,122                       | 11,877,529     | 37,453,923                      | 39,887,740     |
| Long-term liabilities<br>outstanding    | 145,704,912                    | 190,459,082    | 129,134,468                      | 145,252,622    | 274,839,380                     | 335,711,704    |
| Other liabilities                       | 32,678,762                     | 14,452,492     | 37,785,098                       | 30,282,884     | 70,463,860                      | 44,735,376     |
| Total Liabilities                       | 178,383,674                    | 204,911,574    | 166,919,566                      | 175,535,506    | 345,303,240                     | 380,447,080    |
| Total deferred inflows<br>of resources  | 25,699,543                     | 4,524,691      | 20,247,373                       | 19,070,005     | 45,946,916                      | 23,594,696     |
| Net Position:                           |                                |                |                                  |                |                                 |                |
| Net investment in<br>capital assets     | 144,120,074                    | 141,919,068    | 226,283,800                      | 229,459,133    | 370,403,874                     | 371,378,201    |
| Restricted                              | 35,467,317                     | 24,680,544     | 53,792,169                       | 46,553,961     | 89,259,486                      | 71,234,505     |
| Unrestricted                            | (29,101,959)                   | (41,956,351)   | 31,730,343                       | 31,284,269     | 2,628,384                       | (10,672,082)   |
| Total Net Position                      | \$ 150,485,432                 | \$ 124,643,261 | \$ 311,806,312                   | \$ 307,297,363 | \$ 462,291,744                  | \$ 431,940,624 |

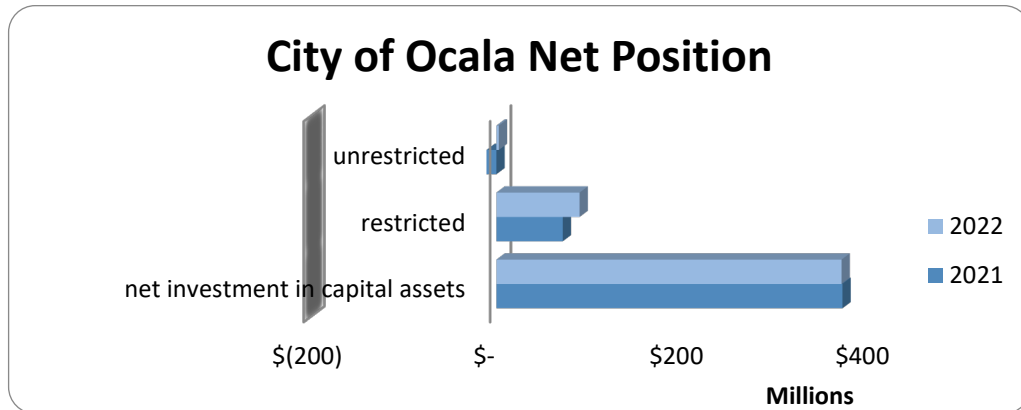
The largest portion of the City's net position \$370,403,874 (80.1% of total net position) reflects its investment in capital assets (land, building, improvements, utility improvements and extensions, machinery and equipment, infrastructure and construction in progress), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to citizens. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

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 2022 has a balance of \$89,259,486 or 19.3% 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 2022 the City reported an unrestricted net position of \$2,628,384 or 0.6% of total net position.



**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$25,842,171 from the prior fiscal year for an ending balance of \$150,485,432. This increase in the overall net position is mostly the result of \$8,133,866 increase in charges for services and \$4,611,637 increase in operating grants and contributions.

**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 \$311,806,312. The total net position increased by \$4,508,949 as compared to an increase of \$12,192,843 in the prior year. This decrease in net position change is attributed to a \$48,746,526 increase in total revenues that was exceed by \$56,257,1413 increase in current program expenses mainly for the purchase and distribution of electricity.

**CITY OF OCALA, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

**Statement of Activities.** The City's net position for governmental activities increased by \$25,842,171 during the current fiscal year and business-type activity net position increased by \$4,508,949. The city's operations for the last two fiscal years are summarized as follows:

**Changes in Net Position**  
**For the Year Ended September 30**

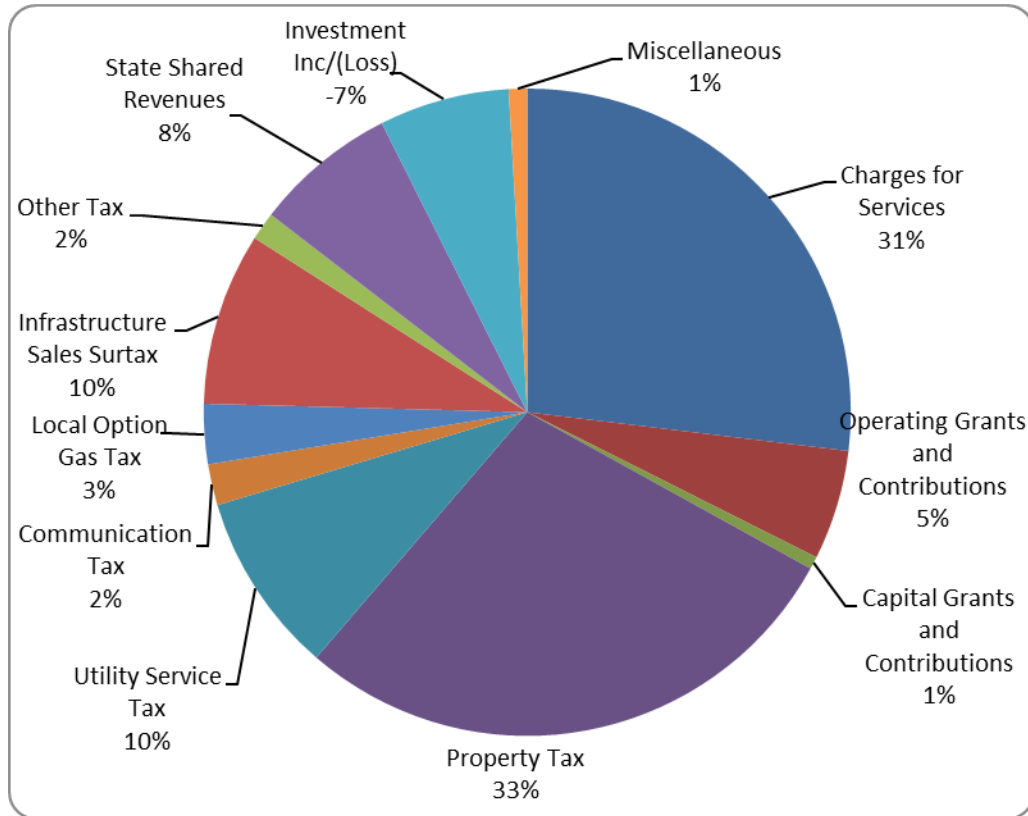
|   | <b>Governmental Activities</b> |                | <b>Business-type Activities</b> |                | <b>Total Primary Government</b> |                |
|---|--------------------------------|----------------|---------------------------------|----------------|---------------------------------|----------------|
|   | <b>2022</b>                    | <b>2021</b>    | <b>2022</b>                     | <b>2021</b>    | <b>2022</b>                     | <b>2021</b>    |
| Program revenues:                       |                                |                |                                 |                |                                 |                |
| Charges for services                    | \$ 35,163,538                  | \$ 27,029,672  | \$ 272,297,015                  | \$ 219,130,652 | \$ 307,460,553                  | \$ 246,160,324 |
| Operating grants and contributions      | 7,173,153                      | 2,561,616      | 3,512,878                       | 3,236,285      | 10,686,031                      | 5,797,901      |
| Capital grants and contributions        | 820,242                        | 297,732        | 8,848,928                       | 9,248,394      | 9,669,170                       | 9,546,126      |
| General revenues:                       |                                |                |                                 |                |                                 |                |
| Property taxes                          | 36,949,326                     | 34,874,426     | -                               | -              | 36,949,326                      | 34,874,426     |
| Other taxes                             | 31,549,291                     | 27,600,762     | -                               | -              | 31,549,291                      | 27,600,762     |
| State shared revenues                   | 9,312,030                      | 7,939,789      | -                               | -              | 9,312,030                       | 7,939,789      |
| Other                                   | (7,306,896)                    | 1,246,296      | (4,429,987)                     | (133,023)      | (11,736,883)                    | 1,113,273      |
| Total Revenues                          | 113,660,684                    | 101,550,293    | 280,228,834                     | 231,482,308    | 393,889,518                     | 333,032,601    |
| Program expenses:                       |                                |                |                                 |                |                                 |                |
| General government                      | 11,952,518                     | 12,543,745     | -                               | -              | 11,952,518                      | 12,543,745     |
| Public safety                           | 57,827,557                     | 57,613,575     | -                               | -              | 57,827,557                      | 57,613,575     |
| Physical environment                    | 7,522,112                      | 6,990,456      | -                               | -              | 7,522,112                       | 6,990,456      |
| Transportation                          | 19,538,618                     | 16,513,398     | -                               | -              | 19,538,618                      | 16,513,398     |
| Economic Environment                    | 3,207,917                      | 3,665,074      | -                               | -              | 3,207,917                       | 3,665,074      |
| Culture and recreation                  | 10,043,079                     | 9,143,439      | -                               | -              | 10,043,079                      | 9,143,439      |
| Interest on long term debt              | 1,833,538                      | 746,729        | -                               | -              | 1,833,538                       | 746,729        |
| Electric                                | -                              | -              | 188,453,689                     | 137,572,943    | 188,453,689                     | 137,572,943    |
| Water and sewer                         | -                              | -              | 36,343,504                      | 34,001,912     | 36,343,504                      | 34,001,912     |
| Sanitation                              | -                              | -              | 11,792,441                      | 11,786,769     | 11,792,441                      | 11,786,769     |
| Municipal golf courses                  | -                              | -              | 1,783,802                       | 1,658,800      | 1,783,802                       | 1,658,800      |
| International airport                   | -                              | -              | 2,925,026                       | 1,518,031      | 2,925,026                       | 1,518,031      |
| Fiber Network                           | -                              | -              | 6,080,816                       | 5,232,092      | 6,080,816                       | 5,232,092      |
| Suntran                                 | -                              | -              | 4,233,781                       | 3,585,371      | 4,233,781                       | 3,585,371      |
| Total Expenses                          | 111,925,339                    | 107,216,416    | 251,613,059                     | 195,355,918    | 363,538,398                     | 302,572,334    |
| Change in net position before transfers | 1,735,345                      | (5,666,123)    | 28,615,775                      | 36,126,390     | 30,351,120                      | 30,460,267     |
| Transfers                               | 24,106,826                     | 23,933,547     | (24,106,826)                    | (23,933,547)   | -                               | -              |
| Increase (Decrease) in net position     | \$ 25,842,171                  | \$ 18,267,424  | \$ 4,508,949                    | \$ 12,192,843  | \$ 30,351,120                   | \$ 30,460,267  |
| Net position - beginning                | 124,643,261                    | 106,375,837    | 307,297,363                     | 295,104,520    | 431,940,624                     | 401,480,357    |
| Net position - ending                   | \$ 150,485,432                 | \$ 124,643,261 | \$ 311,806,312                  | \$ 307,297,363 | \$ 462,291,744                  | \$ 431,940,624 |

At the end of the current fiscal year, the City was able to report positive balances in all reported categories of net position, for its business-type activities. Governmental activity reports positive net positions except for unrestricted net position due to net adjustment for the Fire Service Fee lawsuit liability and loan proceeds to pay for claims from the lawsuit. In the prior fiscal year, positive net position balances were also reported in all categories except unrestricted net position.

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

The City's overall net position increased \$30,351,120 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**



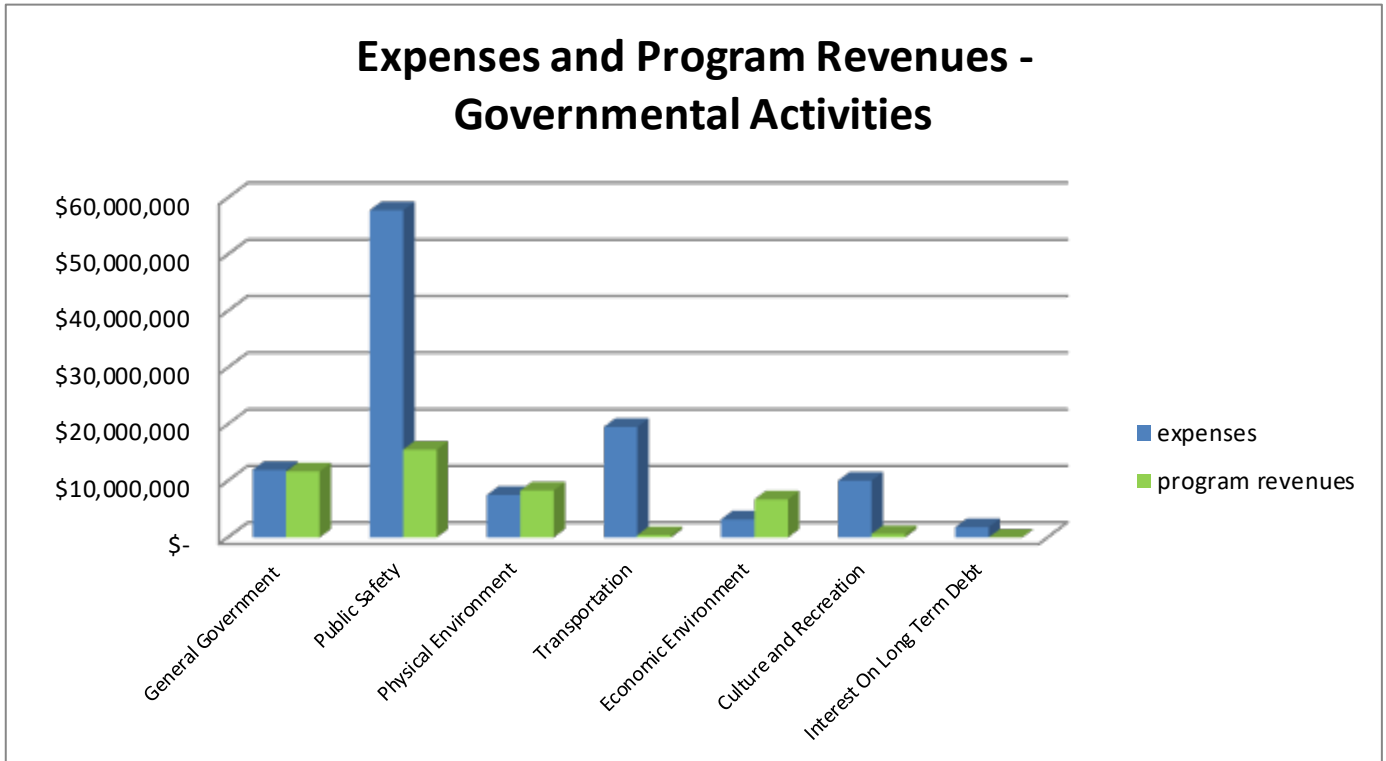
**Key Elements of Revenues of Governmental Activities:**

- Property taxes, which provided 33% of governmental revenues, increased by \$2,074,900. In FY 2022, the City's millage rate was 6.6177 per \$1,000 of taxable property. This was the same rate for FY 2021.
- Charges for services provided 31% of governmental revenues. Charges for services increased \$8,133,866 an increase of 30.1%.
- Utility services taxes provided 10.4% of governmental revenues and totaled \$11,842,744 for FY 2022. This was an increase of 16.3% or \$1,662,773 from prior year.
- Infrastructure Sales Tax and State Shared Revenues respectively contributed 10% (\$11,270,239) and 8% (\$9,312,030) of the total governmental revenue. These revenue source posted gains of 21.6% and 17.3% respectively.

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

**Key Element of Expenses of Governmental Activities**

In FY 2022, expenses for Governmental Activities increased 4.4% to \$111,925,339. Total expenses increased by \$4,708,923 mostly due to increase in Transportation of \$3,025,220 for road resurfacing projects, interest on Long Term Debt of \$1,086,809 for new bank loan and \$899,640 in Culture and Recreation expenses. This was offset by \$591,227 decrease in General Government and \$457,157 in Economic Government expenses. As evidenced by the graph below, most of the governmental activities are not supported by program revenues.

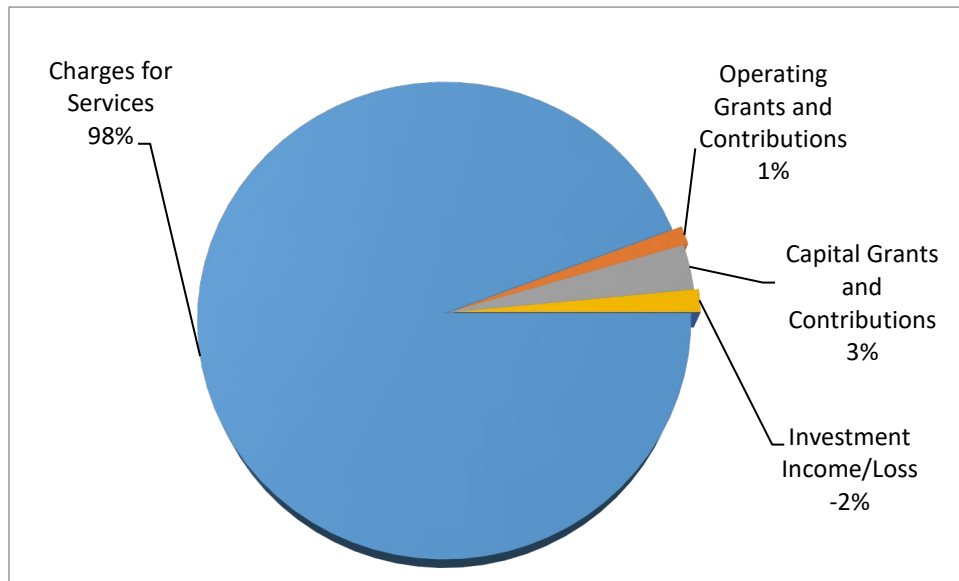


**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

**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 98% of the revenue generated in the enterprise funds as seen below. Rates should be established to ensure operating expenses are covered.

**Revenues by Source – Business-type Activities**



Program revenue derived from user fees and charges is designed to recoup the cost of providing services. The change in net position in the enterprise funds decreased from \$12,192,843, in FY 2021 to \$4,508,949, in FY 2022.

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

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 expenditures.

|                        | Electric       |                | Water and Sewer |               | Sanitation    |               |
|------------------------|----------------|----------------|-----------------|---------------|---------------|---------------|
|                        | 2022           | 2021           | 2022            | 2021          | 2022          | 2021          |
| Operating Revenues     | \$ 206,593,219 | \$ 157,769,238 | \$ 38,034,582   | \$ 33,913,128 | \$ 15,595,352 | \$ 15,386,939 |
| Operating Expenses     | 186,959,666    | 135,983,941    | 34,169,743      | 31,691,930    | 11,792,441    | 11,786,769    |
| Operating Income(Loss) | \$ 19,633,553  | \$ 21,785,297  | \$ 3,864,839    | \$ 2,221,198  | \$ 3,802,911  | \$ 3,600,170  |

|                        | Municipal Golf Course |              | Ocala International Airport |              | Ocala Fiber Network |              |
|------------------------|-----------------------|--------------|-----------------------------|--------------|---------------------|--------------|
|                        | 2022                  | 2021         | 2022                        | 2021         | 2022                | 2021         |
| Operating Revenues     | \$ 1,595,230          | \$ 1,492,628 | \$ 1,758,906                | \$ 1,571,301 | \$ 8,498,919        | \$ 7,885,924 |
| Operating Expenses     | 1,783,802             | 1,658,800    | 2,925,026                   | 2,301,682    | 6,070,388           | 5,232,092    |
| Operating Income(Loss) | \$ (188,572)          | \$ (166,172) | \$ (1,166,120)              | \$ (730,381) | \$ 2,428,531        | \$ 2,653,832 |

|                        | SunTran        |                | TOTALS         |                |
|------------------------|----------------|----------------|----------------|----------------|
|                        | 2022           | 2021           | 2022           | 2021           |
| Operating Revenues     | \$ 151,498     | \$ 168,842     | \$ 272,227,706 | \$ 218,188,000 |
| Operating Expenses     | 4,197,709      | 3,585,371      | 247,898,775    | 192,240,585    |
| Operating Income(Loss) | \$ (4,046,211) | \$ (3,416,529) | \$ 24,328,931  | \$ 25,947,415  |

Key elements of the City's business-type activities for FY 2022 are as follows:

Business-type activities had an operating income of \$24,328,931 a (\$1,618,484) or -6.2% decrease from the prior year.

The Electric Fund accounted for majority of this decrease. Operating income decreased \$2,151,744 or -9.9% resulting from an increase in operating expenses of \$50,975,725 or 37.5% due to increased costs for purchase and distribution of electricity. These increased costs were offset by \$48,823,981 or 30.9% increase in operating revenues.

The Water and Sewer Fund operating revenues increased \$4,121,454 or 12.2%. That gain was mitigated by \$2,477,813 or 7.8% increase in operating expenses due to higher costs for administration.

The Sanitation Fund operating income increased \$202,741 in FY 2022. This was due to a \$208,413 increase in operating revenues driven by rate and fee increase. This increase is the fifth and final increase approved in 2018.

The City outsourced management operations of the Municipal Golf Course in FY 2013. In FY 2021, the operating loss was \$188,572. This is \$22,400 worse than prior year loss of \$166,172. Increases in green fees and cart rental fees, combined with higher course utilization contributed to improved operating revenues of \$102,602. Operating costs also increased \$125,002 due to an increase in administration costs.



**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

The Ocala International Airport operating income/loss increased by \$435,739 from (\$730,381) in FY2021 to (\$1,166,120) in the current fiscal year. This higher operating loss was due to higher administration costs.

The Ocala Fiber Network (OFN) Fund had a reduction in operating income/loss of (\$225,301) or -8.5%. This is primarily due to a \$838,296 increase in operating expenses from higher administration costs. Operating revenues increased \$612,995 resulting from higher commercial internet services.

The City's public mass transit system, SunTran had an operating loss of \$4,046,211. This number, however, does not reflect non-operating revenue of \$3,357,478 and increase of 22% from prior year. The majority of revenue received in this fund is non-operating in nature and include Federal, State, and Local grants. Grant revenue is recorded as the related operating expenses are incurred.

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

| <b>Fund</b>                 | <b>Unrestricted Net Position</b> |
|-----------------------------|----------------------------------|
| Electric                    | \$ 7,981,192                     |
| Water and Sewer             | 9,520,620                        |
| Sanitation                  | 6,311,442                        |
| Municipal Golf Course       | 675,726                          |
| Ocala International Airport | (264,276)                        |
| Ocala Fiber Network         | 7,553,213                        |
| SunTran                     | (47,574)                         |
| <b>Total</b>                | <b>\$ 31,730,343</b>             |

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**

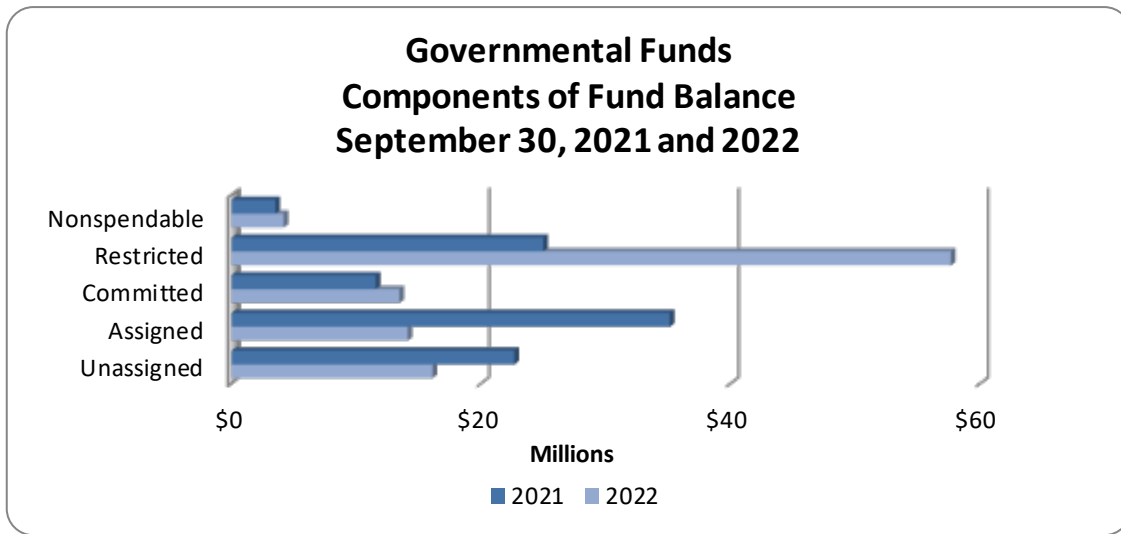
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**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, 2022, the City's governmental funds reported combined fund balances of \$105,371,100, an increase of \$7,492,6698 or 7.7% in comparison with the prior year. Approximately 13.4% of this amount \$15,954,765, constitutes unassigned fund balance, which is available for spending at the government's discretion. The total fund balance is made up as follows:

| <b>Governmental Fund Balance</b> |                       |                   |
|----------------------------------|-----------------------|-------------------|
| <b>Fund Balances</b>             | <b>Amount</b>         | <b>% of Total</b> |
| Nonspendable                     | 4,188,178             | 4.0%              |
| Restricted                       | 57,644,660            | 54.7%             |
| Committed                        | 13,461,819            | 12.8%             |
| Assigned                         | 14,121,678            | 13.4%             |
| Unassigned                       | 15,954,765            | 15.1%             |
| <b>Total</b>                     | <b>\$ 105,371,100</b> | <b>100.0%</b>     |

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**



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 \$20,899,910 represents 12.1% of total general fund expenditures, while total fund balance of \$44,165,649 represents 25.6% of that amount.

The net change in fund balance of the General Fund was \$22,806,616 compared to \$10,919,017 in prior year. This was due to a \$84,747,987 increase in total expenditures mostly in Public Safety for refunds on claims from fire fee lawsuit. This increase in expense was partially reduced by \$13,115,917 increase in total revenues and \$39,367,613 higher transfers in.

The Community Redevelopment Agency Fund reports the financial activities for four subareas, Downtown Redevelopment, North Magnolia Redevelopment, West Ocala Redevelopment and East Ocala Redevelopment. At close of fiscal year, September 30, 2022, the restricted fund balance was \$3,795,337 which is a net decrease of \$2,128,252. These funds received \$510,660 in tax increment revenue, investment income/loss and other revenue along with \$1,496,118 in transfers from the General fund which is (\$216,625) less than prior year. Expenditures decreased (\$231,918) due to a reduction in economic environment costs of \$199,475.

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

|                                     | Community<br>Redevelopment<br>Agency |                |              |
|-------------------------------------|--------------------------------------|----------------|--------------|
|                                     | 2022                                 | 2021           | Change       |
| Revenues and other sources          | \$ 2,006,778                         | \$ 2,223,403   | \$ (216,625) |
| Expenses and other uses             | 4,135,030                            | 4,366,948      | (231,918)    |
| Increase (decrease) in Net Position | \$ (2,128,252)                       | \$ (2,143,545) | \$ 15,293    |

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original General Fund budget, not including reserves, totaled \$107,391,491. Various budget amendments were approved by City Council. During the year, appropriations increased \$104,300,064 from the original to the final budget in the General Fund. Fiscal Year 2022 revenues was \$1,436,702 less than budget. This variance was caused by a lower intergovernmental revenue of \$7,316,413, investment income of \$4,053,720 and miscellaneous revenue \$1,828,000 offset by gains in utility service taxes and permit fees. Actual expenditures were \$33,543,023 less than budget. Reductions in public safety of \$11,320,843, capital outlay \$7,582,817, general government of \$6,433,430, and economic environment costs totaling \$5,002,196 all contributed to this reduction.

The General Fund FY22 adopted budget increased over the final budget for the following reasons:

- Fire fee refund loan - \$60,000,000
- American Rescue Plan Act grant funds \$6,100,000
- Grant carryforward - \$4,200,000
- Supplemental appropriation to reserve and operating for projects - \$22,200,000

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

**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, 2022, totaled \$486,326,786 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, intangibles, equipment, infrastructure, and construction in progress. The City's investment in capital assets decreased \$8,736,616 or -1.8% from FY 2021.

**CAPITAL ASSETS  
(NET OF DEPRECIATION)**

|                            | <b>Governmental Activities</b> |                       | <b>Business-Type Activities</b> |                       | <b>Total</b>          |                      |
|----------------------------|--------------------------------|-----------------------|---------------------------------|-----------------------|-----------------------|----------------------|
|                            | <b>2022</b>                    | <b>2021</b>           | <b>2022</b>                     | <b>2021</b>           | <b>2022</b>           | <b>2021</b>          |
| Land                       | \$ 28,140,498                  | \$ 26,305,329         | \$ 20,803,110                   | \$ 21,976,858         | \$ 48,943,608         | \$ 48,282,187        |
| Intangible (Easement, ROW) | 1,935,359                      | 1,935,359             | 2,720,323                       | 1,506,566             | 4,655,682             | 3,441,925            |
| Buildings and Improvements | 44,064,005                     | 45,636,279            | 257,324,109                     | 269,060,378           | 301,388,114           | 314,696,657          |
| Equipment                  | 20,456,927                     | 20,549,902            | 22,583,989                      | 22,626,641            | 43,040,916            | 43,176,543           |
| Intangible (Software)      | 1,403,882                      | 1,157,179             | 200,132                         | 285,267               | 1,604,014             | 1,442,446            |
| Infrastructure             | 55,072,938                     | 61,220,732            | -                               | -                     | 55,072,938            | 61,220,732           |
| Construction in Progress   | 11,734,497                     | 5,440,026             | 19,887,017                      | 17,898,145            | 31,621,514            | 23,338,171           |
| <b>Total</b>               | <b>\$ 162,808,106</b>          | <b>\$ 162,244,806</b> | <b>\$ 323,518,680</b>           | <b>\$ 333,353,855</b> | <b>\$ 486,326,786</b> | <b>\$495,598,661</b> |

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

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

**Governmental Activities:**

- Tuscawilla Drainage Well \$259,087
- SE 11<sup>th</sup> Ave Suntree Box \$492,675.50
- Skate Park Improvements \$132,095

**Business-type Activities:**

- Ocala International Airport Restaurant Build Out \$498,227
- Pine Oaks Wetlands Aquifer Project \$2,074,225
- Transmission & Distribution Wire Storage Shed \$279,643
- Paddock Mall Substation Upgrades \$789,107

Additional information on the City's capital assets can be found in the Notes to Financial Statements on pages 63-64.

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$178,870,000. That was an increase of \$50,535,000 or 39.4% from outstanding long-term debt of \$128,335,000 at the end of FY 2021. 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.

On March 18, 2022, the City issued \$60,000,000 Taxable Revenue Bonds, Series 2022 (Fire Fee Reimbursement) to finance refunds to claimants from the lawsuit settled in 2021.

Additional information on the City's long-term debt can be found in the Notes to Financial Statements on pages 92-97 of this report.

**Outstanding Debt**

|                           | Governmental activities |                      | Business-type activities |                       | Total                 |                       |
|---------------------------|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
|                           | 2022                    | 2021                 | 2022                     | 2021                  | 2022                  | 2021                  |
| Capital Improvement bonds | \$ 18,920,000           | \$ 20,925,000        | \$ -                     | \$ -                  | \$ 18,920,000         | \$ 20,925,000         |
| Utility system bonds      | -                       | -                    | 99,950,000               | 107,410,000           | 99,950,000            | 107,410,000           |
| Bank Loan                 | 60,000,000              | -                    | -                        | -                     | 60,000,000            | -                     |
| <b>Total</b>              | <b>\$ 78,920,000</b>    | <b>\$ 20,925,000</b> | <b>\$ 99,950,000</b>     | <b>\$ 107,410,000</b> | <b>\$ 178,870,000</b> | <b>\$ 128,335,000</b> |

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The following were some of the significant factors considered in preparing the City's FY 22-23 budget:

- The FY 2022 budget was prepared as the City continues to carefully plan using conservative fiscal oversight. This disciplined approach resulted in high quality municipal services, investment in public facilities, and maintaining appropriate reserves to provide resiliency during uncertain economic times which are proving to be the norm in the current economic environment.
- The City's leadership, the City Council and Mayor, recognizes its critical role in establishing the appropriate tenor and investment required for economic transformation of the local economy. The City's strategic plan has four goals: economic hub, fiscal sustainability, operational excellence, and quality of place. These goals serve as drivers for directing the City's limited resources.
- Ocala's economy improved with an 5.81% increase in real property valuations. The City has aggressively, but strategically, continued sowing the seeds for tomorrow's economic recovery. The City's investments in economic development made over the past three to four years are beginning to yield meaningful results. The FY 2023 budget continues strategic funding for economic development projects while preserving flexibility for pursuing additional economic opportunities.
- Through strong financial policies, as adopted by the City Council, the City presented stakeholders a balanced budget that addresses the priority, needs, and maintains or enhances service levels.
- The balanced budget was possible due to an increase in property valuations and transfers to cover the cost-of-service delivery. The General Fund Budget for FY 2023 totals \$136,132,730.
- The Citywide Comprehensive FY 2023 Budget totals \$968,333,613.
- The FY 2023 Budget was prepared by utilizing available resources in the most efficient manner to ensure that the City can provide services that have been established as priorities for the current fiscal year. The City continues to monitor growth pressures in annual pension contribution costs and inflationary pressures associated with day-to-day operations and capital expenses.

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

Each department reviewed its operations and recommended strategies to reduce expenditures without significantly impacting services. These efficiencies to date include reorganization of some department and/or divisions, consolidation of service functions, re-assignment of staff to critical tasks, and better utilization of technology. Each department will continue to focus on all areas of their operation to reduce costs while maintaining operational efficiency.

- A rate study for water and wastewater rates was completed in October 2020. City Council has approved an annual increase of 8% over a five-year period, starting in February 2021.

During the current fiscal year, the unassigned fund balance in the general fund was \$21,056,894.

**REQUESTS FOR INFORMATION**

This financial report is designed to present users with a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 201 SE 3rd Street, Ocala, Florida 34471, or telephone (352) 629-2489.

**CITY OF OCALA, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2022**

|   | <b>Governmental<br/>Activities</b> | <b>Business<br/>Type<br/>Activities</b> | <b>Total</b>          |
|---|------------------------------------|---|-----------------------|
| <b>Assets</b>                                   |                                    |   |                       |
| Cash and investments                            | \$ 322,503                         | \$ 84,758                               | \$ 407,261            |
| Equity In pooled cash and investment fund       | 146,243,454                        | 97,830,272                              | 244,073,726           |
| Receivables-net of allowance for uncollectibles | 2,388,369                          | 58,035,041                              | 60,423,410            |
| Accrued interest receivable                     | 413,922                            | 153,650                                 | 567,572               |
| Internal balances                               | 8,094,153                          | (8,094,153)                             | -                     |
| Due from other governments                      | 3,744,886                          | 3,374,936                               | 7,119,822             |
| Lease receivable                                | 991,276                            | 212,789                                 | 1,204,065             |
| Prepays   | 2,364,113                          | 434,187                                 | 2,798,300             |
| Inventories                                     | 224,066                            | 12,942,969                              | 13,167,035            |
| Capital assets not being depreciated            | 41,810,354                         | 43,411,450                              | 85,221,804            |
| Capital assets, being depreciated, net          | 120,997,752                        | 280,107,230                             | 401,104,982           |
| <b>Total assets</b>                             | <u>327,594,848</u>                 | <u>488,493,129</u>                      | <u>816,087,977</u>    |
| <b>Deferred outflows of resources</b>           |                                    |   |                       |
| Deferred outflows pension related               | 21,744,165                         | 4,971,494                               | 26,715,659            |
| Deferred outflows from debt refunding           | 1,178,747                          | 3,615,517                               | 4,794,264             |
| Deferred outflows from OPEB                     | 4,050,889                          | 1,893,111                               | 5,944,000             |
| <b>Total deferred outflows of resources</b>     | <u>26,973,801</u>                  | <u>10,480,122</u>                       | <u>37,453,923</u>     |
| <b>Liabilities</b>                              |                                    |   |                       |
| Accounts payable and accrued liabilities        | 21,432,307                         | 22,040,338                              | 43,472,645            |
| Contract retainage                              | 450,955                            | 452,819                                 | 903,774               |
| Accrued interest payable                        | 1,418,484                          | 1,641,200                               | 3,059,684             |
| Unearned revenue                                | 7,835,870                          | 3,636,413                               | 11,472,283            |
| Escrow and deposits                             | 1,541,146                          | -                                       | 1,541,146             |
| Other liabilities                               | -                                  | 10,014,328                              | 10,014,328            |
| Noncurrent liabilities:                         |                                    |   |                       |
| Due within one year                             | 7,633,103                          | 9,548,690                               | 17,181,793            |
| Due in more than one year                       | 138,071,809                        | 119,585,778                             | 257,657,587           |
| <b>Total liabilities</b>                        | <u>178,383,674</u>                 | <u>166,919,566</u>                      | <u>345,303,240</u>    |
| <b>Deferred inflows of resources</b>            |                                    |   |                       |
| Deferred inflows leases related                 | 991,276                            | 212,789                                 | 1,204,065             |
| Deferred inflows from debt refunding            | -                                  | 193,208                                 | 193,208               |
| Deferred inflows pension related                | 23,945,396                         | 6,518,941                               | 30,464,337            |
| Deferred inflows from OPEB                      | 762,871                            | 377,129                                 | 1,140,000             |
| Regulatory liability-rate stabilization         | -                                  | 12,945,306                              | 12,945,306            |
| <b>Total deferred inflows of resources</b>      | <u>25,699,543</u>                  | <u>20,247,373</u>                       | <u>44,742,851</u>     |
| <b>Net Position</b>                             |                                    |   |                       |
| Net invested in capital assets                  | 144,120,074                        | 226,283,800                             | 370,403,874           |
| Restricted for:                                 |                                    |   |                       |
| Transportation                                  | 4,170,684                          | -                                       | 4,170,684             |
| Capital projects                                | 22,556,387                         | 46,117,169                              | 68,673,556            |
| Debt service                                    | 917,230                            | 7,675,000                               | 8,592,230             |
| Development district improvements               | 4,099,414                          | -                                       | 4,099,414             |
| Public safety                                   | 2,590,340                          | -                                       | 2,590,340             |
| Grants  | 1,133,262                          | -                                       | 1,133,262             |
| Unrestricted                                    | (29,101,959)                       | 31,730,343                              | 2,628,384             |
| <b>Total net position</b>                       | <u>\$ 150,485,432</u>              | <u>\$ 311,806,312</u>                   | <u>\$ 462,291,744</u> |

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



**CITY OF OCALA, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| Functions/Programs                    | Expenses              | Program Revenues        |  |  |
|---------------------------------------|-----------------------|-------------------------|--|--|
|                                       |                       | Charges For<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |
| <b>Governmental activities:</b>       |                       |                         |  |  |
| General government                    | \$ 11,952,518         | \$ 10,777,935           | \$ 74,250                                | \$ 820,242                             |
| Public safety                         | 57,827,557            | 15,186,680              | 344,851                                  | -                                      |
| Physical environment                  | 7,522,112             | 8,330,631               | -  | -                                      |
| Transportation                        | 19,538,618            | -                       | 445,121                                  | -                                      |
| Economic environment                  | 3,207,917             | 259,532                 | 6,303,769                                | -                                      |
| Culture and recreation                | 10,043,079            | 608,760                 | 5,162                                    | -                                      |
| Interest on long term debt            | 1,833,538             | -                       | -  | -                                      |
| <b>Total governmental activities</b>  | <b>111,925,339</b>    | <b>35,163,538</b>       | <b>7,173,153</b>                         | <b>820,242</b>                         |
| <b>Business-type activities:</b>      |                       |                         |  |  |
| Electric                              | 188,453,689           | 206,625,372             | -  | 1,733,621                              |
| Water and sewer                       | 36,343,504            | 38,070,524              | -  | 6,832,755                              |
| Sanitation                            | 11,792,441            | 15,596,566              | 155,400                                  | -                                      |
| Municipal golf courses                | 1,783,802             | 1,595,230               | -  | -                                      |
| International airport                 | 2,925,026             | 1,758,906               | -  | 282,552                                |
| Fiber Network                         | 6,080,816             | 8,498,919               | -  | -                                      |
| Suntran                               | 4,233,781             | 151,498                 | 3,357,478                                | -                                      |
| <b>Total business-type activities</b> | <b>251,613,059</b>    | <b>272,297,015</b>      | <b>3,512,878</b>                         | <b>8,848,928</b>                       |
| <b>Total Primary Government</b>       | <b>\$ 363,538,398</b> | <b>\$ 307,460,553</b>   | <b>\$ 10,686,031</b>                     | <b>\$ 9,669,170</b>                    |

**General Revenues:**

Property tax  
Utility service tax  
Communication tax  
Local option gas tax  
Infrastructure sales tax  
Other tax  
State shared revenues  
Investment income (loss)  
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.

| <b>Net (Expense) Revenue and Change In Net Position</b> |                                     |                 |
|---|-------------------------------------|-----------------|
| <b>Primary Government</b>                               |                                     |                 |
| <b>Governmental<br/>Activities</b>                      | <b>Business-type<br/>Activities</b> | <b>Total</b>    |
| \$ (280,091)  | \$ -                                | \$ (280,091)    |
| (42,296,026)  | -                                   | (42,296,026)    |
| 808,519   | -                                   | 808,519         |
| (19,093,497)  | -                                   | (19,093,497)    |
| 3,355,384   | -                                   | 3,355,384       |
| (9,429,157)   | -                                   | (9,429,157)     |
| (1,833,538)   | -                                   | (1,833,538)     |
| (68,768,406)  | -                                   | (68,768,406)    |
| -   | 19,905,304                          | 19,905,304      |
| -   | 8,559,775                           | 8,559,775       |
| -   | 3,959,525                           | 3,959,525       |
| -   | (188,572)                           | (188,572)       |
| -   | (883,568)                           | (883,568)       |
| -   | 2,418,103                           | 2,418,103       |
| -   | (724,805)                           | (724,805)       |
| -   | 33,045,762                          | 33,045,762      |
| \$ (68,768,406)   | \$ 33,045,762                       | \$ (35,722,644) |
| 36,949,326  | -                                   | 36,949,326      |
| 11,842,744  | -                                   | 11,842,744      |
| 2,681,273   | -                                   | 2,681,273       |
| 3,919,597   | -                                   | 3,919,597       |
| 11,270,239  | -                                   | 11,270,239      |
| 1,835,438   | -                                   | 1,835,438       |
| 9,312,030   | -                                   | 9,312,030       |
| (8,504,610)   | (4,429,987)                         | (12,934,597)    |
| 1,197,714   | -                                   | 1,197,714       |
| 24,106,826  | (24,106,826)                        | -               |
| 94,610,577  | (28,536,813)                        | 66,073,764      |
| 25,842,171  | 4,508,949                           | 30,351,120      |
| 124,643,261   | 307,297,363                         | 431,940,624     |
| \$ 150,485,432  | \$ 311,806,312                      | \$ 462,291,744  |

**CITY OF OCALA, FLORIDA  
BALANCE SHEET  
ALL GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

|   | <b>General<br/>Fund</b> | <b>Community<br/>Redevelopment<br/>Agency (CRA)<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|-------------------------|--|---|---|
| <b>Assets</b>   |                         |  |   |   |
| Cash and investments  | \$ 322,503              | \$ -   | \$ -                                    | \$ 322,503                              |
| Equity In pooled cash and investment fund                                     | 51,105,217              | 5,933,254  | 60,103,224                              | 117,141,695                             |
| Receivables-net of  |                         |  |   |   |
| allowance for uncollectibles  | 561,514                 | -  | 971,563                                 | 1,533,077                               |
| Accrued interest receivable   | 189,551                 | 18,877   | 117,002                                 | 325,430                                 |
| Due from other funds  | 13,372,217              | -  | -                                       | 13,372,217                              |
| Advances to other funds   | 1,600,000               | -  | -                                       | 1,600,000                               |
| Due from other governments  | 1,831,480               | -  | 1,913,406                               | 3,744,886                               |
| Prepays   | 1,253,821               | 1,113  | 1,109,178                               | 2,364,112                               |
| Inventories   | 224,066                 | -  | -                                       | 224,066                                 |
| Leases receivable   | 991,276                 | -  | -                                       | 991,276                                 |
| Accrued unbilled revenues   | 855,292                 | -  | -                                       | 855,292                                 |
| <b>Total assets</b>   | <b>72,306,937</b>       | <b>5,953,244</b>   | <b>64,214,373</b>                       | <b>142,474,554</b>                      |
| <b>Liabilities:</b>   |                         |  |   |   |
| Accounts payable and accrued liabilities                                      | 18,499,935              | 16,833   | 746,703                                 | 19,263,471                              |
| Interfund advances payable  | -                       | 6,400,000  | -                                       | 6,400,000                               |
| Unearned revenue  | 7,835,870               | -  | -                                       | 7,835,870                               |
| Retainage on contracts  | 204,949                 | 207,041  | 38,965                                  | 450,955                                 |
| Escrow and deposits   | 533,081                 | -  | 1,008,065                               | 1,541,146                               |
| Due to other funds  | -                       | 478,065  | -                                       | 478,065                                 |
| <b>Total liabilities</b>  | <b>27,073,835</b>       | <b>7,101,939</b>   | <b>1,793,733</b>                        | <b>35,969,507</b>                       |
| <b>Deferred Inflows of Resources</b>  |                         |  |   |   |
| Deferred inflows from future revenues   | 76,177                  | -  | 66,494                                  | 142,671                                 |
| Deferred inflows lease related  | 991,276                 | -  | -                                       | 991,276                                 |
| <b>Total deferred inflows of resources</b>                                    | <b>1,067,453</b>        | <b>-</b>   | <b>66,494</b>                           | <b>1,133,947</b>                        |
| <b>Fund Balances:</b>   |                         |  |   |   |
| Nonspendable  | 3,077,887               | 1,113  | 1,109,178                               | 4,188,178                               |
| Restricted  | 3,322,068               | 3,795,337  | 50,527,255                              | 57,644,660                              |
| Committed   | 2,744,106               | -  | 10,717,713                              | 13,461,819                              |
| Assigned  | 14,121,678              | -  | -                                       | 14,121,678                              |
| Unassigned  | 20,899,910              | (4,945,145)  | -                                       | 15,954,765                              |
| <b>Total fund balances</b>  | <b>44,165,649</b>       | <b>(1,148,695)</b>   | <b>62,354,146</b>                       | <b>105,371,100</b>                      |
| <b>Total liabilities, deferred inflows<br/>of resources and fund balances</b> | <b>\$ 72,306,937</b>    | <b>\$ 5,953,244</b>  | <b>\$ 64,214,373</b>                    | <b>\$ 142,474,554</b>                   |

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, 2022**

|   |                |
|---|----------------|
| Total fund balances of governmental funds | \$ 105,371,100 |
|---|----------------|

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

|  |             |
|--|-------------|
| Capital assets including leases used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$509,037,889 and the accumulated depreciation/amortization is \$346,229,783. | 162,808,106 |
|--|-------------|

|   |              |
|---|--------------|
| 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  | (20,619,096) |
| Net Pension Liability Police Plan   | (7,914,648)  |
| Net Pension Liability Fire Plan   | (4,052,352)  |
| Deferred outflows of resources related to pensions  | 21,744,165   |
| Deferred inflows of resources related to pensions   | (23,945,396) |

|  |            |
|--|------------|
| 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. | 18,958,859 |
|--|------------|

|   |         |
|---|---------|
| 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. | 142,671 |
|---|---------|

|   |              |
|---|--------------|
| Long term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long term are reported in the Statement of Net Position. Long term liabilities at year end consist of: |              |
| Other liabilities-Fire fee settlement   | (7,857,139)  |
| Bonds payable   | (78,920,000) |
| Leases payable  | (495,824)    |
| Unamortized (gain)loss on refunding (to be amortized as interest expense).  | 1,178,747    |
| Accrued interest payable  | (1,418,484)  |
| Compensated absences  | (4,371,821)  |
| OPEB liability payable  | (13,411,473) |
| Deferred inflows related to OPEB  | (762,872)    |
| Deferred outflows related to OPEB   | 4,050,889    |

|   |                |
|---|----------------|
| Net position of governmental activities | \$ 150,485,432 |
|---|----------------|

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, 2022**

|  | <b>General<br/>Fund</b> | <b>CRA<br/>Fund</b>   | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|-------------------------|-----------------------|---|---|
| <b>Revenues</b>  |                         |                       |   |   |
| Property tax   | \$ 35,841,384           | \$ 999,263            | \$ 108,679                              | \$ 36,949,326                           |
| Utility service tax  | 11,842,744              | -                     | -                                       | 11,842,744                              |
| Communication service tax                                    | 2,681,273               | -                     | -                                       | 2,681,273                               |
| Local option gas tax   | -                       | -                     | 3,919,597                               | 3,919,597                               |
| Infrastructure sales surtax                                  | -                       | -                     | 11,270,239                              | 11,270,239                              |
| Other tax  | 1,835,438               | -                     | -                                       | 1,835,438                               |
| State shared revenues  | 9,312,030               | -                     | -                                       | 9,312,030                               |
| Other intergovernmental revenues                             | 6,109,641               | -                     | 1,923,868                               | 8,033,509                               |
| Permits and fees   | 4,349,468               | -                     | -                                       | 4,349,468                               |
| Fines and forfeitures  | 378,668                 | -                     | -                                       | 378,668                                 |
| Charges for services   | 22,067,483              | -                     | 8,327,805                               | 30,395,288                              |
| Investment income (loss)                                     | (4,053,720)             | (488,603)             | (2,065,526)                             | (6,607,849)                             |
| Miscellaneous  | 1,186,925               | -                     | 13,917                                  | 1,200,842                               |
| <b>Total revenues</b>  | <b>91,551,334</b>       | <b>510,660</b>        | <b>23,498,579</b>                       | <b>115,560,573</b>                      |
| <b>Expenditures</b>  |                         |                       |   |   |
| Current:   |                         |                       |   |   |
| General government   | 12,441,300              | -                     | 31,973                                  | 12,473,273                              |
| Public safety  | 133,333,170             | -                     | 356,142                                 | 133,689,312                             |
| Physical environment   | 26,182                  | -                     | 5,105,192                               | 5,131,374                               |
| Transportation   | 6,760,844               | -                     | 3,548,789                               | 10,309,633                              |
| Economic environment   | 2,464,039               | 375,578               | 426,955                                 | 3,266,572                               |
| Culture and recreation                                       | 9,359,787               | -                     | 6,484                                   | 9,366,271                               |
| Capital outlay   | 8,052,789               | 3,703,410             | 2,447,240                               | 14,203,439                              |
| Debt service:  |                         |                       |   |   |
| Principal payments   | -                       | -                     | 2,005,000                               | 2,005,000                               |
| Costs of issuance  | 144,500                 | -                     | -                                       | 144,500                                 |
| Interest and fees  | -                       | -                     | 585,328                                 | 585,328                                 |
| <b>Total expenditures</b>                                    | <b>172,582,611</b>      | <b>4,078,988</b>      | <b>14,513,103</b>                       | <b>191,174,702</b>                      |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <b>(81,031,277)</b>     | <b>(3,568,328)</b>    | <b>8,985,476</b>                        | <b>(75,614,129)</b>                     |
| <b>Other financing sources (uses)</b>                        |                         |                       |   |   |
| Transfers in   | 63,768,395              | 1,496,118             | 2,693,229                               | 67,957,742                              |
| Transfers out  | (5,543,734)             | (56,042)              | (39,251,139)                            | (44,850,915)                            |
| Loan proceeds  | -                       | -                     | 60,000,000                              | 60,000,000                              |
| <b>Total other financing sources (uses)</b>                  | <b>58,224,661</b>       | <b>1,440,076</b>      | <b>23,442,090</b>                       | <b>83,106,827</b>                       |
| <b>Net change in fund balances</b>                           | <b>(22,806,616)</b>     | <b>(2,128,252)</b>    | <b>32,427,566</b>                       | <b>7,492,698</b>                        |
| <b>Fund balances - October 1</b>                             | <b>66,972,265</b>       | <b>979,557</b>        | <b>29,926,580</b>                       | <b>97,878,402</b>                       |
| <b>Fund balances - September 30</b>                          | <b>\$ 44,165,649</b>    | <b>\$ (1,148,695)</b> | <b>\$ 62,354,146</b>                    | <b>\$ 105,371,100</b>                   |

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, 2022**

Net change in fund balances - total governmental funds \$ 7,492,698

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                              | 14,203,439       |         |
| Less current year depreciation/amortization | (13,699,750)     |         |
| Contributed capital assets                  | 261,010          |         |
| Loss on disposition of capital assets       | <u>(161,963)</u> | 602,736 |

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  |  |              |
| Proceeds- bank loan  |  | (60,000,000) |
| Principal repayments:  |  |              |
| Bonds and certificates payable   |  | 2,005,000    |
| Amortization of bond discount, premium, and deferred amounts on refundings |  | (135,395)    |

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  |  | (233,474)   |
| Accrued interest on long term debt  |  | (1,112,816) |
| Changes in OPEB liability payable and related deferred outflows and inflows |  | 404,201     |
| Other liabilities-Fire fee settlement                                       |  | 72,142,861  |

|  |  |           |
|--|--|-----------|
| Changes in pension liability payable and related deferred outflows and inflows |  | 9,571,810 |
|--|--|-----------|

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (3,129)

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. (4,892,321)

Change in net position of governmental activities \$ 25,842,171

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, 2022**

|  | <b>BUSINESS-TYPE ACTIVITIES -</b>      |                            |                                |                       |                                   |
|--|--|----------------------------|--------------------------------|-----------------------|-----------------------------------|
|  | <b>Electric<br/>System<br/>Revenue</b> | <b>Water<br/>and Sewer</b> | <b>Nonmajor<br/>Enterprise</b> | <b>Totals</b>         | <b>Internal<br/>Service Funds</b> |
| <b>Assets</b>  |  |                            |                                |                       |                                   |
| <b>Current Assets:</b>   |  |                            |                                |                       |                                   |
| Cash and investments   | \$ 2,899                               | \$ -                       | \$ 81,859                      | \$ 84,758             | \$ -                              |
| Equity in pooled cash and investment fund                              | -                                      | 8,014,091                  | 21,490,416                     | 29,504,507            | 29,101,759                        |
| Restricted assets available for current liabilities                    | 3,711,721                              | 5,999,191                  | -                              | 9,710,912             | -                                 |
| Receivables (net, where applicable, of allowances for uncollectibles): |  |                            |                                |                       |                                   |
| Accounts and notes   | 16,438,462                             | 2,253,811                  | 1,708,558                      | 20,400,831            | -                                 |
| Accrued interest   | 13,120                                 | 27,163                     | 60,457                         | 100,740               | 88,492                            |
| Unbilled revenues  | 34,740,588                             | 1,802,454                  | 1,091,168                      | 37,634,210            | -                                 |
| Due from other funds   | 228,063                                | 150,000                    | -                              | 378,063               | -                                 |
| Prepays  | 367,571                                | 23,453                     | 43,163                         | 434,187               | -                                 |
| Lease receivable   | -                                      | 104,356                    | -                              | 104,356               | -                                 |
| Inventories  | 9,613,493                              | 2,219,685                  | 1,109,790                      | 12,942,968            | -                                 |
| Due from other governments   | 84,727                                 | 1,100,656                  | 2,189,553                      | 3,374,936             | -                                 |
| <b>Total current assets</b>  | <b>65,200,644</b>                      | <b>21,694,860</b>          | <b>27,774,964</b>              | <b>114,670,468</b>    | <b>29,190,251</b>                 |
| <b>Noncurrent Assets:</b>  |  |                            |                                |                       |                                   |
| Restricted Assets:   |  |                            |                                |                       |                                   |
| Equity in pooled cash and investment fund:                             |  |                            |                                |                       |                                   |
| Construction accounts  | 12,598,720                             | 12,060,473                 | -                              | 24,659,193            | -                                 |
| Debt service accounts  | 3,653,364                              | 5,662,836                  | -                              | 9,316,200             | -                                 |
| Impact fee accounts  | 2,936,724                              | 16,786,588                 | -                              | 19,723,312            | -                                 |
| Rate stabilization   | 12,945,306                             | -                          | -                              | 12,945,306            | -                                 |
| Renewal and replacement  | -                                      | 1,681,754                  | -                              | 1,681,754             | -                                 |
| Accrued interest receivable:   |  |                            |                                |                       |                                   |
| Impact fee accounts  | -                                      | 52,910                     | -                              | 52,910                | -                                 |
| Less: Portion classified as current                                    | (3,711,721)                            | (5,999,191)                | -                              | (9,710,912)           | -                                 |
| Non restricted assets:   |  |                            |                                |                       |                                   |
| Lease receivable   | -                                      | 108,433                    | -                              | 108,433               | -                                 |
| Interfund advances   | 2,400,000                              | 2,400,000                  | -                              | 4,800,000             | -                                 |
| Total non-current assets   | <b>30,822,393</b>                      | <b>32,753,803</b>          | <b>-</b>                       | <b>63,576,196</b>     | <b>-</b>                          |
| Capital assets:  |  |                            |                                |                       |                                   |
| Right to use leased assets   | -                                      | -                          | 252,296                        | 252,296               | -                                 |
| Capital assets not being depreciated                                   | 8,192,105                              | 23,051,083                 | 12,168,262                     | 43,411,450            | -                                 |
| Capital assets being depreciated, net                                  | 96,305,522                             | 140,922,342                | 42,627,071                     | 279,854,935           | -                                 |
| Total capital assets (net)   | <b>104,497,627</b>                     | <b>163,973,425</b>         | <b>55,047,629</b>              | <b>323,518,681</b>    | <b>-</b>                          |
| <b>Total noncurrent assets</b>   | <b>135,320,020</b>                     | <b>196,727,228</b>         | <b>55,047,629</b>              | <b>387,094,877</b>    | <b>-</b>                          |
| <b>Total assets</b>  | <b>\$ 200,520,664</b>                  | <b>\$ 218,422,088</b>      | <b>\$ 82,822,593</b>           | <b>\$ 501,765,345</b> | <b>\$ 29,190,251</b>              |
| <b>Deferred outflows of resources:</b>                                 |  |                            |                                |                       |                                   |
| Deferred amount on debt refunding                                      | 1,382,111                              | 2,233,406                  | -                              | 3,615,517             | -                                 |
| Deferred amount pension related  | 2,796,968                              | 1,236,547                  | 937,979                        | 4,971,494             | -                                 |
| Deferred amount OPEB related   | 922,728                                | 508,360                    | 462,023                        | 1,893,111             | -                                 |
| <b>Total deferred outflows of resources</b>                            | <b>\$ 5,101,807</b>                    | <b>\$ 3,978,313</b>        | <b>\$ 1,400,002</b>            | <b>\$ 10,480,122</b>  | <b>\$ -</b>                       |

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, 2022**

|  | <b>BUSINESS-TYPE ACTIVITIES -</b>      |                            |                                |                       | <b>GOVERNMENTAL<br/>ACTIVITIES</b> |
|--|--|----------------------------|--------------------------------|-----------------------|------------------------------------|
|  | <b>Electric<br/>System<br/>Revenue</b> | <b>Water<br/>and Sewer</b> | <b>Nonmajor<br/>Enterprise</b> | <b>Total</b>          | <b>Internal<br/>Service Funds</b>  |
| <b>Liabilities</b>   |  |                            |                                |                       |                                    |
| <b>Current Liabilities:</b>                                |  |                            |                                |                       |                                    |
| Payable from unrestricted assets:                          |  |                            |                                |                       |                                    |
| Accounts payable and accrued liabilities                   | \$ 19,289,155                          | \$ 778,671                 | \$ 1,577,799                   | \$ 21,645,625         | \$ 2,168,834                       |
| Contract retainage   | -                                      | 204,143                    | 248,676                        | 452,819               | -                                  |
| Claims payable   | -                                      | -                          | -                              | -                     | 2,338,624                          |
| Compensated absences payable                               | 933,247                                | 325,863                    | 273,055                        | 1,532,165             | -                                  |
| OPEB obligation payable                                    | 126,939                                | 69,548                     | 63,520                         | 260,007               | -                                  |
| Leases payable   | -                                      | -                          | 81,518                         | 81,518                | -                                  |
| Due to other funds   | 9,053,865                              | -                          | 4,218,352                      | 13,272,217            | -                                  |
| Customer deposits  | 9,889,422                              | -                          | 124,906                        | 10,014,328            | -                                  |
| Unearned revenue   | 1,666,273                              | 128,881                    | 1,841,259                      | 3,636,413             | -                                  |
| Total current liabilities payable from unrestricted assets | 40,958,901                             | 1,507,106                  | 8,429,085                      | 50,895,092            | 4,507,458                          |
| Payable from restricted assets:                            |  |                            |                                |                       |                                    |
| Accounts payable and accrued liabilities                   | 58,357                                 | 336,355                    | -                              | 394,712               | -                                  |
| Accrued interest payable                                   | 679,914                                | 961,286                    | -                              | 1,641,200             | -                                  |
| Revenue bonds payable within one year                      | 2,973,450                              | 4,701,550                  | -                              | 7,675,000             | -                                  |
| Total current liabilities payable from restricted assets   | 3,711,721                              | 5,999,191                  | -                              | 9,710,912             | -                                  |
| <b>Total current liabilities</b>                           | <b>44,670,622</b>                      | <b>7,506,297</b>           | <b>8,429,085</b>               | <b>60,606,004</b>     | <b>4,507,458</b>                   |
| <b>Noncurrent Liabilities:</b>                             |  |                            |                                |                       |                                    |
| Claims payable   | -                                      | -                          | -                              | -                     | 5,723,935                          |
| Compensated absences payable                               | 226,381                                | 88,183                     | 148,578                        | 463,142               | -                                  |
| OPEB obligation payable                                    | 3,043,644                              | 1,676,874                  | 1,524,002                      | 6,244,520             | -                                  |
| Leases payable   | -                                      | -                          | 172,853                        | 172,853               | -                                  |
| Net pension liability                                      | 11,493,821                             | 5,081,909                  | 3,854,533                      | 20,430,263            | -                                  |
| Revenue bonds and notes payable after one year             | 37,687,100                             | 54,587,900                 | -                              | 92,275,000            | -                                  |
| <b>Total noncurrent liabilities</b>                        | <b>52,450,946</b>                      | <b>61,434,866</b>          | <b>5,699,966</b>               | <b>119,585,778</b>    | <b>5,723,935</b>                   |
| <b>Total liabilities</b>                                   | <b>\$ 97,121,568</b>                   | <b>\$ 68,941,163</b>       | <b>\$ 14,129,051</b>           | <b>\$ 180,191,782</b> | <b>\$ 10,231,393</b>               |
| <b>Deferred Inflows of Resources:</b>                      |  |                            |                                |                       |                                    |
| Deferred inflows lease related                             | -                                      | 212,789                    | -                              | 212,789               | -                                  |
| Deferred amount on debt refunding                          | -                                      | 193,208                    | -                              | 193,208               | -                                  |
| Deferred inflows pension related                           | 3,667,541                              | 1,621,467                  | 1,229,933                      | 6,518,941             | -                                  |
| Deferred inflows OPEB related                              | 178,782                                | 107,849                    | 90,498                         | 377,129               | -                                  |
| Regulatory liability-rate stabilization                    | 12,945,306                             | -                          | -                              | 12,945,306            | -                                  |
| <b>Total deferred inflows of resources</b>                 | <b>16,791,629</b>                      | <b>2,135,313</b>           | <b>1,320,431</b>               | <b>20,247,373</b>     | <b>-</b>                           |
| <b>Net Position</b>  |  |                            |                                |                       |                                    |
| Net investment in capital assets                           | 65,219,188                             | 106,520,030                | 54,544,582                     | 226,283,800           | -                                  |
| Restricted for debt service                                | 2,973,450                              | 4,701,550                  | -                              | 7,675,000             | -                                  |
| Restricted for capital projects                            | 15,535,444                             | 30,581,725                 | -                              | 46,117,169            | -                                  |
| Unrestricted (accumulated deficit)                         | 7,981,192                              | 9,520,620                  | 14,228,531                     | 31,730,343            | 18,958,858                         |
| <b>Total net position</b>                                  | <b>\$ 91,709,274</b>                   | <b>\$ 151,323,925</b>      | <b>\$ 68,773,113</b>           | <b>\$ 311,806,312</b> | <b>\$ 18,958,858</b>               |

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, 2022**

|   | BUSINESS-TYPE ACTIVITIES -    |                    |                        |                | GOVERNMENTAL<br>ACTIVITIES   |
|---|-------------------------------|--------------------|------------------------|----------------|------------------------------|
|   | Electric<br>System<br>Revenue | Water<br>and Sewer | Nonmajor<br>Enterprise | Total          | Internal<br>Service<br>Funds |
| <b>Operating Revenues:</b>  |                               |                    |                        |                |                              |
| Charges for services  | \$ 197,130,274                | \$ 37,989,236      | \$ 27,532,729          | \$ 262,652,239 | \$ 13,134,900                |
| Other   | 9,462,945                     | 45,346             | 67,176                 | 9,575,467      | 573,238                      |
| Total operating revenues  | 206,593,219                   | 38,034,582         | 27,599,905             | 272,227,706    | 13,708,138                   |
| <b>Operating Expenses:</b>  |                               |                    |                        |                |                              |
| Purchase of electricity   | 147,625,936                   | -                  | -                      | 147,625,936    | -                            |
| Distribution  | 13,105,757                    | 4,982,539          | -                      | 18,088,296     | -                            |
| Operation and maintenance   | 4,381,848                     | 250,726            | 12,293,040             | 16,925,614     | -                            |
| Water and sewer treatment   | -                             | 6,899,584          | -                      | 6,899,584      | -                            |
| Sewer collection  | -                             | 4,170,342          | -                      | 4,170,342      | -                            |
| Internal service  | -                             | -                  | -                      | -              | 17,703,699                   |
| Administration  | 12,178,247                    | 7,059,206          | 9,892,562              | 29,130,015     | -                            |
| Amortization-leases   | -                             | -                  | 96,456                 | 96,456         | -                            |
| Depreciation  | 9,667,878                     | 10,807,346         | 4,487,308              | 24,962,532     | -                            |
| Total operating expenses  | 186,959,666                   | 34,169,743         | 26,769,366             | 247,898,775    | 17,703,699                   |
| <b>Operating income (loss)</b>  | 19,633,553                    | 3,864,839          | 830,539                | 24,328,931     | (3,995,561)                  |
| <b>Non-Operating Revenues (Expenses):</b>                                   |                               |                    |                        |                |                              |
| Investment income (loss)  | (1,592,617)                   | (1,706,535)        | (1,130,835)            | (4,429,987)    | (1,896,761)                  |
| Interest expense  | (1,494,023)                   | (2,173,761)        | (10,428)               | (3,678,212)    | -                            |
| Interest income leases  | -                             | 5,192              | -                      | 5,192          | -                            |
| Gain (loss) on sale of fixed asset  | 46                            | 750                | (75,069)               | (74,273)       | -                            |
| Other non-operating revenue (loss)  | 32,107                        | 30,000             | 3,512,878              | 3,574,985      | -                            |
| Total non-operating revenues (expenses)                                     | (3,054,487)                   | (3,844,354)        | 2,296,546              | (4,602,295)    | (1,896,761)                  |
| <b>Income (loss) before capital<br/>contributions, grants and transfers</b> | 16,579,066                    | 20,485             | 3,127,085              | 19,726,636     | (5,892,322)                  |
| <b>Capital contributions, grants, and impact fees</b>                       | 1,733,621                     | 6,832,755          | 322,763                | 8,889,139      | -                            |
| <b>Transfers:</b>   |                               |                    |                        |                |                              |
| Transfers in  | -                             | -                  | 527,387                | 527,387        | 1,000,000                    |
| Transfers out   | (18,862,090)                  | (3,392,855)        | (2,379,268)            | (24,634,213)   | -                            |
| Total transfers   | (18,862,090)                  | (3,392,855)        | (1,851,881)            | (24,106,826)   | 1,000,000                    |
| <b>Change in net position</b>   | (549,403)                     | 3,460,385          | 1,597,967              | 4,508,949      | (4,892,322)                  |
| <b>Net position - October 1</b>   | \$ 92,258,677                 | \$ 147,863,540     | \$ 67,175,146          | \$ 307,297,363 | \$ 23,851,180                |
| <b>Net position - September 30</b>  | \$ 91,709,274                 | \$ 151,323,925     | \$ 68,773,113          | \$ 311,806,312 | \$ 18,958,858                |

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, 2022**

|   | <b>BUSINESS-TYPE ACTIVITIES -</b>      |                            |                                |                       | <b>GOVERNMENTAL<br/>ACTIVITIES</b>    |
|---|--|----------------------------|--------------------------------|-----------------------|---------------------------------------|
|   | <b>Electric<br/>System<br/>Revenue</b> | <b>Water<br/>and Sewer</b> | <b>Nonmajor<br/>Enterprise</b> | <b>Total</b>          | <b>Internal<br/>Service<br/>Funds</b> |
| <b>Cash Flows from Operating Activities:</b>                            |  |                            |                                |                       |                                       |
| Cash received from customers  | \$ 185,119,866                         | \$ 36,899,387              | \$ 27,350,988                  | \$ 249,370,241        | \$ 573,238                            |
| Cash paid to suppliers for goods and services                           | (168,310,119)                          | (14,287,529)               | (14,546,604)                   | (197,144,252)         | (5,998,084)                           |
| Cash paid to employees for services                                     | (16,593,854)                           | (7,726,612)                | (7,962,363)                    | (32,282,829)          | -                                     |
| Net cash provided by (used in) operating activities                     | 215,893                                | 14,885,246                 | 4,842,021                      | 19,943,160            | (3,895,524)                           |
| <b>Cash Flows from Non-Capital Financing Activities:</b>                |  |                            |                                |                       |                                       |
| Transfers in  | -                                      | -                          | 527,387                        | 527,387               | 1,000,000                             |
| Transfers out   | (18,862,091)                           | (3,392,855)                | (2,379,268)                    | (24,634,214)          | -                                     |
| Cash receipts from other funds  | 9,312,990                              | 180,000                    | -                              | 9,492,990             | -                                     |
| Operating grants  | -                                      | -                          | 2,958,003                      | 2,958,003             | -                                     |
| Net cash provided by (used in) non-capital financing activities         | (9,549,101)                            | (3,212,855)                | 1,106,122                      | (11,655,834)          | 1,000,000                             |
| <b>Cash Flows from Capital and Related Financing Activities:</b>        |  |                            |                                |                       |                                       |
| Principal paid on bonds and notes                                       | (2,889,900)                            | (4,570,100)                | -                              | (7,460,000)           | -                                     |
| Interest paid on bonds and notes  | (1,409,741)                            | (1,991,594)                | -                              | (3,401,335)           | -                                     |
| Proceeds from sale of capital assets                                    | 46                                     | 750                        | 92,836                         | 93,632                | -                                     |
| Acquisition and construction of capital assets                          | (5,378,507)                            | (5,967,720)                | (3,694,667)                    | (15,040,894)          | -                                     |
| Contributions received from other governments and developers            | 1,733,621                              | 6,832,756                  | 796,703                        | 9,363,080             | -                                     |
| Net cash provided by (used in) capital and related financing activities | (7,944,481)                            | (5,695,908)                | (2,805,128)                    | (16,445,517)          | -                                     |
| <b>Cash Flows from Investing Activities:</b>                            |  |                            |                                |                       |                                       |
| Investment income (loss)  | (1,528,803)                            | (1,725,277)                | (1,160,023)                    | (4,414,103)           | (1,901,763)                           |
| Net cash provided by investing activities                               | (1,528,803)                            | (1,725,277)                | (1,160,023)                    | (4,414,103)           | (1,901,763)                           |
| <b>Net increase (decrease) in cash and cash equivalents</b>             | (18,806,492)                           | 4,251,206                  | 1,982,992                      | (12,572,294)          | (4,797,287)                           |
| <b>Cash and cash equivalents, beginning</b>                             | <b>\$ 50,943,505</b>                   | <b>\$ 39,954,536</b>       | <b>\$ 19,589,283</b>           | <b>\$ 110,487,324</b> | <b>\$ 33,899,046</b>                  |
| <b>Cash and cash equivalents, ending</b>                                | <b>\$ 32,137,013</b>                   | <b>\$ 44,205,742</b>       | <b>\$ 21,572,275</b>           | <b>\$ 97,915,030</b>  | <b>\$ 29,101,759</b>                  |

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, 2022**

|  | BUSINESS-TYPE ACTIVITIES -    |                    |                                 |               | GOVERNMENTAL<br>ACTIVITIES   |
|--|-------------------------------|--------------------|---------------------------------|---------------|------------------------------|
|  | Electric<br>System<br>Revenue | Water<br>and Sewer | Nonmajor<br>Enterprise<br>Funds | Total         | Internal<br>Service<br>Funds |
| <b>Reconciliation of Cash and Cash<br/>Equivalents to Balance Sheet:</b>   |                               |                    |                                 |               |                              |
| Total current cash and investments<br>per the balance sheet  | \$ 2,899                      | \$ 8,014,091       | \$ 21,572,275                   | \$ 29,589,265 | \$ 29,101,759                |
| Total noncurrent cash and investments<br>per the balance sheet   | 32,134,114                    | 36,191,651         | -                               | 68,325,765    | -                            |
| Cash and cash equivalents, end of year   | 32,137,013                    | 44,205,742         | 21,572,275                      | 97,915,030    | 29,101,759                   |
| <b>Reconciliation of Operating Income (Loss)<br/>to Net Cash Provided by (Used in)<br/>Operating Activities:</b> |                               |                    |                                 |               |                              |
| Operating income (loss)  | 19,633,553                    | 3,864,839          | 830,539                         | 24,328,931    | (3,995,561)                  |
| Adjustments to reconcile operating<br>income (loss) to cash provided<br>by operating activities:                 |                               |                    |                                 |               |                              |
| Depreciation & amortization  | 9,667,878                     | 10,807,346         | 4,487,308                       | 24,962,532    | -                            |
| (Increase) decrease in assets and<br>deferred outflow of resources:  |                               |                    |                                 |               |                              |
| Accounts and notes receivable  | (4,886,661)                   | (510,214)          | (166,876)                       | (5,563,751)   | -                            |
| Accrued unbilled revenue   | (20,947,201)                  | 39,767             | 1,380                           | (20,906,054)  | -                            |
| Inventories  | (2,399,779)                   | (190,776)          | (256,947)                       | (2,847,502)   | -                            |
| Due from other governments   | -                             | (664,747)          | -                               | (664,747)     | -                            |
| Other current assets   | (38,259)                      | (4,334)            | (8,882)                         | (51,475)      | -                            |
| Deferred outflows pension  | (76,216)                      | (33,698)           | (25,559)                        | (135,473)     | -                            |
| Deferred outflow OPEB  | (296,386)                     | (136,748)          | (145,857)                       | (578,991)     | -                            |
| Increase (decrease) in liabilities and<br>deferred inflow of resources:  |                               |                    |                                 |               |                              |
| Accounts payable   | 6,191,970                     | 434,330            | 134,694                         | 6,760,994     | 100,037                      |
| Compensated absences payable   | 77,197                        | (33,181)           | (20,842)                        | 23,174        | -                            |
| OPEB obligation payable  | 211,433                       | 116,485            | 105,867                         | 433,785       | -                            |
| Net pension liability  | (6,964,477)                   | (846,690)          | (1,558,317)                     | (9,369,484)   | -                            |
| Deferred inflows pension   | 4,628,499                     | 2,046,459          | 1,552,200                       | 8,227,158     | -                            |
| Customer deposits  | 803,185                       | -                  | (3,212)                         | 799,973       | -                            |
| Deferred inflows of resources  | (5,519,521)                   | -                  | -                               | (5,519,521)   | -                            |
| Deferred inflows OPEB  | (6,520)                       | (3,592)            | (3,265)                         | (13,377)      | -                            |
| Unearned revenue   | 137,198                       | -                  | (80,210)                        | 56,988        | -                            |
| Net cash provided by (used in)<br>operating activities   | \$ 215,893                    | \$ 14,885,246      | \$ 4,842,021                    | \$ 19,943,160 | \$ (3,895,524)               |

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, 2022**

|                                   | <b>PENSION<br/>TRUST<br/>FUNDS</b> |
|-----------------------------------|------------------------------------|
| <b>Assets</b>                     |                                    |
| Cash and cash equivalents         | \$ 6,029,489                       |
| Receivables:                      |                                    |
| Interest and dividends receivable | 236,410                            |
| Accounts receivable               | 7,798                              |
| Total receivables                 | 244,208                            |
| Investments, at fair value        |                                    |
| Bonds and notes                   | 89,461,584                         |
| Common stock                      | 50,346,587                         |
| Mutual funds: real estate         | 37,915,091                         |
| Mutual funds: equities            | 90,809,424                         |
| Emerging markets                  | 28,639,981                         |
| Hedge fund (mutual fund)          | 12,789,996                         |
| Mutual funds (other)              | 4,289,428                          |
| Total investments                 | 314,252,091                        |
| <b>Total assets</b>               | <b>320,525,788</b>                 |
| <b>Liabilities</b>                |                                    |
| Accounts payable                  | 387,946                            |
| <b>Total liabilities</b>          | <b>387,946</b>                     |
| <b>Net Position</b>               |                                    |
| Restricted for pensions           | \$ 320,137,842                     |

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, 2022**

|                                  | <b>PENSION<br/>TRUST<br/>FUNDS</b> |
|----------------------------------|------------------------------------|
| <b>Additions</b>                 |                                    |
| Contributions:                   |                                    |
| Employer                         | \$ 16,331,405                      |
| State                            | 1,377,801                          |
| Employee                         | 2,193,562                          |
| Total contributions              | <u>19,902,768</u>                  |
| Investment income:               |                                    |
| Investment gain (loss)           | (62,002,000)                       |
| Interest and dividend income     | 5,622,995                          |
| Less: Investment management fees | (1,510,703)                        |
| Net investment gain              | <u>(57,889,708)</u>                |
| <b>Total additions</b>           | <u>(37,986,940)</u>                |
| <b>Deductions</b>                |                                    |
| Pension payments                 | 24,315,898                         |
| Refunds to employees             | 133,796                            |
| Administration                   | 431,561                            |
| <b>Total deductions</b>          | <u>24,881,255</u>                  |
| <b>Change in net position</b>    | (62,868,195)                       |
| <b>Net position - beginning</b>  | <u>383,006,037</u>                 |
| <b>Net position - ending</b>     | <u><u>\$ 320,137,842</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, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Ocala (the “City”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with the subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these policies are described below.

**A. Reporting Entity**

The City of Ocala, Florida (the “City”) operates under a council-manager form of government, including a six-member City Council comprised of a mayor (elected at large) and five district Councilmen and provides the following services as authorized by its charter: public safety, public works, public utilities, culture, recreation, and community development. The City of Ocala, Florida was created pursuant to the Laws of Florida, Chapter 67-1782.

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may or may not be financially accountable and, as such, be includable within the City’s financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization’s governing board and (1) can impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Management determined that the Community Redevelopment Agency is the only organization that should be included in the City’s financial statements as a component unit.

**Blended Component Unit**

The Community Redevelopment Agency (CRA) was created pursuant to Chapter 163.356, Florida Statutes, City Ordinance 2009, and City Resolutions 88-37, 88-52 and 89-44. The City Council approved revised Ordinance 2016-2, resolutions 2016-1 and 2016-4 establishing two additional CRA subareas. The City Council serves as the CRA Board, and the City has operational responsibility for all the CRAs. Although legally separate, the CRAs are appropriately blended as governmental fund type component units into the primary government. The CRAs are presented as major governmental funds and present separate financial statements.

The Ocala Downtown Development District (DDD) was created under the laws of Florida, Chapter 67-1782, and Ordinance No. 266 of the City of Ocala. The Governing Board is appointed by the Ocala City Council and, therefore, the City exercises significant influence over its operations and fiscal management. The DDD is considered a component unit for financial reporting purposes 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 every three years.

The City includes advisory boards and commission within the City in its financial statements in circumstances where the City selects the governing authority, designates management, can influence operations, and has accountability for fiscal matters of the advisory boards and commissions. Therefore, it meets the reporting requirements under GASB 61.

**Related Organizations**

The following entity is not included in the accompanying financial statements:

Ocala Housing Authority (OHA) – Although the City is responsible for appointing the OHA’s board, the City does not exercise the other prerequisites for inclusion as a component unit. The City’s accountability for this organization does not extend beyond making these appointments. The OHA was established in 1973 and is funded primarily by the United States Department of Housing and Urban Development. The OHA service area is



**CITY OF OCALA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Marion County. The OHA currently provides financial assistance through its Housing Choice Voucher (HCV) Program (Section 8) for low-income families, seniors, and person with disabilities. The HCV program provides rental subsidies for eligible families, via direct monthly payments for private landlords who rent units throughout Marion County. A significant number of these units are in the unincorporated areas of the county.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Positions and the Statement of Activities) report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

**Governmental Funds** are those through which most governmental functions of the City are financed. The acquisition use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary or fiduciary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Projects Funds

**Proprietary Funds** are used to account for the City's ongoing activities which are similar to those often found in the private business sector. The following are the City's proprietary fund types:

- Enterprise Funds
- Internal Service Funds

**Fiduciary Funds** are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City's fiduciary fund type includes:

- Pension Trust Funds

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and pension trust funds within the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the period. Measurable refers to the ability to quantify in monetary terms the amount of the revenue and receivable. Available means collectible in the current period or soon enough thereafter to be used to pay liabilities at the balance sheet date. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as substantially all eligibility requirements imposed by the provider have been met. Transfers are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for unmatured principal and interest on long term-debt. As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Material revenues are considered susceptible to accrual because they are both measurable and available to finance expenditures of the current period. Interest and investment income earnings are recognized when earned and allocated monthly based on each fund's equity in the pool. Some governmental fund revenues are not considered susceptible to accrual because they are not both measurable and available to finance expenditures of the current period.

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses.

Accounting standards set forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major governmental funds are combined in a single column in the fund financial statements and detailed in the combining statements section.

The City reports two major governmental funds:

**The General Fund** is the City's primary operating fund. It accounts for all financial resources traditionally associated with general governments except those required to be accounted for in another fund.

**The CRA Fund** is the Community Redevelopment Agency Trust Fund. It is used to account for receipts and transfers of the tax increment fees collected for improving and redeveloping the downtown area including the magnolia area.

The City reports two major and five non-major proprietary funds:

**The Electric System Fund (major fund)** accounts for the construction, operation, and maintenance of the City-owned electric system as well as sales of electricity and other services to the general public. Electricity rates charged to customers are set by the City Council within the rate structure established (guidelines are approved) by the Florida Public Service Commission.

**The Water and Sewer System Fund (major fund)** accounts for the costs and recovery of costs in the form of user charges related to the production, treatment, and distribution of potable water, along with the collection, treatment, and disposal of sewage waste with the City. The maintenance and improvement of the utility plant required to provide these goods and services are financed primarily from user charges.

**The Sanitation Fund (non-major fund)** accounts for the operations and maintenance of the City's refuse collection system.

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

**CITY OF OCALA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**The Ocala International Airport Fund (non-major fund)** accounts for the construction, operations and maintenance of the City's airport and the Foreign Trade Zone #217.

**The Ocala Fiber Network Fund (non-major fund)** accounts for the construction, operations, and maintenance of the City's broadband communications (fiber optics) network.

**The SunTran Fund (non-major fund)** accounts for the operations and maintenance of the regional mass transit system that began operations during 1999.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City's internal service funds related to general insurance and fleet, facilities, and information technology management record operating revenue from the charges to other funds for services. For the internal service fund related to health insurance, the principal operating revenues are employer and employee contributions. Operating expense for enterprise funds and internal service funds include the cost of sales and service, administrative expenses, depreciation on capital assets, and benefits paid. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

Additionally, the City reports the following fund types:

**Special Revenue Funds** account for the proceeds of specific revenue sources that are legally restricted for specified purposes.

**Debt Service Funds** account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Internal Service Funds** account for the activities of the City's risk management. The City's risk management program includes amounts collected and the claims paid for workers' compensation, property, general liability, health, dental and prescription medicine self-insurance. Information technology management covers the entire City's operations.

**Pension Trust Funds** account for the activities of the City's General Employees', Firefighters', and Police Officers' Retirement Systems, which accumulate resources for pension benefit payments to qualified retiring employees. They are excluded from the government-wide financial statements because they are fiduciary in nature and do not represent resources available to the government for operations.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2022 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, 2022**

**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:

|                            | <u>Inventory</u>     | <u>Allowance<br/>for Obsolete</u> | <u>Adjusted<br/>Inventory</u> |
|----------------------------|----------------------|-----------------------------------|-------------------------------|
| Governmental:              |                      |                                   |                               |
| Fleet-bulk fuel            | \$ 242,233           | \$ (18,167)                       | \$ 224,066                    |
| <b>Total Governmental</b>  | <b>\$ 242,233</b>    | <b>\$ (18,167)</b>                | <b>\$ 224,066</b>             |
| Business-type:             |                      |                                   |                               |
| Electric                   | 10,392,965           | (779,472)                         | 9,613,493                     |
| Water & Sewer              | 2,399,659            | (179,974)                         | 2,219,685                     |
| Golf                       | 109,953              | (8,246)                           | 101,707                       |
| Fiber                      | 1,089,820            | (81,736)                          | 1,008,084                     |
| <b>Total Business-type</b> | <b>\$ 13,992,397</b> | <b>\$ (1,049,428)</b>             | <b>\$ 12,942,969</b>          |

**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 assets, the capital outlay must be greater than \$5,000. For software costs, the capital outlay must be greater than \$5,000 per user license. Other costs incurred for repairs and maintenance are expensed as incurred. Amortization of intangible assets including software costs is included with depreciation expense in the financial statements.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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             |

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, 2022**

**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, 2022**

**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 \$12,945,306 which at an 8.78% funding level is not in compliance with the minimum funding level. Due to increased costs of fuel to purchase bulk power from Florida Municipal Power Agency (FMPA), reserves were used to fund this increase. In an effort to bring reserves back in line, two rate increases in the power cost adjustment were done in Fiscal Year 2022.

***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). As of September 30, 2022, there was an under collection in the amount of \$24,214,304. This number is included in unbilled accounts receivable. To alleviate this deficit, rate increases were done in February 2022 and June 2022.

***17. On-Behalf Payments for Fringe Benefits***

The City receives on-behalf payments from the State of Florida to be used for Police and Fire Pension Plan enhancements. On-behalf payments to the City totaled \$1,377,801 for fiscal year 2022. 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, 2022**

**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.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

|                                   | <b>GENERAL<br/>FUND</b> | <b>CRA<br/>FUND</b> | <b>OTHER GOVTL<br/>FUNDS</b> | <b>TOTALS</b>        |
|-----------------------------------|-------------------------|---------------------|------------------------------|----------------------|
| <b><u>NONSPENDABLE:</u></b>       |                         |                     |                              |                      |
| Inventory                         | \$ 224,066              | \$ -                | \$ -                         | \$ 224,066           |
| Prepays                           | 1,253,821               | 1,113               | 1,109,178                    | 2,364,112            |
| Advances to other funds           | 1,600,000               | -                   | -                            | 1,600,000            |
| <b>Total Nonspendable</b>         | <b>3,077,887</b>        | <b>1,113</b>        | <b>1,109,178</b>             | <b>4,188,178</b>     |
| <b><u>RESTRICTED:</u></b>         |                         |                     |                              |                      |
| Transportation                    |                         |                     |                              |                      |
| Parking Fees                      | 188,006                 | -                   | -                            | 188,006              |
| Gas Tax Revenues from State       | -                       | -                   | 3,982,678                    | 3,982,678            |
|                                   | 188,006                 | -                   | 3,982,678                    | 4,170,684            |
| Debt Service                      |                         |                     |                              |                      |
| Capital Improvement Bonds 2007A   | -                       | -                   | 1,416,200                    | 1,416,200            |
| Capital Improvement Bonds 2012    | -                       | -                   | 919,512                      | 919,512              |
|                                   | -                       | -                   | 2,335,712                    | 2,335,712            |
| Capital Projects                  |                         |                     |                              |                      |
| Capital Road Projects             | -                       | -                   | 22,556,387                   | 22,556,387           |
|                                   | -                       | -                   | 22,556,387                   | 22,556,387           |
| Public Safety                     |                         |                     |                              |                      |
| Fire Impact Fees                  | 1,749,211               | -                   | -                            | 1,749,211            |
| Police Automation                 | 146,495                 | -                   | -                            | 146,495              |
| Police Education & Training       | 146,904                 | -                   | -                            | 146,904              |
| Local Confiscations               | 48,741                  | -                   | -                            | 48,741               |
| Federal Confiscations             | 316,055                 | -                   | -                            | 316,055              |
| Other Public Safety Programs      | 182,934                 | -                   | -                            | 182,934              |
|                                   | 2,590,340               | -                   | -                            | 2,590,340            |
| Litigation Settlement             | -                       | -                   | 20,758,861                   | 20,758,861           |
|                                   | -                       | -                   | 20,758,861                   | 20,758,861           |
| Development District Improvements |                         |                     |                              |                      |
| Downtown Development Board        | -                       | -                   | 304,077                      | 304,077              |
| Community Redevelopment Trust     | -                       | 3,795,337           | -                            | 3,795,337            |
|                                   | -                       | 3,795,337           | 304,077                      | 4,099,414            |
| Grants                            |                         |                     |                              |                      |
| State Housing Impv Project (SHIP) | -                       | -                   | 589,540                      | 589,540              |
| Tree Mitigation                   | 543,722                 | -                   | -                            | 543,722              |
|                                   | 543,722                 | -                   | 589,540                      | 1,133,262            |
| <b>Total Restricted</b>           | <b>\$ 3,322,068</b>     | <b>\$ 3,795,337</b> | <b>\$ 50,527,255</b>         | <b>\$ 57,644,660</b> |

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

|                                       | <b>GENERAL<br/>FUND</b> | <b>CRA<br/>FUND</b>   | <b>OTHER GOVTL<br/>FUNDS</b> | <b>TOTALS</b>         |
|---------------------------------------|-------------------------|-----------------------|------------------------------|-----------------------|
| <b>UNRESTRICTED:</b>                  |                         |                       |                              |                       |
| <b>Committed</b>                      |                         |                       |                              |                       |
| Stormwater Utility                    | \$ -                    | \$ -                  | \$ 10,717,713                | \$ 10,717,713         |
| Payroll                               | 22,047                  | -                     | -                            | 22,047                |
| Economic Improvement Program          | 2,722,059               | -                     | -                            | 2,722,059             |
| Total Committed                       | 2,744,106               | -                     | 10,717,713                   | 13,461,819            |
| <b>Assigned</b>                       |                         |                       |                              |                       |
| Subsequent year budget                | 5,599,984               | -                     | -                            | 5,599,984             |
| Public safety- special investigations | 56,993                  | -                     | -                            | 56,993                |
| Fire/Streets/Sidewalks                | 8,464,701               | -                     | -                            | 8,464,701             |
| Total Assigned                        | 14,121,678              | -                     | -                            | 14,121,678            |
| <b>Unassigned</b>                     | 20,899,910              | (4,945,145)           | -                            | 15,954,765            |
| <b>Total Unrestricted</b>             | <b>37,765,694</b>       | <b>(4,945,145)</b>    | <b>10,717,713</b>            | <b>43,538,262</b>     |
| <b>Total Fund Balances</b>            | <b>\$ 44,165,649</b>    | <b>\$ (1,148,695)</b> | <b>\$ 62,354,146</b>         | <b>\$ 105,371,100</b> |

**20. 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.

**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).

**CITY OF OCALA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Revenues, Expenditures, and Expenses (continued)**

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, 2022 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 96.4% 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%.

The property tax calendar for revenues billed and received for fiscal year ended September 30, 2022 is shown as follows:

|   |                    |
|---|--------------------|
| Lien Date   | January 1, 2021    |
| Certification of Taxable Value                      | July 1, 2021       |
| Final public hearing to adopt proposed millage rate | September 28, 2021 |
| Certification of final Taxable Value                | October 11, 2021   |
| Beginning of fiscal year for tax assessment         | October 1, 2021    |
| Tax bills rendered                                  | November 1, 2021   |
| Property Tax Payable:                               |                    |
| Maximum Discount by                                 | November 30, 2021  |
| Due Date  | March 31, 2022     |
| Delinquent on                                       | April 1, 2022      |
| Tax Certificates issued for delinquent taxes by     | May 31, 2022       |

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Revenues, Expenditures, and Expenses (continued)**

**2. *Operating Subsidies, Grants, and Impact Fees***

Program and capital grants received by governmental funds are recorded in the applicable governmental fund as receivables and revenues at the time reimbursable costs are incurred and all significant grant restrictions are satisfied. Grant revenues received in advance of meeting all major grant restrictions are deferred.

Capital grants received by proprietary funds are also recorded as revenues and receivables when reimbursable project costs are incurred or as deferred credits if the grant money is received in advance of project expenditures. Subsidies and grants to proprietary funds, which finance either capital or current operations, are recorded as non-operating revenue when earned.

Water and Sewer impact fees are restricted. These fees represent a capacity charge for the proportionate share of the cost of expanding, over-sizing, separating, or constructing new additions to the Water or Sewer systems. The City is obligated to expend these funds only to provide expanded capacity to the systems.

Deposits received which reserve capacity in the City's future water or sewer systems are recorded as a liability upon receipt.

**3. *Excess of Expenditures Over Appropriations in Individual Funds***

The City has no excess of expenditures over appropriations in the General Fund or major special revenue funds. The non-major governmental funds may reflect immaterial excesses of expenditures over appropriations (less than \$15,000). There was none at the end of this fiscal year.

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

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

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

**B. Explanation of certain differences between the governmental statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

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

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Data**

An annual budget is prepared for all governmental and proprietary funds. The City Council annually adopts the budget through a Budget Resolution. Budgetary control is legally maintained at the fund level. The budget amounts presented in the accompanying financial statements for the governmental funds are as originally adopted, or as legally amended, by the City Council during the year ended September 30, 2022.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

**A. Budgetary Data (Continued)**

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 2022, 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, 2022, 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, 2022, the carrying amount of the City's deposits was \$35,667,039, not including \$112,774 in cash drawers, petty cash, and \$20,758,861 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 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.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

**A. Pooling of Cash and Investments (continued)**

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 \$8,274,255 is reported at net asset value. The Florida PRIME investment pool had weighted average days to maturity of 72 days as of September 30, 2022.
- 2) Amounts placed with the Florida Fixed Income Trust (FL-FIT) is a commingled pool designed to provide a high level of current income consistent with low volatility of net asset value and provide positive holding period returns for time horizons of 1-3 years or greater. The investment policy adheres to current Florida Investment Statutes under Chapter 218.415. Investments in this pool totaled \$8,408,618 as of September 30, 2022.

**B. Restricted Assets**

The balances in the restricted assets for the enterprise funds as of September 30, 2022 were \$58,667,763. 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.

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, 2022. 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'

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

**C. Investments (Continued)**

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.

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.

| <u>Security Type</u>          | <u>Average Rating</u> | <u>Fair Value</u>     | <u>Effective<br/>Duration (In<br/>Years)</u> |
|-------------------------------|-----------------------|-----------------------|--|
| Carrying Value of Cash        | n/a                   | \$ 56,765,039         | n/a  |
| Treasury Investment Portfolio | AA+                   | 171,033,075           | 2.66   |
| SBA Florida PRIME             | AAAm                  | 8,274,255             | 72 days                                      |
| Florida Fixed Income Trust    | AAAf/S1               | 8,408,618             | 83 days                                      |
| <b>Total</b>                  |                       | <b>\$ 244,480,987</b> | <b>1.88</b>                                  |



**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

**C. Investments (Continued)**

The City utilizes “effective duration” as a measurement of interest rate risk and as of September 30, 2022, the Treasury investment portfolio had an overall effective duration of 1.88 years. The Treasury investment portfolio had the following investment types and effect duration presented in terms of years as of September 30, 2022.

| <b>Total Treasury Portfolio (Pools I, II, III)</b>   |                   |                       | Weighted<br>Average<br>Maturity<br>Years |
|--|-------------------|-----------------------|--|
| Security Type  | Average<br>Rating | Fair Value            |  |
| U.S. Treasury Bond / Note                            | AA+               | \$ 67,902,067         | 2.27                                     |
| Federal Agency Bond / Note                           | AA                | 15,847,480            | 0.65                                     |
| Mortgage Backed Pass-through Security                | AA+               | 22,008,439            | 8.82                                     |
| Corporate Notes                                      | A+                | 50,619,563            | 1.69                                     |
| ABS / CMBS   | AAA               | 10,557,469            | 0.86                                     |
| GSE Collateralized Mortgage Obligations              | AA                | 329,958               | 0.00                                     |
| Municipal Bond / Note                                | AA+               | 808,174               | 1.40                                     |
| Money Market Mutual Fund                             | A-1               | 2,959,925             | 0.00                                     |
| <b>Total Treasury Portfolio-Pools I, II, and III</b> |                   | <b>\$ 171,033,075</b> | <b>2.66</b>                              |

**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, 2022**

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

**C. Investments (Continued)**

**POOL I - Short-Term Investments:**

| Security Type                           | Average<br>Rating | Fair Value           | Weighted<br>Average<br>Maturity<br>Years |
|---|-------------------|----------------------|--|
| U.S. Treasury Bond / Note               | AA+               | \$ 15,846,435        | 1.95                                     |
| Federal Agency Bond / Note              | AA+               | 5,608,606            | 1.01                                     |
| Mortgage Backed Pass-through Security   | AA+               | 2,602,745            | 5.47                                     |
| Corporate Notes                         | A                 | 17,120,463           | 1.93                                     |
| Municipal Bond / Note                   | AA-               | 808,174              | 1.40                                     |
| Asset Backed Securities                 | AAA               | 8,570,634            | 3.80                                     |
| GSE Collateralized Mortgage Obligations | AA+               | 329,958              | 8.89                                     |
| Money Market Mutual Fund                | A+                | 979,022              | 0.00                                     |
| <b>Sub-total Pool I</b>                 |                   | <b>\$ 51,866,037</b> | <b>2.32</b>                              |

**POOL II - Short Intermediate Investments:**

| Security Type                         | Average<br>Rating | Fair Value           | Weighted<br>Average<br>Maturity<br>Years |
|---------------------------------------|-------------------|----------------------|--|
| U.S. Treasury Bond / Note             | AA                | \$ 30,852,810        | 1.44                                     |
| Federal Agency Bond / Note            | AA                | 10,238,874           | 0.46                                     |
| Mortgage Backed Pass-through Security | AAA               | 1,274                | 0.00                                     |
| Corporate Notes                       | A                 | 27,966,018           | 0.77                                     |
| Money Market Mutual Fund              | AAA               | 68,608               | 0.00                                     |
| <b>Sub-total Pool II</b>              |                   | <b>\$ 69,127,584</b> | <b>1.02</b>                              |

**POOL III - Intermediate Investments**

| Security Type                        | Average<br>Rating | Fair Value            | Weighted<br>Average<br>Maturity<br>Years |
|--------------------------------------|-------------------|-----------------------|--|
| U.S. Treasury Bond / Note            | AA+               | \$ 21,202,822         | 3.72                                     |
| Mortgage Backed Securities           | AA+               | 19,404,420            | 9.27                                     |
| Corporate Notes                      | A-                | 5,533,082             | 5.64                                     |
| ABS / CMBS                           | AAA               | 1,986,835             | 4.57                                     |
| Money Market Mutual Fund             | A-1               | 1,912,295             | 0.00                                     |
| <b>Sub-total Pool III</b>            |                   | <b>50,039,454</b>     | <b>5.98</b>                              |
| <b>Total of Pools I, II, and III</b> |                   | <b>\$ 171,033,075</b> | <b>2.39</b>                              |

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2022, 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, 2022**

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

**C. Investments (Continued)**

|  | <u>Sector Allocations</u> |                | <u>Individual Issue/<br/>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<br>collateralized debt instruments (Issuer Level)   | None                      | 20%            | 5%                                      |
| Participation in collateral or otherwise<br>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, 2022, 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, 2022**

**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, 2022:

|   | Fair Value            | Level 1              | Level 2               |
|---|-----------------------|----------------------|-----------------------|
| U.S. Treasury Bond / Note                     | \$ 67,902,067         | \$ 67,902,067        | \$ -                  |
| Federal Agency Bond / Note                    | 15,847,480            | -                    | 15,847,480            |
| Mortgage Backed Pass-through Security         | 22,008,439            | -                    | 22,008,439            |
| Corporate Notes                               | 50,619,563            | -                    | 50,619,563            |
| ABS / CMBS                                    | 10,557,469            | -                    | 10,557,469            |
| GSE Collateralized Mortgage Obligations       | 329,958               | -                    | 329,958               |
| Municipal Bond / Note                         | 808,174               | -                    | 808,174               |
| Total investments at fair value               | <u>\$ 168,073,150</u> | <u>\$ 67,902,067</u> | <u>\$ 100,171,083</u> |
| Investments measured at net asset value (NAV) |                       |                      |                       |
| Money Market Mutual Fund                      | <u>2,959,925</u>      |                      |                       |
|   | <u>\$ 171,033,075</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, 2022**

**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, 2022, the cash carrying amounts of the City's pension plans' deposits were as follows:

|                                      |                     |
|--------------------------------------|---------------------|
| General Employees' Retirement System | \$ 776,152          |
| Police Officers' Retirement System   | 356,647             |
| Firefighters' Retirement Plan        | 380,884             |
| Total Pension Trust Funds            | <u>\$ 1,513,683</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, 2022**

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

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

As of September 30, 2022, the cash and investments of the City's pension plans are as follows:

| <u>Investment Type</u>                         |                       | <u>% of<br/>Portfolio</u> | <u>Credit<br/>Rating</u> | <u>Duration<br/>(In Years)</u> |
|--|-----------------------|---------------------------|--------------------------|--------------------------------|
| <u>General Employees Retirement System:</u>    |                       |                           |                          |                                |
| Cash Checking                                  | \$ 776,152            | n/a                       | n/a                      | n/a                            |
| Cash and Cash Equivalents                      | 1,399,057             | 0.85%                     | n/a                      | n/a                            |
| Bonds & Notes                                  | 44,630,024            | 26.96%                    | A+                       | 5.92                           |
| Common Stock                                   | 23,823,891            | 14.39%                    | n/a                      | n/a                            |
| Mutual Funds: Real Estate                      | 24,318,333            | 14.69%                    | n/a                      | n/a                            |
| Mutual Funds: Equities                         | 25,662,494            | 15.49%                    | n/a                      | n/a                            |
| Emerging Markets                               | 28,639,981            | 17.30%                    | n/a                      | n/a                            |
| Pooled cash & cash equivalents                 | 4,289,428             | 2.59%                     | n/a                      | n/a                            |
| Hedge Funds (Mutual Fund)                      | 12,789,996            | 7.73%                     | n/a                      | n/a                            |
| <b>Fund total</b>                              | <b>\$ 166,329,356</b> | <b>100.00%</b>            |                          |                                |
| <u>Police Officers Retirement System:</u>      |                       |                           |                          |                                |
| Cash Checking                                  | \$ 356,647            | n/a                       | n/a                      | n/a                            |
| Cash and Cash Equivalents                      | 1,968,626             | 2.56%                     | n/a                      | n/a                            |
| Bonds & Notes                                  | 26,715,048            | 34.77%                    | Aa2                      | 4.29                           |
| Common Stock                                   | 23,741,639            | 30.90%                    | n/a                      | n/a                            |
| Mutual Funds: Real Estate                      | 4,939,596             | 6.43%                     | n/a                      | n/a                            |
| Mutual Funds: Equities                         | 19,458,397            | 25.33%                    | n/a                      | n/a                            |
| <b>Fund total</b>                              | <b>\$ 77,179,953</b>  | <b>100.00%</b>            |                          |                                |
| <u>Firefighters Retirement Plan:</u>           |                       |                           |                          |                                |
| Cash Checking                                  | \$ 380,884            | n/a                       | n/a                      | n/a                            |
| Cash and Cash Equivalents                      | 1,148,123             | 1.50%                     | n/a                      | n/a                            |
| Bonds & Notes                                  | 18,116,512            | 23.72%                    | AA                       | 4.35                           |
| Mutual Funds: Real Estate                      | 11,438,219            | 14.97%                    | n/a                      | n/a                            |
| Mutual Funds: Equities                         | 45,688,533            | 59.82%                    | n/a                      | n/a                            |
| <b>Fund total</b>                              | <b>\$ 76,772,271</b>  | <b>100.00%</b>            |                          |                                |
| <b>Total pension plan cash and investments</b> | <b>\$ 320,281,580</b> |                           |                          |                                |

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, 2022, 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, 2022**

**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, 2022, 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, 2022, 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, 2022**

**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, 2022:

**General Employees:**

|                                 | Fair Value            | Level 1              | Level 2              | Level 3              |
|---------------------------------|-----------------------|----------------------|----------------------|----------------------|
| Bonds & Notes                   | \$ 44,630,024         | \$ 19,539,789        | \$ 25,090,235        | \$ -                 |
| Common Stock                    | 23,823,891            | 22,130,444           | 1,693,447            | -                    |
| Mutual Funds: Real Estate       | 24,318,333            | -                    | -                    | 24,318,333           |
| Mutual Funds: Equities          | 25,662,494            | -                    | 25,662,494           | -                    |
| Hedge Funds (Mutual Fund)       | 12,789,996            | -                    | 9,223,170            | 3,566,826            |
| Mutual Funds-other              | 4,289,428             | -                    | 4,289,428            | -                    |
| Emerging Markets                | 28,639,981            | -                    | 12,636,960           | 16,003,021           |
| Total investments at fair value | <u>\$ 164,154,147</u> | <u>\$ 41,670,233</u> | <u>\$ 78,595,734</u> | <u>\$ 43,888,180</u> |

**Police:**

|                                 | Fair Value           | Level 1              | Level 2              | Level 3             |
|---------------------------------|----------------------|----------------------|----------------------|---------------------|
| Bonds & Notes                   | \$ 26,715,048        | \$ 10,915,961        | \$ 15,799,087        | \$ -                |
| Common Stock                    | 23,741,639           | 17,471,676           | 6,269,963            | -                   |
| Mutual Funds: Real Estate       | 4,939,596            | -                    | 161,729              | 4,777,867           |
| Mutual Funds: Equities          | 19,458,397           | 154,426              | 14,669,970           | 4,634,001           |
| Total investments at fair value | <u>\$ 74,854,680</u> | <u>\$ 28,542,063</u> | <u>\$ 36,900,749</u> | <u>\$ 9,411,868</u> |

**Fire:**

|                                 | Fair Value           | Level 1              | Level 2              | Level 3             |
|---------------------------------|----------------------|----------------------|----------------------|---------------------|
| Bonds & Notes                   | \$ 18,116,512        | \$ 8,331,463         | \$ 9,785,049         | \$ -                |
| Mutual Funds: Real Estate       | 11,438,219           | -                    | 6,586,266            | 4,851,953           |
| Mutual Funds: Equities          | 45,688,533           | 15,031,275           | 30,657,258           | -                   |
| Total investments at fair value | <u>\$ 75,243,264</u> | <u>\$ 23,362,738</u> | <u>\$ 47,028,573</u> | <u>\$ 4,851,953</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, 2022**

**NOTE 5 – RECEIVABLES AND INTERFUND ACTIVITY**

**A. Due from Other Governments**

The following amounts were due from other governments as of September 30, 2022:

|                    | General<br>Government | Business-<br>Type   | Totals              |
|--------------------|-----------------------|---------------------|---------------------|
| Federal Government | \$ 1,635,090          | \$ 1,553,628        | \$ 3,188,718        |
| State Government   | 2,025,392             | 1,749,197           | 3,774,589           |
| Local Government   | 84,404                | 72,111              | 156,515             |
| Total              | <u>\$ 3,744,886</u>   | <u>\$ 3,374,936</u> | <u>\$ 7,119,822</u> |

**B. Interfund Transactions**

Interfund transfers for the year ended September 30, 2022, consisted of the following:

Transfers to General Fund from:

|                                 |                   |
|---------------------------------|-------------------|
| Electric System Revenue Fund    | \$ 18,862,091     |
| Water and Sewer Fund            | 3,392,855         |
| Bank Loan Series 2022 Fund      | 39,241,139        |
| Non-major business type funds   | 2,206,268         |
| CRA Fund                        | 56,042            |
| Non-major Governmental Funds    | 10,000            |
| Total transfers to General Fund | <u>63,768,395</u> |

Transfers to nonmajor governmental funds from:

|  |                  |
|--|------------------|
| Non-major business type funds                  | 173,000          |
| General Fund                                   | 2,520,229        |
| Total transfers to nonmajor governmental funds | <u>2,693,229</u> |

Transfers to CRA Fund from:

|                             |                  |
|-----------------------------|------------------|
| General Fund                | 1,496,118        |
| Total transfers to CRA Fund | <u>1,496,118</u> |

Transfers to non-major business type funds from:

|                                  |                |
|----------------------------------|----------------|
| General Fund                     | 527,387        |
| Total transfers to Sun Tran Fund | <u>527,387</u> |

Transfer to Internal Service Fund from:

|  |                  |
|--|------------------|
| General Fund                             | 1,000,000        |
| Total transfers to Internal Service Fund | <u>1,000,000</u> |

|                                   |                      |
|-----------------------------------|----------------------|
| Total transfers at the fund level | <u>\$ 69,485,129</u> |
|-----------------------------------|----------------------|

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2022, is as follows:

| <u>Fund</u>                          | <u>Interfund Advances<br/>Receivables</u> | <u>Interfund Advances<br/>Payables</u> |
|--------------------------------------|---|--|
| General fund                         | \$ 1,600,000                              | \$ -                                   |
| Major Governmental Funds:            |   |  |
| CRA Fund                             | -   | 6,400,000                              |
| Enterprise funds:                    |   |  |
| Water and Sewer Fund                 | 2,400,000                                 | -                                      |
| Electric Fund                        | 2,400,000                                 |  |
| Total interfund receivables/payables | <u>\$ 6,400,000</u>                       | <u>\$ 6,400,000</u>                    |

| <u>Fund</u>                   | <u>Due from<br/>other funds</u> | <u>Due to<br/>other funds</u> |
|-------------------------------|---------------------------------|-------------------------------|
| General Fund                  | \$ 13,372,217                   | \$ -                          |
| Major Governmental Funds:     |                                 |                               |
| CRA Fund                      | -                               | 478,065                       |
| Non-Major governmental funds: |                                 |                               |
| Enterprise funds:             |                                 |                               |
| Non-major Business Type Funds | -                               | 4,218,352                     |
| Water and Sewer Fund          | 150,000                         | -                             |
| Electric Fund                 | 228,065                         | 9,053,865                     |
| Total due to/from             | <u>\$ 13,750,282</u>            | <u>\$ 13,750,282</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, 2022**

**NOTE 5 – RECEIVABLES AND INTERFUND ACTIVITY (Continued)**

**B. Interfund Transactions (Continued)**

Interfund transfers are normally recurring and are approved by City Council during the budget process or by separate resolutions. The transfers from the Enterprise Funds to the General Fund are in support of general government operations. Other transfers are for debt service requirements, for City grant matches, and for capital projects for enterprise funds.

The differences in the interfund transfers represent capital assets, compensated absences and OPEB transferred from enterprise funds to the governmental funds. These items are not recorded in governmental funds but are reported in the government-wide reports.

**Reconciliation of Transfers-In & Transfers-Out - Government-Wide Level**

|                        | <b>In</b>            | <b>Out</b>             |                               |
|------------------------|----------------------|------------------------|-------------------------------|
|                        | <b>Governmental</b>  | <b>Business-Type</b>   |                               |
| General Fund           | \$ 18,862,091        | \$ (18,862,091)        | Electric Fund                 |
| General Fund           | 3,392,855            | (3,392,855)            | Water & Sewer Fund            |
| General Fund           | 1,678,880            | (1,678,880)            | Non-major Business-Type Funds |
| Non-major Funds        | 173,000              | (173,000)              | Non-major Business-Type Funds |
| <b>TOTAL TRANSFERS</b> | <b>\$ 24,106,826</b> | <b>\$ (24,106,826)</b> |                               |

**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:

|                                    | <b>Governmental</b> | <b>Business-type</b> | <b>Total</b>         |
|------------------------------------|---------------------|----------------------|----------------------|
|                                    | <b>Activities</b>   | <b>Activities</b>    |                      |
| Customers:                         |                     |                      |                      |
| Billed                             | \$ 539,187          | \$ 20,013,832        | \$ 20,553,019        |
| Unbilled                           | 1,257,740           | 37,634,211           | 38,891,951           |
| Miscellaneous                      | 661,966             | 1,630,979            | 2,292,945            |
| Gross receivables                  | 2,458,893           | 59,279,022           | 61,737,915           |
| Less: allowance for uncollectibles | (70,524)            | (1,243,981)          | (1,314,505)          |
| Net total receivables              | <b>\$ 2,388,369</b> | <b>\$ 58,035,041</b> | <b>\$ 60,423,410</b> |

**CITY OF OCALA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2022 was as follows:

|   | <b>Beginning<br/>Balance</b> | <b>Increases</b> | <b>Decreases</b> | <b>Transfers</b> | <b>Ending<br/>Balance</b> |
|---|------------------------------|------------------|------------------|------------------|---------------------------|
| <b>Governmental Activities:</b>                 |                              |                  |                  |                  |                           |
| Capital assets not being depreciated:           |                              |                  |                  |                  |                           |
| Land and improvements                           | \$ 26,305,329                | \$ 1,835,169     | \$ -             | \$ -             | \$ 28,140,498             |
| Intangible (easement, rights of way)            | 1,935,359                    | -                | -                | -                | 1,935,359                 |
| Construction In progress                        | 5,440,026                    | 7,766,652        | (27,411)         | (1,444,770)      | 11,734,497                |
| Total capital assets not being depreciated      | 33,680,714                   | 9,601,821        | (27,411)         | (1,444,770)      | 41,810,354                |
| Capital assets being depreciated:               |                              |                  |                  |                  |                           |
| Buildings and improvements                      | 74,684,134                   | 43,816           | (49,908)         | 1,235,989        | 75,914,031                |
| Right to use asset infrastructure               | 535,259                      | -                | -                | -                | 535,259                   |
| Collections and other fixed assets              | 405,972                      | 62,833           | -                | -                | 468,805                   |
| Equipment                                       | 61,968,677                   | 4,285,068        | (1,744,548)      | -                | 64,509,197                |
| Intangible (software)                           | 5,344,717                    | 456,068          | -                | 208,781          | 6,009,566                 |
| Infrastructure (roads and streets)              | 319,766,708                  | 23,969           | -                | -                | 319,790,677               |
| Total capital assets being depreciated          | 462,705,467                  | 4,871,754        | (1,794,456)      | 1,444,770        | 467,227,535               |
| Less accumulated depreciation and amortization: |                              |                  |                  |                  |                           |
| Buildings and improvements                      | (29,047,855)                 | (2,802,171)      | -                | -                | (31,850,026)              |
| Right to use asset infrastructure               | -                            | (58,326)         | -                | -                | (58,326)                  |
| Collections and other fixed assets              | (4,451)                      | (4,107)          | -                | -                | (8,558)                   |
| Equipment                                       | (42,355,555)                 | (4,245,237)      | 1,611,342        | -                | (44,989,450)              |
| Intangible (Software)                           | (4,187,538)                  | (418,146)        | -                | -                | (4,605,684)               |
| Infrastructure (roads and streets)              | (258,545,976)                | (6,171,763)      | -                | -                | (264,717,739)             |
| Total accumulated depreciation                  | (334,141,375)                | (13,699,750)     | 1,611,342        | -                | (346,229,783)             |
| Total capital assets being depreciated-net      | 128,564,092                  | (8,827,996)      | (183,114)        | 1,444,770        | 120,997,752               |
| Governmental activities capital assets-net      | \$ 162,244,806               | \$ 773,825       | \$ (210,525)     | \$ -             | \$ 162,808,106            |
| <b>Business Type Activities:</b>                |                              |                  |                  |                  |                           |
| Capital assets not being depreciated:           |                              |                  |                  |                  |                           |
| Land and improvements                           | \$ 21,976,858                | \$ 9             | \$ -             | \$ (1,173,757)   | \$ 20,803,110             |
| Intangible (easement, rights of way)            | 1,506,566                    | -                | -                | 1,213,757        | 2,720,323                 |
| Collections & other fixed assets                | 1,000                        | -                | -                | -                | 1,000                     |
| Construction in progress                        | 17,898,145                   | 6,856,210        | (567,260)        | (4,300,078)      | 19,887,017                |
| Total capital assets not being depreciated      | 41,382,569                   | 6,856,219        | (567,260)        | (4,260,078)      | 43,411,450                |
| Capital assets being depreciated:               |                              |                  |                  |                  |                           |
| Buildings                                       | 35,466,940                   | -                | -                | (40,000)         | 35,426,940                |
| Right to use asset equipment                    | 224,918                      | 123,835          | -                | -                | 348,753                   |
| Improvements other than buildings               | 629,539,229                  | 5,543,650        | -                | 4,300,078        | 639,382,957               |
| Equipment                                       | 37,388,566                   | 3,144,285        | (2,279,336)      | (17,042)         | 38,236,473                |
| Intangible (software)                           | 5,427,434                    | 125,423          | -                | 17,042           | 5,569,899                 |
| Total capital assets being depreciated          | 708,047,087                  | 8,937,193        | (2,279,336)      | 4,260,078        | 718,965,022               |
| Less accumulated depreciation and amortization: |                              |                  |                  |                  |                           |
| Buildings                                       | (20,619,327)                 | (845,143)        | -                | -                | (21,464,470)              |
| Right to use asset equipment                    | -                            | (96,457)         | -                | -                | (96,457)                  |
| Improvements other than buildings               | (375,326,463)                | (20,694,855)     | -                | -                | (396,021,318)             |
| Equipment                                       | (14,762,925)                 | (3,194,934)      | 2,052,079        | -                | (15,905,780)              |
| Intangible (software)                           | (5,142,167)                  | (227,600)        | -                | -                | (5,369,767)               |
| Total accumulated depreciation                  | (415,850,882)                | (25,058,989)     | 2,052,079        | -                | (438,857,792)             |
| Total capital assets being depreciated-net      | 292,196,205                  | (16,121,796)     | (227,257)        | 4,260,078        | 280,107,230               |
| Business-type activities capital assets-net     | \$ 333,578,774               | \$ (9,265,577)   | \$ (794,517)     | \$ -             | \$ 323,518,680            |

**CITY OF OCALA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 6 – CAPITAL ASSETS (Continued)**

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

|   | Depreciation/<br>Amortization<br>Expense |
|---|--|
| Governmental activities:                              |  |
| General government                                    | \$ 913,975                               |
| Public safety   | 995,824                                  |
| Physical environment                                  | 954,900                                  |
| Transportation  | 9,780,902                                |
| Economic environment                                  | 109,131                                  |
| Culture and recreation                                | 945,018                                  |
| Total depreciation expense - governmental activities  | <u>\$ 13,699,750</u>                     |
| Business-type activities:                             |  |
| Electric  | \$ 9,667,878                             |
| Water and sewer                                       | 10,807,346                               |
| Non-major enterprise                                  | 4,583,765                                |
| Total depreciation expense - business-type activities | <u>\$ 25,058,989</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, 2022.

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, 2022 the City obtained actuarially determined estimates of the total loss reserves for all self-insurance risks. The claims liability of \$8,062,559 reported in the Fund at September 30, 2022 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, 2022**

**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-<br>Fiscal-Year-Liability | Current Year<br>Claims and<br>Changes in<br>Estimates | Claim<br>Payments | Balance<br>at Fiscal<br>Year End |
|-----------|--|---|-------------------|----------------------------------|
| 2019-2020 | \$7,981,434                            | \$1,708,250   | \$2,056,342       | \$7,633,342                      |
| 2020-2021 | 7,633,342                              | 4,145,645   | 3,441,428         | 8,337,559                        |
| 2021-2022 | 8,337,559                              | 1,560,989   | 1,835,989         | 8,062,559                        |

**NOTE 8 – LEASES**

**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 \$2,889 monthly and the payments are subject to a two percent increase annually beginning January 1<sup>st</sup> of each year. The present value of the lease receivable and deferred inflow of resources as of September 30, 2022 was \$991,276. The agreement is summarized below:

| <u>Lessee</u>  | <u>Initial<br/>Term</u> | <u>Contract<br/>Start Date</u> | <u>Contract<br/>End Date</u> | <u>Lease<br/>Receivable</u> | <u>Lease<br/>Revenue</u> | <u>Interest<br/>Revenue</u> |
|----------------|-------------------------|--------------------------------|------------------------------|-----------------------------|--------------------------|-----------------------------|
| T Mobile South | 5 yrs                   | 4/10/2021                      | 4/10/2051                    | \$ 991,276                  | \$ 4,681                 | \$ 29,662                   |
| <b>Total</b>   |                         |                                |                              | <b>\$ 991,276</b>           | <b>\$ 4,681</b>          | <b>\$ 29,662</b>            |

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

| <u>Year Ended<br/>September 30</u> | <u>Principal</u>  | <u>Interest</u>   |
|------------------------------------|-------------------|-------------------|
| 2023                               | \$ 5,783          | \$ 29,662         |
| 2024                               | 7,038             | 29,471            |
| 2025                               | 8,361             | 29,243            |
| 2026                               | 9,760             | 28,972            |
| 2027                               | 11,234            | 28,660            |
| 2028-2032                          | 81,228            | 136,929           |
| 2033-2037                          | 131,725           | 121,180           |
| 2038-2042                          | 196,331           | 96,854            |
| 2043-2047                          | 278,281           | 61,600            |
| 2048-2051                          | 261,535           | 14,913            |
| <b>Total</b>                       | <b>\$ 991,276</b> | <b>\$ 577,484</b> |

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 8- LEASES (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 \$3,156 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, 2022, the balance of deferred inflows of resources was \$212,789.

| <b>Lessee</b>           | <b>Contract<br/>Start Date</b> | <b>Contract<br/>End Date</b> | <b>Lease<br/>Receivable</b> | <b>Lease<br/>Revenue</b> | <b>Interest<br/>Revenue</b> |
|-------------------------|--------------------------------|------------------------------|-----------------------------|--------------------------|-----------------------------|
| AT&T WIRELESS           | 10/31/2020                     | 10/31/2025                   | \$ 117,428                  | \$ 33,534                | \$ 3,039                    |
| QUALITY BY DESIGN, INC. | 11/8/2006                      | 2/1/2027                     | 33,695                      | 6,562                    | 916                         |
| AGRI LAND & CATTLE CO.  | 9/7/2022                       | 9/7/2023                     | 61,666                      | -                        | -                           |
| <b>Totals</b>           |                                |                              | <b>\$ 212,789</b>           | <b>\$ 40,096</b>         | <b>\$ 3,955</b>             |

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

| <b>Year Ended</b>          |                         |                        |
|----------------------------|-------------------------|------------------------|
| <b><u>September 30</u></b> | <b><u>Principal</u></b> | <b><u>Interest</u></b> |
| 2023                       | \$ 104,356              | \$ 4,290               |
| 2024                       | 45,408                  | 2,638                  |
| 2025                       | 48,255                  | 1,234                  |
| 2026                       | 11,863                  | 234                    |
| 2027                       | 2,907                   | 20                     |
| <b>Total</b>               | <b>\$ 212,789</b>       | <b>\$ 8,416</b>        |



**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 8- LEASES (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, 2022 was \$535,259 and had accumulated amortization of \$58,326. The present value of the lease payable, \$495,824, 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:

| <b>Lessor</b>   | <b>Initial<br/>Term</b> | <b>Renewal<br/>Terms</b> | <b>Start<br/>Date</b> | <b>Contract<br/>End Date</b> | <b>Lease<br/>Payable</b> | <b>Lease<br/>Expense</b> | <b>Interest<br/>Expense</b> |
|-----------------|-------------------------|--------------------------|-----------------------|------------------------------|--------------------------|--------------------------|-----------------------------|
| Concord Parking | 4 years                 | 5 years                  | 9/1/2021              | 8/31/2031                    | \$ 495,824               | \$ 39,435                | \$ 15,522                   |
| <b>Totals</b>   |                         |                          |                       |                              | <b>\$ 495,824</b>        | <b>\$ 39,435</b>         | <b>\$ 15,522</b>            |

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

| <b>Year Ended<br/>September 30</b> | <b>Principal</b>  | <b>Interest</b>  |
|------------------------------------|-------------------|------------------|
| 2023                               | \$ 42,304         | \$ 14,302        |
| 2024                               | 45,312            | 12,992           |
| 2025                               | 48,464            | 11,589           |
| 2026                               | 51,765            | 10,090           |
| 2027                               | 55,221            | 8,490            |
| 2028-2031                          | 252,758           | 15,761           |
| <b>Total</b>                       | <b>\$ 495,824</b> | <b>\$ 73,224</b> |

**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 as lessee with Opticaltel for the utilization of fiber services. An initial liability of \$66,426 was recorded during the current fiscal year. 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 \$65,208 with accumulated amortization of \$46,575.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 8- LEASES (Continued)**

**D. Lessee Agreements- Ocala Fiber Network (continued)**

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 third of the four renewal terms expiring July 2023. The fourth term for an additional five years will expire July 2028. The City is required to make monthly principal and interest payments of \$2,137 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 \$21,276.

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 \$28,605.

Terms of the lease are summarized below:

| <b>Lessee</b>          | <b>Start Date</b> | <b>Contract End Date</b> | <b>Lease Payable</b> | <b>Lease Expense</b> | <b>Interest Expense</b> |
|------------------------|-------------------|--------------------------|----------------------|----------------------|-------------------------|
| Opticaltel             | 7/1/2021          | 6/30/2024                | \$ 66,426            | \$ 36,422            | \$ 2,588                |
| Level 3 Communications | 10/1/2021         | 7/22/2028                | 123,835              | 21,582               | 4,068                   |
| Treasure Lake          | 6/30/2021         | 6/30/2025                | 64,112               | 22,034               | 2,283                   |
| <b>Totals</b>          |                   |                          | <b>\$ 254,373</b>    | <b>\$ 80,038</b>     | <b>\$ 8,939</b>         |

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

| <b>Year Ended<br/>September 30</b> | <b>Principal</b>  | <b>Interest</b>  |
|------------------------------------|-------------------|------------------|
| 2023                               | \$ 81,518         | \$ 6,514         |
| 2024                               | 73,898            | 4,066            |
| 2025                               | 40,280            | 2,348            |
| 2026                               | 22,943            | 1,447            |
| 2027                               | 23,642            | 748              |
| 2028                               | 12,092            | 101              |
| <b>Total</b>                       | <b>\$ 254,373</b> | <b>\$ 15,224</b> |

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 8- LEASES (Continued)**

**E. 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.

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.

In 2019, the City finished construction of 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 \$254,000 of lease revenue from these agreements for the year ended September 30, 2022. A schedule of expected future minimum payments under these agreements are as follows:

| <b><u>Year Ended</u></b><br><b><u>September 30</u></b> | <b><u>Principal</u></b>    | <b><u>Interest</u></b>   |
|--|----------------------------|--------------------------|
| 2023   | \$ 165,253                 | \$ 64,998                |
| 2024   | 123,518                    | 61,042                   |
| 2025   | 126,518                    | 57,393                   |
| 2026   | 91,903                     | 54,017                   |
| 2027   | 79,373                     | 51,625                   |
| 2028-2032  | 299,703                    | 230,966                  |
| 2033-2037  | 381,326                    | 183,645                  |
| 2038-2042  | 470,077                    | 122,973                  |
| 2043-2047  | 421,490                    | 58,025                   |
| 2048-2051  | 186,551                    | 8,570                    |
| <b>Totals</b>  | <b><u>\$ 2,345,712</u></b> | <b><u>\$ 893,254</u></b> |

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 9 – PENSION PLANS**

**A. General Employees Retirement System**

Plan Descriptions

The City maintains a single-employer defined benefit (2-tiers) pension plan. The original plan (tier 1) was adopted in 1944. A variable hybrid defined benefit (DBVH) pension plan (tier 2) was added for years of service after September 30, 2013. The original plan was amended through local ordinance on August 6, 2013, with an effective date of October 1, 2013, resulting in a benefit freeze on September 30, 2013. The City also added a 401a Defined Contribution Plan. The sole and exclusive administration of and responsibility for the proper operation of the System and for making effective provisions of this ordinance is hereby vested in a Board of Trustees. The Plan is maintained as a Pension Trust Fund and included as part of the City's reporting entity; hence separate financial statements are not issued. The provisions of each of the Plans are established by City Ordinance. Administrative costs are financed through investment earnings. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. This plan is closed to any new participants.

The plan is administered by a five-member pension Board of Trustees which consist of three members appointed by the City Council, and two members of the Plan, who are elected by a majority of General Employees who are members of the Plan. The City is obligated to fund all Plan costs based upon actuarial valuations. The City is also authorized to establish benefit levels and the Plan's Board of Trustees approves the actuarial assumptions used in the determination of the contribution levels. There are three actuarial assumptions that are defined by Ordinance 2013-48: Mortality Rate, Interest Rate and Amortization Method.

As of September 30, 2013, there were 59 employees grandfathered into the defined benefit plan (tier 1) in existence prior to any changes by the ordinance. There were 226 employees that moved to the defined contribution plan and the remaining 276 employees moved into the DBVH plan (tier 2).

At September 30, 2022 the Plan's participants consisted of:

|  | <u>2022</u>  | <u>2021</u>  |
|--|--------------|--------------|
| Retirees and beneficiaries (Inactive members):                           |              |              |
| Currently receiving benefits   | 791          | 782          |
| DROP retirees  | 17           | 19           |
| Disability Retirees  | 3            | 3            |
| Terminated employees entitled to benefits, but<br>not yet receiving them | 249          | 264          |
| Active plan members  | <u>119</u>   | <u>135</u>   |
|  | <u>1,179</u> | <u>1,203</u> |

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 9 – PENSION PLANS (Continued)**

**A. General Employees Retirement System (Continued)**

Pension Benefits:

The Plan provides retirement, termination, disability, and death benefits. Benefits were frozen as of September 30, 2013, and Members began a new “DBVH and Contribution Program” on October 1, 2013. Any Member within 5 years of their Normal Retirement Date was grandfathered into the benefit provisions in effect as of September 30, 2013.

Normal Retirement:

*Date:* First of the month following the earlier of: 1) age 65 and the completion of 5 years of Credited Service, or 2) 30 years of Credited Service, regardless of age.

*Benefit:* Credited Service on and after October 1, 2013 for Grandfathered Members (tier 1): 2.55% of Average Final Compensation (AFC) times Credited Service plus \$100 supplement.

*Benefit for Credited Service on October 1, 2013 and after (tier 2):*

|         |                       |
|---------|-----------------------|
| Minimum | 1.00%                 |
| Maximum | 2.55%                 |
| Current | 1.00% as of 10/1/2017 |

Early Retirement:

*Date:* Earlier of: 1) age 55 and the completion of 5 years of Credited Service, or 2) the completion of 25 years of Credited Service, regardless of age.

*Benefit:* Same as for Normal Retirement but reduced by 3% for each year that Early Retirement precedes Normal Retirement.

Vesting:

*Less than 5 years:* Refund of Member Contributions without interest

*5 years or more:* Vested accrued benefit (determined as for Normal Retirement) paid beginning at the otherwise Normal Retirement Date, or a refund of Member Contributions without interest.

Disability Retirement:

*Eligibility:* After completion of 5 years of Credited Service, or from date of hire if service incurred.

*Benefit:* \$50, plus 1% of AFC times Credited Service. Minimum benefit is \$100 per month.

Death Benefits:

*Vested or Eligible to Retire:* Accrued benefit payable to beneficiary for 10 years.

*Non-Vested:* Refund of Member Contributions without interest.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 9 – PENSION PLANS (Continued)**

**A. General Employees Retirement System (Continued)**

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, 2022:

| Asset Class             | Target Allocation |         |
|-------------------------|-------------------|---------|
|                         | 2022              | 2021    |
| Equity Securities       | 24.00%            | 20.00%  |
| Non US Equity           | 18.00%            | 22.00%  |
| Fixed Income Securities | 25.00%            | 32.00%  |
| Hedge Fund of Funds     | 6.00%             | 13.50%  |
| Real Estate             | 12.00%            | 12.50%  |
| Private equity          | 5.00%             | 0.00%   |
| Private debt            | 5.00%             | 0.00%   |
| Opportunistic           | 5.00%             | 0.00%   |
| 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, 2022**

**NOTE 9 – PENSION PLANS (Continued)**

**A. General Employees Retirement System (Continued)**

Rate of Return:

For the year ended September 30, 2022 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was (14.20%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Deferred Retirement Option Program (DROP)

*Eligibility:* Satisfaction of Normal Retirement requirement's (earlier of (1) Age 65 and 5 years of Credited Service, or (2) 30 years of Credited Service, regardless of age).

*Participation:* Not to exceed 96 months (60 months for members entering DROP from January 31, 2011 through February 11, 2013).

*Rate of Return:* 6.5% or actual net rate of investment return (total return net of brokerage commissions and transaction costs) credited each fiscal quarter.

The DROP balance as of September 30, 2022 is \$2,336,862.

Annual Pension Cost

The contribution requirement for the General Employees' Retirement System for Fiscal Year 2022, established through an actuarial valuation performed as of October 1, 2020, was \$9,497,997 (99.52% of current covered payroll). Actual employee contributions to the General Employees Retirement System totaled \$452,786 (4.74% of current covered payroll); actual employer contributions to the General Employees' Retirement System were \$10,006,354 (104.85% of current covered payroll).

Net Pension Liability

The City has used the alternate measurement date of September 30, 2021 to record the net pension liability, deferred inflows and outflows of resources, and pension expense in its September 30, 2022 financial statements.

|   | Measurement Date     |                      |
|---|----------------------|----------------------|
|   | 9/30/22              | 9/30/21              |
| Total Pension Liability   | \$ 239,986,252       | \$ 240,864,347       |
| Plan Fiduciary Net Position   | (166,174,112)        | (199,814,988)        |
| Sponsor's Net Pension Liability   | <u>\$ 73,812,140</u> | <u>\$ 41,049,359</u> |
| Plan Fiduciary Net Position as a percentage of<br>Total Pension Liability | 69.24%               | 73.25%               |

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2021 updated to September 30, 2022 using the following actuarial assumptions.

|                           | 2022            | 2021            |
|---------------------------|-----------------|-----------------|
| Inflation                 | 2.00%           | 2.00%           |
| Salary Increases          | (Service Based) | (Service Based) |
| Investment Rate of Return | 6.80%           | 6.90%           |

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2022, the City recognized pension expense of \$4,145,854 as the result of implementing GASB No. 68. Contributions made after the measurement date in the amount of \$9,991,650, will be recognized as a reduction of net pension liability in the subsequent fiscal period. As of September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions based on a measurement date of September 30, 2021 from the following sources:

Deferred Outflows

Contributions subsequent to the  
measurement date  
Total deferred outflows

|    |           |
|----|-----------|
| \$ | 9,991,650 |
| \$ | 9,991,650 |

Deferred inflows

Difference between expected and  
actual earnings on investments  
Total deferred inflows

|    |            |
|----|------------|
| \$ | 13,118,436 |
| \$ | 13,118,436 |

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

|            |                        |
|------------|------------------------|
| 2023       | \$ (2,141,913)         |
| 2024       | (2,915,426)            |
| 2025       | (4,246,508)            |
| 2026       | (3,814,589)            |
| Thereafter | -                      |
|            | <u>\$ (13,118,436)</u> |



**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2022 are summarized in the following table:

| Asset Class             | Long-Term Expected Real Rate of Return |       |
|-------------------------|--|-------|
|                         | 2022                                   | 2021  |
| Equity Securities       | 6.11%                                  | 6.28% |
| Developed Non US Equity | 6.49%                                  | 7.00% |
| Emerging Non US Equity  | 8.12%                                  | 8.82% |
| Fixed Income Securities | 0.38%                                  | 0.38% |
| Hedge Fund of Funds     | 2.63%                                  | 2.35% |
| Real Estate             | 3.50%                                  | 3.50% |
| Private equity          | 9.93%                                  | N/A   |
| Private debt            | 5.06%                                  | N/A   |
| Opportunistic           | 6.40%                                  | N/A   |

Discount Rate:

The discount rate used to measure the total pension liability was 6.80 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   |
|---|----------------|-----------------------|---------------|
|   | 5.80%          | 6.80%                 | 7.80%         |
| Sponsor's Net Pension Liability 09/30/22 Measurement Date | \$ 101,732,253 | \$ 73,812,140         | \$ 50,482,857 |
| Sponsor's Net Pension Liability 09/30/21 Measurement Date | \$ 69,322,947  | \$ 41,049,359         | \$ 17,524,396 |

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2020.

|   | <b>Total Pension<br/>Liability</b> | <b>Plan Fiduciary<br/>Net Position</b> | <b>Net Pension<br/>Liability</b> |
|---|------------------------------------|--|----------------------------------|
| Beginning balances 9/30/20                            | \$ 236,452,329                     | \$ 173,268,154                         | \$ 63,184,175                    |
| Service Cost  | 901,990                            | -                                      | 901,990                          |
| Interest  | 16,089,455                         | -                                      | 16,089,455                       |
| Differences between Expected and<br>Actual Experience | (112,857)                          | -                                      | (112,857)                        |
| Changes in Assumptions                                | 2,543,358                          | -                                      | 2,543,358                        |
| Contributions - Employer                              | -                                  | 10,222,493                             | (10,222,493)                     |
| Contributions - Employee                              | -                                  | 477,170                                | (477,170)                        |
| Net Investment Income                                 | -                                  | 31,044,311                             | (31,044,311)                     |
| Benefit Payments                                      | (15,009,928)                       | (15,009,928)                           | -                                |
| Administrative Expenses                               | -                                  | (187,212)                              | 187,212                          |
| Net Changes   | 4,412,018                          | 26,546,834                             | (22,134,816)                     |
| Ending balance 9/30/21                                | <u>\$ 240,864,347</u>              | <u>\$ 199,814,988</u>                  | <u>\$ 41,049,359</u>             |
| Beginning balances 9/30/21                            | \$ 240,864,347                     | \$ 199,814,988                         | \$ 41,049,359                    |
| Service Cost  | 831,827                            | -                                      | 831,827                          |
| Interest  | 16,152,980                         | -                                      | 16,152,980                       |
| Differences between Expected<br>and Actual Experience | (5,188,968)                        | -                                      | (5,188,968)                      |
| Change in assumptions                                 | 2,516,081                          | -                                      | 2,516,081                        |
| Contributions - Employer                              | -                                  | 10,006,355                             | (10,006,355)                     |
| Contributions - Employee                              | -                                  | 452,786                                | (452,786)                        |
| Net Investment Income                                 | -                                  | (28,662,814)                           | 28,662,814                       |
| Benefit Payments                                      | (15,190,015)                       | (15,190,015)                           | -                                |
| Administrative Expenses                               | -                                  | (205,613)                              | 205,613                          |
| Net Changes   | (878,095)                          | (33,599,301)                           | 32,721,206                       |
| Ending balance 09/30/22                               | <u>\$ 239,986,252</u>              | <u>\$ 166,215,687</u>                  | <u>\$ 73,770,565</u>             |

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2022 the Plan's participants consisted of:

|  | <u>Police</u> |             |
|--|---------------|-------------|
|  | <u>2022</u>   | <u>2021</u> |
| Retirees and beneficiaries (Inactive members):                           |               |             |
| Currently receiving benefits   | 128           | 129         |
| DROP retirees  | 10            | 7           |
| Disability Retirees  | 4             | 4           |
| Terminated employees entitled to benefits, but<br>not yet receiving them | 22            | 23          |
| Active plan members  | 188           | 167         |
|  | <u>352</u>    | <u>330</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, 2022**

**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 2022 the City is required to contribute 25.22% 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, 2022**

**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, 2022:

| Asset Class          | Target Allocation |         |
|----------------------|-------------------|---------|
|                      | 2022              | 2021    |
| 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, 2022 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was (16.74%). 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, 2022 is \$1,550,609.

Annual Pension Cost

The contribution requirement for the Police Officers' Retirement System for the 2022 fiscal year, established through an actuarial valuation performed as of October 1, 2020, was \$2,954,571 (25.22% of current covered payroll). Actual employee contributions to the Police Officers' Retirement System totaled \$1,057,924 (8.00% of current covered payroll), actual City contributions were \$2,990,891 (22.62% of current covered payroll) plus state contributions deposited directly to the plan amounted to \$763,084 (5.77% 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, 2022**

**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, 2021 to record the net pension liability, deferred inflows and outflows of resources, and pension expense in its September 30, 2022 financial statements.

|   | Measurement Date     |                     |
|---|----------------------|---------------------|
|   | 9/30/22              | 9/30/21             |
| Total Pension Liability   | \$ 107,819,338       | \$ 101,262,604      |
| Plan Fiduciary Net Position   | (77,186,078)         | (93,347,956)        |
| Sponsor's Net Pension Liability   | <u>\$ 30,633,260</u> | <u>\$ 7,914,648</u> |
| Plan Fiduciary Net Position as a percentage of<br>Total Pension Liability | 71.59%               | 92.18%              |

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2020 updated to September 30, 2022 using the following actuarial assumptions applied to all measurement periods.

|                           | 2022            | 2021            |
|---------------------------|-----------------|-----------------|
| Inflation                 | 2.70%           | 2.70%           |
| Salary Increases          | (Service Based) | (Service Based) |
| Investment Rate of Return | 7.25%           | 7.50%           |

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, 2022**

**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, 2022 are summarized in the following table:

| Asset Class          | Long-Term Expected Real Rate of Return |       |
|----------------------|--|-------|
|                      | 2022                                   | 2021  |
| Domestic Equity      | 7.10%                                  | 8.30% |
| International Equity | 3.10%                                  | 4.10% |
| Bonds                | 2.00%                                  | 3.10% |
| Convertibles         | 6.40%                                  | 7.80% |
| Private Real Estate  | 6.40%                                  | 5.50% |
| Infrastructure       | 5.60%                                  | 7.00% |

Pension expense, Deferred Outflows and Deferred Inflows of Resources

For the year ended September 30, 2022, the City recognized pension expense of \$1,440,837 as the result of implementing GASB No. 68. Contributions made after the measurement date in the amount of \$3,753,975 will be recognized as a reduction of net pension liability in the subsequent fiscal period. As of September 30, 2022, based on a measurement date of September 30, 2021, 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 | \$ 222,628          |
| Contributions subsequent to the measurement date  | 3,753,975           |
| Changes in assumptions                            | 1,632,475           |
| Total deferred outflows                           | <u>\$ 5,609,078</u> |

Deferred Inflows

|  |                     |
|--|---------------------|
| Difference between expected and actual experience              | 249,907             |
| Difference between expected and actual earnings on investments | 7,400,328           |
| Total deferred inflows   | <u>\$ 7,650,235</u> |

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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:

|            |    |                    |
|------------|----|--------------------|
| 2023       | \$ | (1,167,753)        |
| 2024       |    | (1,013,383)        |
| 2025       |    | (1,889,120)        |
| 2026       |    | (1,724,876)        |
| Thereafter |    | -                  |
|            | \$ | <u>(5,795,132)</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 | 1% Increase   |
|--|---------------|------------------|---------------|
|  | 6.25%         | Rate             | 8.25%         |
|  |               | 7.25%            |               |
| Sponsor's Net Pension Liability 09/30/22 |               |                  |               |
| Measurement Date                         | \$ 44,775,736 | \$ 30,633,260    | \$ 21,986,668 |
| Sponsor's Net Pension Liability 09/30/21 |               |                  |               |
| Measurement Date                         | \$ 21,468,001 | \$ 7,914,648     | \$ 281,213    |



**CITY OF OCALA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**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, 2020.

|   | <b>Total Pension<br/>Liability</b> | <b>Plan Fiduciary<br/>Net Position</b> | <b>Net Pension<br/>Liability</b> |
|---|------------------------------------|--|----------------------------------|
| Beginning balances 9/30/20                            | \$ 97,931,940                      | \$ 80,914,606                          | \$ 17,017,334                    |
| Service Cost  | 2,146,200                          | -                                      | 2,146,200                        |
| Interest  | 7,321,459                          | -                                      | 7,321,459                        |
| Change in assumptions                                 | 1,043,477                          | -                                      | 1,043,477                        |
| Differences between Expected<br>and Actual Experience | 278,283                            | -                                      | 278,283                          |
| Contributions - Employer                              | -                                  | 2,450,000                              | (2,450,000)                      |
| Contributions - State                                 | -                                  | 683,980                                | (683,980)                        |
| Contributions - Employee                              | -                                  | 885,087                                | (885,087)                        |
| Contributions - Buy Back                              | 27,555                             | 27,555                                 | -                                |
| Net Investment Income                                 | -                                  | 15,961,589                             | (15,961,589)                     |
| Benefit Payments                                      | (7,486,310)                        | (7,486,310)                            | -                                |
| Administrative Expenses                               | -                                  | (88,551)                               | 88,551                           |
| Net Changes   | 3,330,664                          | 12,433,350                             | (9,102,686)                      |
| Ending balance 09/30/21                               | \$ 101,262,604                     | \$ 93,347,956                          | \$ 7,914,648                     |
| Beginning balances 9/30/21                            | \$ 101,262,604                     | \$ 93,347,956                          | \$ 7,914,648                     |
| Service Cost  | 2,110,794                          | -                                      | 2,110,794                        |
| Interest  | 7,560,734                          | -                                      | 7,560,734                        |
| Change in assumptions                                 | 3,198,090                          | -                                      | 3,198,090                        |
| Differences between Expected and<br>Actual Experience | (1,191,428)                        | -                                      | (1,191,428)                      |
| Contributions - Employer                              | -                                  | 2,990,891                              | (2,990,891)                      |
| Contributions- State                                  | -                                  | 763,084                                | (763,084)                        |
| Contributions - Employee                              | -                                  | 1,057,924                              | (1,057,924)                      |
| Contributions - Buy Back                              | 5,761                              | 5,761                                  | -                                |
| Net Investment Income                                 | -                                  | (15,762,887)                           | 15,762,887                       |
| Benefit Payments                                      | (5,127,217)                        | (5,127,217)                            | -                                |
| Administrative Expenses                               | -                                  | (89,434)                               | 89,434                           |
| Net Changes   | 6,556,734                          | (16,161,878)                           | 22,718,612                       |
| Ending balance 9/30/22                                | \$ 107,819,338                     | \$ 77,186,078                          | \$ 30,633,260                    |

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 9 – PENSION PLANS (Continued)**

**C. Firefighters' Retirement Plan**

Plan Descriptions

The City maintains single-employer, defined benefit pension plan for the firefighters known as the *Firefighters' Retirement Plan*. This is a contributory defined benefit pension plan covering any person employed full-time in the Ocala Fire Department who is certified as a firefighter as a condition of employment in accordance with the provisions of Section 633.35 of the Florida Statutes. Florida Statutes Chapter 175 allows contributions to the Plan by the State of Florida. The provisions of this plan are established by City Ordinance. All benefit provisions, including changes in contribution requirements can be amended by City Ordinance. Administrative costs are financed through investment earnings.

The plan is administered by a five-member Board of Trustees comprised of: two City residents appointed by the City Council, two Firefighters elected by majority of covered members, and a fifth member elected by the other four and appointed by City Council (as a ministerial duty).

At September 30, 2022 the Plan's participants consisted of:

|  | Fire        |             |
|--|-------------|-------------|
|  | <u>2022</u> | <u>2021</u> |
| Retirees and beneficiaries (Inactive members):                           |             |             |
| Currently receiving benefits   | 76          | 74          |
| DROP retirees  | 16          | 17          |
| Disability Retirees  | 9           | 9           |
| Terminated employees entitled to benefits, but<br>not yet receiving them | 4           | 4           |
| Active plan members  | 122         | 122         |
|  | <u>227</u>  | <u>226</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 Monthly Earnings (AME) times Credited Service, maximum of 93% of AME.

Early Retirement:

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

*Benefit:* Accrued benefit reduced 2% for each year prior to normal retirement date.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 9 – PENSION PLANS (Continued)**

**C. Firefighters' Retirement Plan (Continued)**

Termination Benefit:

*Eligibility:*

*Less than 10 years of service:* Refund of member contributions without interest.

*10 years or more (fully vested):* Accrued benefit payable at participant's normal retirement date.

Disability Retirement:

*Eligibility:*

Service Incurred – Immediately upon permanent disability.

Non-Service Incurred – If not vested, refund of contributions.

*Benefit:*

Service Incurred – Benefit accrued to date of disability, but not less than 42% of AME.

Non-Service Incurred – If vested, accrued benefit, but not less than 30% of AME.

Death Benefits:

*Vested:*

Service Incurred – Choice of: 1) accrued benefit payable for 120 months; or 2) 50% of AME to spouse until death.

Non-Service Incurred – If not eligible for either early or normal retirement, same as for Service Incurred Death Benefits. If eligible for either early or normal retirement, choice of 1) accrued benefit for 120 months; or 2) 50% of accrued benefit to spouse until death.

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

COLA:

Benefit payment schedule to be designed by Board. Funding is from 0.50% of member contributions, market return and 50% of State Premium Tax Revenues in excess of \$200,000 (percentage increased to 100% once the Plan becomes 90% funded). A portion of excess returns on COLA assets will be transferred to the plan until the plan becomes 90% funded.

Contributions:

Remaining amount required to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes. For Fiscal Year 2022, the City is required to contribute 43.25% 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 2022 fiscal year the amount of these contributions totaled \$614,717; 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, 2022**

**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, 2022:

| Asset Class                  | Target Allocation |         |
|------------------------------|-------------------|---------|
|                              | 2022              | 2021    |
| 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                        | 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, 2022 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was negative (-14.99%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Deferred Retirement Option Program (DROP):

*Eligibility:* Satisfaction of Normal Retirement requirements.

*Participation:* Not to exceed 60 months.

*Rate of Return:* A member shall earn 100 basis points less than the plan's assumed investment rate of return, which would currently be 7.00%.

The DROP balance as of September 30, 2022 is \$5,011,183.

Annual Pension Cost

The contribution requirement for the Firefighters' Retirement Plan for the 2022 fiscal year, established through an actuarial valuation performed as of October 1, 2020, was \$3,376,436 (42.47% of current covered payroll). Actual employee contributions to the Firefighters' Retirement Plan totaled \$677,090 (8.79% of current covered payroll), actual City contributions were \$3,334,160 (41.94% of current covered payroll) plus state contributions deposited directly to the plan amounted to \$541,289. Accumulated excess contributions in the Accrued (Prepaid) Position Account were available to assist in funding the City's contribution requirement for the year.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 9 – PENSION PLANS (Continued)**

**C. Firefighters' Retirement Plan (Continued)**

Net Pension Liability

The City has used the alternate measurement date of September 30, 2021 to record the net pension liability, deferred inflows and outflows of resources, and pension expense in its September 30, 2022 financial statements.

|   | Measurement Date     |                     |
|---|----------------------|---------------------|
|   | 9/30/22              | 9/30/21             |
| Total Pension Liability   | \$ 99,641,323        | \$ 93,974,927       |
| Plan Fiduciary Net Position   | (76,775,260)         | (89,922,575)        |
| Sponsor's Net Pension Liability   | <u>\$ 22,866,063</u> | <u>\$ 4,052,352</u> |
| Plan Fiduciary Net Position as a percentage of<br>Total Pension Liability | 77.05%               | 95.69%              |

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2020 updated to September 30, 2022 using the following actuarial assumptions.

|                           | 2022        | 2021        |
|---------------------------|-------------|-------------|
| Inflation                 | 2.50%       | 2.50%       |
| Salary Increases          | 0.00%-8.00% | 2.50%-8.00% |
| Investment Rate of Return | 7.00%       | 7.00%       |

Mortality Rates:

**Active:**

Pub-2010 Generational using scale MP-2018. Females, Headcount Weighted Safety Employee Female Table, set forward 1 year.

Pub-2010 Generational using scale MP-2018. Males, Headcount Weighted Safety Employee Female Table, set forward 1 year.

**Disabled:**

Pub-2010 80% Headcount Weighted General Disabled Retiree Female Table/ 20% Headcount Weighted Safety Disabled Retiree Female Table.

Pub-2010 80% Headcount Weighted General Disabled Retiree Male Table/ 20% Headcount Weighted Safety Disabled Retiree Male Table.

10% of active deaths are assumed to be in the line of duty.

The most recent experience study was completed in September 2019, considered 7 years of data experience, and resulted in several updates to the actuarial assumptions. The impact to the total pension liability (TPL) resulting from these updated assumptions is first reflected in TPL as of September 30, 2020.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2022, the City recognized pension expense of \$1,271,472 as the result of implementing GASB No. 68. Contributions made after the measurement date in the amount of \$3,948,876 will be recognized as a reduction of net pension liability in the subsequent fiscal period. As of September 30, 2022, based on a measurement date of September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows

|   |                             |
|---|-----------------------------|
| Changes in assumptions                            | \$ 4,857,633                |
| Difference between expected and actual experience | 2,308,422                   |
| Contributions subsequent to the measurement date  | <u>3,948,876</u>            |
| Total deferred outflows                           | <u><u>\$ 11,114,931</u></u> |

Deferred Inflows

|  |                            |
|--|----------------------------|
| Difference between expected and actual experience              | \$ 269,968                 |
| Difference between expected and actual earnings on investments | <u>9,425,698</u>           |
| Total deferred inflows   | <u><u>\$ 9,695,666</u></u> |

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

|            |                              |
|------------|------------------------------|
| 2023       | \$ (14,121)                  |
| 2024       | 95,865                       |
| 2025       | (913,155)                    |
| 2026       | (1,698,200)                  |
| Thereafter | <u>-</u>                     |
|            | <u><u>\$ (2,529,611)</u></u> |

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2022 are summarized in the following table:

| Asset Class                | Long-Term Expected Real Rate of Return |       |
|----------------------------|--|-------|
|                            | 2022                                   | 2021  |
| Fixed Income               | 2.50%                                  | 2.50% |
| Domestic Equity            | 7.50%                                  | 7.50% |
| International Equity       | 8.50%                                  | 8.50% |
| Real Estate                | 4.50%                                  | 4.50% |
| International Fixed Income | 3.50%                                  | 3.50% |

Discount Rate:

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

|  | Current Discount     |               |                      |
|--|----------------------|---------------|----------------------|
|  | 1% Decrease<br>6.00% | Rate<br>7.00% | 1% Increase<br>8.00% |
| Sponsor's Net Pension Liability        |                      |               |                      |
| 09/30/22 Measurement Date              | \$ 34,477,003        | \$ 22,866,063 | \$ 13,248,965        |
| Sponsor's Net Pension Liability(asset) |                      |               |                      |
| 09/30/21 Measurement Date              | \$ 15,108,423        | \$ 4,052,352  | \$ (5,118,395)       |

**CITY OF OCALA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**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, 2020.

|   | <b>Total Pension<br/>Liability</b> | <b>Plan Fiduciary Net<br/>Position</b> | <b>Net Pension<br/>Liability</b> |
|---|------------------------------------|--|----------------------------------|
| Beginning balances 9/30/20                            | \$ 89,049,694                      | \$ 74,876,538                          | \$ 14,173,156                    |
| Service Cost  | 1,534,997                          | -                                      | 1,534,997                        |
| Interest  | 6,205,220                          | -                                      | 6,205,220                        |
| Differences between Expected<br>and Actual Experience | 1,062,384                          | -                                      | 1,062,384                        |
| Contributions - Employer                              | -                                  | 2,960,648                              | (2,960,648)                      |
| Contributions- State                                  | -                                  | 541,289                                | (541,289)                        |
| Contributions - Employee                              | -                                  | 734,643                                | (734,643)                        |
| Net Investment Income                                 | -                                  | 14,803,229                             | (14,803,229)                     |
| Benefit Payments                                      | (3,877,368)                        | (3,877,368)                            | -                                |
| Administrative Expenses                               | -                                  | (116,404)                              | 116,404                          |
| Net Changes   | 4,925,233                          | 15,046,037                             | (10,120,804)                     |
| Ending balance 09/30/21                               | \$ 93,974,927                      | \$ 89,922,575                          | \$ 4,052,352                     |
| Beginning balances 9/30/21                            | \$ 93,974,927                      | \$ 89,922,575                          | \$ 4,052,352                     |
| Service Cost  | 1,573,269                          | -                                      | 1,573,269                        |
| Interest  | 6,542,516                          | -                                      | 6,542,516                        |
| Differences between Expected<br>and Actual Experience | 1,717,962                          | -                                      | 1,717,962                        |
| Contributions - Employer                              | -                                  | 3,334,160                              | (3,334,160)                      |
| Contributions- State                                  | -                                  | 614,717                                | (614,717)                        |
| Contributions - Employee                              | -                                  | 677,091                                | (677,091)                        |
| Net Investment Income                                 | -                                  | (13,470,714)                           | 13,470,714                       |
| Benefit Payments                                      | (4,167,351)                        | (4,167,351)                            | -                                |
| Administrative Expenses                               | -                                  | (135,218)                              | 135,218                          |
| Net Changes   | 5,666,396                          | (13,147,315)                           | 18,813,711                       |
| Ending balance 9/30/22                                | \$ 99,641,323                      | \$ 76,775,260                          | \$ 22,866,063                    |



**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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:

|                                | <b>General<br/>Employees</b> | <b>Police<br/>Plan</b> | <b>Firefighters'<br/>Plan</b> | <b>Total</b>  |
|--------------------------------|------------------------------|------------------------|-------------------------------|---------------|
| Deferred outflows of resources | \$ 9,991,650                 | \$ 5,609,078           | \$ 11,114,931                 | \$ 26,715,659 |
| Deferred inflows of resources  | 13,118,436                   | 7,650,235              | 9,695,666                     | 30,464,337    |
| Net pension liability          | 41,049,359                   | 7,914,648              | 4,052,352                     | 53,016,359    |
| Pension expense                | 4,145,854                    | 1,440,837              | 1,271,469                     | 6,858,160     |

The following is the net position for each pension trust fund as of September 30, 2022:

|   | <b>General<br/>Employees'<br/>Retirement<br/>System</b> | <b>Police<br/>Officers'<br/>Retirement<br/>System</b> | <b>Firefighters'<br/>Retirement<br/>Plan</b> | <b>Total</b>          |
|---|---|---|--|-----------------------|
| <b>Assets</b>                               |   |   |  |                       |
| Cash and cash equivalents                   | \$ 2,175,209  | \$ 2,325,273  | \$ 1,529,007                                 | \$ 6,029,489          |
| Receivables:                                |   |   |  |                       |
| Accrued interest receivable                 | 5,840   | 110,963   | 119,607                                      | 236,410               |
| Accounts receivable                         | 2,966   | 4,832   | -  | 7,798                 |
| Total receivables                           | 8,806   | 115,795   | 119,607                                      | 244,208               |
| Investments, at fair value                  | 164,154,147   | 74,854,680  | 75,243,264                                   | 314,252,091           |
| Total investments                           | 164,154,147   | 74,854,680  | 75,243,264                                   | 314,252,091           |
| Total Assets                                | 166,338,162   | 77,295,748  | 76,891,878                                   | 320,525,788           |
| <b>Liabilities</b>                          |   |   |  |                       |
| Accounts payable                            | 164,050   | 107,277   | 116,619                                      | 387,946               |
| Total liabilities                           | 164,050   | 107,277   | 116,619                                      | 387,946               |
| <b>Net Position</b>                         |   |   |  |                       |
| <b>Net Position Restricted for Pensions</b> | <b>\$ 166,174,112</b>                                   | <b>\$ 77,188,471</b>                                  | <b>\$ 76,775,259</b>                         | <b>\$ 320,137,842</b> |

**CITY OF OCALA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**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, 2022:

|   | <b>General<br/>Employees'<br/>Retirement<br/>System</b> | <b>Police<br/>Officers'<br/>Retirement<br/>System</b> | <b>Firefighters'<br/>Retirement<br/>Plan</b> | <b>Total</b>          |
|---|---|---|--|-----------------------|
| <b>Additions:</b>                         |   |   |  |                       |
| Contributions:                            |   |   |  |                       |
| Employer                                  | \$ 10,006,354   | \$ 2,990,891  | \$ 3,334,160                                 | \$ 16,331,405         |
| State                                     | -   | 763,084   | 614,717                                      | 1,377,801             |
| Employee                                  | 452,786   | 1,063,685   | 677,091                                      | 2,193,562             |
| Total contributions                       | <u>10,459,140</u>                                       | <u>4,817,660</u>                                      | <u>4,625,968</u>                             | <u>19,902,768</u>     |
| Investment income:                        |   |   |  |                       |
| Investment income (loss)                  | (27,832,699)  | (15,282,973)  | (13,263,334)                                 | (56,379,006)          |
| Less: Investment management fees          | (866,601)   | (436,722)   | (207,380)                                    | (1,510,703)           |
| Net investment income (loss)              | <u>(28,699,300)</u>                                     | <u>(15,719,695)</u>                                   | <u>(13,470,714)</u>                          | <u>(57,889,709)</u>   |
| Total additions (reductions)              | <u>(18,240,160)</u>                                     | <u>(10,902,035)</u>                                   | <u>(8,844,746)</u>                           | <u>(37,986,941)</u>   |
| <b>Deductions:</b>                        |   |   |  |                       |
| Pension payments                          | 15,171,642  | 4,996,292   | 4,147,964                                    | 24,315,898            |
| Refunds to employees                      | -   | 114,409   | 19,387                                       | 133,796               |
| Administration                            | 206,708   | 89,634  | 135,218                                      | 431,560               |
| Total deductions                          | <u>15,378,350</u>                                       | <u>5,200,335</u>                                      | <u>4,302,569</u>                             | <u>24,881,254</u>     |
| Net Increase (Decrease)                   | (33,618,510)  | (16,102,370)  | (13,147,315)                                 | (62,868,195)          |
| <b>Net Assets Reserved for Employees'</b> |   |   |  |                       |
| Pension Benefits:                         |   |   |  |                       |
| Beginning of year                         | <u>199,792,622</u>                                      | <u>93,290,841</u>                                     | <u>89,922,574</u>                            | <u>383,006,037</u>    |
| End of year                               | <u>\$ 166,174,112</u>                                   | <u>\$ 77,188,471</u>                                  | <u>\$ 76,775,259</u>                         | <u>\$ 320,137,842</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, 2022**

**NOTE 10 – LONG-TERM OBLIGATIONS (Continued)**

**Schedule Of Long-Term Debt**

Long-term liability activity for the year ended September 30, 2022 was as follows:

|                                       | <b>Beginning<br/>Balance</b> | <b>Increases</b>     | <b>Decreases</b>        | <b>Ending<br/>Balance</b> | <b>Amounts<br/>Due Within<br/>One Year</b> |
|---------------------------------------|------------------------------|----------------------|-------------------------|---------------------------|--|
| <b>Governmental Activities:</b>       |                              |                      |                         |                           |  |
| Direct borrowing                      |                              |                      |                         |                           |  |
| 2012 Refdg Capital Improvement Certif | \$ 1,805,000                 | \$ -                 | \$ (895,000)            | \$ 910,000                | \$ 910,000                                 |
| 2015 Capital Improvement Certificates | 19,120,000                   | -                    | (1,110,000)             | 18,010,000                | 1,145,000                                  |
| 2022 Bank Loan                        | -                            | 60,000,000           | -                       | 60,000,000                | -  |
| Total direct borrowing                | 20,925,000                   | 60,000,000           | (2,005,000)             | 78,920,000                | 2,055,000                                  |
| Other liabilities:                    |                              |                      |                         |                           |  |
| Leases payable                        | \$ 535,259                   | \$ -                 | \$ (39,435)             | \$ 495,824                | \$ 42,304                                  |
| Net Pension Liability                 | 64,574,918                   | -                    | (31,988,822)            | 32,586,096                | -  |
| Compensated Absences                  | 4,138,347                    | 4,244,096            | (4,010,622)             | 4,371,821                 | 2,642,313                                  |
| OPEB Liability                        | 12,483,258                   | 928,215              | -                       | 13,411,473                | 554,862                                    |
| Liability for fire fees               | 80,000,000                   | -                    | (72,142,861)            | 7,857,139                 | -  |
| Claims and Judgments                  | 8,337,559                    | -                    | (275,000)               | 8,062,559                 | 2,338,624                                  |
| Total other liabilities               | 170,069,341                  | 5,172,311            | (108,456,740)           | 66,784,912                | 5,578,103                                  |
| Total Governmental Activities         | <u>\$ 190,994,341</u>        | <u>\$ 65,172,311</u> | <u>\$ (110,461,740)</u> | <u>\$ 145,704,912</u>     | <u>\$ 7,633,103</u>                        |
| <b>Business-type Activities:</b>      |                              |                      |                         |                           |  |
| Direct borrowing                      |                              |                      |                         |                           |  |
| 2014A Utility Systems Bonds           | \$ 13,895,000                | \$ -                 | \$ (25,000)             | \$ 13,870,000             | \$ 25,000                                  |
| 2014B Utility Systems Bonds           | 19,480,000                   | -                    | (1,945,000)             | 17,535,000                | 1,995,000                                  |
| 2015 Utility Systems Bonds            | 55,655,000                   | -                    | (3,085,000)             | 52,570,000                | 3,180,000                                  |
| 2017 Utility Systems Bonds            | 18,380,000                   | -                    | (2,405,000)             | 15,975,000                | 2,475,000                                  |
| Total direct borrowing                | 107,410,000                  | -                    | (7,460,000)             | 99,950,000                | 7,675,000                                  |
| Other liabilities:                    |                              |                      |                         |                           |  |
| Leases payable                        | 224,918                      | \$ 123,835           | \$ (94,382)             | \$ 254,371                | \$ 81,518                                  |
| Net Pension Liability                 | 29,799,747                   | -                    | (9,369,484)             | 20,430,263                | -  |
| Compensated Absences                  | 1,972,133                    | 1,824,397            | (1,801,224)             | 1,995,306                 | 1,532,165                                  |
| OPEB Liability                        | 6,070,742                    | 433,786              | -                       | 6,504,528                 | 260,007                                    |
| Total other liabilities               | 38,067,540                   | 2,382,018            | (11,265,090)            | 29,184,468                | 1,873,690                                  |
| Total Business-type Activities        | <u>\$ 145,477,540</u>        | <u>\$ 2,382,018</u>  | <u>\$ (18,725,090)</u>  | <u>\$ 129,134,468</u>     | <u>\$ 9,548,690</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, 2022**

**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 the Governmental Activities Fund.

| <b>Bond Series</b>     | <b>True<br/>Interest<br/>Cost</b> | <b>Average<br/>Coupon<br/>Rate</b> | <b>Maturity<br/>Date</b> | <b>Net<br/>Proceeds</b> | <b>Cost of<br/>Issuance</b> |
|------------------------|-----------------------------------|------------------------------------|--------------------------|-------------------------|-----------------------------|
| Bank Loan, Series 2022 | 3.9822%                           | 3.9822%                            | 10/1/2038                | \$ 60,000,000           | \$ 144,500                  |

| <b>Fiscal<br/>Year</b> | <b>Principal</b>    | <b>Interest</b>     |
|------------------------|---------------------|---------------------|
| 2023                   | \$ -                | \$ 2,333,480        |
| 2024                   | 2,755,000           | 2,334,465           |
| 2025                   | 2,865,000           | 2,222,565           |
| 2026                   | 2,975,000           | 2,106,285           |
| 2027                   | 3,095,000           | 1,985,425           |
| 2028-2032              | 17,425,000          | 7,938,217           |
| 2033-2037              | 21,185,000          | 4,106,544           |
| 2038-2039              | 9,700,000           | 390,056             |
|                        | <u>\$60,000,000</u> | <u>\$23,417,037</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, 2022. Information related to the revenues, sometimes net of related operating expenses, pledged for each debt issue,

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 10 – LONG-TERM OBLIGATIONS (Continued)**

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, 2022 has been incorporated into the schedules which show the debt service requirements to maturity for the City's bonded indebtedness for the City's governmental activities and for the City's business-type activities.

The following is a schedule of bonds outstanding at September 30, 2022:

| <b>Direct Borrowing</b>          |                                  | <b>Purpose<br/>Of Issue</b> | <b>Amount<br/>Issued</b> | <b>Amount<br/>Outstanding</b> | <b>Interest<br/>Rates</b> |
|----------------------------------|----------------------------------|-----------------------------|--------------------------|-------------------------------|---------------------------|
| <b>Governmental Activities:</b>  |                                  |                             |                          |                               |                           |
| 2012                             | Refdg Capital Improvement Certif | Refunding                   | 8,405,000                | \$ 910,000                    | 2.09%                     |
| 2015                             | Capital Improvement Certificate  | Refunding                   | 21,440,000               | 18,010,000                    | 3.67%                     |
| 2022                             | Bank Loan Series 2022            | Bank Loan                   | 60,000,000               | 60,000,000                    | 3.98%                     |
| Total Governmental Activities    |                                  |                             |                          | <u>\$ 78,920,000</u>          |                           |
| <b>Business-Type Activities:</b> |                                  |                             |                          |                               |                           |
| 2014A                            | Utility Systems Bonds            | Refunding                   | 24,165,000               | \$ 13,870,000                 | 3.67%                     |
| 2014B                            | Utility Systems Bonds            | Refunding                   | 28,465,000               | 17,535,000                    | 3.069%                    |
| 2015                             | Utility Systems Bonds            | Refunding                   | 65,635,000               | 52,570,000                    | 3.67%                     |
| 2017                             | Utility Systems Bonds            | Refunding                   | 18,565,000               | 15,975,000                    | 2.705%                    |
| Total Business-Type Activities   |                                  |                             |                          | <u>\$ 99,950,000</u>          |                           |

For the year ended September 30, 2022, principal and interest payments were as follows:

|                | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> |
|----------------|------------------------------------|-------------------------------------|
| Interest Paid  | \$ 585,328                         | \$ 3,398,141                        |
| Principal Paid | 2,005,000                          | 7,460,000                           |
|                | <u>\$ 2,590,328</u>                | <u>\$ 10,858,141</u>                |

**CITY OF OCALA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**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:

| <b>Fiscal<br/>Year</b> | <b>Direct Borrowing</b> |                      |
|------------------------|-------------------------|----------------------|
|                        | <b>Principal</b>        | <b>Interest</b>      |
| 2023                   | \$ 2,055,000            | \$ 2,848,950         |
| 2024                   | 4,225,000               | 2,818,365            |
| 2025                   | 4,380,000               | 2,661,690            |
| 2026                   | 4,535,000               | 2,499,285            |
| 2027                   | 4,705,000               | 2,330,875            |
| 2028-2032              | 26,215,000              | 8,900,917            |
| 2033-2037              | 23,105,000              | 4,135,343            |
| 2038-2039              | 9,700,000               | 390,057              |
| Total                  | <u>\$ 78,920,000</u>    | <u>\$ 26,585,482</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 2022 pledged revenues   | 10,585,026    |
| Fiscal year 2022 principal and interest paid  | \$ 2,590,328  |
| Outstanding principal and interest not including principal and interest Series 2022 Bank Loan | \$ 22,088,445 |
| Pledged through fiscal year   | 2033          |
| Estimated percentage pledged  | 18.97%        |

| <b>Fiscal<br/>Year</b> | <b>Business-Type Activities</b> |                      |
|------------------------|---------------------------------|----------------------|
|                        | <b>Direct Borrowing</b>         |                      |
|                        | <b>Principal</b>                | <b>Interest</b>      |
| 2023                   | \$ 7,675,000                    | \$ 3,163,312         |
| 2024                   | 7,895,000                       | 2,921,721            |
| 2025                   | 8,125,000                       | 2,673,155            |
| 2026                   | 8,355,000                       | 2,417,467            |
| 2027                   | 8,600,000                       | 2,154,290            |
| 2028-2032              | 48,300,000                      | 6,214,366            |
| 2033                   | 11,000,000                      | 188,637              |
| Total                  | <u>\$ 99,950,000</u>            | <u>\$ 19,732,948</u> |

Pledged revenue description      Net revenues of the combined Electric Revenue System and the Water and Sewer System (as defined in bond resolutions)

|  |                |
|--|----------------|
| Fiscal year 2022 pledged revenues            | \$ 40,515,708  |
| Fiscal year 2022 principal and interest paid | \$ 10,858,141  |
| Outstanding principal and interest           | \$ 119,682,948 |
| Pledged through fiscal year                  | 2033           |
| Estimated percentage pledged                 | 26.85%         |

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2022, 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, 2022, there was no general obligation debt outstanding.

Synopsis of Revenue Bond Covenants, Revenue Bonds Debt Service and Transfer Requirements

Provisions of revenue bonds require monthly sinking fund contributions for debt service of one-twelfth and one-sixth of the next maturing principal and interest payment, respectively.

Fund Deficits

The Community Redevelopment Agency Fund deficit of \$1,148,695 represents cumulative costs associated with the construction of a community center. As part of an agreement with the county, funds were received in 2023 which will put the fund back to a surplus for the next fiscal year.

**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, 2022**

**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, 2022, in the respective funds are as follows:

|                              |                     |
|------------------------------|---------------------|
| General Fund                 | \$ 1,623,275        |
| Electric                     | 754,001             |
| Water and Sewer              | 827,474             |
| Nonmajor Business Type Funds | 3,364,770           |
| Nonmajor Governmental Funds  | 2,732,754           |
| CRA Fund                     | 129,332             |
| Total                        | <u>\$ 9,431,606</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 1<sup>st</sup>, 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, 2022**

**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.

Funding Policy

The contribution requirements of the plan members and the City are established and may be amended by the City Council. Because “funding” the OPEB obligations would involve using an irrevocable trust fund, the City did not “fund” the net OPEB obligation. Contributions are being made based on a pay-as-you-go financing requirement. Each fund was assessed its share of OPEB costs based on the number of employees in the fund divided by the total number of City employees.

Plan Membership

As of October 1, 2020 (the valuation date) the following employees were covered by the benefit terms:

|  | Count | Total OPEB<br>Liability |
|--|-------|-------------------------|
| Inactive employees or beneficiaries currently receiving benefits | 266   | \$ 11,174,000           |
| Active employees   | 830   | 8,451,000               |
| Total  | 1,096 | \$ 19,625,000           |

Net OPEB Liability

The employer’s net OPEB liability is reported herein as of September 30, 2022 for the employer fiscal year and reporting period of October 1, 2021 to September 30, 2022. The values shown for this fiscal year and reporting period are based on a measurement date of October 1, 2021 and the corresponding measurement period of October 1, 2020 to October 1, 2021. The measurement of the total OPEB liability is based on a valuation date of October 1, 2020.

Actuarial Assumptions and Actuarial Methods

The total OPEB liability in the October 1, 2021 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, 2022**

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

|                              |  |
|------------------------------|--|
| Expected Return on Assets:   | None   |
| Discount Rate:               | 2.19%  |
| Salary Scale:                | 5.35%  |
| Healthcare Cost Trend Rates: | 0.00% for fiscal year ended 2022, then 7% for Fiscal Year 2023, decreasing 0.25% per year to an ultimate rate of 5%. |

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 adjustments and 50% annuitant blue collar adjustment using improvement scale BB.

Police Officers and Firefighters

RP-2000 Fully Generational Mortality Table for females with 100% white collar adjustment, using improvement scale BB. RP-2000 Fully Generational Mortality Table for males with 10% white collar adjustment and 90% blue collar adjustment, using improvement scale BB.

|                        |                                 |
|------------------------|---------------------------------|
| Actuarial Cost Method: | Entry Age Actuarial Cost Method |
|------------------------|---------------------------------|

Discount rate

The discount rate has been set equal to 2.19% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.

Net OPEB liability

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

|   | <b>Total OPEB<br/>Liability</b> | <b>Plan Fiduciary<br/>Net Position</b> | <b>Net OPEB<br/>Liability</b> |
|---|---------------------------------|--|-------------------------------|
| Beginning balances 10/01/21                           | \$ 18,554,000                   | \$ -                                   | \$ 18,554,000                 |
| Service Cost  | 667,000                         | -                                      | 667,000                       |
| Interest  | 446,000                         | -                                      | 446,000                       |
| Differences between expected<br>and actual experience | (202,000)                       |  | (202,000)                     |
| Contributions-employer                                | -                               | 1,477,000                              | (1,477,000)                   |
| Benefit Payments                                      | (1,477,000)                     | (1,477,000)                            | -                             |
| Assumption changes                                    | 1,928,000                       | -                                      | 1,928,000                     |
| Net Changes   | 1,362,000                       | -                                      | 1,362,000                     |
| Ending balance 09/30/22                               | <u>\$ 19,916,000</u>            | <u>\$ -</u>                            | <u>\$ 19,916,000</u>          |

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

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

The following presents the total OPEB liability of the City calculated using the discount rate of 2.19% 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:

|                               | 1% Decrease   | Current Discount<br>Rate | 1% Increase   |
|-------------------------------|---------------|--------------------------|---------------|
| Employer's Net OPEB Liability | \$ 23,527,000 | \$ 19,916,000            | \$ 17,128,000 |

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

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

|                               | 1% Decrease   | Current Trend<br>Rate | 1% Increase   |
|-------------------------------|---------------|-----------------------|---------------|
| Employer's Net OPEB Liability | \$ 16,831,000 | \$ 19,916,000         | \$ 23,994,000 |

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$1,676,000 as the result of implementing GASB No.75. Contributions made after the measurement date in the amount of \$1,477,000 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, 2022 from various sources are as follows:

Deferred outflows

|  |                     |
|--|---------------------|
| Differences between expected and actual experience | \$ 673,000          |
| Changes of assumptions                             | 3,794,000           |
| Contributions subsequent to the measurement date   | 1,477,000           |
| Total deferred outflows                            | <u>\$ 5,944,000</u> |

Deferred inflows

|                                |                     |
|--------------------------------|---------------------|
| Changes of assumptions         | 331,000             |
| Expected and actual experience | 809,000             |
| Total deferred inflows         | <u>\$ 1,140,000</u> |

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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:

|            |                     |
|------------|---------------------|
| 2023       | \$ 554,000          |
| 2024       | 554,000             |
| 2025       | 554,000             |
| 2026       | 562,000             |
| 2027       | 597,000             |
| Thereafter | 506,000             |
|            | <u>\$ 3,327,000</u> |

**NOTE 13 – CHANGES IN ACCOUNTING STANDARDS**

**A. Adoption of New Accounting Standard**

The City adopted GASB Statement No. 87, Leases, in Fiscal Year 2022. This statement enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's 2022 financial statements. For Governmental Activities and the Water & Sewer Fund, the City recognized \$991,276 and \$212,789 respectively in leases receivable; however, this entire amount was offset by deferred inflows or resources for leases.

**B. Future Adoption of New Accounting Standards**

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

GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.

**NOTE 14 – TAX ABATEMENTS**

As of September 30, 2022, 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, 2022**

|  | Budgeted Amounts<br>(GAAP Basis) |               | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|----------------------------------|---------------|-------------------|---|
|  | Original                         | Final         |                   |   |
| Revenues   |                                  |               |                   |   |
| Property tax   | \$ 35,358,848                    | \$ 35,358,848 | \$ 35,841,384     | \$ 482,536  |
| Utility service tax                                  | 8,725,000                        | 8,725,000     | 11,842,744        | 3,117,744   |
| Communication service tax                            | 2,472,665                        | 2,691,617     | 2,681,273         | (10,344)  |
| Other tax  | 1,613,807                        | 1,613,807     | 1,835,438         | 221,631   |
| State shared revenues                                | 7,765,195                        | 8,114,500     | 9,312,030         | 1,197,530   |
| Permits and fees                                     | 2,287,450                        | 2,287,450     | 4,349,468         | 2,062,018   |
| Intergovernmental revenues                           | 115,500                          | 13,583,038    | 6,109,641         | (7,473,397)   |
| Charges for services                                 | 17,124,351                       | 17,143,351    | 22,067,483        | 4,924,132   |
| Fines and forfeitures                                | 455,500                          | 455,500       | 378,668           | (76,832)  |
| Investment income                                    | -                                | -             | (4,053,720)       | (4,053,720)   |
| Miscellaneous  | 354,500                          | 3,014,925     | 1,186,925         | (1,828,000)   |
| Total revenues                                       | 76,272,816                       | 92,988,036    | 91,551,334        | (1,436,702)   |
| Expenditures   |                                  |               |                   |   |
| Current:   |                                  |               |                   |   |
| General government                                   | 18,825,806                       | 18,874,730    | 12,441,300        | 6,433,430   |
| Public safety  | 61,430,572                       | 144,654,013   | 133,333,170       | 11,320,843  |
| Physical Environment                                 | 70,000                           | 96,950        | 26,182            | 70,768  |
| Transportation                                       | 5,879,859                        | 8,407,030     | 6,760,844         | 1,646,186   |
| Economic environment                                 | 3,499,387                        | 7,466,235     | 2,464,039         | 5,002,196   |
| Culture and recreation                               | 10,517,744                       | 10,846,570    | 9,359,787         | 1,486,783   |
| Capital outlay                                       | 2,922,913                        | 15,635,606    | 8,052,789         | 7,582,817   |
| Debt service:  |                                  |               |                   |   |
| Costs of Issuance                                    | 144,500                          | 144,500       | 144,500           | -   |
| Total expenditures                                   | 103,290,781                      | 206,125,634   | 172,582,611       | 33,543,023  |
| Excess (deficiency) of revenues<br>over expenditures | (27,017,965)                     | (113,137,598) | (81,031,277)      | 32,106,321  |
| Other Financing Sources (Uses)                       |                                  |               |                   |   |
| Transfers in   | 24,479,734                       | 84,479,734    | 63,768,395        | (20,711,339)  |
| Transfers out  | (4,100,710)                      | (5,565,921)   | (5,543,734)       | 22,187  |
| Total other financing sources (uses)                 | 20,379,024                       | 78,913,813    | 58,224,661        | (20,689,152)  |
| Net change in fund balance                           | (6,638,941)                      | (34,223,785)  | (22,806,616)      | 11,417,169  |
| Fund balance - beginning                             | 66,972,265                       | 66,972,265    | 66,972,265        | -   |
| Fund balance - ending                                | \$ 60,333,324                    | \$ 32,748,480 | \$ 44,165,649     | \$ 11,417,169   |

**CITY OF OCALA, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
COMMUNITY REDEVELOPMENT AGENCY (CRA) FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

|  | <b>Budgeted Amounts<br/>(GAAP Basis)</b> |                       | <b>Actual</b>         | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|--|-----------------------|-----------------------|---|
|  | <b>Original</b>                          | <b>Final</b>          | <b>Amounts</b>        |   |
| <b>Revenues</b>  |  |                       |                       |   |
| Property tax   | \$ 1,005,136                             | \$ 999,263            | \$ 999,263            | \$ -  |
| Investment income  | -  | -                     | (488,603)             | (488,603)   |
| <b>Total revenues</b>  | <u>1,005,136</u>                         | <u>999,263</u>        | <u>510,660</u>        | <u>(488,603)</u>  |
| <b>Expenditures</b>  |  |                       |                       |   |
| Current:   |  |                       |                       |   |
| Economic Environment   | 1,303,308                                | 2,247,901             | 375,578               | 1,872,323   |
| Culture and recreation                                       | -  | 75,000                | -                     | 75,000  |
| Capital outlay   | <u>972,000</u>                           | <u>6,398,359</u>      | <u>3,703,410</u>      | <u>2,694,949</u>  |
| <b>Total expenditures</b>                                    | <u>2,275,308</u>                         | <u>8,721,260</u>      | <u>4,078,988</u>      | <u>4,642,272</u>  |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>(1,270,172)</u>                       | <u>(7,721,997)</u>    | <u>(3,568,328)</u>    | <u>4,153,669</u>  |
| <b>Other Financing Sources (Uses)</b>                        |  |                       |                       |   |
| Transfers in   | 1,504,906                                | 1,496,118             | 1,496,118             | -   |
| Transfers out  | <u>-</u>                                 | <u>-</u>              | <u>(56,042)</u>       | <u>(56,042)</u>   |
| <b>Total other financing sources (uses)</b>                  | <u>1,504,906</u>                         | <u>1,496,118</u>      | <u>1,440,076</u>      | <u>(56,042)</u>   |
| <b>Net change in fund balance</b>                            | <u>234,734</u>                           | <u>(6,225,879)</u>    | <u>(2,128,252)</u>    | <u>4,097,627</u>  |
| <b>Fund balance - beginning</b>                              | <u>979,557</u>                           | <u>979,557</u>        | <u>979,557</u>        | <u>-</u>  |
| <b>Fund balance - ending</b>                                 | <u>\$ 1,214,291</u>                      | <u>\$ (5,246,322)</u> | <u>\$ (1,148,695)</u> | <u>\$ 4,097,627</u>   |



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

**Last 10 Fiscal Years \***

| <b>Reporting Period Ending<br/>Measurement Date</b>                        | <b>9/30/2023<br/>9/30/2022</b> | <b>9/30/2022<br/>9/30/2021</b> | <b>9/30/2021<br/>9/30/2020</b> | <b>9/30/2020<br/>9/30/2019</b> |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>Total pension liability</b>   |                                |                                |                                |                                |
| Service cost   | \$ 831,827                     | \$ 901,990                     | \$ 986,562                     | \$ 1,133,206                   |
| Interest   | 16,152,980                     | 16,089,455                     | 16,021,917                     | 15,765,056                     |
| Changes of benefit terms   | -                              | -                              | -                              | -                              |
| Differences between expected and actual experience                         | (5,188,968)                    | (112,857)                      | (1,001,087)                    | 552,340                        |
| Changes of assumptions   | 2,516,081                      | 2,543,358                      | (414,750)                      | -                              |
| Contributions - buy back   | -                              | -                              | -                              | -                              |
| Benefit payments, including refunds of employee contributions              | (15,190,015)                   | (15,009,928)                   | (14,076,564)                   | (13,192,455)                   |
| Net change in total pension liability                                      | (878,095)                      | 4,412,018                      | 1,516,078                      | 4,258,147                      |
| Total pension liability - beginning  | 240,864,347                    | 236,452,329                    | 234,936,251                    | 230,678,104                    |
| Total pension liability- ending  | <u>\$ 239,986,252</u>          | <u>\$ 240,864,347</u>          | <u>\$ 236,452,329</u>          | <u>\$ 234,936,251</u>          |
| <b>Plan fiduciary net position</b>   |                                |                                |                                |                                |
| Contributions - employer   | 10,006,355                     | 10,222,493                     | 13,799,155                     | 14,822,313                     |
| Contributions - employee   | 452,786                        | 477,170                        | 511,521                        | 540,161                        |
| Contributions - buy back   | -                              | -                              | -                              | -                              |
| Net investment income  | (28,662,814)                   | 31,044,311                     | 13,352,784                     | 4,173,467                      |
| Benefit payments, including refunds of employee contributions              | (15,190,015)                   | (15,009,928)                   | (14,076,564)                   | (13,192,455)                   |
| Administrative expense   | (205,613)                      | (187,212)                      | (137,131)                      | (204,769)                      |
| Net change in plan fiduciary net position                                  | (33,599,301)                   | 26,546,834                     | 13,449,765                     | 6,138,717                      |
| Plan fiduciary net position - beginning                                    | 199,814,988                    | 173,268,154                    | 159,818,389                    | 153,679,672                    |
| Plan fiduciary net position - ending                                       | <u>166,215,687</u>             | <u>199,814,988</u>             | <u>173,268,154</u>             | <u>159,818,389</u>             |
| Net pension liability - ending   | <u>\$ 73,770,565</u>           | <u>\$ 41,049,359</u>           | <u>\$ 63,184,175</u>           | <u>\$ 75,117,862</u>           |
| Plan fiduciary net position as a percentage of the total pension liability | 69.26%                         | 82.96%                         | 73.28%                         | 68.03%                         |
| Covered payroll  | \$ 9,055,666                   | \$ 9,543,908                   | \$ 10,229,855                  | \$ 10,785,500                  |
| Net pension liability as a percentage of covered payroll                   | 814.63%                        | 430.11%                        | 617.64%                        | 696.47%                        |

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

\* Information prior to fiscal year 2014 is not available.

|    | 9/30/2019<br>9/30/2018 | 9/30/2018<br>9/30/2017 | 9/30/2017<br>9/30/2016 | 9/30/2016<br>9/30/2015 | 9/30/2015<br>9/30/2014 |
|----|------------------------|------------------------|------------------------|------------------------|------------------------|
| \$ | 1,288,820              | \$ 1,567,489           | \$ 1,852,029           | \$ 1,955,680           | \$ 2,122,184           |
|    | 15,359,295             | 14,832,634             | 14,160,117             | 13,857,718             | 13,643,262             |
|    | -                      | -                      | -                      | -                      | (1,321,935)            |
|    | 2,072,529              | 1,126,640              | 1,198,983              | 1,329,173              | -                      |
|    | -                      | 3,182,088              | 5,202,901              | -                      | -                      |
|    | -                      | -                      | -                      | -                      | 114,387                |
|    | (12,344,439)           | (13,468,466)           | (11,575,745)           | (13,862,112)           | (11,437,247)           |
|    | 6,376,205              | 7,240,385              | 10,838,285             | 3,280,459              | 3,120,651              |
|    | 224,301,899            | 217,061,514            | 206,223,229            | 202,942,770            | 199,822,119            |
| \$ | 230,678,104            | \$ 224,301,899         | \$ 217,061,514         | \$ 206,223,229         | \$ 202,942,770         |
|    | 15,482,762             | 14,802,319             | 14,187,965             | 13,053,609             | 10,253,005             |
|    | 608,171                | 740,871                | 574,059                | 584,624                | 675,791                |
|    | -                      | -                      | -                      | -                      | 114,387                |
|    | 6,324,077              | 13,427,988             | 10,585,043             | (2,523,690)            | 10,569,771             |
|    | (12,344,439)           | (13,468,466)           | (11,575,745)           | (13,862,112)           | (11,437,247)           |
|    | (225,097)              | (224,873)              | (225,101)              | (172,861)              | (159,258)              |
|    | 9,845,474              | 15,277,839             | 13,546,221             | (2,920,430)            | 10,016,449             |
|    | 143,834,198            | 128,556,359            | 115,010,138            | 117,930,568            | 107,914,119            |
|    | 153,679,672            | 143,834,198            | 128,556,359            | 115,010,138            | 117,930,568            |
| \$ | 76,998,432             | \$ 80,467,701          | \$ 88,505,155          | \$ 91,213,091          | \$ 85,012,202          |
|    | 66.62%                 | 64.13%                 | 59.23%                 | 55.77%                 | 58.11%                 |
| \$ | 11,804,951             | \$ 13,747,075          | \$ 14,722,210          | \$ 21,970,446          | \$ 15,593,924          |
|    | 652.26%                | 585.34%                | 601.17%                | 415.16%                | 545.16%                |

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

**Last 10 Fiscal Years \***

| <b>At the fiscal year end</b>       | <u>9/30/2022</u>    | <u>9/30/2021</u>    | <u>9/30/2020</u> | <u>9/30/2019</u>   |
|-------------------------------------|---------------------|---------------------|------------------|--------------------|
| Actuarially determined contribution | \$ 9,497,997        | \$ 9,716,181        | \$ 13,858,120    | \$ 14,822,313      |
| Contributions in relation to the    |                     |                     |                  |                    |
| Actuarially determined contribution | 10,006,355          | 10,222,493          | 13,858,120       | 14,894,139         |
| Contribution Deficiency (Excess)    | <u>\$ (508,358)</u> | <u>\$ (506,312)</u> | <u>\$ -</u>      | <u>\$ (71,826)</u> |
| Covered payroll                     | \$ 9,055,666        | \$ 9,543,908        | \$ 10,229,855    | \$ 10,785,500      |
| Contributions as a percentage of    |                     |                     |                  |                    |
| Covered payroll                     | 110.50%             | 107.11%             | 135.47%          | 138.09%            |

\* Information prior to fiscal year 2014 is not available.

| <u>9/30/2018</u>    | <u>9/30/2017</u>  | <u>9/30/2016</u>  | <u>9/30/2015</u>  | <u>9/30/2014</u>  |
|---------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 15,254,002       | \$ 14,802,319     | \$ 14,186,322     | \$ 13,053,609     | \$ 10,253,005     |
| <u>15,482,762</u>   | <u>14,802,319</u> | <u>14,187,965</u> | <u>13,053,609</u> | <u>10,253,005</u> |
| <u>\$ (228,760)</u> | <u>\$ -</u>       | <u>\$ (1,643)</u> | <u>\$ -</u>       | <u>\$ -</u>       |
| \$ 11,804,951       | \$ 13,747,075     | \$ 14,722,210     | \$ 21,970,446     | \$ 15,593,924     |
| 131.15%             | 107.68%           | 96.37%            | 59.41%            | 65.75%            |

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

**Last 10 Fiscal Years <sup>(1)</sup>**

| <u><b>For the Year Ending</b></u> | <u><b>Weighted Rate<br/>Of Returns <sup>(2)</sup></b></u> |
|-----------------------------------|---|
| 9/30/2014                         | 9.86%   |
| 9/30/2015                         | -0.21%  |
| 9/30/2016                         | 9.08%   |
| 9/30/2017                         | 10.46%  |
| 9/30/2018                         | 4.41%   |
| 9/30/2019                         | 2.59%   |
| 9/30/2020                         | 8.03%   |
| 9/30/2021                         | 17.61%  |
| 9/30/2022                         | -14.20%   |

(1) Information prior to 2014 is not available

(2) Net of investment expense



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

Last 10 Fiscal Years \*

| Reporting Period Ending<br>Measurement Date                                | 9/30/2023<br>9/30/2022 | 9/30/2022<br>9/30/2021 | 9/30/2021<br>9/30/2020 | 9/30/2020<br>9/30/2019 | 9/30/2019<br>9/30/2018 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Total pension liability</b>   |                        |                        |                        |                        |                        |
| Service cost   | \$ 2,110,794           | \$ 2,146,200           | \$ 2,006,052           | \$ 1,741,664           | \$ 1,558,052           |
| Interest   | 7,560,734              | 7,321,459              | 7,171,736              | 6,952,007              | 6,630,559              |
| Changes of benefit terms   | -                      | -                      | -                      | -                      | -                      |
| Change in Funding Standard Account   | -                      | -                      | -                      | -                      | -                      |
| Differences between expected and actual experience                         | (1,191,428)            | 278,283                | (116,394)              | (450,176)              | 1,433,941              |
| Changes of assumptions   | 3,198,090              | 1,043,477              | 382,036                | 1,421,185              | -                      |
| Contributions - buy back   | 5,761                  | 27,555                 | -                      | 34,025                 | -                      |
| Benefit payments, including refunds of employee contributions              | (5,127,217)            | (7,486,310)            | (5,289,742)            | (5,478,770)            | (5,943,808)            |
| Net change in total pension liability                                      | 6,556,734              | 3,330,664              | 4,153,688              | 4,219,935              | 3,678,744              |
| Total pension liability - beginning  | \$ 101,262,604         | \$ 97,931,940          | \$ 93,778,252          | \$ 89,558,317          | \$ 85,879,573          |
| Total pension liability- ending  | <u>\$ 107,819,338</u>  | <u>\$ 101,262,604</u>  | <u>\$ 97,931,940</u>   | <u>\$ 93,778,252</u>   | <u>\$ 89,558,317</u>   |
| <b>Plan fiduciary net position</b>   |                        |                        |                        |                        |                        |
| Contributions - employer   | 2,990,891              | 2,450,000              | 2,783,760              | 3,014,876              | 4,077,869              |
| Contributions - State  | 763,084                | 683,980                | 688,440                | 636,601                | 584,334                |
| Contributions - employee   | 1,057,924              | 885,087                | 901,945                | 823,654                | 731,022                |
| Contributions - buy back   | 5,761                  | 27,555                 | -                      | 34,025                 | -                      |
| Net investment income  | (15,762,887)           | 15,961,589             | 6,830,174              | 2,344,271              | 6,110,450              |
| Benefit payments, including refunds of employee contributions              | (5,127,217)            | (7,486,310)            | (5,289,742)            | (5,478,770)            | (5,943,808)            |
| Administrative expense   | (89,434)               | (88,551)               | (92,774)               | (79,693)               | (89,863)               |
| Net change in plan fiduciary net position                                  | (16,161,878)           | 12,433,350             | 5,821,803              | 1,294,964              | 5,470,004              |
| Plan fiduciary net position - beginning                                    | 93,347,956             | 80,914,606             | 75,092,803             | 73,797,839             | 68,327,835             |
| Plan fiduciary net position - ending                                       | <u>77,186,078</u>      | <u>93,347,956</u>      | <u>80,914,606</u>      | <u>75,092,803</u>      | <u>73,797,839</u>      |
| Net pension liability - ending   | <u>\$ 30,633,260</u>   | <u>\$ 7,914,648</u>    | <u>\$ 17,017,334</u>   | <u>\$ 18,685,449</u>   | <u>\$ 15,760,478</u>   |
| Plan fiduciary net position as a percentage of the total pension liability | 71.59%                 | 92.18%                 | 82.62%                 | 80.07%                 | 82.40%                 |
| Covered payroll  | \$ 13,224,044          | \$ 11,063,586          | \$ 11,274,315          | \$ 10,295,675          | \$ 9,137,770           |
| Net pension liability as a percentage of covered payroll                   | 231.65%                | 71.54%                 | 150.94%                | 181.49%                | 172.48%                |

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

\* Information prior to fiscal year 2014 is not available.

| 9/30/2018<br>9/30/2017 | 9/30/2017<br>9/30/2016 | 9/30/2016<br>9/30/2015 | 9/30/2015<br>9/30/2014 |
|------------------------|------------------------|------------------------|------------------------|
| \$ 1,579,043           | \$ 1,629,468           | \$ 1,639,535           | \$ 1,688,742           |
| 6,600,886              | 6,316,211              | 6,207,407              | 5,940,330              |
| -                      | (1,150,613)            | -                      | -                      |
| -                      | -                      | -                      | 56,039                 |
| (252,579)              | (727,086)              | (971,456)              | -                      |
| (35,707)               | 1,741,528              | -                      | -                      |
| -                      | -                      | 83,865                 | -                      |
| (5,888,193)            | (4,814,327)            | (4,062,918)            | (4,531,980)            |
| 2,003,450              | 2,995,181              | 2,896,433              | 3,153,131              |
| \$83,876,123           | \$ 80,880,942          | 77,984,509             | 74,831,378             |
| \$85,879,573           | \$ 83,876,123          | \$80,880,942           | \$77,984,509           |
| 3,582,817              | 3,469,395              | 3,111,881              | 2,961,297              |
| 530,026                | 516,594                | 471,520                | 440,294                |
| 669,044                | 672,201                | 629,554                | 632,728                |
| -                      | -                      | 83,865                 | -                      |
| 6,716,321              | 5,151,384              | (1,046,879)            | 5,733,534              |
| (5,888,193)            | (4,814,327)            | (4,062,918)            | (4,531,980)            |
| (88,507)               | (83,196)               | (72,024)               | (72,694)               |
| 5,521,508              | 4,912,051              | (885,001)              | 5,163,179              |
| 62,806,327             | 57,894,276             | 58,779,277             | 53,616,098             |
| 68,327,835             | 62,806,327             | 57,894,276             | 58,779,277             |
| \$17,551,738           | \$ 21,069,796          | \$22,986,666           | \$19,205,232           |
| 79.56%                 | 74.88%                 | 71.58%                 | 75.37%                 |
| \$ 8,363,052           | \$ 8,402,515           | \$ 9,288,611           | \$ 7,909,106           |
| 209.87%                | 250.76%                | 247.47%                | 242.82%                |



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

**Last 10 Fiscal Years \***

| <b>At the fiscal year end</b>       | <u>9/30/2022</u>  | <u>9/30/2021</u>  | <u>9/30/2020</u>  | <u>9/30/2019</u>  |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Actuarially determined contribution | \$ 4,131,191      | \$ 3,534,816      | \$ 3,716,014      | \$ 4,250,054      |
| Contributions in relation to the    |                   |                   |                   |                   |
| Actuarially determined contribution | <u>3,753,975</u>  | <u>3,133,980</u>  | <u>3,472,200</u>  | <u>3,651,477</u>  |
| Contribution Deficiency (Excess)    | <u>\$ 377,216</u> | <u>\$ 400,836</u> | <u>\$ 243,814</u> | <u>\$ 598,577</u> |
| Covered payroll                     | \$ 13,224,044     | \$ 11,063,586     | \$ 11,274,315     | \$ 10,295,675     |
| Contributions as a percentage of    |                   |                   |                   |                   |
| Covered payroll                     | 28.39%            | 28.33%            | 30.80%            | 35.47%            |

\* Information prior to fiscal year 2014 is not available.

| <u>9/30/2018</u>    | <u>9/30/2017</u>    | <u>9/30/2016</u>    | <u>9/30/2015</u>   | <u>9/30/2014</u> |
|---------------------|---------------------|---------------------|--------------------|------------------|
| \$ 4,076,359        | \$ 3,582,731        | \$ 3,762,646        | \$ 3,505,831       | \$ 3,345,551     |
| 4,662,203           | 4,112,843           | 3,985,989           | 3,583,401          | 3,345,551        |
| <u>\$ (585,844)</u> | <u>\$ (530,112)</u> | <u>\$ (223,343)</u> | <u>\$ (77,570)</u> | <u>\$ -</u>      |
| \$ 9,137,770        | \$ 8,363,052        | \$ 8,402,515        | \$ 9,288,611       | \$ 7,909,106     |
| 51.02%              | 49.18%              | 47.44%              | 38.58%             | 42.30%           |

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

**Last 10 Fiscal Years <sup>(1)</sup>**

| <b><u>For the Year Ending</u></b> | <b><u>Weighted Rate<br/>Of Returns <sup>(2)</sup></u></b> |
|-----------------------------------|---|
| 9/30/2014                         | 10.63%  |
| 9/30/2015                         | -1.76%  |
| 9/30/2016                         | 8.95%   |
| 9/30/2017                         | 10.82%  |
| 9/30/2018                         | 9.04%   |
| 9/30/2019                         | 3.14%   |
| 9/30/2020                         | 9.04%   |
| 9/30/2021                         | 19.91%  |
| 9/30/2022                         | -16.74%   |

(1) Information prior to 2014 is not available

(2) Net of investment expense



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

**Last 10 Fiscal Years \***

| <b>Reporting Period Ending<br/>Measurement Date</b>                        | <b>9/30/2023<br/>9/30/2022</b> | <b>9/30/2022<br/>9/30/2021</b> | <b>9/30/2021<br/>9/30/2020</b> | <b>9/30/2020<br/>9/30/2019</b> |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>Total pension liability</b>   |                                |                                |                                |                                |
| Service cost   | \$ 1,573,269                   | \$ 1,534,997                   | \$ 1,394,105                   | \$ 1,455,310                   |
| Interest   | 6,542,516                      | 6,205,220                      | 5,853,602                      | 5,479,962                      |
| Changes of benefit terms   | -                              | -                              | 58,566                         | -                              |
| Differences between expected and actual experience                         | 1,717,962                      | 1,062,384                      | 310,138                        | 1,406,892                      |
| Changes of assumptions   | -                              | -                              | 6,753,635                      | 165,836                        |
| Benefit payments, including refunds of employee contributions              | (4,167,351)                    | (3,877,368)                    | (3,948,542)                    | (2,981,313)                    |
| Net change in total pension liability                                      | 5,666,396                      | 4,925,233                      | 10,421,504                     | 5,526,687                      |
| Total pension liability - beginning  | 93,974,927                     | 89,049,694                     | 78,628,190                     | 73,101,503                     |
| Total pension liability- ending  | <u>\$ 99,641,323</u>           | <u>\$ 93,974,927</u>           | <u>\$ 89,049,694</u>           | <u>\$ 78,628,190</u>           |
| <b>Plan fiduciary net position</b>   |                                |                                |                                |                                |
| Contributions - employer   | 3,334,160                      | 2,960,648                      | 2,627,755                      | 2,299,394                      |
| Contributions - State  | 614,717                        | 734,643                        | 520,367                        | 488,640                        |
| Contributions - employee   | 677,091                        | 541,289                        | 673,724                        | 638,372                        |
| Net investment income  | (13,470,714)                   | 14,803,229                     | 9,444,624                      | 2,012,954                      |
| Benefit payments, including refunds of employee contributions              | (4,167,351)                    | (3,877,368)                    | (3,948,542)                    | (2,981,313)                    |
| Administrative expense   | (135,218)                      | (116,404)                      | (109,725)                      | (84,759)                       |
| Other  | -                              | -                              | (73,667)                       | 157,698                        |
| Net change in plan fiduciary net position                                  | (13,147,315)                   | 15,046,037                     | 9,134,536                      | 2,530,986                      |
| Plan fiduciary net position - beginning                                    | 89,922,575                     | 74,876,538                     | 65,742,002                     | 63,211,016                     |
| Plan fiduciary net position - ending                                       | <u>76,775,260</u>              | <u>89,922,575</u>              | <u>74,876,538</u>              | <u>65,742,002</u>              |
| Net pension liability - ending   | <u>\$ 22,866,063</u>           | <u>\$ 4,052,352</u>            | <u>\$ 14,173,156</u>           | <u>\$ 12,886,188</u>           |
| Plan fiduciary net position as a percentage of the total pension liability | 77.05%                         | 95.69%                         | 84.08%                         | 83.61%                         |
| Covered payroll  | \$ 7,949,354                   | \$ 7,703,127                   | \$ 7,367,409                   | \$ 7,366,658                   |
| Net pension liability as a percentage of covered payroll                   | 287.65%                        | 52.61%                         | 192.38%                        | 174.93%                        |

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

\* Information prior to fiscal year 2014 is not available.

|    | 9/30/2019<br>9/30/2018                       | 9/30/2018<br>9/30/2017                       | 9/30/2017<br>9/30/2016                       | 9/30/2016<br>9/30/2015                    | 9/30/2015<br>9/30/2014                       |
|----|--|--|--|---|--|
| \$ | 1,326,905<br>5,276,956<br>-                  | \$ 1,317,786<br>4,878,081<br>-               | \$ 1,227,874<br>4,637,901<br>(556,590)       | \$ 1,121,980<br>4,471,685<br>-            | \$ 1,163,818<br>4,274,720<br>-               |
|    | (809,914)<br>-                               | 1,862,026<br>2,528,873                       | 258,882<br>-                                 | (904,013)<br>-                            | 142,133<br>-                                 |
|    | (3,449,899)                                  | (2,909,019)                                  | (2,208,735)                                  | (3,092,921)                               | (2,901,757)                                  |
|    | 2,344,048                                    | 7,677,747                                    | 3,359,332                                    | 1,596,731                                 | 2,678,914                                    |
|    | 70,757,455                                   | 63,079,708                                   | 59,720,376                                   | 58,123,645                                | 55,444,731                                   |
| \$ | <u>73,101,503</u>                            | <u>\$ 70,757,455</u>                         | <u>\$ 63,079,708</u>                         | <u>\$ 59,720,376</u>                      | <u>\$ 58,123,645</u>                         |
|    | 2,495,113<br>472,989<br>736,600<br>5,087,763 | 1,945,055<br>434,616<br>664,806<br>6,250,958 | 2,490,684<br>434,473<br>643,628<br>4,770,021 | 2,180,098<br>467,838<br>554,915<br>13,508 | 2,117,780<br>553,787<br>450,140<br>3,792,085 |
|    | (3,449,899)<br>(85,835)<br>-                 | (2,909,019)<br>(67,415)<br>-                 | (2,208,735)<br>(84,143)<br>-                 | (3,092,921)<br>(77,503)<br>-              | (2,901,757)<br>(67,517)<br>-                 |
|    | 5,256,731                                    | 6,319,001                                    | 6,045,928                                    | 45,935                                    | 3,944,518                                    |
|    | 57,954,285<br>63,211,016                     | 51,635,284<br>57,954,285                     | 45,589,356<br>51,635,284                     | 45,543,421<br>45,589,356                  | 41,598,903<br>45,543,421                     |
| \$ | <u>9,890,487</u>                             | <u>\$ 12,803,170</u>                         | <u>\$ 11,444,424</u>                         | <u>\$ 14,131,020</u>                      | <u>\$ 12,580,224</u>                         |
|    | 86.47%                                       | 81.91%                                       | 81.86%                                       | 76.34%                                    | 78.36%                                       |
| \$ | 7,657,531                                    | \$ 6,886,009                                 | \$ 7,333,107                                 | \$ 6,507,660                              | \$ 6,311,053                                 |
|    | 129.16%                                      | 185.93%                                      | 156.07%                                      | 217.14%                                   | 199.34%                                      |

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

**Last 10 Fiscal Years**

| <b>At the fiscal year end</b>       | <u>9/30/2022</u> | <u>9/30/2021</u> | <u>9/30/2020</u> | <u>9/30/2019</u>  |
|-------------------------------------|------------------|------------------|------------------|-------------------|
| Actuarially determined contribution | \$ 3,741,519     | \$ 3,331,293     | \$ 2,987,939     | \$ 2,816,168      |
| Contributions in relation to the    |                  |                  |                  |                   |
| Actuarially determined contribution | 3,741,519        | 3,331,293        | 2,987,939        | 2,643,714         |
| Contribution Deficiency (Excess)    | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 172,454</u> |
| Covered payroll                     | \$ 8,244,756     | \$ 7,703,127     | \$ 7,367,409     | \$ 7,366,658      |
| Contributions as a percentage of    |                  |                  |                  |                   |
| Covered payroll                     | 45.38%           | 43.25%           | 40.56%           | 35.89%            |

\* Information prior to fiscal year 2014 is not available.

| <u>9/30/2018</u>   | <u>9/30/2017</u> | <u>9/30/2016</u>    | <u>9/30/2015</u>   | <u>9/30/2014</u>  |
|--------------------|------------------|---------------------|--------------------|-------------------|
| \$ 2,881,523       | \$ 2,236,606     | \$ 2,370,353        | \$ 2,355,312       | \$ 2,482,131      |
| 2,968,102          | 2,185,456        | 2,731,085           | 2,420,499          | 2,358,181         |
| <u>\$ (86,579)</u> | <u>\$ 51,150</u> | <u>\$ (360,732)</u> | <u>\$ (65,187)</u> | <u>\$ 123,950</u> |
| \$ 7,657,531       | \$ 6,886,009     | \$ 7,333,107        | \$ 6,507,660       | \$ 6,311,053      |
| 38.76%             | 31.74%           | 37.24%              | 37.19%             | 37.37%            |



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

**Last 10 Fiscal Years <sup>(1)</sup>**

| <b><u>For the Year Ending</u></b> | <b><u>Weighted Rate<br/>Of Returns <sup>(2)</sup></u></b> |
|-----------------------------------|---|
| 9/30/2014                         | 9.31%   |
| 9/30/2015                         | 0.06%   |
| 9/30/2016                         | 10.88%  |
| 9/30/2017                         | 12.80%  |
| 9/30/2018                         | 9.22%   |
| 9/30/2019                         | 3.42%   |
| 9/30/2020                         | 14.31%  |
| 9/30/2021                         | 19.78%  |
| 9/30/2022                         | -14.99%   |

(1) Information prior to 2014 is not available

(2) Net of investment expense



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**CITY OF OCALA, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS  
SEPTEMBER 30, 2022**

**Last 10 Fiscal Years**

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

**Notes to Schedule:**

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

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

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

**Last 10 Fiscal Years \***

|                                     | <u>9/30/2022</u> | <u>9/30/2021</u> | <u>9/30/2020</u> | <u>9/30/2019</u> | <u>9/30/2018</u> |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Actuarially determined contribution | \$ 1,477,000     | \$ 656,000       | \$ 606,000       | \$ 763,000       | \$ 748,000       |
| Contributions in relation to the    |                  |                  |                  |                  |                  |
| Actuarially determined contribution | 1,477,000        | 656,000          | 606,000          | 763,000          | 748,000          |
| Contribution Deficiency (Excess)    | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| Covered employee payroll            | \$ 51,712,000    | \$ 51,712,000    | \$ 55,028,000    | \$ 55,028,000    | \$ 50,556,000    |
| Contributions as a percentage of    |                  |                  |                  |                  |                  |
| Covered employee payroll            | 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, 2022**

**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, 2022.

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 2022, 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, 2022, no expenditures exceeded the budget at the fund level.

**B. Encumbrances**

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

**NOTE 2 – CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

**GENERAL EMPLOYEES' RETIREMENT SYSTEM:**

Valuation Date: October 1, 2020

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: 17 Years (as of 10/01/2020 valuation).

Actuarial Asset Method: The Actuarial Value of Assets is based upon a 5-year straight line recognition of the difference between expected earnings on the net market value of assets and actual earnings on the net market value of assets. The net market value of assets shall be the total fiduciary net position as defined by GASB 67/68, excluding any reserves held which are not designated for currently adopted plan benefits valued as part of the plan liabilities. The resulting value shall be adjusted if it does not fall between 120% and 80% of the market value of assets. This change shall be made assuming that this 5-year recognition method applies to differences between the expected and actual investment returns for the years ending September 30, 2009 and later. This method is mandated by the proposed ordinance.

**CITY OF OCALA FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2022**

**NOTE 2 – CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (Continued)**

**GENERAL EMPLOYEES' RETIREMENT SYSTEM (Continued)**

|                           |   |
|---------------------------|---|
| Prior Method:             | The Actuarial Value of Assets was brought forward using the historical five-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in an insignificant bias that is above or below the Market Value.  |
| Inflation:                | 2.0% per year.  |
| Salary Increases:         | Service based   |
| Payroll Increase:         | None  |
| Interest Rate:            | 6.80% 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<br/>of Retirement</u> |
|                    | 65         | 50%                                  |
|                    | 66-67      | 33%                                  |
|                    | 68 +       | 100%                                 |

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

|                    |  |
|--------------------|--|
| Early Retirement:  | Commencing upon eligibility for Early Retirement, Members are assumed to retire with an immediate benefit at the rate of 2% per year.  |
| Termination Rates: | See Table Below.   |
| Disability Rates:  | See Table Below. 75% of disablements are assumed to be service incurred.   |
| Mortality:         | RP-2000 Combined Healthy with generational projection by AA- - Sex Distinct. This assumption is mandated by Ordinance 2013-48. Disabled lives are valued using the RP-2000 Combined Healthy projected to 2012 with Schedule AA – Sex Distinct set forward 5 years. |

**CITY OF OCALA FLORIDA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2022**

**NOTE 2 – CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (Continued)**

**GENERAL EMPLOYEES' RETIREMENT SYSTEM (Continued)**

Other Information: Termination and Disability Rate Table.

| <u>Age</u> | <u>% Terminating<br/>During the Year</u> | <u>% Becoming Disabled During<br/>the Year</u> |
|------------|--|--|
| 20         | 20.0%                                    | 0.051%   |
| 30         | 12.0%                                    | 0.058%   |
| 40         | 8.0%                                     | 0.121%   |
| 50         | 6.0%                                     | 0.429%   |
| 60         | 5.0%                                     | 1.611%   |

**POLICE OFFICERS' RETIREMENT SYSTEM**

Valuation Date: October 1, 2020

The actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost  
 Amortization Method: New UAAL are amortized over the following amortization periods:  
     Experience: 10 years  
     Assumption/Method changes: 20 years  
     Benefit changes: 30 years

Actuarial Asset Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 5-year average Market Value return and is then diminished by the Funding Standard Account Credit Balance and further adjusted for the Administrative Expense Account. It is possible that over time this technique will produce an insignificant bias that is above or below the Market Value.

Inflation: 2.70% per year.

| <u>Salary Increases:</u> | <u>Years of Credited Service</u> | <u>Salary Scale</u> |
|--------------------------|----------------------------------|---------------------|
|                          | <3                               | 6.50%               |
|                          | 3-9                              | 6.00%               |
|                          | 10-19                            | 5.00%               |
|                          | 20-24                            | 4.50%               |
|                          | >25                              | 4.00%               |

**CITY OF OCALA FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2022**

**NOTE 2 – CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (Continued)**

**POLICE OFFICERS' RETIREMENT SYSTEM (Continued)**

|                    |  |
|--------------------|--|
| Partial Lump Sums: | For valuation purposes, no future retirees are assumed to opt for a partial lump sum.  |
| Payroll Increase:  | 2.95% (previously 1.3%).   |
| Interest Rate:     | 7.5% per year, compounded annually, net of investment related expenses.  |
| Retirement Age:    | Earlier of 1) Age 52 and 10 years of service or 2) 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. |
| Early Retirement:  | Commencing with the earliest Retirement Age, Members are assumed to retire with an immediate benefit at the rate of 5% per year.   |
| Termination Rates: | See Table Below.   |
| Disability Rates:  | See Table Below. 75% of disablements are assumed to be service related.  |
| Mortality:         | Healthy Active Lives: PubS.H-2010 (Below Median) for employees set forward one year.<br><br>Retiree Lives: PubS.H-2010 for healthy retirees set forward one year.  |
| Other Information: | Termination and Disability Rate Table.   |

| <u>Age</u> | <u>% Terminating<br/>During the Year</u> | <u>% Becoming Disabled During<br/>the Year</u> |
|------------|--|--|
| 20         | 10.00%                                   | 0.14%  |
| 30         | 10.00%                                   | 0.18%  |
| 40         | 9.00%                                    | 0.30%  |
| 50         | 7.00%                                    | 1.00%  |

**FIREFIGHTERS' RETIREMENT PLAN:**

Valuation Date: October 1, 2020

The actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

|                      |                                    |          |
|----------------------|------------------------------------|----------|
| Funding Method:      | Entry Age Method                   |          |
| Amortization Method: | Unfunded liability                 | 25 years |
|                      | Benefit improvements for actives   | 25 years |
|                      | Benefit improvements for inactives | 15 years |
|                      | Actuarial gains/losses             | 20 years |
|                      | Changes in assumptions             | 20 years |



**CITY OF OCALA FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2022**

**NOTE 2 – CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (Continued)**

**FIREFIGHTERS' RETIREMENT PLAN (Continued)**

Actuarial Asset Method: 20% Phase-In Method with a fresh start methodology as of October 1, 2019.

Inflation: 2.5%

|                   |       |         |
|-------------------|-------|---------|
| Salary Increases: | Age   | General |
|                   | <= 25 | 5.50%   |
|                   | <= 30 | 4.10%   |
|                   | <= 35 | 3.10%   |
|                   | <= 40 | 2.10%   |
|                   | <= 45 | 1.10%   |
|                   | > 50  | 0.00%   |

Partial Lump Sums: For valuation purposes, no future retirees are assumed to opt for a partial lump sum.

Interest Rate: 7% net of investment expenses

Retirement Age: Age 55 and 10 years of service, Rule of 70, or 25 years of service.

Early Retirement: Age 50 and 10 years of credited service. Benefits are reduced by 2% for each year prior to normal retirement date.

Termination Rates: See Table Below.

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

Mortality: Healthy - RP-2000 Mortality Table, projected to 2020.

Disabled: RP-2000 Mortality Table for Disabled Lives, projected to 2020.

Other Information: Termination and Disability Rate Table.

|            | <u>% Terminating</u>   | <u>% Becoming Disabled During</u> |
|------------|------------------------|-----------------------------------|
| <u>Age</u> | <u>During the Year</u> | <u>the Year</u>                   |
| 20         | 6.68%                  | 0.10%                             |
| 30         | 4.18%                  | 0.14%                             |
| 40         | 2.28%                  | 0.29%                             |
| 50         | 0.98%                  | 0.92%                             |



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**CITY OF OCALA, FLORIDA  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

**SPECIAL REVENUE FUNDS:**

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditure for specific purposes. Special revenue funds used by the City are:

**Downtown Development Fund** - This fund accounts for property taxes levied against downtown property owners.

**Local Gasoline Tax Fund** - This fund accounts for street related maintenance and improvement projects financed by the City's share of local gasoline taxes. These taxes are required by law to be used to maintain streets.

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

**SHIP Local Housing Assistance Fund** - This fund accounts for the receipt and uses of funds received from the Florida "local housing assistance trust fund" for the State Housing Initiative Partnership (low income housing).

**Infrastructure Sales Surtax Fund** – This fund accounts for Public Safety capital needs and road projects.

**DEBT SERVICE FUNDS:**

Debt service funds are used to account for the accumulation of resources for the payment of principal, interest and related costs of the City's general long-term debt. Debt service funds used by the City are:

**2007A/2015 Improvement Certificates Fund** - This fund is used for the payment of principal, interest and related costs of the Capital Improvement Revenue Certificates, Series 2015, which refunded the Capital Improvement Revenue Certificates, Series 2007A.

**2012 Improvement Certificates Fund** - This fund is used for payment of principal, interest and related costs of the Capital Improvement Refunding Revenue Certificates, Series 2012.

**Bank Loan Series 2022 Fund-** This fund is used for payment of principal, interest and related costs for \$60 million bank loan in FY 2022.



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**CITY OF OCALA, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

|  | <b>Special<br/>Revenue<br/>Funds</b> | <b>Debt<br/>Service<br/>Funds</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
|--|--------------------------------------|-----------------------------------|--|
| <b>Assets</b>                              |                                      |                                   |  |
| Equity in pooled cash fund                 | \$ 37,008,651                        | \$ 23,094,573                     | \$ 60,103,224  |
| Accounts and notes receivables             | 971,563                              | -                                 | 971,563  |
| Accrued interest receivable                | 117,002                              | -                                 | 117,002  |
| Prepaid Expenses                           | 1,109,178                            | -                                 | 1,109,178  |
| Due from other governments                 | 1,913,406                            | -                                 | 1,913,406  |
| <b>Total assets</b>                        | <u>41,119,800</u>                    | <u>23,094,573</u>                 | <u>64,214,373</u>                                    |
| <b>Liabilities and fund balances</b>       |                                      |                                   |  |
| <b>Liabilities:</b>                        |                                      |                                   |  |
| Accounts payable and accrued liabilities   | 746,703                              | -                                 | 746,703  |
| Retainage on contracts                     | 38,965                               | -                                 | 38,965   |
| Escrow/Deposits                            | 1,008,065                            | -                                 | 1,008,065  |
| <b>Total liabilities</b>                   | <u>1,793,733</u>                     | <u>-</u>                          | <u>1,793,733</u>                                     |
| <b>Deferred inflows of resources</b>       |                                      |                                   |  |
| Deferred inflows from future revenues      | 66,494                               | -                                 | 66,494   |
| <b>Total deferred inflows of resources</b> | <u>66,494</u>                        | <u>-</u>                          | <u>66,494</u>  |
| <b>Fund Balances:</b>                      |                                      |                                   |  |
| Nonspendable                               | 1,109,178                            | -                                 | 1,109,178  |
| Restricted                                 | 27,432,682                           | 23,094,573                        | 50,527,255   |
| Committed                                  | 10,717,713                           | -                                 | 10,717,713   |
| <b>Total fund balances</b>                 | <u>39,259,573</u>                    | <u>23,094,573</u>                 | <u>62,354,146</u>                                    |
| <b>Total liabilities and fund balances</b> | <u>\$ 41,119,800</u>                 | <u>\$ 23,094,573</u>              | <u>\$ 64,214,373</u>                                 |

**CITY OF OCALA, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

|  | <b>Special<br/>Revenue<br/>Funds</b> | <b>Debt<br/>Service<br/>Funds</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
|--|--------------------------------------|-----------------------------------|--|
| <b>Revenues</b>  |                                      |                                   |  |
| Property tax   | \$ 108,679                           | \$ -                              | \$ 108,679   |
| Local option gas tax                                     | 3,919,597                            | -                                 | 3,919,597  |
| Infrastructure Sales Surtax                              | 11,270,239                           | -                                 | 11,270,239   |
| Intergovernmental revenues                               | 1,923,868                            | -                                 | 1,923,868  |
| Charges for services                                     | 8,327,805                            | -                                 | 8,327,805  |
| Investment income (loss)                                 | (1,987,671)                          | (77,855)                          | (2,065,526)  |
| Miscellaneous  | 13,917                               | -                                 | 13,917   |
| <b>Total revenues</b>                                    | <u>23,576,434</u>                    | <u>(77,855)</u>                   | <u>23,498,579</u>                                    |
| <b>Expenditures</b>                                      |                                      |                                   |  |
| <b>Current:</b>  |                                      |                                   |  |
| Physical environment                                     | 5,105,192                            | -                                 | 5,105,192  |
| Public safety  | 356,142                              | -                                 | 356,142  |
| Transportation   | 3,548,789                            | -                                 | 3,548,789  |
| Economic environment                                     | 426,955                              | -                                 | 426,955  |
| <b>Capital outlay</b>                                    | 2,447,240                            | -                                 | 2,447,240  |
| <b>Debt service:</b>                                     |                                      |                                   |  |
| Principal payments                                       | -                                    | 2,005,000                         | 2,005,000  |
| Interest and fees  | -                                    | 585,328                           | 585,328  |
| <b>Total expenditures</b>                                | <u>11,922,775</u>                    | <u>2,590,328</u>                  | <u>14,513,103</u>                                    |
| <b>Excess (deficiency) of revenues over expenditures</b> | <u>11,653,659</u>                    | <u>(2,668,183)</u>                | <u>8,985,476</u>                                     |
| <b>Other financing sources (uses)</b>                    |                                      |                                   |  |
| Transfers in   | -                                    | 2,693,229                         | 2,693,229  |
| Transfers out  | (10,000)                             | (39,241,139)                      | (39,251,139)   |
| Loan Proceeds  | -                                    | 60,000,000                        | 60,000,000   |
| <b>Total other financing sources (uses)</b>              | <u>(10,000)</u>                      | <u>23,452,090</u>                 | <u>23,442,090</u>                                    |
| <b>Net change in fund balances</b>                       | 11,643,659                           | 20,783,907                        | 32,427,566   |
| <b>Fund balances - beginning</b>                         | 27,615,914                           | 2,310,666                         | 29,926,580   |
| <b>Fund balances - ending</b>                            | <u>\$ 39,259,573</u>                 | <u>\$ 23,094,573</u>              | <u>\$ 62,354,146</u>                                 |

**CITY OF OCALA, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

|  | <b>Downtown<br/>Development</b> | <b>Local<br/>Gasoline<br/>Tax</b> |
|--|---------------------------------|-----------------------------------|
| <b>Assets</b>                                  |                                 |                                   |
| Equity in pooled cash and investment fund      | \$ 301,806                      | \$ 4,810,340                      |
| Accrued interest receivable                    | 951                             | 15,378                            |
| Accounts and notes receivable                  | -                               | -                                 |
| Prepaid Expenses                               | -                               | 7,712                             |
| Due from other governments                     | 1,320                           | 361,352                           |
| <b>Total assets</b>                            | <u>304,077</u>                  | <u>5,194,782</u>                  |
| <br><b>Liabilities and fund balances</b>       |                                 |                                   |
| <b>Liabilities:</b>                            |                                 |                                   |
| Accounts payable and accrued liabilities       | -                               | 185,133                           |
| Retainage on contracts                         | -                               | 11,193                            |
| Escrow   | -                               | 1,008,065                         |
| <b>Total liabilities</b>                       | <u>-</u>                        | <u>1,204,391</u>                  |
| <br><b>Deferred inflows of resources</b>       |                                 |                                   |
| Deferred inflows from future revenues          | -                               | -                                 |
| <b>Total deferred inflows from resources</b>   | <u>-</u>                        | <u>-</u>                          |
| <b>Fund Balances:</b>                          |                                 |                                   |
| Nonspendable                                   | -                               | 7,712                             |
| Restricted                                     | 304,077                         | 3,982,679                         |
| Committed                                      | -                               | -                                 |
| <b>Total fund balances</b>                     | <u>304,077</u>                  | <u>3,990,391</u>                  |
| <br><b>Total liabilities and fund balances</b> | <u>\$ 304,077</u>               | <u>\$ 5,194,782</u>               |

| <b>Stormwater<br/>Utility</b> | <b>SHIP Local<br/>Housing<br/>Assistance</b> | <b>Infrastructure<br/>Sales<br/>Surtax</b> | <b>Total</b>         |
|-------------------------------|--|--|----------------------|
| \$ 9,224,978                  | \$ 587,415                                   | \$ 22,084,112                              | \$ 37,008,651        |
| 29,214                        | 1,851  | 69,608                                     | 117,002              |
| 822,200                       | 73,349                                       | 76,014                                     | 971,563              |
| 8,039                         | -  | 1,093,427                                  | 1,109,178            |
| 808,597                       | -  | 742,137                                    | 1,913,406            |
| <u>10,893,028</u>             | <u>662,615</u>                               | <u>24,065,298</u>                          | <u>41,119,800</u>    |
| 155,851                       | 6,581  | 399,138                                    | 746,703              |
| 11,425                        | -  | 16,347                                     | 38,965               |
| -                             | -  | -  | 1,008,065            |
| <u>167,276</u>                | <u>6,581</u>                                 | <u>415,485</u>                             | <u>1,793,733</u>     |
| -                             | 66,494                                       | -  | 66,494               |
| -                             | <u>66,494</u>                                | -  | <u>66,494</u>        |
| 8,039                         | -  | 1,093,427                                  | 1,109,178            |
| -                             | 589,540                                      | 22,556,386                                 | 27,432,682           |
| 10,717,713                    | -  | -  | 10,717,713           |
| <u>10,725,752</u>             | <u>589,540</u>                               | <u>23,649,813</u>                          | <u>39,259,573</u>    |
| <u>\$ 10,893,028</u>          | <u>\$ 662,615</u>                            | <u>\$ 24,065,298</u>                       | <u>\$ 41,119,800</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, 2022**

|  | <u>Downtown<br/>Development</u> | <u>Local<br/>Gasoline<br/>Tax</u> |
|--|---------------------------------|-----------------------------------|
| <b>Revenues</b>  |                                 |                                   |
| Property taxes   | \$ 108,679                      | \$ -                              |
| Local option gas tax                                     | -                               | 3,919,597                         |
| Infrastructure sales surtax                              | -                               | -                                 |
| Intergovernmental revenues                               | -                               | 410,633                           |
| Charges for services                                     | -                               | -                                 |
| Investment income (loss)                                 | (17,795)                        | (262,837)                         |
| Miscellaneous  | -                               | 12,660                            |
| <b>Total revenues</b>                                    | <u>90,884</u>                   | <u>4,080,053</u>                  |
| <b>Expenditures</b>                                      |                                 |                                   |
| Current:   |                                 |                                   |
| General government                                       | -                               | -                                 |
| Public safety  | -                               | -                                 |
| Physical environment                                     | -                               | -                                 |
| Transportation   | -                               | 3,376,151                         |
| Culture and recreation                                   | 6,484                           | -                                 |
| Economic environment                                     | 19,223                          | -                                 |
| Capital outlay   | -                               | 34,841                            |
| <b>Total expenditures</b>                                | <u>25,707</u>                   | <u>3,410,992</u>                  |
| <b>Excess (deficiency) of revenues over expenditures</b> | <u>65,177</u>                   | <u>669,061</u>                    |
| <b>Other financing sources (uses)</b>                    |                                 |                                   |
| Transfers out  | (10,000)                        | -                                 |
| <b>Total other financing sources (uses)</b>              | <u>(10,000)</u>                 | <u>-</u>                          |
| <b>Net change in fund balances</b>                       | 55,177                          | 669,061                           |
| <b>Fund balances - beginning</b>                         | <u>248,900</u>                  | <u>3,321,330</u>                  |
| <b>Fund balances - ending</b>                            | <u>\$ 304,077</u>               | <u>\$ 3,990,391</u>               |

| <b>Stormwater<br/>Utility</b> | <b>SHIP Local<br/>Housing<br/>Assistance</b> | <b>Infrastructure<br/>Sales<br/>Surtax</b> | <b>Total</b>         |
|-------------------------------|--|--|----------------------|
| \$ -                          | \$ -   | \$ -                                       | \$ 108,679           |
| -                             | -  | -  | 3,919,597            |
| -                             | -  | 11,270,239                                 | 11,270,239           |
| 830,806                       | 682,429                                      | -  | 1,923,868            |
| 8,327,805                     | -  | -  | 8,327,805            |
| (534,911)                     | (35,396)                                     | (1,136,732)                                | (1,987,671)          |
| -                             | 1,257  | -  | 13,917               |
| <u>8,623,700</u>              | <u>648,290</u>                               | <u>10,133,507</u>                          | <u>23,576,434</u>    |
| 31,973                        | -  | -  | 31,973               |
| -                             | -  | 356,142                                    | 356,142              |
| 5,105,192                     | -  | -  | 5,105,192            |
| -                             | -  | 172,638                                    | 3,548,789            |
| -                             | -  | -  | 6,484                |
| -                             | 407,732                                      | -  | 426,955              |
| <u>1,466,054</u>              | <u>-</u>                                     | <u>946,345</u>                             | <u>2,447,240</u>     |
| <u>6,603,219</u>              | <u>407,732</u>                               | <u>1,475,125</u>                           | <u>11,922,775</u>    |
| <u>2,020,481</u>              | <u>240,558</u>                               | <u>8,658,382</u>                           | <u>11,653,659</u>    |
| -                             | -  | -  | (10,000)             |
| <u>-</u>                      | <u>-</u>                                     | <u>-</u>                                   | <u>(10,000)</u>      |
| 2,020,481                     | 240,558                                      | 8,658,382                                  | 11,643,659           |
| <u>8,705,271</u>              | <u>348,982</u>                               | <u>14,991,431</u>                          | <u>27,615,914</u>    |
| <u>\$ 10,725,752</u>          | <u>\$ 589,540</u>                            | <u>\$ 23,649,813</u>                       | <u>\$ 39,259,573</u> |

**CITY OF OCALA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**DOWNTOWN DEVELOPMENT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

|  | <u>Actual</u>            | <u>Final<br/>Budget</u>  | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|--------------------------|--------------------------|---|
| <b>Revenues</b>  |                          |                          |   |
| Property taxes   | \$ 108,679               | \$ 106,914               | \$ 1,765  |
| Investment income (loss)                                 | (17,795)                 | -                        | (17,795)  |
| <b>Total revenues</b>                                    | <u>90,884</u>            | <u>106,914</u>           | <u>(16,030)</u>   |
| <b>Expenditures</b>                                      |                          |                          |   |
| Current:   |                          |                          |   |
| Economic Environment                                     | 19,223                   | 40,223                   | 21,000  |
| Culture and Recreation                                   | 6,484                    | 10,000                   | 3,516   |
| <b>Total expenditures</b>                                | <u>25,707</u>            | <u>50,223</u>            | <u>24,516</u>   |
| <b>Excess (deficiency) of revenues over expenditures</b> | <u>65,177</u>            | <u>56,691</u>            | <u>8,486</u>  |
| <b>Other financing (uses)</b>                            |                          |                          |   |
| Transfers out  | (10,000)                 | (10,000)                 | -   |
| <b>Total other financing (uses)</b>                      | <u>(10,000)</u>          | <u>(10,000)</u>          | <u>-</u>  |
| <b>Net change in fund balance</b>                        | 55,177                   | 46,691                   | 8,486   |
| <b>Fund balance - beginning</b>                          | <u>248,900</u>           | <u>248,900</u>           | <u>-</u>  |
| <b>Fund balance - ending</b>                             | <u><u>\$ 304,077</u></u> | <u><u>\$ 295,591</u></u> | <u><u>\$ 8,486</u></u>  |

**CITY OF OCALA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**LOCAL GASOLINE TAX FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

|  | <u>Actual</u>              | <u>Final<br/>Budget</u>    | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|----------------------------|---|
| <b>Revenues</b>  |                            |                            |   |
| Local option gas tax                                     | \$ 3,919,597               | \$ 3,755,449               | \$ 164,148  |
| Intergovernmental revenues                               | 410,633                    | -                          | 410,633   |
| Investment income (loss)                                 | (262,837)                  | -                          | (262,837)   |
| Miscellaneous  | 12,660                     | 25,000                     | (12,340)  |
| <b>Total revenues</b>                                    | <u>4,080,053</u>           | <u>3,780,449</u>           | <u>299,604</u>  |
| <b>Expenditures</b>                                      |                            |                            |   |
| Current:   |                            |                            |   |
| Transportation   | 3,376,151                  | 3,822,313                  | 446,162   |
| Capital outlay   | 34,841                     | 1,935,517                  | 1,900,676   |
| <b>Total expenditures</b>                                | <u>3,410,992</u>           | <u>5,757,830</u>           | <u>2,346,838</u>  |
| <b>Excess (deficiency) of revenues over expenditures</b> | <u>669,061</u>             | <u>(1,977,381)</u>         | <u>2,646,442</u>  |
| <b>Net change in fund balance</b>                        | 669,061                    | (1,977,381)                | 2,646,442   |
| <b>Fund balance - beginning</b>                          | <u>3,321,330</u>           | <u>3,321,330</u>           | <u>-</u>  |
| <b>Fund balance - ending</b>                             | <u><u>\$ 3,990,391</u></u> | <u><u>\$ 1,343,949</u></u> | <u><u>\$ 2,646,442</u></u>  |

**CITY OF OCALA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**STORMWATER UTILITY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

|  | <u>Actual</u>        | <u>Final<br/>Budget</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------|-------------------------|---|
| <b>Revenues</b>  |                      |                         |   |
| Intergovernmental revenues                               | \$ 830,806           | \$ 1,981,123            | \$ (1,150,317)  |
| Charges for services                                     | 8,327,805            | 7,885,056               | 442,749   |
| Investment income (loss)                                 | (534,911)            | -                       | (534,911)   |
| Other  | -                    | 4,000                   | (4,000)   |
| <b>Total revenues</b>                                    | <u>8,623,700</u>     | <u>9,870,179</u>        | <u>(1,246,479)</u>  |
| <b>Expenditures</b>                                      |                      |                         |   |
| Current:   |                      |                         |   |
| General Government                                       | 31,973               | 16,000                  | (15,973)  |
| Physical environment                                     | 5,105,192            | 5,901,503               | 796,311   |
| Capital outlay   | 1,466,054            | 5,290,762               | 3,824,708   |
| <b>Total expenditures</b>                                | <u>6,603,219</u>     | <u>11,208,265</u>       | <u>4,605,046</u>  |
| <b>Excess (deficiency) of revenues over expenditures</b> | <u>2,020,481</u>     | <u>(1,338,086)</u>      | <u>3,358,567</u>  |
| <b>Net change in fund balance</b>                        | 2,020,481            | (1,338,086)             | 3,358,567   |
| <b>Fund balance - beginning</b>                          | <u>8,705,271</u>     | <u>8,705,271</u>        | <u>-</u>  |
| <b>Fund balance - ending</b>                             | <u>\$ 10,725,752</u> | <u>\$ 7,367,185</u>     | <u>\$ 3,358,567</u>   |

**CITY OF OCALA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**SHIP LOCAL HOUSING ASSISTANCE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

|  | <u>Actual</u>     | <u>Final<br/>Budget</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------|-------------------------|---|
| <b>Revenues</b>  |                   |                         |   |
| Intergovernmental revenues                               | \$ 682,429        | \$ 758,152              | \$ (75,723)   |
| Investment income (loss)                                 | (35,396)          | -                       | (35,396)  |
| Other  | 1,257             | -                       | 1,257   |
| <b>Total revenues</b>                                    | <u>648,290</u>    | <u>758,152</u>          | <u>(109,862)</u>  |
| <b>Expenditures</b>                                      |                   |                         |   |
| Current:   |                   |                         |   |
| Economic environment                                     | 407,732           | 1,120,255               | 712,523   |
| <b>Total expenditures</b>                                | <u>407,732</u>    | <u>1,120,255</u>        | <u>712,523</u>  |
| <b>Excess (deficiency) of revenues over expenditures</b> | 240,558           | (362,103)               | 602,661   |
| <b>Net change in fund balance</b>                        | 240,558           | (362,103)               | 602,661   |
| <b>Fund balance - beginning</b>                          | <u>348,982</u>    | <u>348,982</u>          | <u>-</u>  |
| <b>Fund balance - ending</b>                             | <u>\$ 589,540</u> | <u>\$ (13,121)</u>      | <u>\$ 602,661</u>   |

**CITY OF OCALA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**INFRASTRUCTURE SALES SURTAX FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

|  | <u>Actual</u>               | <u>Final<br/>Budget</u>     | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-----------------------------|-----------------------------|---|
| <b>Revenues</b>  |                             |                             |   |
| Intergovernmental revenues                               | \$ 11,270,239               | \$ 9,270,433                | \$ 1,999,806  |
| Investment income (loss)                                 | (1,136,732)                 | -                           | (1,136,732)   |
| <b>Total revenues</b>                                    | <u>10,133,507</u>           | <u>9,270,433</u>            | <u>863,074</u>  |
| <b>Expenditures</b>                                      |                             |                             |   |
| Current:   |                             |                             |   |
| Public Safety  | 356,142                     | 357,707                     | 1,565   |
| Transportation   | 172,638                     | 650,191                     | 477,553   |
| Capital outlay   | 946,345                     | 11,638,890                  | 10,692,545  |
| <b>Total expenditures</b>                                | <u>1,475,125</u>            | <u>12,646,788</u>           | <u>11,171,663</u>   |
| <b>Excess (deficiency) of revenues over expenditures</b> | <u>8,658,382</u>            | <u>(3,376,355)</u>          | <u>12,034,737</u>   |
| <b>Net change in fund balance</b>                        | 8,658,382                   | (3,376,355)                 | 12,034,737  |
| <b>Fund balance - beginning</b>                          | <u>14,991,431</u>           | <u>14,991,431</u>           | <u>-</u>  |
| <b>Fund balance - ending</b>                             | <u><u>\$ 23,649,813</u></u> | <u><u>\$ 11,615,076</u></u> | <u><u>\$ 12,034,737</u></u>                                       |

**CITY OF OCALA, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS  
SEPTEMBER 30, 2022**

|  | <b>2007A/2015<br/>Improvement<br/>Certificates</b> | <b>2012<br/>Refunded<br/>Improvement<br/>Certificates</b> | <b>2022<br/>Bank<br/>Loan</b> | <b>Total</b>         |
|--|--|---|-------------------------------|----------------------|
| <b>Assets</b>                                |  |   |                               |                      |
| Equity in pooled cash<br>and investment fund | <u>\$ 1,416,200</u>                                | <u>\$ 919,512</u>   | <u>\$ 20,758,861</u>          | <u>\$ 23,094,573</u> |
| <b>Total restricted assets</b>               | <u>1,416,200</u>                                   | <u>919,512</u>  | <u>\$ 20,758,861</u>          | <u>23,094,573</u>    |
| <b>Fund Balances</b>                         |  |   |                               |                      |
| Fund Balances:<br>Restricted                 | <u>1,416,200</u>                                   | <u>919,512</u>  | <u>\$ 20,758,861</u>          | <u>23,094,573</u>    |
| <b>Total fund balances</b>                   | <u>\$ 1,416,200</u>                                | <u>\$ 919,512</u>   | <u>\$ 20,758,861</u>          | <u>\$ 23,094,573</u> |



**CITY OF OCALA, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

|   | <b>2007A/2015<br/>Improvement<br/>Certificates</b> | <b>2012<br/>Refunded<br/>Improvement<br/>Certificates</b> | <b>2022<br/>Bank<br/>Loan</b> | <b>Total</b>                |
|---|--|---|-------------------------------|-----------------------------|
| <b>Revenues</b>                                       |  |   |                               |                             |
| Investment income (loss)                              | \$ (48,086)  | \$ (29,769)   | \$ -                          | \$ (77,855)                 |
| <b>Total Revenues</b>                                 | <u>(48,086)</u>                                    | <u>(29,769)</u>   | <u>-</u>                      | <u>(77,855)</u>             |
| <b>Expenditures</b>                                   |  |   |                               |                             |
| Debt service:   |  |   |                               |                             |
| Principal payments                                    | 1,110,000  | 895,000   | -                             | 2,005,000                   |
| Interest and paying agents' fees                      | 556,950  | 28,378  | -                             | 585,328                     |
| <b>Total expenditures</b>                             | <u>1,666,950</u>                                   | <u>923,378</u>  | <u>-</u>                      | <u>2,590,328</u>            |
| <b>(Deficiency) of revenues<br/>over expenditures</b> | <u>(1,715,036)</u>                                 | <u>(953,147)</u>  | <u>-</u>                      | <u>(2,668,183)</u>          |
| <b>Other financing sources (uses)</b>                 |  |   |                               |                             |
| Transfers in  | 1,734,436  | 958,793   | -                             | 2,693,229                   |
| Transfers out   | -  | -   | (39,241,139)                  | (39,241,139)                |
| Loan proceeds   | -  | -   | 60,000,000                    | 60,000,000                  |
| <b>Total other financing sources (uses)</b>           | <u>1,734,436</u>                                   | <u>958,793</u>  | <u>20,758,861</u>             | <u>23,452,090</u>           |
| <b>Net change in fund balances</b>                    | 19,400   | 5,646   | 20,758,861                    | 20,783,907                  |
| <b>Fund balances - beginning</b>                      | <u>1,396,800</u>                                   | <u>913,866</u>  | <u>-</u>                      | <u>2,310,666</u>            |
| <b>Fund balances - ending</b>                         | <u><u>\$ 1,416,200</u></u>                         | <u><u>\$ 919,512</u></u>                                  | <u><u>\$ 20,758,861</u></u>   | <u><u>\$ 23,094,573</u></u> |

**CITY OF OCALA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**2007A/2015 IMPROVEMENT CERTIFICATES FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

|  | <u>Actual</u>              | <u>Final<br/>Budget</u>    | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|----------------------------|---|
| <b>Revenues</b>  |                            |                            |   |
| Investment income (loss)                                 | \$ (48,086)                | \$ 4,120                   | \$ (52,206)   |
| <b>Total revenues</b>                                    | <u>(48,086)</u>            | <u>4,120</u>               | <u>(52,206)</u>   |
| <b>Expenditures</b>                                      |                            |                            |   |
| Debt service:  |                            |                            |   |
| Principal payments                                       | 1,110,000                  | 1,110,000                  | -   |
| Interest and paying agents' fees                         | 556,950                    | 557,550                    | 600   |
| <b>Total expenditures</b>                                | <u>1,666,950</u>           | <u>1,667,550</u>           | <u>600</u>  |
| <b>Excess (deficiency) of revenues over expenditures</b> | <u>(1,715,036)</u>         | <u>(1,663,430)</u>         | <u>(51,606)</u>   |
| <b>Other financing sources (uses)</b>                    |                            |                            |   |
| Transfers in   | 1,734,436                  | 1,685,300                  | 49,136  |
| Transfers out  | -                          | (3,520)                    | 3,520   |
| <b>Total other financing sources (uses)</b>              | <u>1,734,436</u>           | <u>1,681,780</u>           | <u>52,656</u>   |
| <b>Net change in fund balance</b>                        | 19,400                     | 18,350                     | 1,050   |
| <b>Fund balance - beginning</b>                          | <u>1,396,800</u>           | <u>1,396,800</u>           | <u>-</u>  |
| <b>Fund balance - ending</b>                             | <u><u>\$ 1,416,200</u></u> | <u><u>\$ 1,415,150</u></u> | <u><u>\$ 1,050</u></u>  |

**CITY OF OCALA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**2012 IMPROVEMENT CERTIFICATES FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

|  | <u>Actual</u>            | <u>Final<br/>Budget</u>  | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|--------------------------|--------------------------|---|
| <b>Revenues</b>  |                          |                          |   |
| Investment income (loss)                                 | \$ (29,769)              | \$ 5,000                 | \$ (34,769)   |
| <b>Total revenues</b>                                    | <u>(29,769)</u>          | <u>5,000</u>             | <u>(34,769)</u>   |
| <b>Expenditures</b>                                      |                          |                          |   |
| Debt service:  |                          |                          |   |
| Principal payments                                       | 895,000                  | 895,000                  | -   |
| Interest and paying agents' fees                         | 28,378                   | 28,378                   | -   |
| <b>Total expenditures</b>                                | <u>923,378</u>           | <u>923,378</u>           | <u>-</u>  |
| <b>Excess (deficiency) of revenues over expenditures</b> | <u>(953,147)</u>         | <u>(918,378)</u>         | <u>(34,769)</u>   |
| <b>Other financing sources (uses)</b>                    |                          |                          |   |
| Transfers in   | 958,793                  | 929,024                  | 29,769  |
| Transfers out  | -                        | (5,000)                  | 5,000   |
| <b>Total other financing sources (uses)</b>              | <u>958,793</u>           | <u>924,024</u>           | <u>34,769</u>   |
| <b>Net change in fund balance</b>                        | 5,646                    | 5,646                    | -   |
| <b>Fund balance - beginning</b>                          | <u>913,866</u>           | <u>913,866</u>           | <u>-</u>  |
| <b>Fund balance - ending</b>                             | <u><u>\$ 919,512</u></u> | <u><u>\$ 919,512</u></u> | <u><u>\$ -</u></u>  |

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

|  | <u>Actual</u>               | <u>Final<br/>Budget</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-----------------------------|-------------------------|---|
| <b>Revenues</b>  |                             |                         |   |
| Investment income (loss)                                 | \$ -                        | \$ -                    | \$ -  |
| <b>Total revenues</b>                                    | <u>-</u>                    | <u>-</u>                | <u>-</u>  |
| <b>Expenditures</b>                                      |                             |                         |   |
| Debt service:  |                             |                         |   |
| Principal payments                                       | -                           | -                       | -   |
| Interest and paying agents' fees                         | -                           | -                       | -   |
| <b>Total expenditures</b>                                | <u>-</u>                    | <u>-</u>                | <u>-</u>  |
| <b>Excess (deficiency) of revenues over expenditures</b> | <u>-</u>                    | <u>-</u>                | <u>-</u>  |
| <b>Other financing sources (uses)</b>                    |                             |                         |   |
| Loan proceeds  | 60,000,000                  | 60,000,000              | -   |
| Transfers in   | -                           | -                       | -   |
| Transfers out  | (39,241,139)                | (60,000,000)            | 20,758,861  |
| <b>Total other financing sources (uses)</b>              | <u>20,758,861</u>           | <u>-</u>                | <u>20,758,861</u>   |
| <b>Net change in fund balance</b>                        | 20,758,861                  | -                       | 20,758,861  |
| <b>Fund balance - beginning</b>                          | <u>-</u>                    | <u>-</u>                | <u>-</u>  |
| <b>Fund balance - ending</b>                             | <u><u>\$ 20,758,861</u></u> | <u><u>\$ -</u></u>      | <u><u>\$ 20,758,861</u></u>                                       |

**CITY OF OCALA, FLORIDA  
BUSINESS TYPE FUNDS  
SEPTEMBER 30, 2022**

**NONMAJOR BUSINESS TYPE FUNDS:**

**Sanitation Fund** - This fund accounts for the operations and maintenance of the City's refuse collection system.

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

**Ocala International Airport Fund**- Accounts for the construction, operations and maintenance of the City's airport and the Foreign Trade Zone #217.

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

**Sun Tran Fund**- This fund accounts for the operations and maintenance of the regional mass transit system that began operations in 1999.

**CITY OF OCALA, FLORIDA  
STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
SEPTEMBER 30, 2022**

|  | Non-Major Enterprise Funds |                             |                                   |                           |                     |                      |
|--|----------------------------|-----------------------------|-----------------------------------|---------------------------|---------------------|----------------------|
|  | Sanitation                 | Municipal<br>Golf<br>Course | Ocala<br>International<br>Airport | Ocala<br>Fiber<br>Network | SunTran             | Total                |
| <b>Assets</b>  |                            |                             |                                   |                           |                     |                      |
| <b>Current Assets:</b>   |                            |                             |                                   |                           |                     |                      |
| Cash and investments   | \$ -                       | \$ 81,859                   | \$ -                              | \$ -                      | \$ -                | \$ 81,859            |
| Equity in pooled cash and investment fund                              | 9,112,048                  | 734,808                     | 1,408,455                         | 7,227,485                 | 3,007,620           | 21,490,416           |
| Receivables (net, where applicable, of allowances for uncollectibles): |                            |                             |                                   |                           |                     |                      |
| Accounts and notes   | 861,592                    | 450,735                     | 112,065                           | 281,338                   | 2,828               | 1,708,558            |
| Accrued interest   | 29,268                     | 2,331                       | 6,021                             | 22,837                    | -                   | 60,457               |
| Unbilled revenues  | 739,993                    | -                           | -                                 | 351,175                   | -                   | 1,091,168            |
| Prepays  | 1,525                      | 19,893                      | 580                               | 5,300                     | 15,865              | 43,163               |
| Inventories  | -                          | 101,706                     | -                                 | 1,008,084                 | -                   | 1,109,790            |
| Due from other governments   | -                          | -                           | 746,089                           | 17,500                    | 1,425,964           | 2,189,553            |
| <b>Total current assets</b>  | <u>10,744,426</u>          | <u>1,391,332</u>            | <u>2,273,210</u>                  | <u>8,913,719</u>          | <u>4,452,277</u>    | <u>27,774,964</u>    |
| <b>Noncurrent Assets:</b>  |                            |                             |                                   |                           |                     |                      |
| Capital assets:  |                            |                             |                                   |                           |                     |                      |
| Right to use lease assets, net   | -                          | -                           | -                                 | 252,296                   | -                   | 252,296              |
| Capital assets not being depreciated                                   | 38,991                     | 23,797                      | 11,889,207                        | 216,267                   | -                   | 12,168,262           |
| Capital assets being depreciated, net                                  | 7,026,676                  | 339,513                     | 20,262,281                        | 9,674,469                 | 5,324,132           | 42,627,071           |
| Total capital assets (net)   | <u>7,065,667</u>           | <u>363,310</u>              | <u>32,151,488</u>                 | <u>10,143,032</u>         | <u>5,324,132</u>    | <u>55,047,629</u>    |
| <b>Total noncurrent assets</b>   | <u>7,065,667</u>           | <u>363,310</u>              | <u>32,151,488</u>                 | <u>10,143,032</u>         | <u>5,324,132</u>    | <u>55,047,629</u>    |
| <b>Total assets</b>  | <u>\$ 17,810,093</u>       | <u>\$ 1,754,642</u>         | <u>\$ 34,424,698</u>              | <u>\$ 19,056,751</u>      | <u>\$ 9,776,409</u> | <u>\$ 82,822,593</u> |
| <b>Deferred outflows of resources:</b>                                 |                            |                             |                                   |                           |                     |                      |
| Deferred amount pension related  | 653,393                    | -                           | 91,866                            | 192,720                   | -                   | 937,979              |
| Deferred amount OPEB related   | 312,937                    | -                           | 48,652                            | 100,434                   | -                   | 462,023              |
| <b>Total deferred outflows of resources</b>                            | <u>\$ 966,330</u>          | <u>\$ -</u>                 | <u>\$ 140,518</u>                 | <u>\$ 293,154</u>         | <u>\$ -</u>         | <u>\$ 1,400,002</u>  |
| <b>Liabilities</b>   |                            |                             |                                   |                           |                     |                      |
| <b>Current Liabilities:</b>  |                            |                             |                                   |                           |                     |                      |
| Payable from unrestricted assets:                                      |                            |                             |                                   |                           |                     |                      |
| Accounts payable and accrued liabilities                               | \$ 439,731                 | \$ 657,149                  | \$ 66,084                         | \$ 133,336                | \$ 281,499          | 1,577,799            |
| Contract retainage   | -                          | -                           | 248,676                           | -                         | -                   | 248,676              |
| Compensated absences payable   | 138,912                    | -                           | 32,620                            | 101,523                   | -                   | 273,055              |
| OPEB obligation payable  | 42,971                     | -                           | 6,828                             | 13,721                    | -                   | 63,520               |
| Leases payable   | -                          | -                           | -                                 | 81,518                    | -                   | 81,518               |
| Due to other funds   | -                          | -                           | -                                 | -                         | 4,218,352           | 4,218,352            |
| Customer deposits  | -                          | 23,357                      | 101,549                           | -                         | -                   | 124,906              |
| Unearned revenue   | -                          | 35,100                      | 1,806,159                         | -                         | -                   | 1,841,259            |
| Advances from other funds  | -                          | -                           | -                                 | -                         | -                   | -                    |
| <b>Total current liabilities</b>                                       | <u>621,614</u>             | <u>715,606</u>              | <u>2,261,916</u>                  | <u>330,098</u>            | <u>4,499,851</u>    | <u>8,429,085</u>     |
| <b>Noncurrent Liabilities:</b>   |                            |                             |                                   |                           |                     |                      |
| Compensated absences payable   | 141,538                    | -                           | -                                 | 7,040                     | -                   | 148,578              |
| OPEB obligation payable  | 1,032,240                  | -                           | 160,469                           | 331,293                   | -                   | 1,524,002            |
| Leases payable   | -                          | -                           | -                                 | 172,853                   | -                   | 172,853              |
| Net pension liability  | 2,684,628                  | -                           | 377,653                           | 792,252                   | -                   | 3,854,533            |
| <b>Total noncurrent liabilities</b>                                    | <u>3,858,406</u>           | <u>-</u>                    | <u>538,122</u>                    | <u>1,303,438</u>          | <u>-</u>            | <u>5,699,966</u>     |
| <b>Total liabilities</b>   | <u>\$ 4,480,020</u>        | <u>\$ 715,606</u>           | <u>\$ 2,800,038</u>               | <u>\$ 1,633,536</u>       | <u>\$ 4,499,851</u> | <u>\$ 14,129,051</u> |
| <b>Deferred Inflows of Resources:</b>                                  |                            |                             |                                   |                           |                     |                      |
| Deferred inflows pension related                                       | 856,734                    | -                           | 120,472                           | 252,727                   | -                   | 1,229,933            |
| Deferred inflows OPEB related  | 62,560                     | -                           | 6,170                             | 21,768                    | -                   | 90,498               |
| Deferred inflows leases related  | -                          | -                           | -                                 | -                         | -                   | -                    |
| <b>Total deferred inflows of resources</b>                             | <u>919,294</u>             | <u>-</u>                    | <u>126,642</u>                    | <u>274,495</u>            | <u>-</u>            | <u>1,320,431</u>     |
| <b>Net Position</b>  |                            |                             |                                   |                           |                     |                      |
| Net investment in capital assets                                       | 7,065,667                  | 363,310                     | 31,902,812                        | 9,888,661                 | 5,324,132           | 54,544,582           |
| Unrestricted (accumulated deficit)                                     | 6,311,442                  | 675,726                     | (264,276)                         | 7,553,213                 | (47,574)            | 14,228,531           |
| <b>Total net position</b>  | <u>\$ 13,377,109</u>       | <u>\$ 1,039,036</u>         | <u>\$ 31,638,536</u>              | <u>\$ 17,441,874</u>      | <u>\$ 5,276,558</u> | <u>\$ 68,773,113</u> |

**CITY OF OCALA, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

|   | <b>Non-Major Enterprise Funds</b> |                                      |  |                                    |                     |                      |
|---|-----------------------------------|--------------------------------------|--|------------------------------------|---------------------|----------------------|
|   | <b>Sanitation</b>                 | <b>Municipal<br/>Golf<br/>Course</b> | <b>Ocala<br/>International<br/>Airport</b> | <b>Ocala<br/>Fiber<br/>Network</b> | <b>SunTran</b>      | <b>Total</b>         |
| <b>Operating Revenues:</b>  |                                   |                                      |  |                                    |                     |                      |
| Charges for services  | \$ 15,549,396                     | \$ 1,595,230                         | \$ 1,740,862                               | \$ 8,498,919                       | \$ 148,322          | \$ 27,532,729        |
| Other   | 45,956                            | -                                    | 18,044                                     | -                                  | 3,176               | 67,176               |
| Total operating revenues  | <u>15,595,352</u>                 | <u>1,595,230</u>                     | <u>1,758,906</u>                           | <u>8,498,919</u>                   | <u>151,498</u>      | <u>27,599,905</u>    |
| <b>Operating Expenses:</b>  |                                   |                                      |  |                                    |                     |                      |
| Operation and maintenance   | 6,948,581                         | 67,151                               | 514,366                                    | 1,098,283                          | 3,664,659           | 12,293,040           |
| Administration  | 4,177,511                         | 1,667,471                            | 1,062,389                                  | 2,985,191                          | -                   | 9,892,562            |
| Amortization expense  | -                                 | -                                    | -  | 96,456                             | -                   | 96,456               |
| Depreciation  | 666,349                           | 49,180                               | 1,348,271                                  | 1,890,458                          | 533,050             | 4,487,308            |
| Total operating expenses  | <u>11,792,441</u>                 | <u>1,783,802</u>                     | <u>2,925,026</u>                           | <u>6,070,388</u>                   | <u>4,197,709</u>    | <u>26,769,366</u>    |
| Operating income (loss)   | <u>3,802,911</u>                  | <u>(188,572)</u>                     | <u>(1,166,120)</u>                         | <u>2,428,531</u>                   | <u>(4,046,211)</u>  | <u>830,539</u>       |
| <b>Non-Operating Revenues (Expenses):</b>                           |                                   |                                      |  |                                    |                     |                      |
| Investment income (loss)  | (544,218)                         | (51,714)                             | (112,759)                                  | (422,144)                          | -                   | (1,130,835)          |
| Interest expense  | -                                 | -                                    | -  | (10,428)                           | -                   | (10,428)             |
| Gain (loss) on sale of fixed asset                                  | (38,997)                          | -                                    | -  | -                                  | (36,072)            | (75,069)             |
| Other non-operating revenue (loss)                                  | 155,400                           | -                                    | -  | -                                  | 3,357,478           | 3,512,878            |
| <b>Total non-operating revenues (expenses)</b>                      | <u>(427,815)</u>                  | <u>(51,714)</u>                      | <u>(112,759)</u>                           | <u>(432,572)</u>                   | <u>3,321,406</u>    | <u>2,296,546</u>     |
| <b>Income (loss) before capital<br/>contributions and transfers</b> | <u>3,375,096</u>                  | <u>(240,286)</u>                     | <u>(1,278,879)</u>                         | <u>1,995,959</u>                   | <u>(724,805)</u>    | <u>3,127,085</u>     |
| Capital Contributions   | <u>40,211</u>                     | <u>-</u>                             | <u>282,552</u>                             | <u>-</u>                           | <u>-</u>            | <u>322,763</u>       |
| Transfers in  | -                                 | 154,481                              | -  | -                                  | 372,906             | 527,387              |
| Transfers out   | (1,403,080)                       | (173,000)                            | -  | (803,188)                          | -                   | (2,379,268)          |
| <b>Total transfers</b>  | <u>(1,403,080)</u>                | <u>(18,519)</u>                      | <u>-</u>                                   | <u>(803,188)</u>                   | <u>372,906</u>      | <u>(1,851,881)</u>   |
| Change in net position  | <u>2,012,227</u>                  | <u>(258,805)</u>                     | <u>(996,327)</u>                           | <u>1,192,771</u>                   | <u>(351,899)</u>    | <u>1,597,967</u>     |
| Net position - October 1  | <u>\$ 11,364,882</u>              | <u>\$ 1,297,841</u>                  | <u>\$ 32,634,863</u>                       | <u>\$ 16,249,103</u>               | <u>\$ 5,628,457</u> | <u>\$ 67,175,146</u> |
| Net position - September 30   | <u>\$ 13,377,109</u>              | <u>\$ 1,039,036</u>                  | <u>\$ 31,638,536</u>                       | <u>\$ 17,441,874</u>               | <u>\$ 5,276,558</u> | <u>\$ 68,773,113</u> |

**CITY OF OCALA, FLORIDA  
STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

|   | Non-Major Enterprise Funds |                             |                                   |                           |              |               |
|---|----------------------------|-----------------------------|-----------------------------------|---------------------------|--------------|---------------|
|   | Sanitation                 | Municipal<br>Golf<br>Course | Ocala<br>International<br>Airport | Ocala<br>Fiber<br>Network | SunTran      | Total         |
| <b>Cash Flows from Operating Activities:</b>                            |                            |                             |                                   |                           |              |               |
| Cash received from customers  | \$ 15,487,873              | \$ 1,591,898                | \$ 1,685,806                      | \$ 8,432,813              | \$ 152,598   | \$ 27,350,988 |
| Cash paid to suppliers for goods and services                           | (7,214,693)                | (1,720,284)                 | (440,206)                         | (1,907,264)               | (3,264,157)  | (14,546,604)  |
| Cash paid to employees for services                                     | (4,600,316)                | -                           | (673,238)                         | (2,368,538)               | (320,271)    | (7,962,363)   |
| Net cash provided by (used in) operating activities                     | 3,672,864                  | (128,386)                   | 572,362                           | 4,157,011                 | (3,431,830)  | 4,842,021     |
| <b>Cash Flows from Non-Capital Financing Activities:</b>                |                            |                             |                                   |                           |              |               |
| Transfers in  | -                          | 154,481                     | -                                 | -                         | 372,906      | 527,387       |
| Transfers out   | (1,403,080)                | (173,000)                   | -                                 | (803,188)                 | -            | (2,379,268)   |
| Operating grants  | 155,400                    | -                           | -                                 | -                         | 2,802,603    | 2,958,003     |
| Net cash provided by (used in) non-capital financing activities         | (1,247,680)                | (18,519)                    | -                                 | (803,188)                 | 3,175,509    | 1,106,122     |
| <b>Cash Flows from Capital and Related Financing Activities:</b>        |                            |                             |                                   |                           |              |               |
| Proceeds from sale of capital assets                                    | 76,000                     | -                           | -                                 | -                         | 16,836       | 92,836        |
| Acquisition and construction of capital assets                          | (843,584)                  | -                           | (524,061)                         | (2,194,283)               | (132,739)    | (3,694,667)   |
| Contributions received from other governments and developers            | 40,211                     | -                           | 756,492                           | -                         | -            | 796,703       |
| Net cash provided by (used in) capital and related financing activities | (727,373)                  | -                           | 232,431                           | (2,194,283)               | (115,903)    | (2,805,128)   |
| <b>Cash Flows from Investing Activities:</b>                            |                            |                             |                                   |                           |              |               |
| Investment income (loss)  | (554,169)                  | (51,745)                    | (114,657)                         | (439,452)                 | -            | (1,160,023)   |
| Net cash provided by investing activities                               | (554,169)                  | (51,745)                    | (114,657)                         | (439,452)                 | -            | (1,160,023)   |
| <b>Net increase (decrease) in cash and cash equivalents</b>             | 1,143,642                  | (198,650)                   | 690,136                           | 720,088                   | (372,224)    | 1,982,992     |
| <b>Cash and cash equivalents, beginning</b>                             | \$ 7,968,406               | \$ 1,015,317                | \$ 718,319                        | \$ 6,507,397              | \$ 3,379,844 | \$ 19,589,283 |
| <b>Cash and cash equivalents, ending</b>                                | \$ 9,112,048               | \$ 816,667                  | \$ 1,408,455                      | \$ 7,227,485              | \$ 3,007,620 | \$ 21,572,275 |

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



**CITY OF OCALA, FLORIDA**  
**STATEMENT OF CASH FLOWS (Continued)**  
**NONMAJOR PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**Non-Major Enterprise Funds**

|  | <b>Sanitation</b>   | <b>Municipal<br/>Golf<br/>Course</b> | <b>Ocala<br/>International<br/>Airport</b> | <b>Ocala<br/>Fiber<br/>Network</b> | <b>SunTran</b>        | <b>Total</b>        |
|--|---------------------|--------------------------------------|--|------------------------------------|-----------------------|---------------------|
| <b>Reconciliation of Cash and Cash<br/>Equivalents to Balance Sheet:</b>   |                     |                                      |  |                                    |                       |                     |
| Total current cash and investments<br>per the balance sheet  | \$ 9,112,048        | \$ 816,667                           | \$ 1,408,455                               | \$ 7,227,485                       | \$ 3,007,620          | \$ 21,572,275       |
| Cash and cash equivalents, end of year   | <u>9,112,048</u>    | <u>816,667</u>                       | <u>1,408,455</u>                           | <u>7,227,485</u>                   | <u>3,007,620</u>      | <u>21,572,275</u>   |
| <b>Reconciliation of Operating Income (Loss)<br/>to Net Cash Provided by (Used in)<br/>Operating Activities:</b> |                     |                                      |  |                                    |                       |                     |
| Operating income (loss)  | 3,802,911           | (188,572)                            | (1,166,120)                                | 2,428,531                          | (4,046,211)           | 830,539             |
| Adjustments to reconcile operating<br>income (loss) to cash provided<br>by operating activities:                 |                     |                                      |  |                                    |                       |                     |
| Depreciation & amortization  |                     |                                      |  |                                    |                       |                     |
| Amortization   | 666,349             | 49,180                               | 1,348,271                                  | 1,890,458                          | 533,050               | 4,487,308           |
| Loss(gain) on capital asset disposal   |                     |                                      |  |                                    |                       |                     |
| Other (income) expense   |                     |                                      |  |                                    |                       |                     |
| (Increase) decrease in assets and<br>deferred outflow of resources:  |                     |                                      |  |                                    |                       |                     |
| Accounts and notes receivable  | (118,372)           | 3,655                                | 3,334                                      | (56,593)                           | 1,100                 | (166,876)           |
| Accrued unbilled revenue   | 10,894              | -                                    | -  | (9,514)                            | -                     | 1,380               |
| Inventories  | -                   | (32,985)                             | -  | (223,962)                          | -                     | (256,947)           |
| Other current assets   | (21)                | (1,100)                              | (360)                                      | -                                  | (7,401)               | (8,882)             |
| Deferred outflows pension  | (17,801)            | -                                    | (2,504)                                    | (5,254)                            | -                     | (25,559)            |
| Deferred outflow OPEB  | (98,593)            | -                                    | (23,180)                                   | (24,084)                           | -                     | (145,857)           |
| Increase (decrease) in liabilities and<br>deferred inflow of resources:  |                     |                                      |  |                                    |                       |                     |
| Accounts payable   | 62,426              | 48,423                               | 27,870                                     | (91,657)                           | 87,632                | 134,694             |
| Compensated absences payable   | (2,469)             | -                                    | (21,170)                                   | 2,797                              | -                     | (20,842)            |
| OPEB obligation payable  | 71,706              | -                                    | 11,148                                     | 23,013                             | -                     | 105,867             |
| Net pension liability  | (1,783,039)         | -                                    | 319,772                                    | (95,050)                           | -                     | (1,558,317)         |
| Deferred inflows pension   | 1,081,084           | -                                    | 152,080                                    | 319,036                            | -                     | 1,552,200           |
| Customer deposits  | -                   | (6,987)                              | 3,775                                      | -                                  | -                     | (3,212)             |
| Deferred inflows OPEB  | (2,211)             | -                                    | (344)                                      | (710)                              | -                     | (3,265)             |
| Unearned revenue   | -                   | -                                    | (80,210)                                   | -                                  | -                     | (80,210)            |
| Net cash provided by (used in)<br>operating activities   | <u>\$ 3,672,864</u> | <u>\$ (128,386)</u>                  | <u>\$ 572,362</u>                          | <u>\$ 4,157,011</u>                | <u>\$ (3,431,830)</u> | <u>\$ 4,842,021</u> |

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



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**CITY OF OCALA, FLORIDA  
INTERNAL SERVICE FUNDS  
SEPTEMBER 30, 2022**

**INTERNAL SERVICE FUNDS:**

The Internal Service Funds account for the operation of departments which exist solely to provide services to other City departments. The revenues of the Internal Service Funds are derived from user fees and self-insurance premiums charged to other City funds. The Internal Service Funds used by the City are:

**Fleet & Facilities and Information Technology Management Fund** - This fund formally accounted for the operation of the fleet and facilities management department. Fleet and facilities management are now accounted for in the General Fund. This fund will be closed out in a future period.

**Self-Insurance Fund** - This fund accounts for the operation of the risk management department and for the costs of the City's insurance and self-insurance plans.

**CITY OF OCALA, FLORIDA  
COMBINING BALANCE SHEET  
INTERNAL SERVICE FUNDS  
SEPTEMBER 30, 2022**

|   | <b>Fleet, Facilities<br/>and Information<br/>Technology<br/>Management</b> | <b>Self-<br/>Insurance</b>  | <b>Total</b>                |
|---|--|-----------------------------|-----------------------------|
| <b>Assets</b>                             |  |                             |                             |
| <b>Current Assets:</b>                    |  |                             |                             |
| Equity in pooled cash and investment fund | \$ 1,101,968   | \$ 27,999,791               | \$ 29,101,759               |
| Accrued interest receivable               | 3,473  | 85,019                      | 88,492                      |
| <b>Total current assets</b>               | <u>1,105,441</u>   | <u>28,084,810</u>           | <u>29,190,251</u>           |
| <b>Total assets</b>                       | <u><u>1,105,441</u></u>  | <u><u>28,084,810</u></u>    | <u><u>29,190,251</u></u>    |
| <b>Liabilities</b>                        |  |                             |                             |
| <b>Current Liabilities:</b>               |  |                             |                             |
| Accounts payable and accrued liabilities  | -  | 2,168,834                   | 2,168,834                   |
| Claims payable                            | -  | 2,338,624                   | 2,338,624                   |
| <b>Total current liabilities</b>          | <u>-</u>   | <u>4,507,458</u>            | <u>4,507,458</u>            |
| <b>Noncurrent Liabilities:</b>            |  |                             |                             |
| Claims payable                            | -  | 5,723,935                   | 5,723,935                   |
| <b>Total noncurrent liabilities</b>       | <u>-</u>   | <u>5,723,935</u>            | <u>5,723,935</u>            |
| <b>Total liabilities</b>                  | <u><u>-</u></u>  | <u><u>10,231,393</u></u>    | <u><u>10,231,393</u></u>    |
| <b>Net Position</b>                       |  |                             |                             |
| Unrestricted                              | <u>1,105,441</u>   | <u>17,853,417</u>           | <u>18,958,858</u>           |
| <b>Total net position</b>                 | <u><u>\$ 1,105,441</u></u>   | <u><u>\$ 17,853,417</u></u> | <u><u>\$ 18,958,858</u></u> |

**CITY OF OCALA, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

|   | <b>Fleet, Facilities<br/>and Information<br/>Technology<br/>Management</b> | <b>Self-<br/>Insurance</b>  | <b>Total</b>                |
|---|--|-----------------------------|-----------------------------|
| <b>Operating Revenues:</b>                |  |                             |                             |
| City insurance contributions              | \$ -   | \$ 10,836,393               | \$ 10,836,393               |
| Employee insurance contributions          | -  | 2,298,507                   | 2,298,507                   |
| Other                                     | -  | 573,238                     | 573,238                     |
| Total operating revenues                  | <u>-</u>   | <u>13,708,138</u>           | <u>13,708,138</u>           |
| <b>Operating Expenses:</b>                |  |                             |                             |
| Insurance, administration and other       | -  | 17,703,699                  | 17,703,699                  |
| Total operating expenses                  | <u>-</u>   | <u>17,703,699</u>           | <u>17,703,699</u>           |
| <b>Operating income (loss)</b>            | <u>-</u>   | <u>(3,995,561)</u>          | <u>(3,995,561)</u>          |
| <b>Non-Operating Revenues (Expenses):</b> |  |                             |                             |
| Investment income (loss)                  | (70,502)   | (1,826,259)                 | (1,896,761)                 |
| Total non-operating revenues              | <u>(70,502)</u>  | <u>(1,826,259)</u>          | <u>(1,896,761)</u>          |
| <b>Income before operating transfers</b>  | <u>(70,502)</u>  | <u>(5,821,820)</u>          | <u>(5,892,322)</u>          |
| <b>Transfers:</b>                         |  |                             |                             |
| Transfers in                              | -  | 1,000,000                   | 1,000,000                   |
| Total transfers                           | <u>-</u>   | <u>1,000,000</u>            | <u>1,000,000</u>            |
| <b>Change in net position</b>             | <u>(70,502)</u>  | <u>(4,821,820)</u>          | <u>(4,892,322)</u>          |
| <b>Net position - October 1</b>           | <u>\$ 1,175,943</u>  | <u>\$ 22,675,237</u>        | <u>\$ 23,851,180</u>        |
| <b>Net position - September 30</b>        | <u><u>\$ 1,105,441</u></u>   | <u><u>\$ 17,853,417</u></u> | <u><u>\$ 18,958,858</u></u> |

**CITY OF OCALA, FLORIDA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

|   | <b>Fleet, Facilities<br/>and Information<br/>Technology<br/>Management</b> | <b>Self-<br/>Insurance</b>  | <b>Total</b>                |
|---|--|-----------------------------|-----------------------------|
| <b>Cash Flows from Operating Activities:</b>                |  |                             |                             |
| Cash received from employees                                | \$ -   | \$ 2,298,507                | \$ 2,298,507                |
| Cash received from customers                                |  | 573,238                     | 573,238                     |
| Cash paid to suppliers for goods and services               | -  | (5,998,084)                 | (5,998,084)                 |
| Cash received from other funds                              | -  | 15,351,779                  | 15,351,779                  |
| Cash paid for insurance claims                              | -  | (16,120,964)                | (16,120,964)                |
| Net cash provided by operating activities                   | -  | (3,895,524)                 | (3,895,524)                 |
| <b>Cash Flows from Non-Capital Financing Activities:</b>    |  |                             |                             |
| Transfers in  | -  | 1,000,000                   | 1,000,000                   |
| Net cash used in non-capital financing activities           | -  | 1,000,000                   | 1,000,000                   |
| <b>Cash Flows from Investing Activities:</b>                |  |                             |                             |
| Investment income (loss)                                    | (71,080)   | (1,830,683)                 | (1,901,763)                 |
| Net cash provided by investing activities                   | (71,080)   | (1,830,683)                 | (1,901,763)                 |
| <b>Net increase (decrease) in cash and cash equivalents</b> | (71,080)   | (4,726,207)                 | (4,797,287)                 |
| <b>Cash and cash equivalents, beginning</b>                 | <u>\$ 1,173,048</u>  | <u>\$ 32,725,998</u>        | <u>\$ 33,899,046</u>        |
| <b>Cash and cash equivalents, ending</b>                    | <u><u>\$ 1,101,968</u></u>   | <u><u>\$ 27,999,791</u></u> | <u><u>\$ 29,101,759</u></u> |

(Continued)

**CITY OF OCALA, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS (Continued)**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

|  | <u>Fleet, Facilities<br/>and Information<br/>Technology<br/>Management</u> | <u>Self-<br/>Insurance</u> | <u>Total</u>          |
|--|--|----------------------------|-----------------------|
| <b>Reconciliation of Operating Income (Loss) to<br/>Cash Provided by Operating Activities:</b> |  |                            |                       |
| Operating income (loss)  | \$ -   | \$ (3,995,561)             | \$ (3,995,561)        |
| Adjustment to reconcile operating income<br>to cash flows provided by operating<br>activities: |  |                            |                       |
| Increase (decrease) in liabilities:  |  |                            |                       |
| Accounts payable   | -  | 375,037                    | 375,037               |
| Claims payable   | -  | (275,000)                  | (275,000)             |
|  | <u>-</u>   | <u>(275,000)</u>           | <u>(275,000)</u>      |
| Net cash provided by operating activities  | <u>\$ -</u>  | <u>\$ (3,895,524)</u>      | <u>\$ (3,895,524)</u> |

**CITY OF OCALA, FLORIDA  
STATISTICAL SECTION  
Description of Schedules**

This part of the City of Ocala, Florida's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

| <b>Contents</b>   | <b><u>Pages</u></b> |
|---|---------------------|
| <b>Financial Trends .....</b>   | <b>164-173</b>      |
| These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.  |                     |
| <b>Revenue Capacity .....</b>   | <b>174-178</b>      |
| These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.  |                     |
| <b>Debt Capacity .....</b>  | <b>179-185</b>      |
| These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.                    |                     |
| <b>Demographic and Economic Information .....</b>   | <b>186-191</b>      |
| These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.   |                     |
| <b>Operating Information .....</b>  | <b>192-195</b>      |
| These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. |                     |

**Sources:** Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.



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

|   | <b>2013</b>           | <b>2014</b>           | <b>2015</b>           | <b>2016</b>           |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities                     |                       |                       |                       |                       |
| Net invested in capital assets              | \$ 141,311,511        | \$ 138,868,835        | \$ 136,345,185        | \$ 142,447,242        |
| Restricted                                  | 14,389,998            | 16,443,002            | 14,253,874            | 8,975,960             |
| Unrestricted                                | 64,263,573            | (11,486,172)          | (6,091,460)           | (4,629,276)           |
| Total governmental activities net position  | <u>219,965,082</u>    | <u>143,825,665</u>    | <u>144,507,599</u>    | <u>146,793,926</u>    |
| Business-type activities                    |                       |                       |                       |                       |
| Net invested in capital assets              | 232,258,907           | 217,624,156           | 226,332,226           | 228,909,169           |
| Restricted                                  | 16,814,430            | 14,661,259            | 12,975,219            | 12,966,465            |
| Unrestricted                                | 80,593,174            | 54,698,310            | 56,262,159            | 49,974,407            |
| Total business-type activities net position | <u>329,666,511</u>    | <u>286,983,725</u>    | <u>295,569,604</u>    | <u>291,850,041</u>    |
| Primary government                          |                       |                       |                       |                       |
| Net invested in capital assets (1)          | 373,570,418           | 356,492,991           | 362,677,411           | 371,356,411           |
| Restricted (3)                              | 31,204,428            | 31,104,261            | 27,229,093            | 21,942,425            |
| Unrestricted (2) (4) (5)                    | 144,856,747           | 43,212,138            | 50,170,699            | 45,345,131            |
| Total primary government net position       | <u>\$ 549,631,593</u> | <u>\$ 430,809,390</u> | <u>\$ 440,077,203</u> | <u>\$ 438,643,967</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.

| <b>2017</b>           | <b>2018</b>           | <b>2019</b>           | <b>2020</b>           | <b>2021</b>           | <b>2022</b>           |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 142,579,197        | \$ 144,116,288        | \$ 140,551,684        | \$ 144,263,587        | \$ 141,919,068        | \$ 144,120,074        |
| 13,711,945            | 12,538,873            | 15,994,010            | 17,847,468            | 24,680,544            | 35,467,317            |
| (9,538,921)           | (3,874,746)           | 16,002,683            | (55,735,218)          | (41,956,351)          | (29,101,959)          |
| <u>146,752,221</u>    | <u>152,780,415</u>    | <u>156,554,367</u>    | <u>106,375,837</u>    | <u>124,643,261</u>    | <u>150,485,432</u>    |
| 205,989,676           | 208,016,157           | 219,640,297           | 229,806,945           | 229,459,133           | 226,283,800           |
| 33,647,458            | 40,452,063            | 39,985,327            | 40,316,227            | 46,553,961            | 53,792,169            |
| 41,988,027            | 33,787,661            | 22,368,955            | 24,981,348            | 31,284,269            | 31,730,343            |
| <u>281,625,161</u>    | <u>282,255,881</u>    | <u>281,994,579</u>    | <u>295,104,520</u>    | <u>307,297,363</u>    | <u>311,806,312</u>    |
| 348,568,873           | 352,132,445           | 360,191,981           | 374,070,532           | 371,378,201           | 370,403,874           |
| 47,359,403            | 52,990,936            | 55,979,337            | 58,163,695            | 71,234,505            | 89,259,486            |
| 32,449,106            | 29,912,915            | 38,371,638            | (30,753,870)          | (10,672,082)          | 2,628,384             |
| <u>\$ 428,377,382</u> | <u>\$ 435,036,296</u> | <u>\$ 454,542,956</u> | <u>\$ 401,480,357</u> | <u>\$ 431,940,624</u> | <u>\$ 462,291,744</u> |

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

|                                    | <b>2013</b>                  | <b>2014</b>                  | <b>2015</b>                  | <b>2016</b>                  |
|------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| <b>Expenses</b>                    |                              |                              |                              |                              |
| Governmental Activities:           |                              |                              |                              |                              |
| General government                 | \$ 19,281,318                | \$ 19,534,066                | \$ 12,098,361                | \$ 11,597,693                |
| Public safety                      | 37,679,867                   | 40,478,307                   | 39,867,780                   | 42,665,312                   |
| Public safety- Fire fee settlement | -                            | -                            | -                            | -                            |
| Physical environment               | 3,360,975                    | 3,237,167                    | 4,827,696                    | 6,154,252                    |
| Transportation                     | 13,965,893                   | 13,795,747                   | 16,251,420                   | 17,375,706                   |
| Economic environment               | 1,307,330                    | 1,161,368                    | 2,145,278                    | 3,778,358                    |
| Human services                     | 24,280                       | 16,097                       | 2,825                        | 5,247                        |
| Culture and recreation             | 5,277,119                    | 6,344,312                    | 5,982,171                    | 7,159,916                    |
| Interest on long-term debt         | 1,539,021                    | 1,081,931                    | 768,408                      | 2,417,186                    |
| Total Governmental Activities      | <u>82,435,803</u>            | <u>85,648,995</u>            | <u>81,943,939</u>            | <u>91,153,670</u>            |
| Business-type Activities:          |                              |                              |                              |                              |
| Electric                           | 138,811,204                  | 139,883,927                  | 131,540,076                  | 136,853,553                  |
| Water and sewer                    | 28,609,880                   | 29,073,065                   | 29,444,099                   | 30,830,593                   |
| Sanitation                         | 7,882,244                    | 8,500,528                    | 8,218,564                    | 8,933,087                    |
| Municipal Golf Course              | 1,677,306                    | 1,713,929                    | 1,791,935                    | 1,938,067                    |
| International airport              | 2,118,046                    | 1,559,991                    | 1,718,391                    | 1,838,267                    |
| Fiber Network                      | 1,920,583                    | 1,867,882                    | 2,472,288                    | 2,695,714                    |
| SunTran                            | 3,218,583                    | 3,064,160                    | 3,213,971                    | 3,059,382                    |
| Total Business-type Activities     | <u>184,237,846</u>           | <u>185,663,482</u>           | <u>178,399,324</u>           | <u>186,148,663</u>           |
| Total Expenses                     | <u><u>266,673,649</u></u>    | <u><u>271,312,477</u></u>    | <u><u>260,343,263</u></u>    | <u><u>277,302,333</u></u>    |
| <b>Program Revenues</b>            |                              |                              |                              |                              |
| Governmental Activities:           |                              |                              |                              |                              |
| Charges for services:              |                              |                              |                              |                              |
| General government                 | 12,120,493                   | 12,573,121                   | 11,976,789                   | 12,961,644                   |
| Public safety                      | 8,633,327                    | 9,222,433                    | 9,316,289                    | 9,401,196                    |
| Physical environment               | -                            | -                            | 6,621                        | 128                          |
| Economic environment               | 63,899                       | 73,697                       | 33,269                       | 61,865                       |
| Culture and recreation             | 391,944                      | 615,502                      | 625,997                      | 585,640                      |
| Operating grants and contributions | 3,576,996                    | 1,730,087                    | 2,080,103                    | 2,429,040                    |
| Capital grants and contributions   | 2,453,222                    | 2,055,142                    | 101,321                      | 1,867,635                    |
| Total governmental activities      | <u>27,239,881</u>            | <u>26,269,982</u>            | <u>24,140,389</u>            | <u>27,307,148</u>            |
| Business-type Activities:          |                              |                              |                              |                              |
| Charges for services:              |                              |                              |                              |                              |
| Electric                           | 150,344,736                  | 149,081,307                  | 143,366,578                  | 143,790,825                  |
| Water and sewer                    | 26,228,504                   | 26,343,265                   | 26,665,395                   | 28,267,876                   |
| Sanitation                         | 10,035,141                   | 10,226,021                   | 10,212,366                   | 10,598,109                   |
| Municipal golf courses             | 1,141,808                    | 1,162,307                    | 1,014,454                    | 1,227,082                    |
| International airport              | 767,090                      | 771,685                      | 988,125                      | 1,065,576                    |
| Fiber Network                      | 2,530,414                    | 2,709,641                    | 3,100,306                    | 3,588,651                    |
| SunTran                            | 361,693                      | 381,085                      | 430,559                      | 365,528                      |
| Operating grants and contributions | 2,936,061                    | 2,096,501                    | 2,495,443                    | 2,027,718                    |
| Capital grants and contributions   | 1,479,180                    | 3,105,852                    | 7,548,606                    | 2,879,731                    |
| Total Business-type Activities     | <u>195,824,627</u>           | <u>195,877,664</u>           | <u>195,821,832</u>           | <u>193,811,096</u>           |
| Total Program Revenues             | <u><u>\$ 223,064,508</u></u> | <u><u>\$ 222,147,646</u></u> | <u><u>\$ 219,962,221</u></u> | <u><u>\$ 221,118,244</u></u> |

| 2017           | 2018           | 2019           | 2020           | 2021           | 2022           |
|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 15,103,102  | \$ 16,541,510  | \$ 14,173,067  | \$ 12,539,845  | \$ 12,543,745  | \$ 11,952,518  |
| 42,095,725     | 45,582,373     | 47,822,519     | 58,112,349     | 57,613,575     | 57,827,557     |
| -              | -              | -              | 80,000,000     | -              | -              |
| 6,413,857      | 7,012,507      | 6,132,488      | 6,629,347      | 6,990,456      | 7,522,112      |
| 18,046,664     | 19,400,855     | 20,192,533     | 17,937,405     | 16,513,398     | 19,538,618     |
| 1,182,204      | 1,595,196      | 2,954,852      | 3,604,606      | 3,665,074      | 3,207,917      |
| 5,113          | 17,021         | -              | -              | -              | -              |
| 8,747,638      | 9,856,771      | 10,225,166     | 9,746,534      | 9,143,439      | 10,043,079     |
| 863,436        | 816,261        | 846,853        | 797,420        | 746,729        | 1,833,538      |
| 92,457,740     | 100,822,494    | 102,347,478    | 189,367,506    | 107,216,416    | 111,925,339    |
| 144,857,424    | 139,377,776    | 141,562,509    | 134,900,874    | 137,572,943    | 188,453,689    |
| 32,970,648     | 34,326,111     | 35,295,692     | 35,235,871     | 34,001,912     | 36,343,504     |
| 9,271,356      | 10,932,803     | 11,035,028     | 11,648,985     | 11,786,769     | 11,792,441     |
| 1,999,735      | 2,139,314      | 2,111,379      | 1,792,709      | 1,658,800      | 1,783,802      |
| 1,829,899      | 1,752,284      | 2,118,597      | 1,490,607      | 1,518,031      | 2,925,026      |
| 3,315,091      | 3,819,983      | 4,299,046      | 4,657,453      | 5,232,092      | 6,080,816      |
| 3,118,029      | 2,929,334      | 3,144,422      | 3,227,376      | 3,585,371      | 4,233,781      |
| 197,362,182    | 195,277,605    | 199,566,673    | 192,953,875    | 195,355,918    | 251,613,059    |
| 289,819,922    | 296,100,099    | 301,914,151    | 382,321,381    | 302,572,334    | 363,538,398    |
| 13,247,342     | 15,323,733     | 14,881,579     | 8,113,682      | 8,545,958      | 10,777,935     |
| 9,790,569      | 10,339,923     | 10,865,438     | 11,052,473     | 9,842,226      | 15,186,680     |
| 442            | 135,074        | 103,704        | 7,178,037      | 8,100,060      | 8,330,631      |
| 103,597        | -              | -              | 54,897         | 56,294         | 259,532        |
| 547,225        | 671,332        | 818,514        | 427,141        | 485,134        | 608,760        |
| 3,941,191      | 2,093,493      | 4,366,727      | 2,193,649      | 2,561,616      | 7,173,153      |
| 1,707,662      | 2,231,867      | 897,270        | 951,787        | 297,732        | 820,242        |
| 29,338,028     | 30,795,422     | 31,933,232     | 29,971,666     | 29,889,020     | 43,156,933     |
| 149,362,971    | 151,400,553    | 150,735,604    | 155,074,881    | 158,037,816    | 206,625,372    |
| 28,841,424     | 29,574,011     | 31,065,814     | 31,400,930     | 34,340,257     | 38,070,524     |
| 11,235,445     | 12,507,267     | 13,390,517     | 14,369,835     | 15,415,424     | 15,596,566     |
| 1,456,241      | 1,442,187      | 1,463,600      | 1,276,066      | 1,711,086      | 1,595,230      |
| 1,103,267      | 1,107,269      | 1,114,247      | 1,265,518      | 1,571,302      | 1,758,906      |
| 4,095,942      | 5,203,224      | 6,782,699      | 7,150,454      | 7,885,925      | 8,498,919      |
| 420,010        | 342,775        | 315,487        | 255,155        | 168,842        | 151,498        |
| 2,739,807      | 2,964,470      | 2,040,475      | 7,466,671      | 3,236,285      | 3,512,878      |
| 5,390,271      | 6,509,675      | 7,858,521      | 7,619,198      | 9,248,394      | 8,848,928      |
| 204,645,378    | 211,051,431    | 214,766,964    | 225,878,708    | 231,615,331    | 284,658,821    |
| \$ 233,983,406 | \$ 241,846,853 | \$ 246,700,196 | \$ 255,850,374 | \$ 261,504,351 | \$ 327,815,754 |

(Continued)

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

|   | 2013            | 2014            | 2015            | 2016            |
|---|-----------------|-----------------|-----------------|-----------------|
| Net (Expense)/Revenue:                    |                 |                 |                 |                 |
| Governmental Activities                   | \$ (55,195,922) | \$ (59,379,013) | \$ (57,803,550) | \$ (63,846,522) |
| Business-type Activities                  | 11,586,781      | 10,214,182      | 17,422,508      | 7,662,433       |
| Total net expense                         | (43,609,141)    | (49,164,831)    | (40,381,042)    | (56,184,089)    |
| <b>General Revenues</b>                   |                 |                 |                 |                 |
| Governmental Activities:                  |                 |                 |                 |                 |
| Property taxes                            | 21,305,973      | 21,894,229      | 22,160,053      | 25,500,381      |
| Utility service tax                       | 8,599,445       | 8,664,000       | 9,786,858       | 9,144,899       |
| Other taxes                               | 8,972,446       | 7,689,252       | 7,494,498       | 7,470,991       |
| Unrestricted revenues                     | 4,840,855       | 5,163,266       | 5,465,229       | 5,917,854       |
| Investment income                         | 82,061          | 1,061,063       | 1,424,026       | 1,760,743       |
| Miscellaneous                             | 1,009,236       | 375,033         | 1,339,232       | 853,394         |
| Transfers                                 | 11,232,009      | 14,789,361      | 10,815,588      | 13,914,315      |
| Total governmental revenues and transfers | 56,042,025      | 59,636,204      | 58,485,484      | 64,562,577      |
| Business-type Activities:                 |                 |                 |                 |                 |
| Investment income                         | 762,696         | 1,507,101       | 1,978,959       | 2,532,319       |
| Transfers                                 | (11,232,009)    | (14,789,361)    | (10,815,588)    | (13,914,315)    |
| Total business-type activities            | (10,469,313)    | (13,282,260)    | (8,836,629)     | (11,381,996)    |
| Total primary government                  | 45,572,712      | 46,353,944      | 49,648,855      | 53,180,581      |
| <b>Change in Net Position</b>             |                 |                 |                 |                 |
| Governmental Activities                   | 846,103         | 257,191         | 681,934         | 716,055         |
| Business-type Activities                  | 1,117,468       | (3,068,078)     | 8,585,879       | (3,719,563)     |
| Total Change in Net Position              | \$ 1,963,571    | \$ (2,810,887)  | \$ 9,267,813    | \$ (3,003,508)  |

| 2017            | 2018            | 2019            | 2020             | 2021            | 2022            |
|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|
| \$ (63,119,712) | \$ (70,027,072) | \$ (70,414,246) | \$ (159,395,840) | \$ (77,327,396) | \$ (68,768,406) |
| 7,283,196       | 15,773,826      | 15,200,291      | 32,924,833       | 36,259,413      | 33,045,762      |
| (55,836,516)    | (54,253,246)    | (55,213,955)    | (126,471,007)    | (41,067,983)    | (35,722,644)    |
| 26,579,539      | 28,086,252      | 30,390,304      | 32,306,598       | 34,874,426      | 36,949,326      |
| 9,083,731       | 9,767,251       | 10,373,092      | 9,319,912        | 9,319,912       | 9,319,912       |
| 12,163,357      | 14,996,501      | 15,927,031      | 15,767,325       | 14,706,970      | 17,025,274      |
| 6,194,657       | 6,428,967       | 6,761,150       | 6,315,818        | 6,315,818       | 6,315,818       |
| 438,878         | 86,514          | 4,838,095       | 5,142,603        | (183,469)       | (8,504,610)     |
| 654,463         | 1,479,744       | 1,101,835       | 733,753          | 1,429,765       | 1,197,714       |
| 14,804,493      | 15,205,236      | 21,170,701      | 23,637,291       | 23,933,547      | 24,106,826      |
| 69,919,118      | 76,050,465      | 90,562,208      | 93,223,300       | 90,396,969      | 86,410,260      |
| 665,920         | 62,130          | 5,329,108       | 3,822,399        | (133,023)       | (4,429,987)     |
| (14,804,493)    | (15,205,236)    | (21,170,701)    | (23,637,291)     | (23,933,547)    | (24,106,826)    |
| (14,138,573)    | (15,143,106)    | (15,841,593)    | (19,814,892)     | (24,066,570)    | (28,536,813)    |
| 55,780,545      | 60,907,359      | 74,720,615      | 73,408,408       | 66,330,399      | 57,873,447      |
| 6,799,406       | 6,028,194       | 20,147,962      | (66,172,540)     | 18,267,424      | 25,842,171      |
| (6,855,377)     | 630,720         | (641,302)       | 13,109,941       | 12,192,843      | 4,508,949       |
| \$ (55,971)     | \$ 6,658,914    | \$ 19,506,660   | \$ (53,062,599)  | \$ 30,460,267   | \$ 30,351,120   |

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

|                                    | <u>2013</u>          | <u>2014</u>          | <u>2015</u>          | <u>2016</u>          |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| General fund                       |                      |                      |                      |                      |
| Nondisposable                      | \$ 312,239           | \$ 356,272           | \$ 269,708           | \$ 545,193           |
| Restricted                         | 2,250,114            | 2,244,478            | 2,247,645            | 1,097,701            |
| Committed                          | 2,075,156            | 2,111,603            | 2,150,167            | 1,521,527            |
| Assigned                           | 19,470,337           | 21,092,119           | 25,530,135           | 20,553,148           |
| Unassigned                         | 17,366,628           | 17,566,179           | 15,535,866           | 17,096,287           |
| Total general fund                 | <u>41,474,474</u>    | <u>43,370,651</u>    | <u>45,733,521</u>    | <u>40,813,856</u>    |
| CRA fund                           |                      |                      |                      |                      |
| Nondisposable                      | -                    | -                    | -                    | -                    |
| Restricted                         | 3,854,480            | 4,054,507            | 4,251,696            | 1,678,833            |
| Unassigned                         | -                    | -                    | -                    | -                    |
| Total CRA fund                     | <u>3,854,480</u>     | <u>4,054,507</u>     | <u>4,251,696</u>     | <u>1,678,833</u>     |
| All other governmental funds       |                      |                      |                      |                      |
| Nondisposable                      | -                    | -                    | -                    | -                    |
| Restricted                         | 11,466,604           | 12,696,455           | 8,789,576            | 6,574,272            |
| Committed                          | 5,825,062            | 5,235,565            | 5,830,170            | 5,397,900            |
| Total all other governmental funds | <u>\$ 17,291,666</u> | <u>\$ 17,932,020</u> | <u>\$ 14,619,746</u> | <u>\$ 11,972,172</u> |

| <u>2017</u>          | <u>2018</u>          | <u>2019</u>          | <u>2020</u>          | <u>2021</u>          | <u>2022</u>          |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 1,147,780         | \$ 818,773           | \$ 2,299,121         | \$ 2,827,844         | \$ 3,525,048         | \$ 3,077,887         |
| 1,573,949            | 1,999,031            | 2,362,000            | 2,588,494            | 2,748,786            | 3,322,068            |
| 1,545,781            | 1,825,787            | 2,954,841            | 3,910,065            | 2,872,695            | 2,744,106            |
| 14,105,173           | 15,712,693           | 22,362,272           | 26,139,813           | 35,126,233           | 14,121,678           |
| 18,645,544           | 19,067,511           | 21,801,107           | 20,587,032           | 22,699,503           | 20,899,910           |
| <u>37,018,227</u>    | <u>39,423,795</u>    | <u>51,779,341</u>    | <u>56,053,248</u>    | <u>66,972,265</u>    | <u>44,165,649</u>    |
| -                    | -                    | -                    | -                    | -                    | 1,113                |
| 1,824,463            | 2,394,248            | 2,855,528            | 3,123,102            | 979,557              | 3,795,337            |
| -                    | -                    | -                    | -                    | -                    | (4,945,145)          |
| <u>1,824,463</u>     | <u>2,394,248</u>     | <u>2,855,528</u>     | <u>3,123,102</u>     | <u>979,557</u>       | <u>(1,148,695)</u>   |
| -                    | 62,293               | 66,547               | 950                  | 6,354                | 1,109,178            |
| 10,783,703           | 8,521,664            | 11,133,200           | 12,466,884           | 21,220,672           | 50,527,255           |
| 5,187,862            | 4,603,096            | 5,342,040            | 6,538,710            | 8,699,554            | 10,717,713           |
| <u>\$ 15,971,565</u> | <u>\$ 13,187,053</u> | <u>\$ 16,541,787</u> | <u>\$ 19,006,544</u> | <u>\$ 29,926,580</u> | <u>\$ 62,354,146</u> |



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

|  | <b>2013</b>         | <b>2014</b>         | <b>2015</b>         | <b>2016</b>            | <b>2017</b>        |
|--|---------------------|---------------------|---------------------|------------------------|--------------------|
| <b>Revenues:</b>   |                     |                     |                     |                        |                    |
| Property tax   | \$ 21,305,973       | \$ 21,894,229       | \$ 22,160,053       | \$ 25,500,381          | \$ 26,579,539      |
| Utility service tax  | 8,599,445           | 8,664,000           | 9,786,858           | 9,144,899              | 9,083,731          |
| Communication service tax                                  | 3,284,777           | 2,950,539           | 2,695,896           | 2,643,849              | 2,467,314          |
| Local option gas tax                                       | 4,742,861           | 3,848,278           | 3,866,844           | 3,453,019              | 3,523,965          |
| Other tax  | 944,808             | 890,435             | 931,758             | 1,374,123              | 1,391,683          |
| Infrastructure Sales Surtax                                | -                   | -                   | -                   | -                      | 4,780,395          |
| State revenue sharing                                      | 4,840,855           | 5,163,266           | 5,465,229           | 5,917,854              | 6,194,657          |
| Other intergovernmental revenue                            | 4,721,562           | 4,015,546           | 2,485,782           | 4,286,325              | 5,648,852          |
| Licenses, permits and fees                                 | 1,961,915           | 2,322,118           | 2,263,047           | 2,306,800              | 2,860,444          |
| Fines and forfeitures                                      | 525,780             | 662,904             | 795,029             | 544,354                | 790,722            |
| Charges for services                                       | 18,721,968          | 19,269,414          | 18,462,867          | 20,169,669             | 20,038,009         |
| Investment income  | 15,094              | 745,075             | 939,000             | 1,223,380              | 275,234            |
| Gifts  | 70,747              | 113,672             | 72,643              | -                      | -                  |
| Miscellaneous  | 917,713             | 258,860             | 1,304,467           | 789,782                | 737,810            |
| Total revenues   | <u>70,653,498</u>   | <u>70,798,336</u>   | <u>71,229,473</u>   | <u>77,354,435</u>      | <u>84,372,355</u>  |
| <b>Expenditures:</b>                                       |                     |                     |                     |                        |                    |
| General government   | 17,510,262          | 17,883,219          | 12,551,399          | 11,709,642             | 14,998,495         |
| Public safety  | 36,209,453          | 39,180,970          | 41,668,300          | 43,252,530             | 43,692,227         |
| Physical environment                                       | 2,959,543           | 3,142,876           | 4,181,600           | 4,992,613              | 5,065,131          |
| Transportation   | 5,901,177           | 5,897,941           | 8,652,943           | 9,853,517              | 10,307,913         |
| Economic environment                                       | 1,172,458           | 1,162,813           | 2,149,273           | 3,746,782              | 1,225,350          |
| Human services   | 18,507              | 10,119              | -                   | -                      | -                  |
| Culture and recreation                                     | 4,791,829           | 5,301,046           | 5,744,114           | 6,659,803              | 8,112,809          |
| Capital outlay   | 5,498,520           | 5,426,673           | 4,590,914           | 12,397,566             | 7,189,104          |
| Debt service   |                     |                     |                     |                        |                    |
| Principal payments   | 5,280,000           | 765,000             | 2,300,000           | 2,340,000              | 2,380,000          |
| Issuance Costs   | -                   | -                   | 143,920             | -                      | -                  |
| Interest and fees  | 1,768,039           | 1,043,746           | 1,051,611           | 640,869                | 783,863            |
| Total expenditures   | <u>81,109,788</u>   | <u>79,814,403</u>   | <u>83,034,074</u>   | <u>95,593,322</u>      | <u>93,754,892</u>  |
| Excess of revenues<br>over (under) expenditures            | <u>(10,456,290)</u> | <u>(9,016,067)</u>  | <u>(11,804,601)</u> | <u>(18,238,887)</u>    | <u>(9,382,537)</u> |
| <b>Other financing sources (uses):</b>                     |                     |                     |                     |                        |                    |
| Transfers in   | 15,802,925          | 16,020,763          | 15,532,524          | 14,284,779             | 19,091,037         |
| Transfers out  | (4,570,916)         | (4,268,138)         | (4,595,045)         | (6,185,994)            | (9,359,106)        |
| Issuance of debt   | 7,700,000           | -                   | 21,440,000          | -                      | -                  |
| Payment to bond escrow agent                               | (7,665,000)         | -                   | (21,325,093)        | -                      | -                  |
| Total other financing sources (uses)                       | <u>11,267,009</u>   | <u>11,752,625</u>   | <u>11,052,386</u>   | <u>8,098,785</u>       | <u>9,731,931</u>   |
| Net change in fund balances                                | <u>\$ 810,719</u>   | <u>\$ 2,736,558</u> | <u>\$ (752,215)</u> | <u>\$ (10,140,102)</u> | <u>\$ 349,394</u>  |
| Debt service as a percentage of<br>noncapital expenditures | 9.32%               | 2.43%               | 4.27%               | 3.58%                  | 3.65%              |

| 2018          | 2019          | 2020          | 2021          | 2022          |
|---------------|---------------|---------------|---------------|---------------|
| \$ 28,086,252 | \$ 30,390,304 | \$ 32,306,598 | \$ 34,874,426 | \$ 36,949,326 |
| 9,767,251     | 10,373,092    | 9,319,912     | 10,179,971    | 11,842,744    |
| 2,543,312     | 2,557,723     | 2,437,867     | 2,713,821     | 2,681,273     |
| 3,557,305     | 3,713,340     | 3,585,041     | 3,809,521     | 3,919,597     |
| 1,519,756     | 1,524,808     | 8,142,311     | 9,271,128     | 11,270,239    |
| 7,376,128     | 8,131,160     | 1,602,106     | 1,626,321     | 1,835,438     |
| 6,428,967     | 6,761,150     | 6,315,818     | 7,939,789     | 9,312,030     |
| 4,427,716     | 5,344,740     | 3,065,761     | 2,893,433     | 8,033,509     |
| 3,828,575     | 3,254,885     | 3,048,184     | 3,075,675     | 4,349,468     |
| 1,212,005     | 488,023       | 799,415       | 414,781       | 378,668       |
| 21,327,125    | 22,845,586    | 23,058,307    | 23,505,131    | 30,395,288    |
| 59,281        | 3,319,355     | 3,574,849     | (139,785)     | (6,607,849)   |
| -             | -             | -             | -             | -             |
| 1,705,551     | 1,113,517     | 1,508,208     | 1,431,298     | 1,200,842     |
| 91,839,224    | 99,817,683    | 98,764,377    | 101,595,510   | 115,560,573   |
| 16,494,605    | 14,097,158    | 12,108,761    | 12,234,823    | 12,473,273    |
| 47,376,895    | 49,563,254    | 56,187,681    | 56,710,296    | 133,689,312   |
| 5,920,590     | 5,088,532     | 5,101,065     | 4,883,834     | 5,131,374     |
| 12,041,985    | 12,220,874    | 9,275,080     | 8,040,624     | 10,309,633    |
| 1,498,538     | 2,954,396     | 3,573,962     | 3,674,463     | 3,266,572     |
| -             | -             | -             | -             | -             |
| 9,206,055     | 9,731,547     | 8,965,184     | 8,318,670     | 9,366,271     |
| 12,621,118    | 9,031,688     | 17,631,768    | 9,482,577     | 14,203,439    |
| 2,405,000     | 2,625,000     | 1,910,000     | 1,955,000     | 2,005,000     |
| -             | -             | -             | -             | 144,500       |
| 755,634       | 731,799       | 686,740       | 636,679       | 585,328       |
| 108,320,420   | 106,044,248   | 115,440,241   | 105,936,966   | 191,174,702   |
| (16,481,196)  | (6,226,565)   | (16,675,864)  | (4,341,456)   | (75,614,129)  |
| 21,004,954    | 27,361,341    | 28,098,024    | 28,356,280    | 67,957,742    |
| (4,332,917)   | (4,583,216)   | (4,415,922)   | (4,319,316)   | (44,850,915)  |
| -             | -             | -             | -             | 60,000,000    |
| -             | -             | -             | -             | -             |
| 16,672,037    | 22,778,125    | 23,682,102    | 24,036,964    | 83,106,827    |
| \$ 190,841    | \$ 16,551,560 | \$ 7,006,238  | \$ 19,695,508 | \$ 7,492,698  |
| 3.30%         | 3.46%         | 2.65%         | 2.69%         | 1.46%         |

**CITY OF OCALA, FLORIDA  
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE  
OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

| <b>Fiscal<br/>Year<br/>Ended<br/>Sept. 30, <sup>(2)</sup></b> | <b>Residential<br/>Property</b> | <b>Commercial<br/>Property</b> | <b>Industrial<br/>Property</b> | <b>Agricultural<br/>Property</b> | <b>Institutional<br/>Property</b> | <b>Governmental<br/>Property</b> |
|---|---------------------------------|--------------------------------|--------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| 2013  | \$ 1,810,585,718                | \$ 1,145,607,613               | \$ 408,603,966                 | \$ 75,116,698                    | \$ 284,089,821                    | \$ 454,817,624                   |
| 2014  | 1,790,978,723                   | 1,148,270,533                  | 412,041,209                    | 75,561,748                       | 293,035,789                       | 444,745,227                      |
| 2015  | 1,865,190,878                   | 1,200,011,918                  | 414,249,269                    | 82,114,250                       | 341,278,836                       | 495,473,914                      |
| 2016  | 1,936,663,122                   | 1,258,421,706                  | 425,141,543                    | 80,989,470                       | 459,505,926                       | 433,974,369                      |
| 2017  | 2,075,318,777                   | 1,300,793,552                  | 429,896,092                    | 71,907,136                       | 466,059,673                       | 425,331,897                      |
| 2018  | 2,226,552,442                   | 1,341,027,871                  | 479,805,999                    | 75,645,866                       | 502,373,632                       | 453,292,378                      |
| 2019  | 2,409,763,238                   | 1,420,625,688                  | 503,312,729                    | 93,474,099                       | 512,933,752                       | 456,604,710                      |
| 2020  | 3,320,824,971                   | 1,509,240,756                  | 603,111,766                    | 98,011,908                       | 549,012,657                       | 503,839,353                      |
| 2021  | 2,889,340,875                   | 1,597,056,294                  | 662,125,022                    | 106,868,311                      | 590,697,021                       | 540,729,599                      |
| 2022  | 3,261,281,018                   | 1,612,861,332                  | 760,841,053                    | 105,757,858                      | 609,423,243                       | 536,887,880                      |

Source: Marion County, Florida, Property Appraiser

Notes:

<sup>(1)</sup> 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.

<sup>(2)</sup> All property assessed value for the specified fiscal year-end are obtained from the previous year's tax roll.

<sup>(3)</sup> Includes tax-exempt property

| Vacant<br>Land/Other | Total<br>Real Estate<br>Property | Tangible<br>Personal<br>Property | Total<br>Tax<br>Exempt | Total<br>Assessed<br>Value | Total<br>Direct<br>Rate <sup>(1)</sup> | Estimated<br>Actual<br>Taxable<br>Value | Assessed<br>Value <sup>(3)</sup><br>as a<br>Percentage of<br>Actual Value |
|----------------------|----------------------------------|----------------------------------|------------------------|----------------------------|--|---|---|
| \$ 162,167,340       | \$ 4,340,988,780                 | \$ 498,291,991                   | \$ 1,296,059,078       | \$ 3,543,221,693           | 6.150                                  | \$ 3,546,768,461                        | 99.90%  |
| 145,917,091          | 4,310,550,320                    | 528,584,657                      | 1,273,547,950          | 3,565,587,027              | 6.250                                  | 3,687,266,832                           | 96.70%  |
| 148,895,802          | 4,547,214,867                    | 528,032,771                      | 1,401,872,609          | 3,673,375,029              | 6.164                                  | 3,899,548,863                           | 94.20%  |
| 141,256,751          | 4,735,952,887                    | 586,397,669                      | 1,388,167,060          | 3,934,183,496              | 6.617                                  | 4,154,364,832                           | 94.70%  |
| 139,970,995          | 4,909,278,122                    | 588,586,529                      | 1,408,960,525          | 4,088,904,126              | 6.618                                  | 4,322,308,801                           | 94.60%  |
| 145,751,903          | 5,224,450,091                    | 645,347,634                      | 1,517,867,206          | 4,351,930,519              | 6.618                                  | 4,600,349,386                           | 94.60%  |
| 156,827,352          | 5,553,541,568                    | 671,045,422                      | 1,628,173,937          | 4,596,413,053              | 6.618                                  | 4,974,473,001                           | 92.40%  |
| 166,570,852          | 6,750,612,263                    | 718,766,651                      | 1,930,247,158          | 6,848,549,775              | 6.618                                  | 7,239,481,792                           | 94.60%  |
| 176,184,025          | 6,563,001,147                    | 800,813,779                      | 2,061,733,427          | 7,382,800,477              | 6.618                                  | 7,804,228,834                           | 94.60%  |
| 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%  |

**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**

| <b>Fiscal<br/>Year <sup>(1)</sup></b> | <b><u>Direct</u></b> | <b><u>Overlapping</u></b> |                      |  | <b><u>Total</u></b> |
|---------------------------------------|----------------------|---------------------------|----------------------|--|---------------------|
|                                       | <b><u>City</u></b>   | <b><u>County</u></b>      | <b><u>School</u></b> | <b><u>Water<br/>Mgmt<br/>Districts</u></b> |                     |
| 2013                                  | 6.15                 | 3.89                      | 7.67                 | 0.33                                       | 18.04               |
| 2014                                  | 6.25                 | 3.90                      | 7.34                 | 0.33                                       | 17.82               |
| 2015                                  | 6.25                 | 3.90                      | 7.30                 | 0.32                                       | 17.76               |
| 2016                                  | 6.16                 | 3.90                      | 8.17                 | 0.30                                       | 18.53               |
| 2017                                  | 6.62                 | 3.89                      | 7.90                 | 0.29                                       | 18.70               |
| 2018                                  | 6.62                 | 4.02                      | 7.56                 | 0.27                                       | 18.47               |
| 2019                                  | 6.62                 | 3.98                      | 7.32                 | 0.26                                       | 18.17               |
| 2020                                  | 6.62                 | 4.42                      | 7.18                 | 0.24                                       | 18.46               |
| 2021                                  | 6.62                 | 4.42                      | 7.02                 | 0.23                                       | 18.29               |
| 2022                                  | 6.62                 | 4.42                      | 6.90                 | 0.22                                       | 18.16               |

Source: Marion County, Florida, Property Appraiser.

**Note:**

<sup>(1)</sup> All property valuations for the specified fiscal year-end are obtained from the previous year's tax roll.

The Florida Constitution limits the City millage capacity (non debt related) to 10.000 mills.

**CITY OF OCALA, FLORIDA  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT AND NINE YEARS AGO**

| Taxpayer                     | 2022                             |      |   | 2013                       |      |   |
|------------------------------|----------------------------------|------|---|----------------------------|------|---|
|                              | Taxable Assessed Valuation Value | Rank | Percent of Total Taxable Assessed Value | Taxable Assessed Valuation | Rank | Percent of Total Taxable Assessed Value |
| Marion Community Hospital    | \$ 114,313,951                   | 1    | 1.46%                                   | \$ 46,846,576              | 2    | 1.32%                                   |
| Fedex Ground package System  | 91,082,386                       | 2    | 1.16%                                   | -                          | -    | -                                       |
| Cardinal LG Company          | 78,042,690                       | 3    | 0.99%                                   | -                          | -    | -                                       |
| TL IP Ocala Industrial Owner | 60,475,802                       | 4    | 0.77%                                   | -                          | -    | -                                       |
| Carlton Arms Apartments      | 50,468,251                       | 5    | 0.64%                                   | 24,675,091                 | 8    | 0.70%                                   |
| Paddock Mall Associates      | 47,570,769                       | 6    | 0.61%                                   | 38,648,164                 | 4    | 1.09%                                   |
| McLane Ocala LLC             | 45,537,030                       | 7    | 0.58%                                   | -                          | -    | -                                       |
| Northland Saddleworth LLC    | 44,636,102                       | 8    | 0.57%                                   | -                          | -    | -                                       |
| Northland and Heathbrook LLC | 43,439,849                       | 9    | 0.55%                                   | -                          | -    | -                                       |
| West Shore Deerwood LLC      | 37,121,513                       | 10   | 0.47%                                   | -                          | -    | -                                       |
| K-Mart Corporation           | -                                | -    | -                                       | 53,715,528                 | 1    | 1.52%                                   |
| Embarq                       | -                                | -    | -                                       | 46,526,155                 | 3    | 1.31%                                   |
| The Ocala Shoppes LLC        | -                                | -    | -                                       | 28,273,148                 | 5    | 0.80%                                   |
| Wal-Mart                     | -                                | -    | -                                       | 27,153,430                 | 6    | 0.77%                                   |
| Closetmaid Corporation       | -                                | -    | -                                       | 25,448,943                 | 7    | 0.72%                                   |
| Morgan Ocala Center          | -                                | -    | -                                       | 20,335,449                 | 9    | 0.57%                                   |
| C.C. Ocala Joint Venture     | -                                | -    | -                                       | 20,163,397                 | 10   | 0.57%                                   |
| Total                        | <u>\$ 612,688,343</u>            |      | <u>7.79%</u>                            | <u>\$ 331,785,881</u>      |      | <u>9.35%</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**

| <b>Fiscal<br/>Year Ended<br/>September 30</b> | <b>Taxes Levied<br/>For Year</b> | <b>Collected within the<br/>Fiscal Year of the Levy</b> |                            | <b>Collections in<br/>Subsequent<br/>Years</b> | <b>Total Collection to Date</b> |                            |
|---|----------------------------------|---|----------------------------|--|---------------------------------|----------------------------|
|   |                                  | <b>Amount</b>   | <b>Percent<br/>of Levy</b> |  | <b>Amount</b>                   | <b>Percent<br/>of Levy</b> |
| 2013  | \$ 21,791,532                    | \$ 20,808,891   | 95.49%                     | \$ 243,563                                     | \$ 21,052,454                   | 96.61%                     |
| 2014  | 22,285,641                       | 21,479,733  | 96.38%                     | 152,997  | 21,632,730                      | 97.07%                     |
| 2015  | 22,630,418                       | 21,803,282  | 96.35%                     | 97,409   | 21,900,691                      | 96.78%                     |
| 2016  | 26,103,617                       | 25,107,454  | 96.18%                     | 122,978  | 25,230,432                      | 96.65%                     |
| 2017  | 27,099,003                       | 25,794,595  | 95.19%                     | 140,037  | 25,934,632                      | 95.70%                     |
| 2018  | 28,825,142                       | 27,468,776  | 95.29%                     | 121,204  | 27,589,980                      | 95.71%                     |
| 2019  | 30,417,039                       | 29,678,027  | 97.57%                     | 179,222  | 29,857,249                      | 98.16%                     |
| 2020  | 32,547,847                       | 31,328,051  | 96.25%                     | 130,305  | 31,458,356                      | 96.65%                     |
| 2021  | 35,213,221                       | 34,050,151  | 96.70%                     | 174,387  | 34,224,537                      | 97.19%                     |
| 2022  | 37,059,886                       | 35,743,813  | 96.45%                     | 97,571   | 35,841,384                      | 96.71%                     |

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 | Capital Lease | Total     | Utility Systems Revenue Bonds | Total      |                          |                               |            |
| 2013        | \$ 35,427                        | \$ 2,407      | \$ 37,834 | \$ 153,137                    | \$ 153,137 | \$ 190,971               | 10.59%                        | \$ 3,328   |
| 2014        | 34,940                           | 1,296         | 36,236    | 145,795                       | 145,795    | 182,031                  | 9.65%                         | 3,166      |
| 2015        | 34,540                           | 175           | 34,715    | 146,545                       | 146,545    | 181,260                  | 9.06%                         | 3,106      |
| 2016        | 32,200                           | 121           | 32,321    | 141,060                       | 141,060    | 173,381                  | 8.10%                         | 2,903      |
| 2017        | 29,820                           | 65            | 29,885    | 134,780                       | 134,780    | 164,665                  | 7.37%                         | 2,760      |
| 2018        | 27,415                           | -             | 27,415    | 128,405                       | 128,405    | 155,820                  | 6.63%                         | 2,595      |
| 2019        | 24,790                           | -             | 24,790    | 121,675                       | 121,675    | 146,465                  | 5.82%                         | 2,380      |
| 2020        | 22,880                           | -             | 22,880    | 114,645                       | 114,645    | 137,525                  | 5.18%                         | 2,215      |
| 2021        | 20,925                           | 535           | 21,460    | 107,410                       | 107,410    | 128,870                  | 4.56%                         | 2,037      |
| 2022        | 18,920                           | 496           | 19,416    | 99,950                        | 99,950     | 119,366                  | 3.95%                         | 1,842      |

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, 2013-2022.

**CITY OF OCALA, FLORIDA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1)**  
**SEPTEMBER 30, 2022**

| <u>Governmental Unit</u>                               | <u>Bonds<br/>Outstanding</u> | <u>Applicable to City of Ocala</u> |                             |
|--|------------------------------|------------------------------------|-----------------------------|
|  |                              | <u>Percent <sup>(2)</sup></u>      | <u>Amount</u>               |
| Marion County  |                              |                                    |                             |
| Limited Ad Valorem Refunding Tax Bonds,<br>Series 1998 | \$ -                         | 25.40%                             | \$ -                        |
| Total Overlapping Debt                                 |                              |                                    | -                           |
| The City's total direct debt                           |                              |                                    | <u>78,920,000</u>           |
| Total direct and overlapping debt                      |                              |                                    | <u><u>\$ 78,920,000</u></u> |

(1) The City of Ocala had no outstanding general obligation debt during the fiscal year ended September 30, 2022.

(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>2013</u>             | <u>2014</u>             | <u>2015</u>             | <u>2016</u>             | <u>2017</u>             |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Assessed Value (100% at market as of January 1, 2020) | <u>\$ 3,543,221,693</u> | <u>\$ 3,565,587,027</u> | <u>\$ 3,671,502,621</u> | <u>\$ 3,944,515,628</u> | <u>\$ 4,094,928,360</u> |
| Debt Limit: 20% of Assessed Value                     | 708,644,339             | 713,117,405             | 734,300,524             | 788,903,126             | 818,985,672             |
| Amount of General Obligation Debt Outstanding         | <u>-</u>                | <u>-</u>                | <u>-</u>                | <u>-</u>                | <u>-</u>                |
| Legal Debt Margin                                     | <u>\$ 708,644,339</u>   | <u>\$ 713,117,405</u>   | <u>\$ 734,300,524</u>   | <u>\$ 788,903,126</u>   | <u>\$ 818,985,672</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>2018</u>             | <u>2019</u>             | <u>2020</u>             | <u>2021</u>             | <u>2022</u>             |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <u>\$ 4,355,765,086</u> | <u>\$ 4,604,476,504</u> | <u>\$ 4,918,302,617</u> | <u>\$ 5,321,067,050</u> | <u>\$ 5,600,116,125</u> |
| 871,153,017             | 920,895,301             | 983,660,523             | 1,064,213,410           | 1,120,023,225           |
| -                       | -                       | -                       | -                       | -                       |
| <u>\$ 871,153,017</u>   | <u>\$ 920,895,301</u>   | <u>\$ 983,660,523</u>   | <u>\$ 1,064,213,410</u> | <u>\$ 1,120,023,225</u> |

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

|   | <b>2013</b>    | <b>2014</b>    | <b>2015</b>    | <b>2016</b>    |
|---|----------------|----------------|----------------|----------------|
| Capital Improvement Bonds and Certificates: |                |                |                |                |
| Net revenue available for debt service      | \$ 8,167,557   | \$ 8,261,105   | \$ 8,333,770   | \$ 8,359,167   |
| Debt Service payments:                      |                |                |                |                |
| Principal                                   | 2,560,000      | 765,000        | 2,300,000      | 2,340,000      |
| Interest                                    | 1,701,799      | 1,043,246      | 1,088,305      | 639,269        |
| Total debt service payments                 | \$ 4,261,799   | \$ 1,808,246   | \$ 3,388,305   | \$ 2,979,269   |
| Coverage (times)                            | 1.92           | 4.57           | 2.46           | 2.81           |
| Electric System Bonds:                      |                |                |                |                |
| Gross revenues                              | \$ 150,413,508 | \$ 149,817,925 | \$ 144,341,225 | \$ 145,415,283 |
| Less: operating expenses                    | 128,161,245    | 129,528,370    | 121,428,949    | 126,925,324    |
| Net revenue available for debt service      | 22,252,263     | 20,289,555     | 22,912,276     | 18,489,959     |
| Water & Sewer Bonds:                        |                |                |                |                |
| Gross revenues                              | \$ 26,291,964  | \$ 26,974,511  | \$ 27,477,111  | \$ 28,907,441  |
| Less: operating expenses                    | 14,441,410     | 14,908,787     | 15,383,110     | 17,069,840     |
| Net revenue available for debt service      | 11,850,554     | 12,065,724     | 12,094,001     | 11,837,601     |
| Utility System Bonds:                       |                |                |                |                |
| Net revenue available for debt service      | \$ 34,102,817  | \$ 32,355,279  | \$ 35,006,277  | \$ 30,327,560  |
| Debt Service payments:                      |                |                |                |                |
| Principal                                   | 5,095,000      | 5,245,000      | 5,360,000      | 5,485,000      |
| Interest                                    | 6,880,763      | 6,763,874      | 6,146,150      | 3,787,146      |
| Total debt service payments                 | \$ 11,975,763  | \$ 12,008,874  | \$ 11,506,150  | \$ 9,272,146   |
| Coverage (times)                            | 2.85           | 2.69           | 3.04           | 3.27           |

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>2017</u>          | <u>2018</u>          | <u>2019</u>          | <u>2020</u>          | <u>2021</u>          | <u>2022</u>          |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 8,271,340         | \$ 8,682,982         | \$ 8,662,889         | \$ 8,238,069         | \$ 9,856,947         | \$ 10,585,026        |
| 2,380,000            | 2,405,000            | 2,625,000            | 1,910,000            | 1,955,000            | 2,005,000            |
| 783,309              | 755,634              | 731,798              | 686,741              | 636,679              | 585,328              |
| <u>\$ 3,163,309</u>  | <u>\$ 3,160,634</u>  | <u>\$ 3,356,798</u>  | <u>\$ 2,596,741</u>  | <u>\$ 2,591,679</u>  | <u>\$ 2,590,328</u>  |
| 2.61                 | 2.75                 | 2.58                 | 3.17                 | 3.80                 | 4.09                 |
| \$ 149,789,455       | \$ 151,438,543       | \$ 154,082,760       | \$ 157,341,827       | \$ 157,704,984       | \$ 205,000,602       |
| 134,847,261          | 129,812,504          | 130,967,706          | 123,859,220          | 126,386,440          | 177,291,788          |
| <u>14,942,194</u>    | <u>21,626,039</u>    | <u>23,115,054</u>    | <u>33,482,607</u>    | <u>31,318,544</u>    | <u>27,708,814</u>    |
| \$ 29,008,377        | \$ 29,580,210        | \$ 32,378,191        | \$ 32,339,993        | \$ 33,883,410        | \$ 36,328,047        |
| 19,278,182           | 21,072,860           | 21,841,494           | 21,915,827           | 20,663,551           | 23,362,397           |
| <u>9,730,195</u>     | <u>8,507,350</u>     | <u>10,536,697</u>    | <u>10,424,166</u>    | <u>13,219,859</u>    | <u>12,965,650</u>    |
| \$ 24,672,389        | \$ 30,133,389        | \$ 33,651,751        | \$ 43,906,773        | \$ 44,538,403        | \$ 40,674,464        |
| 6,265,000            | 6,375,000            | 6,730,000            | 7,030,000            | 7,235,000            | 7,460,000            |
| 4,507,063            | 3,839,465            | 3,921,634            | 3,879,227            | 3,636,830            | 3,398,141            |
| <u>\$ 10,772,063</u> | <u>\$ 10,214,465</u> | <u>\$ 10,651,634</u> | <u>\$ 10,909,227</u> | <u>\$ 10,871,830</u> | <u>\$ 10,858,141</u> |
| 2.29                 | 2.95                 | 3.16                 | 4.02                 | 4.10                 | 3.75                 |

**CITY OF OCALA, FLORIDA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

| <b>Fiscal<br/>Year</b> | <b>Population <sup>(1)</sup></b> | <b>Personal<br/>Income <sup>(2)</sup></b> | <b>Per Capita<br/>Personal<br/>Income <sup>(4)</sup></b> | <b>Median<br/>Household<br/>Income <sup>(3,4)</sup></b> | <b>County<br/>Unemployment<br/>Rate <sup>(3)</sup></b> |
|------------------------|----------------------------------|---|--|---|--|
| 2013                   | 57,387                           | \$ 1,870,763,977                          | \$ 32,599  | \$ 50,649   | 8.3%   |
| 2014                   | 57,494                           | 1,958,593,423                             | 34,066   | 51,915  | 7.1%   |
| 2015                   | 58,355                           | 2,077,404,623                             | 35,599   | 53,213  | 6.3%   |
| 2016                   | 59,720                           | 2,221,636,226                             | 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%   |

<sup>1)</sup> The City of Ocala Office of Business and Financial Services, Bureau of Economic and Business Research, University of Florida.

<sup>2)</sup> Amount computed from population and per capita personal income statistics for Marion County, Florida.

<sup>3)</sup> Bureau of Labor Statistics. Amounts indicated are for Ocala Metropolitan area.

<sup>4)</sup> Estimated Per Capita and Median Household Income.

**CITY OF OCALA, FLORIDA  
PRINCIPAL EMPLOYERS  
CURRENT AND NINE YEARS AGO**

| <b>Employer</b>                                   | <b>September 30, 2022</b>  |             |  | <b>September 30, 2013</b>  |             |  |
|---|----------------------------|-------------|--|----------------------------|-------------|--|
|   | <b>Total<br/>Employees</b> | <b>Rank</b> | <b>Percent<br/>of Total<br/>City/County<br/>Employment</b> | <b>Total<br/>Employees</b> | <b>Rank</b> | <b>Percent<br/>of Total<br/>City/County<br/>Employment</b> |
| Marion County School Board                        | 7,000                      | 1           | 4.70%  | 6,071                      | 1           | 4.99%  |
| Munroe Regional Medical Center                    |                            |             |  | 2,648                      | 2           | 2.18%  |
| Ocala Health                                      | 2,712                      | 2           | 1.82%  |                            |             |  |
| AdventHealth Ocala <sup>(1)</sup>                 | 2,648                      | 3           | 1.78%  |                            |             |  |
| State of Florida                                  | 2,600                      | 4           | 1.74%  | 2,600                      | 3           | 2.14%  |
| Wal-Mart  | 2,583                      | 5           | 1.73%  | 2,370                      | 4           | 1.95%  |
| Ocala Regional Medical Center and<br>Ocala Health |                            |             |  | 1,725                      | 5           | 1.66%  |
| Lockheed Martin                                   | 1,600                      | 6           | 1.07%  | 929                        | 10          | 0.81%  |
| FedEx Ground                                      | 1,500                      | 7           | 1.01%  |                            |             |  |
| Publix Supermarkets                               | 1,488                      | 8           | 1.00%  | 1,488                      | 6           | 1.22%  |
| Marion County Board of<br>Commissioners           | 1,368                      | 9           | 0.92%  | 1,462                      | 7           | 1.20%  |
| E-One, Inc.                                       | 1,200                      | 10          | 0.81%  |                            |             |  |
| City of Ocala                                     |                            |             |  | 970                        | 9           | 0.80%  |
| AT&T  |                            |             |  | 1,000                      | 8           | 0.84%  |
| Total   | 24,699                     |             | 16.57%   | 21,263                     |             | 17.46%   |
| Ocala MSA Labor Force                             |                            |             | 149,018  |                            |             | 121,747  |

<sup>(1)</sup> 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**

|                                      | <u>2013</u>   | <u>2014</u>   | <u>2015</u>   | <u>2016</u>   | <u>2017</u>     |
|--------------------------------------|---------------|---------------|---------------|---------------|-----------------|
| Legislative.....                     | 6.00          | 6.00          | 6.00          | 6.00          | 6.00            |
| Executive.....                       | 13.75         | 14.00         | 14.00         | 18.00         | 23.00           |
| Business and Financial Services..... | 23.50         | 23.63         | 26.63         | 28.00         | 30.00           |
| Procurement.....                     | -             | -             | -             | -             | -               |
| Human Resources and Risk.....        | 9.00          | 7.00          | 8.00          | 9.00          | 9.00            |
| Development Services.....            | 40.25         | 35.25         | 36.38         | 40.68         | 44.55           |
| Planning.....                        | -             | -             | -             | -             | 1.00            |
| Police                               |               |               |               |               |                 |
| Officers.....                        | 164.00        | 164.00        | 151.64        | 147.19        | 155.00          |
| Civilians.....                       | 89.50         | 81.50         | 96.00         | 103.00        | 103.19          |
| Fire                                 |               |               |               |               |                 |
| Firefighters and Officers.....       | 129.00        | 125.00        | 129.63        | 128.88        | 130.00          |
| Civilians.....                       | 15.00         | 6.00          | 4.00          | 4.00          | 4.00            |
| Engineering                          | 22.00         | 19.00         | 19.00         | 19.00         | 30.00           |
| Recreation.....                      | 64.00         | 53.41         | 63.41         | 58.25         | 71.66           |
| Public Works.....                    | 99.00         | 107.00        | 101.25        | 102.00        | 110.00          |
| Fleet/Facilities.....                | 31.75         | 28.56         | 22.04         | 36.43         | 39.43           |
| Airport.....                         | 5.00          | 5.00          | 5.00          | 5.00          | 5.38            |
| Golf.....                            | -             | -             | -             | -             | -               |
| Water & Sewer.....                   | 77.25         | 89.30         | 84.70         | 85.40         | 91.10           |
| Telecommunications.....              | 7.00          | 7.00          | 7.00          | 11.00         | 15.00           |
| Electric.....                        | 155.75        | 153.25        | 150.55        | 159.80        | 159.00          |
| Stormwater.....                      | -             | -             | -             | -             | -               |
| Information & Technology.....        | 17.00         | 15.00         | 14.00         | 12.00         | 21.00           |
| Community Programs.....              | 1.00          | 1.25          | 1.50          | 1.55          | 2.50            |
| Total                                | <u>969.75</u> | <u>941.15</u> | <u>940.73</u> | <u>975.18</u> | <u>1,050.81</u> |

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

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

| 2018     | 2019     | 2020     | 2021     | 2022     |
|----------|----------|----------|----------|----------|
| 8.00     | 8.00     | 8.00     | 8.00     | 8.00     |
| 16.00    | 16.00    | 15.00    | 16.00    | 16.00    |
| 30.00    | 18.20    | 16.00    | 16.00    | 16.00    |
| -        | 8.00     | 10.00    | 12.00    | 12.00    |
| 10.00    | 12.00    | 12.00    | 13.00    | 13.00    |
| 43.55    | 47.36    | 52.63    | 57.50    | 57.50    |
| 2.00     | 2.13     | 1.75     | 1.75     | 1.75     |
| 165.00   | 157.00   | 178.00   | 192.00   | 192.00   |
| 102.00   | 106.00   | 108.00   | 114.00   | 118.00   |
| 130.00   | 130.00   | 133.00   | 136.00   | 136.00   |
| 4.00     | 4.00     | 4.00     | 4.00     | 4.00     |
| 40.00    | 41.00    | 42.00    | 41.00    | 41.00    |
| 74.85    | 81.70    | 80.10    | 94.27    | 94.27    |
| 116.00   | 102.00   | 103.00   | 103.00   | 103.00   |
| 39.43    | 38.14    | 36.39    | 38.39    | 38.39    |
| 5.38     | 5.50     | 5.50     | 5.50     | 5.50     |
| -        | -        | -        | -        | -        |
| 92.10    | 94.15    | 95.00    | 95.00    | 95.00    |
| 19.00    | 20.00    | 27.00    | 25.00    | 24.00    |
| 161.00   | 167.29   | 172.04   | 164.04   | 164.04   |
| -        | -        | -        | -        | -        |
| 22.00    | 19.00    | 21.04    | 21.04    | 21.04    |
| 2.50     | 1.50     | -        | -        | -        |
| 1,082.81 | 1,078.97 | 1,120.45 | 1,157.49 | 1,160.49 |

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

|                            | <u>2014</u>       | <u>2015</u>       | <u>2016</u>       | <u>2017</u>       |
|----------------------------|-------------------|-------------------|-------------------|-------------------|
| City Leases at Airport:    |                   |                   |                   |                   |
| Sports Complex Lease       | \$ 132,512        | \$ 160,960        | \$ 165,760        | \$ 165,788        |
| Total Value of City Leases | <u>132,512</u>    | <u>160,960</u>    | <u>165,760</u>    | <u>165,788</u>    |
| City Leases                | <u>132,512</u>    | <u>160,960</u>    | <u>165,760</u>    | <u>165,788</u>    |
| Net Subsidy                | <u>\$ 132,512</u> | <u>\$ 160,960</u> | <u>\$ 165,760</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>2018</u>       | <u>2019</u>       | <u>2020</u>       | <u>2021</u>       | <u>2022</u>       | <u>TOTAL</u>        |
|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| <u>\$ 165,788</u> | <u>\$ 151,972</u> | <u>\$ 179,604</u> | <u>\$ 165,788</u> | <u>\$ 225,000</u> | <u>\$ 1,513,172</u> |
| <u>165,788</u>    | <u>151,972</u>    | <u>179,604</u>    | <u>165,788</u>    | <u>225,000</u>    | <u>1,513,172</u>    |
| <u>165,788</u>    | <u>151,972</u>    | <u>179,604</u>    | <u>165,788</u>    | <u>225,000</u>    | <u>1,288,172</u>    |
| <u>\$ 165,788</u> | <u>\$ 151,972</u> | <u>\$ 179,604</u> | <u>\$ 165,788</u> | <u>\$ 225,000</u> | <u>\$ 1,288,172</u> |

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

|   | <b>2013</b>   | <b>2014</b>    | <b>2015</b>    | <b>2016</b>   |
|---|---------------|----------------|----------------|---------------|
| <b>Police</b>                               |               |                |                |               |
| Number of calls for service                 | 239,167       | 233,516        | 272,552        | 249,085       |
| Traffic citations issued                    | 11,887        | 14,114         | 12,210         | 12,306        |
| Cases investigated                          | 6,099         | 7,208          | 10,010         | 5,672         |
| Arrests                                     | 2,959         | 3,105          | 2,766          | 3,398         |
| <b>Fire</b>                                 |               |                |                |               |
| Number of calls for service                 | 19,802        | 17,309         | 19,238         | 24,358        |
| Fires reported                              | 178           | 262            | 238            | 337           |
| Inspections                                 | 2,469         | 2,816          | 2,595          | 2,416         |
| <b>Building Permits</b>                     |               |                |                |               |
| Building permits issued                     | 1,616         | 1,630          | 1,738          | 1,840         |
| Value of permits issued (in thousands)      | \$ 68,726,914 | \$ 169,265,866 | \$ 111,252,423 | \$ 82,956,019 |
| <b>New Construction - Units and Value:</b>  |               |                |                |               |
| Commercial - Number of Units                | 31            | 41             | 49             | 28            |
| Commercial - Value                          | \$ 11,551,770 | \$ 76,095,142  | \$ 10,050,568  | \$ 14,365,711 |
| Residential - Number of Units               | 76            | 81             | 121            | 91            |
| Residential - Value                         | \$ 17,730,674 | \$ 22,875,600  | \$ 29,516,113  | \$ 17,725,394 |
| <b>Streets and Drainage</b>                 |               |                |                |               |
| Street Resurfacing (miles)                  | 2.50          | 4.60           | 9.77           | 19            |
| Potholes repaired                           | 566           | 745            | 1,345          | 731           |
| <b>Parks and Recreation</b>                 |               |                |                |               |
| Athletic field permits issued               | 116           | 83             | 177            | 95            |
| Participants using the pools                | 26,130        | 39,733         | 28,705         | 28,109        |
| Golf rounds                                 | 83,612        | 81,746         | 73,580         | 81,846        |
| <b>Fleet Maintenance</b>                    |               |                |                |               |
| Vehicles owned by the City                  | 1,213         | 1,223          | 1,274          | 1,447         |
| Percent maintained by Fleet                 | 40            | 51             | 96             | 99            |
| Preventive maintenance completed            | 854           | 1,255          | 693            | 1,268         |
| <b>Solid Waste</b>                          |               |                |                |               |
| Number of customers                         | 15,312        | 15,236         | 15,486         | 15,668        |
| Residential refuse collected (in tons)      | 14,655        | 15,079         | 15,154         | 13,484        |
| Residential recyclables collected (in tons) | 3,788         | 3,925          | 3,777          | 3,804         |
| Commercial refuse collected (in tons)       | 35,902        | 37,289         | 38,052         | 39,187        |
| <b>Electric</b>                             |               |                |                |               |
| Avg. Number of active customers             | 50,769        | 48,834         | 49,439         | 49,975        |
| Avg. Monthly Consumption (in KWH)           | 1,954         | 2,037          | 2,086          | 2,140         |
| <b>Water</b>                                |               |                |                |               |
| Number of customers                         | 23,699        | 23,250         | 23,353         | 23,696        |
| Max. daily plant capacity (in gallons)      | 24,420        | 24,420         | 24,420         | 24,420        |
| Avg. monthly consumption                    | 10,419        | 10,455         | 10,726         | 11,230        |
| <b>Wastewater</b>                           |               |                |                |               |
| Number of customers                         | 28,429        | 27,509         | 26,880         | 28,463        |
| Sanitary/Storm Mains Cleaned (ft.)          | 156,398       | 16,029         | 29,887         | 25,992        |

Source: The City of Ocala

| 2017           | 2018           | 2019          | 2020           | 2021          | 2022           |
|----------------|----------------|---------------|----------------|---------------|----------------|
| 251,326        | 233,126        | 228,145       | 225,235        | 218,313       | 207,514        |
| 13,139         | 9,926          | 9,712         | 8,683          | 7,506         | 6,504          |
| 4,756          | 16,351         | 16,843        | 15,935         | 14,171        | 15,096         |
| 4,028          | 2,905          | 3,198         | 3,442          | 2,737         | 3,179          |
| 21,369         | 17,519         | 17,521        | 19,484         | 23,854        | 24,960         |
| 306            | 296            | 284           | 321            | 311           | 304            |
| 2,565          | 2,430          | 2,027         | 3,228          | 4973          | 5323           |
| 2,030          | 2,431          | 2,261         | 2,300          | 2,062         | 3,472          |
| \$ 285,787,964 | \$ 329,979,238 | \$ 24,841,520 | \$ 229,165,345 | \$ 60,013,483 | \$ 626,448,900 |
| 54             | 56             | 67            | 33             | 30            | 109            |
| \$ 98,543,017  | \$ 116,455,447 | \$ 84,174,057 | \$ 74,036,715  | \$ 58,647,477 | \$ 91,237,621  |
| 208            | 257            | 213           | 342            | 210           | 1,480          |
| \$ 56,686,440  | \$ 80,145,118  | \$ 67,461,125 | \$ 79,120,062  | \$ 43,413,908 | \$ 335,529,273 |
| 11             | 6              | 54.75         | 36.71          | 33.64         | 30.05          |
| 394            | 626            | 1,389         | 1,073          | 969           | 733            |
| 81             | 105            | 171           | 708            | 1,677         | 240            |
| 25,066         | 24,867         | 22,965        | 8,051          | 13,613        | 16,695         |
| 83,786         | 75,060         | 47,313        | 43,387         | 44,432        | 37,504         |
| 1,462          | 1,458          | 1,283         | 1,157          | 1,117         | 1,082          |
| 99             | 99             | 99            | 98             | 97            | 99             |
| 1,274          | 1,302          | 1,459         | 1,993          | 2,078         | 2,263          |
| 15,928         | 15,861         | 16,267        | 16,591         | 16,766        | 16,884         |
| 13,927         | 14,547         | 14,636        | 15,875         | 16,441        | 19,279         |
| 3,481          | 3,320          | 3,112         | 3,093          | 3,379         | 3,231          |
| 40,032         | 42,299         | 45,708        | 35,391         | 43,475        | 43,285         |
| 50,541         | 50,902         | 51,661        | 52,116         | 52,662        | 53,101         |
| 2,064          | 2,084          | 2,097         | 2,097          | 2,057         | 2,081          |
| 24,052         | 24,298         | 27,512        | 25,601         | 23,632        | 28,498         |
| 24,420         | 24,420         | 24,420        | 24,420         | 24,420        | 24,420         |
| 10,726         | 11,402         | 11,931        | 11,931         | 12,673        | 12,944         |
| 27,948         | 28,476         | 27,512        | 37,617         | 29,730        | 29,149         |
| 28,072         | 52,461         | 28,031        | 32,765         | 23,676        | 20,045         |

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

| <b>FUNCTION:</b>                           | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> |
|--|-------------|-------------|-------------|-------------|
| Area: Land (square miles)                  | 44.72       | 44.79       | 44.79       | 44.79       |
| Miles of Streets, Sidewalks and Bike Paths |             |             |             |             |
| Streets - Paved                            | 338.00      | 339.35      | 339.70      | 398.73      |
| Streets - Unpaved                          | 3.38        | 3.38        | 3.38        | 2.30        |
| Sidewalks                                  | 223.30      | 242.20      | 242.20      | 242.20      |
| Bike Paths                                 | 18.62       | 27.30       | 27.30       | 27.30       |
| Miles of Sewers                            |             |             |             |             |
| Storm                                      | 277.20      | 277.20      | 280.00      | 283.00      |
| Sanitary                                   | 353.45      | 352.68      | 360.30      | 379.12      |
| Force Main                                 | 91.50       | 90.00       | 90.00       | 96.82       |
| Water Lines                                | 562.5       | 568.2       | 575.5       | 589.16      |
|  | 123         | 129         | 129         | 132.00      |
| Fire Protection                            |             |             |             |             |
| Stations                                   | 5           | 6           | 6           | 6           |
| Employees - Sworn                          | 129         | 129         | 129         | 130         |
| Employees - Civilian                       | 3           | 4           | 4           | 4           |
| Fire and rescue response time (minutes)    | 6.3         | 6.3         | 6.7         | 6           |
| Police Protection                          |             |             |             |             |
| Stations                                   | 4           | 4           | 4           | 4           |
| Employees - Sworn                          | 164         | 164         | 165         | 165         |
| Employees - Civilian                       | 96          | 96          | 100         | 100         |
| Vehicular Patrol Units - Marked Vehicles   | 124         | 124         | 126         | 125         |
| Vehicular Patrol Units - Motorcycles       | 6           | 6           | 6           | 4           |
| Vehicular Patrol Units - Other Vehicles    | 80          | 80          | 78          | 78          |
| Recreation                                 |             |             |             |             |
| Land area (acres)                          | 805         | 837         | 837         | 837         |
| Activity centers                           | 5           | 5           | 5           | 6           |
| Pools                                      | 2           | 2           | 2           | 2           |
| Playgrounds (not reported prior to 2004)   | 18          | 20          | 23          | 24          |

Source: The City of Ocala

| <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 46.95       | 46.95       | 46.95       | 46.95       | 46.95       | 47.37       |
| 374.19      | 357.47      | 358.77      | 358.77      | 357.47      | 379         |
| 2.30        | 1.49        | 1.49        | 1.49        | 1.49        | 1.49        |
| 242.20      | 244.12      | 245.43      | 246.04      | 177.08      | 172         |
| 53.33       | 55.03       | 55.40       | 55.50       | 35.53       | 35.53       |
| 283.83      | 290.49      | 293.10      | 294.35      | 296.44      | 298.30      |
| 373.90      | 380.00      | 380.00      | 395.00      | 362.32      | 362.45      |
| 96.97       | 97.63       | 97.63       | 99.00       | 94.42       | 94.48       |
| 539.85      | 589.00      | 589.00      | 598.00      | 563.41      | 562.88      |
| 132.00      | 134.00      | 137.00      | 137.00      | 137.00      | 140.00      |
| 6           | 6           | 7           | 7           | 7           | 7           |
| 130         | 130         | 133         | 136         | 136         | 139         |
| 4           | 4           | 4           | 4           | 4           | 4           |
| 5           | 6           | 7           | 5           | 6.25        | 6.33        |
| 4           | 4           | 4           | 4           | 3           | 3           |
| 165         | 157         | 178         | 192         | 194         | 194         |
| 102         | 106         | 108         | 114         | 121         | 126         |
| 135         | 133         | 145         | 159         | 169         | 188         |
| 9           | 9           | 9           | 9           | 6           | 6           |
| 78          | 78          | 79          | 81          | 91          | 119         |
| 837         | 839         | 839         | 841         | 841         | 842         |
| 6           | 6           | 6           | 6           | 6           | 6           |
| 2           | 2           | 2           | 2           | 2           | 2           |
| 24          | 25          | 25          | 25          | 25          | 25          |





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**ADDITIONAL ELEMENTS OF REPORT PREPARED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,  
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED  
STATES; THE PROVISIONS OF OFFICE OF MANAGEMENT AND  
BUDGET (OMB) UNIFORM GUIDANCE; AND THE *RULES OF THE  
AUDITOR GENERAL* OF THE STATE OF FLORIDA**

**CITY OF OCALA, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND**  
**STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| <b>Federal Grantor/<br/>Pass-Through Grantor/Program Title</b>   | <b>Assistance<br/>Listing/CFSA<br/>Number</b> | <b>Pass-Through<br/>Grantor Number</b>                               | <b>Federal<br/>Expenditures</b>                            | <b>Sub recipient<br/>Pass Through</b> |
|--|---|--|--|---------------------------------------|
| <b>FEDERAL AWARDS</b>  |   |  |  |                                       |
| <b><u>U.S. Department of Housing and Urban Development:</u></b>  |   |  |  |                                       |
| Community Development Block Grants/Entitlement Grants  | 14.218  | B-18-MC-12-0029  | \$ 51,813  |                                       |
| Community Development Block Grants/Entitlement Grants  | 14.218  | B-19-MC-17-0029  | 323,084  |                                       |
| Community Development Block Grants/Entitlement Grants  | 14.218  | B-20-MC-12-0029  | 96,535   |                                       |
| Community Development Block Grants/Entitlement Grants  | 14.218  | B-21-MC-12-0029  | 63,536   |                                       |
| Covid-19 Community Development Block Grants/Entitlement Grants   | 14.218  | B-20-MW-12-0029  | 198,930  |                                       |
| Total CDBG-Entitlement Grants  |   |  | 733,898  |                                       |
| Passed through Marion County, Florida:<br>Emergency Solutions Grant Program<br>Total Emergency Solutions Grant Program   | 14.231  | N/A  | \$ 10,714<br>10,714  |                                       |
| Passed through Marion County, Florida:<br>Homeless Response System Data Performance<br>Total Homeless Response System Data Performance   | 14.261  | FL0641L4H142004  | \$ 83,489<br>83,489  |                                       |
| <b>Total U.S. Department of Housing and Urban Development</b>  |   |  | <b>\$ 828,101</b>  |                                       |
| <b><u>U.S. Department of Justice:</u></b>  |   |  |  |                                       |
| Covid-19 Coronavirus Emergency Supplemental Funding Program<br>Total Covid-19 Coronavirus Emergency Supplemental Funding Program   | 16.034  | 2020-VD-BX-0308  | \$ 7,734<br>7,734  |                                       |
| Passed through State Office of Attorney General:<br>Crime Victim Assistance<br>Total Crime Victim Assistance   | 16.575  | VOCA-2022-Ocala Police Department-00594                              | \$ 48,871<br>48,871  |                                       |
| Bulletproof Vest Partnership Program<br>Total Bulletproof Vest Partnership Program   | 16.607  | 2022-BUBX-18092553   | \$ 13,144<br>13,144  |                                       |
| Passed through Florida Department of Law Enforcement<br>Edward Byrne Memorial Justice Assistance Grant Program<br>Edward Byrne Memorial Justice Assistance Grant Program<br>Total Edward Byrne Memorial Justice Assistance Grant Program                             | 16.738<br>16.738                              | 2020-DJ-BX-0124<br>15PBIA-21-GG-01331-JAGX                           | \$ 6,500<br>8,988<br>15,488                                |                                       |
| Equitable Sharing Program<br>Total Equitable Sharing Program   | 16.922  | FL0420100  | \$ 64,037<br>64,037  |                                       |
| <b>Total U.S. Department of Justice</b>  |   |  | <b>\$ 149,274</b>  |                                       |
| <b><u>US. Department of Transportation:</u></b>  |   |  |  |                                       |
| Airport Improvement Program<br>Airport Improvement Program<br>Airport Improvement Program<br>Total Airport Improvement Program   | 20.106<br>20.106<br>20.106                    | 3-12-0055-027-2019<br>3-12-0055-029-2021<br>3-12-0055-030-2021       | \$ 44,772<br>45,668<br>14,511<br>104,951                   |                                       |
| Passed through Florida Department of Transportation:<br>Recreational Trails Program<br>Total Recreational Trails Program   | 20.219  | T1923  | \$ 36,480<br>36,480  |                                       |
| Passed through Florida Department of Transportation:<br>Federal Transit Formula Grants<br>Federal Transit Formula Grants<br>Federal Transit Formula Grants<br>Covid-19 Federal Transit Formula Grants<br>Total Federal Transit Formula Grants                        | 20.507<br>20.507<br>20.507<br>20.507          | FL-2022-018-00<br>FL-2018-121-00<br>FL-2020-019-00<br>FL-2020-021-01 | \$ 180,021<br>732,340<br>571,585<br>1,306,832<br>2,790,776 |                                       |
| Passed through Florida Department of Transportation:<br>State and Community Highway Safety<br>State and Community Highway Safety<br>Total State and Community Highway Safety   | 20.600<br>20.600                              | G2267<br>G2223   | \$ 6,884<br>8,531<br>15,415                                |                                       |
| Passed through Florida Department of Transportation:<br>Safety Belt Performance Grants<br>MSHVE-2022-00177   | 20.616  | G2342  | \$ 613<br>613  |                                       |
| <b>Total U.S. Department of Transportation</b>   |   |  | <b>\$ 2,948,237</b>  |                                       |
| <b><u>U.S. Department of Treasury</u></b>  |   |  |  |                                       |
| Coronavirus State and Local Fiscal Recovery Funds<br>Total Fiscal Recovery Program   | 21.027  |  | \$ 4,776,265<br>4,776,265                                  | 600,000<br>600,000                    |
| <b>Total The Department of Treasury</b>  |   |  | <b>\$ 4,776,265</b>  | <b>\$ 600,000</b>                     |
| <b><u>U.S. Environmental Protection Agency</u></b>   |   |  |  |                                       |
| Diesel Emission Reduction Act (DERA) National Grants<br>Total Diesel Emission Reduction Act (DERA) National Grants   | 66.039  | 01D14320   | \$ 155,400<br>155,400                                      |                                       |
| Passed through Florida Department of Environmental Protection:<br>Nonpoint Source Implementation Grant<br>Total NonPoint Source Implementation Grant   | 66.460  | NF069  | \$ 16,138<br>16,138  |                                       |
| Passed through Florida Department of Environmental Protection:<br>Brownfields Multipurpose, Assessment, Revolving Loan Fund and Cleanup Cooperative Agreements<br>Total Brownfields Multipurpose, Assessment, Revolving Loan Fund and Cleanup Cooperative Agreements | 66.818  | BF #00D71118   | \$ 20,350<br>20,350  |                                       |
| <b>Total U.S. Environmental Protection Agency</b>  |   |  | <b>\$ 191,888</b>  |                                       |
| <b><u>U.S. Department of Health and Human Services</u></b>   |   |  |  |                                       |
| Passed through Florida Department of Health:<br>Injury Prevention and Control Research and State and Community Based Programs  | 93.136  | MI092  | \$ 226,863   |                                       |
| <b>Total U.S. Department of Health and Human Services</b>  |   |  | <b>\$ 226,863</b>  |                                       |
| <b><u>U.S. Department of Homeland Security</u></b>   |   |  |  |                                       |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters)<br>Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)   | 97.036  | N/A  | \$ 375,353<br>375,353                                      |                                       |
| <b>Total U.S. Department of Homeland Security</b>  |   |  | <b>\$ 375,353</b>  |                                       |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS:</b>   |   |  | <b>\$ 9,495,981</b>  | <b>\$ 600,000</b>                     |

CITY OF OCALA, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
(CONTINUED)

| Federal Grantor/<br>Pass-Through Grantor/Program Title                      | Assistance<br>Listing/CFSA<br>Number | Pass-Through<br>Grantor Number | Federal<br>Expenditures     | Sub recipient<br>Pass Through |
|---|--------------------------------------|--------------------------------|-----------------------------|-------------------------------|
| <b>STATE FINANCIAL ASSISTANCE</b>   |                                      |                                |                             |                               |
| <b>Florida Department of Environmental Protection:</b>                      |                                      |                                |                             |                               |
| Statewide Surface Water Restoration and Wastewater Projects                 | 37.039                               | NS042                          | \$ 11,846                   |                               |
| Statewide Surface Water Restoration and Wastewater Projects                 | 37.039                               | NS052                          | 187,500                     |                               |
| Statewide Surface Water Restoration and Wastewater Projects                 | 37.039                               | NS069                          | 244,117                     |                               |
| Statewide Surface Water Restoration and Wastewater Projects                 | 37.039                               | LPA0066                        | 564,479                     |                               |
| Statewide Surface Water Restoration and Wastewater Projects                 | 37.039                               | LPA0198                        | 380,556                     |                               |
| Statewide Surface Water Restoration and Wastewater Projects                 | 37.039                               | LPA0416                        | 129,974                     |                               |
| <i>Total Statewide Surface Water Restoration and Wastewater Projects</i>    |                                      |                                | <u>1,518,272</u>            |                               |
| <i>Passed through St. Johns River Water Management District</i>             |                                      |                                |                             |                               |
| Florida Springs Grant Program   | 37.052                               | LPS0030                        | \$ 368,851                  |                               |
| Florida Springs Grant Program   | 37.052                               | 33953                          | 158,278                     |                               |
| <i>Total Florida Springs Grant Program</i>                                  |                                      |                                | <u>526,929</u>              |                               |
| <b>Total Florida Department of Environmental Protection</b>                 |                                      |                                | <b><u>\$ 2,045,201</u></b>  |                               |
| <b>Florida Housing Finance Corporation:</b>                                 |                                      |                                |                             |                               |
| State Housing Initiatives Partnership Program                               | 40.901                               | SHIP                           | \$ 404,093                  |                               |
| <i>Total State Housing Initiatives Partnership Program</i>                  |                                      |                                | <u>404,093</u>              |                               |
| <b>Total Florida Housing Finance Corporation</b>                            |                                      |                                | <b><u>\$ 404,093</u></b>    |                               |
| <b>Florida Department of Financial Services:</b>                            |                                      |                                |                             |                               |
| Fire Department Financial Assistance Grant Program                          | 43.013                               | N/A                            | \$ 14,226                   |                               |
| <i>Total Fire Department Financial Assistance Grant Program</i>             |                                      |                                | <u>14,226</u>               |                               |
| <b>Total Florida Department of Financial Services:</b>                      |                                      |                                | <b><u>\$ 14,226</u></b>     |                               |
| <b>Florida Department of Transportation:</b>                                |                                      |                                |                             |                               |
| Aviation Grant Programs   |                                      |                                |                             |                               |
| FM# 431586-2-94-01  | 55.004                               | G1W03                          | \$ 16,354                   |                               |
| Aviation Grant Programs   |                                      |                                |                             |                               |
| FM# 449123-1-94-01  | 55.004                               | G1X53                          | 157,268                     |                               |
| Aviation Grant Programs   |                                      |                                |                             |                               |
| FM# 437031-1-94-02  | 55.004                               | G1G24                          | 3,980                       |                               |
| <i>Total Aviation Grant Programs</i>  |                                      |                                | <u>177,602</u>              |                               |
| Public Transit Block Grant Program  |                                      |                                |                             |                               |
| FM# 433304-1-84   | 55.010                               | G1K58                          | \$ 407,818                  |                               |
| FM# 433304-2-94   | 55.010                               | G2215                          | 34,580                      |                               |
| <i>Total Public Transit Block Grant Program</i>                             |                                      |                                | <u>442,398</u>              |                               |
| <b>Total Florida Department of Transportation</b>                           |                                      |                                | <b><u>\$ 620,000</u></b>    |                               |
| <b>Florida Department of Children and Families:</b>                         |                                      |                                |                             |                               |
| <i>Passed through Marion County Florida</i>                                 |                                      |                                |                             |                               |
| Homeless Grant-In-Aid Project   | 60.021                               | PPZ61                          | \$ 35,834                   |                               |
| <i>Total Homeless Grant-In-Aid Project</i>                                  |                                      |                                | <u>35,834</u>               |                               |
| <b>Total Florida Department of Children and Families</b>                    |                                      |                                | <b><u>\$ 35,834</u></b>     |                               |
| <b>Florida Department of Law Enforcement:</b>                               |                                      |                                |                             |                               |
| FIBRS Implementation Assistance Program                                     | 71.043                               | 2021-FBSFA-F2-010              | \$ 4,224                    |                               |
| <i>Total FIBRS Implementation Assistance Program</i>                        |                                      |                                | <u>4,224</u>                |                               |
| <b>Total Florida Department of Law Enforcement:</b>                         |                                      |                                | <b><u>\$ 4,224</u></b>      |                               |
| <b>Florida Department of Highway Safety and Motor Vehicles</b>              |                                      |                                |                             |                               |
| Florida Arts License Plate Project  | 76.041                               | N/A                            | \$ 3,000                    |                               |
| <i>Total Florida Arts License Plate Project</i>                             |                                      |                                | <u>3,000</u>                |                               |
| <b>Total Florida Department of Highway Safety and Motor Vehicles</b>        |                                      |                                | <b><u>\$ 3,000</u></b>      |                               |
| <b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE:</b>                    |                                      |                                | <b><u>\$ 3,126,578</u></b>  |                               |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE:</b> |                                      |                                | <b><u>\$ 12,622,559</u></b> | <b><u>\$ 600,000</u></b>      |

**Notes:**

(1) The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Ocala, Florida and is presented on the accrual basis of accounting. The City has elected not to apply the 10% de minimis indirect cost rate. There are no outstanding loan balances at the end of the audit period. The information in this schedule is presented in accordance with the requirements of Federal OMB Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations and Chapter 10.550, Rules of the Auditor General. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ocala, Florida (the City) as of and for the year ended September 30, 2022, 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 30, 2023.

**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 have not been identified.

**CERTIFIED PUBLIC ACCOUNTANTS**

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An Independent Member of the BDO Alliance USA

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***

**Report Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



March 30, 2023  
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 described in the OMB *Compliance Supplement* and the requirements described in the Department of Financial Services, *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2022. 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, 2022.

***Basis for Opinion on Each Major Federal Program***

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.

***Responsibility 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 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 federal program 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 federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with



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

Our consideration of internal control over compliance was for the limited purpose described in the 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.



March 30, 2023  
Ocala, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD PROGRAMS AND STATE PROJECTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
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 for local government entities? | No            |

Identification of Major Programs:

**Federal Program or Cluster**

|  |                                   |
|--|-----------------------------------|
| U.S. Department of Transportation:<br>Federal Transit Formula Grants | Assistance Listing No.:<br>20.507 |
| U.S. Department of Treasury:<br>Coronavirus State and Local Grants   | Assistance Listing No.:<br>21.027 |

**State Projects**

|  |                                    |
|--|------------------------------------|
| Florida Department of Environmental Protection:<br>Statewide Water Quality Restoration Projects<br>Florida Springs Grant | CFSA No. 37.039<br>CFSA No. 37.052 |
| 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, 2022, 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, 2022.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the members of the City Council, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



March 30, 2023  
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, 2022, and have issued our report thereon dated March 30, 2023.

### 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 30, 2023, 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, 2022, for this information).

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

## MANAGEMENT LETTER

### Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipally, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Ocala Community Redevelopment Agency (CRA) reported this information in the CRA's separately issued financial statements.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Ocala Downtown Development District (the District) reported the following information that was not subject to auditing procedures:

- The total number of District employees compensated in the last pay period of the District's fiscal year as 0.
- The total number of independent contractors to whom non-employee compensation was paid in the last month of the District's fiscal year as 0.
- All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$0.
- All compensation earned by or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency as \$6,484.

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

#### MANAGEMENT LETTER

- There was no construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported.
- For the budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes, see Schedule of Revenues and Expenditures - Budget and Actual as presented in the financial statements for the year ended September 30, 2022.

#### Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address non-compliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

#### Purpose of this Letter

Our Management Letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Honorable Mayor and City Council, and management, and is not intended to be, and should not be, used by anyone other than these specified parties.



March 30, 2023  
Ocala, Florida

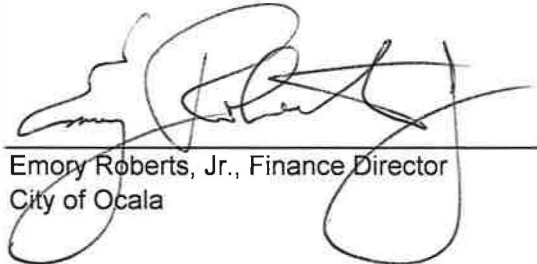


### IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Emory Roberts, Jr., who being duly sworn deposes and says on oath that:

1. I am the Finance Director of the City of Ocala which is a local governmental entity of the State of Florida;
2. The governing body of the City of Ocala adopted Chapters 30, Section 1 and Chapter 70, Section 476 implementing and amending impact fees.
3. The City of Ocala has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

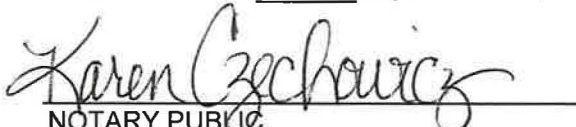
  
Emory Roberts, Jr., Finance Director  
City of Ocala

STATE OF FLORIDA  
COUNTY OF MARION

SWORN TO AND SUBSCRIBED before me this 16th day of March, 2023.



KAREN CZECHOWICZ  
Commission # GG 964346  
Expires March 2, 2024  
Bonded Thru Budget Notary Services

  
NOTARY PUBLIC  
Print Name Karen Czechowicz

Personally known ☒ or produced identification \_\_\_\_\_

Type of identification produced: \_\_\_\_\_

My Commission Expires:

3/2/2024

# 2022

Ocala Downtown Development District

Financial Statements and  
Independent Auditor's Report

September 30, 2022

**PURVIS GRAY**  
CERTIFIED PUBLIC ACCOUNTANTS



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR’S REPORT**

**OCALA DOWNTOWN DEVELOPMENT  
DISTRICT  
OCALA, FLORIDA**

**SEPTEMBER 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council  
City of Ocala  
Ocala, Florida

### Report on the Financial Statements

#### ***Opinions***

We have audited the financial statements of the Ocala Downtown Development District (the District), a blended special revenue fund within the City of Ocala, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's 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 financial position of the District as of September 30, 2022, and its changes in financial position 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 District 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 District'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.

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The Honorable Mayor and 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 District'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 District'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.

### ***Emphasis of Matters***

As discussed in Note 1 to the financial statements, the financial statements referred to above have been prepared solely for the purpose of complying with Florida Statutes, Section 218.39(1)(c). In conformity with Florida Statutes, Section 218.39(1)(c), the accompanying financial statements are intended to present the financial position and changes in financial position of the District of the City of Ocala, Florida, that is attributable to the District. The District is a blended special revenue fund within the City and does not purport to, and does not, present fairly the financial position of the City of Ocala as of September 30, 2022, and the changes in its financial position for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.



The Honorable Mayor and City Council  
City of Ocala  
Ocala, Florida

## INDEPENDENT AUDITOR'S REPORT

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2023, on our consideration of the District'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 the District's 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 District's internal control over financial reporting and compliance.

This report is intended solely for the information and use of the City Council, City Management, and the Florida Auditor General, and is not intended to be, and should not be, used by anyone other than these specified parties.



May 11, 2023  
Ocala, Florida





**OCALA DOWNTOWN DEVELOPMENT DISTRICT  
CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

This supplement to the Independent Auditor's Report and Financial Statements has been developed in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34. It is intended to provide the readers of this report with a general overview of the financial activities of the Ocala Downtown Development District (the District). The District provides the following discussion and analysis of the District's financial activities for the fiscal year ended September 30, 2022. Management's Discussion and Analysis is designed to: (a) assist the reader to focus on significant financial issues, (b) provide an overview of the District's financial activities, (c) identify changes in the District's financial position, (d) identify material deviations from the financial plan, and (e) identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

**THE DOWNTOWN DEVELOPMENT DISTRICT**

The District was created under the laws of Florida, Chapter 67-1782, and Ordinance No. 266 of the City of Ocala (the City). The Governing Board of the District (the Board) is appointed by the Ocala City Council and, therefore, the City exercises significant influence over its operations and fiscal management. The District is considered a component unit for financial reporting purposes and is included as a blended special revenue fund within the City of Ocala's overall basic financial statements. The District has been determined by the State of Florida to be an Independent District pursuant to the provisions of Florida Statutes Section 200.001(8)(e) because it was established before the effective date of the 1968 Constitution and levy's taxes.

These financial statements are presented for the purpose of complying with state law, specifically Florida Statute Section 218.39(1)(c), which requires separate audited financial statements for Independent Special Districts that have revenues or expenditures that exceed \$100,000.

**FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$320,211.
- The District's fund balance increased by \$55,177 as a result of 2022 operations.
- Revenues for fiscal year 2022 were \$90,884, net of loss on investments of \$17,795, while expenditures totaled \$25,707. In lieu of operating payments, transfers to the City's General Fund totaled \$10,000.
- For the period ended September 30, 2022, actual revenues were less than budgeted revenues by \$16,030 while actual expenditures were \$24,516 less than budgeted expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

**Governmental Funds.** *Governmental funds* are typically used to account for tax-supported (governmental) activities. 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 the District's financial strength. The District's expendable financial resources and the related liabilities are accounted for through a special revenue fund.

**Special Revenue Funds.** *Special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.



**OCALA DOWNTOWN DEVELOPMENT DISTRICT  
CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

**Restricted Fund Balance.** *Fund Balance* should be reported as Restricted when constraints placed on the use of resources such as enabling legislative, which authorizes the government to access, levy, charge, or otherwise mandate payment of resources. All of the District's fund balance is considered Restricted.

The District requires an audit every three years. During the period from fiscal year 2019 through fiscal year 2022, net position has increased from \$212,291 to \$320,211, an increase of approximately 51%.

**DOWNTOWN DEVELOPMENT DISTRICT**

|  | <u>2019</u>              | <u>2022</u>              |
|--|--------------------------|--------------------------|
| <b>Revenues</b>                                |                          |                          |
| Property Taxes                                 | \$ 79,911                | \$ 108,679               |
| Investment Income                              | 22,603                   | (17,795)                 |
| <b>Total Revenues</b>                          | <u>102,514</u>           | <u>90,884</u>            |
| <b>Expenses</b>                                |                          |                          |
| Economic Environment                           | 46,043                   | 19,223                   |
| Culture and Recreation                         | 31,435                   | 6,484                    |
| Depreciation                                   | 3,996                    | 3,996                    |
| <b>Total Expenses</b>                          | <u>81,474</u>            | <u>29,703</u>            |
| <b>Change in Net Position Before Transfers</b> | 21,040                   | 61,181                   |
| Transfers to Primary Government                | <u>(35,344)</u>          | <u>(10,000)</u>          |
| <b>Net Change in Net Position</b>              | (14,304)                 | 51,181                   |
| <b>Net Position, Beginning of Year</b>         | <u>226,595</u>           | <u>269,030</u>           |
| <b>Net Position, End of Year</b>               | <u><u>\$ 212,291</u></u> | <u><u>\$ 320,211</u></u> |

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

At the end of the current fiscal year, the District reported an ending fund balance of \$304,077, an increase of \$55,177 in comparison with the prior year. Other key financial elements include the following:

- Property taxes totaling \$108,679 represented approximately 100% of all revenues.
- The District's fund balance of \$304,077 is restricted for specific purposes and can only be expended in the Downtown Development District.
- The Ocala City Council determines and adopts the millage rate for the District and the property tax revenue is used specifically for promotion and enhancement of the downtown area. For fiscal year 2019, the millage rates have been set at the rolled-back rates listed below.

**FISCAL YEAR 2022 MILLAGE RATES**

|            |        |
|------------|--------|
| District A | 1.7185 |
| District B | 1.6332 |
| District C | 1.4699 |



**OCALA DOWNTOWN DEVELOPMENT DISTRICT  
CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

An annual budget is prepared for the District. The budget amounts presented below are the originally adopted and the legally amended final budget for the year ended September 30, 2022. During 2022, the Ocala 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 the fiscal year. The budget is adopted on a basis consistent with generally accepted accounting principles.

**DOWNTOWN DEVELOPMENT DISTRICT**

|   | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> |
|---|----------------------------|-------------------------|
| <b>Revenues</b>                             |                            |                         |
| Property Taxes                              | \$ 106,914                 | \$ 106,914              |
| Investment Income                           | -                          | -                       |
| <b>Total Revenues</b>                       | <u>106,914</u>             | <u>106,914</u>          |
| <b>Expenditures</b>                         |                            |                         |
| Current:                                    |                            |                         |
| Economic Environment                        | 40,223                     | 40,223                  |
| Culture and Recreation                      | 10,000                     | 10,000                  |
| Capital Outlay                              | -                          | -                       |
| <b>Total Expenditures</b>                   | <u>50,223</u>              | <u>50,223</u>           |
| <b>Excess of Revenues Over Expenditures</b> | 56,691                     | 56,691                  |
| <b>Other Financing Sources (Uses)</b>       |                            |                         |
| Transfers Out                               | <u>(10,000)</u>            | <u>(10,000)</u>         |
| <b>Net Change in Fund Balance</b>           | 46,691                     | 46,691                  |
| <b>Fund Balances, Beginning of Year</b>     | <u>248,900</u>             | <u>248,900</u>          |
| <b>Fund Balances, End of Year</b>           | <u>\$ 295,591</u>          | <u>\$ 295,591</u>       |

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The District's capital assets, net of depreciation, totaled \$16,134. Capital assets include Land and Buildings, and Improvements and Equipment.

The District had no major capital asset addition in fiscal year 2022.

At September 30, 2022, the District had no long-term debt.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

- The fiscal year 2023 budget has been prepared as the District continues its prescribed path of embracing change, reform, and a culture of discipline intended to achieve new elevations and heights in organizational effectiveness and fiscal reform.
- The fiscal year 2023 budget is balanced with no tax increases.



**OCALA DOWNTOWN DEVELOPMENT DISTRICT  
CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

- The District's \$74 million property value for fiscal year 2023 reflects an increase of 9.15% from fiscal year 2022. The prior fiscal year experienced a 13.63% increase in property values. In fiscal year 2023, the total ad valorem revenue anticipated for these three districts is \$116,733 based on the following rolled-back millage rates:

**FISCAL YEAR 2023 MILLAGE RATES**

|            |        |
|------------|--------|
| District A | 1.7185 |
| District B | 1.6332 |
| District C | 1.4699 |

**REQUEST FOR INFORMATION**

This financial information is designed to present users with a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Office of Budget and Finance, Ocala City Hall, 110 SE Watula Avenue, Ocala, Florida 34471.





## **FINANCIAL STATEMENTS**



**FINANCIAL STATEMENTS**  
**STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET**  
**SEPTEMBER 30, 2022**  
**OCALA DOWNTOWN DEVELOPMENT DISTRICT - OCALA, FLORIDA**

|  | <u>Special<br/>Revenue Fund</u> | <u>Adjustments<br/>(Note 2)</u> | <u>Statement of<br/>Net Position</u> |
|--|---------------------------------|---------------------------------|--------------------------------------|
| <b>Assets</b>                                      |                                 |                                 |                                      |
| Equity in Pooled Cash and Investment Fund          | \$ 301,806                      | \$ -                            | \$ 301,806                           |
| Accrued Interest Receivable                        | 951                             | -                               | 951                                  |
| Due from Other Governments                         | 1,320                           | -                               | 1,320                                |
| Capital Assets:                                    |                                 |                                 |                                      |
| Capital Assets, Not Being Depreciated              | -                               | 12,137                          | 12,137                               |
| Capital Assets, Being Depreciated, Amortized (Net) | -                               | 3,997                           | 3,997                                |
| <b>Total Assets</b>                                | <u>304,077</u>                  | <u>16,134</u>                   | <u>320,211</u>                       |
| <b>Liabilities</b>                                 |                                 |                                 |                                      |
| Accounts Payable                                   | -                               | -                               | -                                    |
| <b>Total Liabilities</b>                           | <u>-</u>                        | <u>-</u>                        | <u>-</u>                             |
| <b>Fund Balance</b>                                |                                 |                                 |                                      |
| Restricted for Downtown Development                | 304,077                         | (304,077)                       | -                                    |
| <b>Total Fund Balance</b>                          | <u>304,077</u>                  | <u>(304,077)</u>                | <u>-</u>                             |
| <b>Total Liabilities and Fund Balance</b>          | <u>\$ 304,077</u>               |                                 |                                      |
| <b>Net Position</b>                                |                                 |                                 |                                      |
| Investment in Capital Assets                       |                                 | 16,134                          | 16,134                               |
| Restricted for:                                    |                                 |                                 |                                      |
| Downtown Development                               |                                 | 304,077                         | 304,077                              |
| <b>Total Net Position</b>                          |                                 | <u>\$ 320,211</u>               | <u>\$ 320,211</u>                    |

See accompanying notes.

**FINANCIAL STATEMENTS**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND**  
**REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**SEPTEMBER 30, 2022**  
**OCALA DOWNTOWN DEVELOPMENT DISTRICT - OCALA, FLORIDA**

|   | <u>Special<br/>Revenue Fund</u> | <u>Adjustments<br/>(Note 2)</u> | <u>Statement of<br/>Activities</u> |
|---|---------------------------------|---------------------------------|------------------------------------|
| <b>Revenues</b>                                     |                                 |                                 |                                    |
| Property Taxes                                      | \$ 108,679                      | \$ -                            | \$ 108,679                         |
| Investment Income                                   | (17,795)                        | -                               | (17,795)                           |
| <b>Total Revenues</b>                               | <u>90,884</u>                   | <u>-</u>                        | <u>90,884</u>                      |
| <b>Expenditures/Expenses</b>                        |                                 |                                 |                                    |
| Current:  |                                 |                                 |                                    |
| Economic Environment                                | 19,223                          | -                               | 19,223                             |
| Culture and Recreation                              | 6,484                           | -                               | 6,484                              |
| Depreciation  | -                               | 3,996                           | 3,996                              |
| <b>(Total Expenditures/Expenses)</b>                | <u>(25,707)</u>                 | <u>(3,996)</u>                  | <u>(29,703)</u>                    |
| <b>Other Financing Sources (Uses)/Transfers</b>     |                                 |                                 |                                    |
| Transfers to Primary Government                     | <u>(10,000)</u>                 | <u>-</u>                        | <u>(10,000)</u>                    |
| <b>Net Change in Fund Balance/Net Position</b>      | 55,177                          | (3,996)                         | 51,181                             |
| <b>Fund Balance/Net Position, Beginning of Year</b> | <u>248,900</u>                  | <u>20,130</u>                   | <u>269,030</u>                     |
| <b>Fund Balance/Net Position, End of Year</b>       | <u><u>\$ 304,077</u></u>        | <u><u>\$ 16,134</u></u>         | <u><u>\$ 320,211</u></u>           |

See accompanying notes.

**NOTES TO FINANCIAL STATEMENTS  
OCALA DOWNTOWN DEVELOPMENT DISTRICT  
OCALA, FLORIDA**

**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the City of Ocala, Florida (the City) conform to generally accepted accounting principles, as applicable to governments. The following is a summary of the more significant policies.

**Reporting Entity**

The Ocala Downtown Development District (the District) was created under the Laws of Florida, Chapter 67-1782, and Ordinance No. 266 of the City. The Governing Board of the District (the Board) is appointed by the Ocala City Council (the City Council) and, therefore, the City exercises significant influence over its operations and fiscal management. The District is considered a component unit for financial reporting purposes and is included as a blended special revenue fund within the City's overall basic financial statements. The District has been determined by the State of Florida to be an Independent District pursuant to the provisions of Florida Statutes Section 200.001(8)(e) because it was established before the effective date of the 1968 State Constitution and levy's taxes.

**Financial Statements**

These financial statements are presented for the purpose of complying with state law, specifically Florida Statutes, Section 218.39(1)(c), which requires separate audited financial statements for Independent Special Districts that have revenues or expenditures over \$100,000.

Entity-wide financial statements are prepared at the City-wide level by the City and include the District. Copies of that report can be obtained from the City's Office of Budget and Finance.

**Basis of Presentation**

The financial transactions of the District are recorded in an individual special revenue fund.

■ **Description of Funds and Account Groups**

- **Governmental Fund Type**—Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through a special revenue fund. The measurement focus is upon determination of changes in financial position rather than upon net income determination.
- **Special Revenue Funds**—Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than the debt service or capital projects.

Governmental fund balances are classified either as non-spendable or as spendable. Spendable fund balances are further classified below in a hierarchy based on the extent to which there are external and internal constraints on the spending of these fund balances.

*Non-spendable fund balance*—include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. Non-spendable in governmental fund types are for inventories and prepaid items.

**NOTES TO FINANCIAL STATEMENTS**  
**OCALA DOWNTOWN DEVELOPMENT DISTRICT**  
**OCALA, FLORIDA**

*Restricted fund balance*—include amounts that can be spent only for the specific purposes stipulated by external resources providers either constitutionally or through enabling legislation. Examples include grants and impact fees.

*Committed fund balance*—include amounts that can be only used for the specific purpose determined by a formal action of the government’s highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

*Assigned fund balance*—comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that the resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

*Unassigned fund balance*—is the residual classification of the general fund only and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

**Measurement Focus**

Governmental fund types are accounted for on a “spending” or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Reported fund balance (net current assets) is considered a measure of “available, spendable, or appropriable resources”. Governmental fund type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

**Basis of Accounting**

Governmental fund type revenues and expenditures are recognized on the modified accrual basis. This method recognizes revenues in the accounting period in which they become available and measurable. Expenditures are recognized in the period in which the fund liability is incurred (except unmatured interest on general long-term debt, which is recognized when due). Property taxes levied for the 2022 calendar year are not considered available at September 30, 2022, since a legally enforceable claim did not exist as of that date and those revenues are not collected in sufficient time thereafter to be used for fiscal 2022 expenditures.

**Budgetary Requirements**

An annual budget is prepared for all funds of the City, including the District. The budget amounts presented in the accompanying financial statements are as originally adopted, or as legally amended, by the City Council during the year ended September 30, 2022. The City Manager is authorized 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 2022, 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 budget is adopted on a basis consistent with generally accepted accounting principles.

**NOTES TO FINANCIAL STATEMENTS**  
**OCALA DOWNTOWN DEVELOPMENT DISTRICT**  
**OCALA, FLORIDA**

**Property Taxes**

Under Florida Law, the assessment of all properties and the collection of all property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State of Florida regulating tax assessment are also designed to assure a consistent property valuation method state-wide. Florida Statutes permit Independent Special Districts to levy property taxes at a rate of up to 10 mills.

The tax levy of the District is established by the City Council prior to October 1 of each year. The Property Appraiser incorporates the millages into the total tax levy, which includes the municipalities, independent districts, county, and school board tax requirements. The District is divided into three districts for tax levies. The fiscal year 2022 assessed tax rates for Districts A, B, and C were 1.7185, 1.6332, and 1.4699, respectively.

All property is reassessed according to fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State of Florida, Department of Revenue for review to determine if the rolls meet the requirements of Florida Statutes.

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. Taxes paid in March are without discount.

On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. Delinquent taxes on real property bear interest at 18% per year or as bid in a public sale of tax certificates. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County.

Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property, or by the five-year statute of limitations.

The Board does not accrue its portion of the County-held tax sale certificates or personal property tax warrants because such amounts are not measurable and available as of the balance sheet date.

Key dates in the property tax cycle for the fiscal year ended September 30, 2022, are as follows:

|   |                    |
|---|--------------------|
| Lien Date   | January, 2021      |
| Certification of Taxable Value                      | July 1, 2021       |
| Certification of Final Taxable Value                | October 1, 2021    |
| Beginning of Fiscal Year for Tax Assessment         | October 1, 2021    |
| Final Public Hearing to Adopt Proposed Millage Rate | September 28, 2021 |
| Tax Bills Rendered                                  | November 1, 2021   |
| Property Taxes Due by:                              |                    |
| Maximum Discount                                    | November 30, 2021  |
| Due Date  | March 31, 2022     |
| Delinquent After                                    | April 1, 2022      |
| Tax Certificates for Delinquent Taxes               | May 31, 2022       |

**NOTES TO FINANCIAL STATEMENTS  
OCALA DOWNTOWN DEVELOPMENT DISTRICT  
OCALA, FLORIDA**

**Equity in Pooled Cash and Investments**

The City maintains a pooled cash fund, which allows the various funds, including the District, 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 funds average daily balance. The equity in pooled cash consists of cash, U.S. treasuries, federal instrumentalities, commercial paper, and money market funds. Further information on the City's investments credit ratings, fair value levels, and effective duration of investments can be found in the notes to the annual financial statements of the City.

**Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the statement of net assets of the City. Capital assets are recorded at historical cost if purchased or constructed. Property, plant and equipment with initial, individual cost that exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets. Buildings and improvements are capitalized when their initial cost equal or exceed \$25,000 and possess estimated useful lives of more than one year.

Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The District capitalizes major expenditures for additions and improvements. Expenditures for maintenance and repairs are charged to operating expenses.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u>              | <u>Years</u> |
|----------------------------|--------------|
| Land                       | 0            |
| Buildings and Improvements | 30           |
| Equipment                  | 5            |

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Transfers**

The District makes monthly transfers to the general fund to help augment the additional maintenance from public works above the normal performance provided for the City.



**Note 2 - Explanation of Difference Between the Government-Wide Financial Statements and the Governmental Fund Financial Statements**

When capital assets that are to be used in governmental activities are purchased, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the District as a whole.

|                          |                  |
|--------------------------|------------------|
| Cost of Capital Assets   | \$ 38,706        |
| Accumulated Depreciation | (22,572)         |
| <b>Difference</b>        | <b>\$ 16,134</b> |

**Note 3 - Cash and Equity in Pooled Cash and Investments**

**Cash and Cash Equivalents**

At September 30, 2022, the carrying amount of the District's cash deposits was \$301,806. These funds are part of the City's pooled cash funds. The pooled cash and investments of the City consist of cash, U.S. treasuries, federal instrumentalities, commercial paper, and money market funds. The City's cash deposits are held by a bank that qualifies as a public depository under the *Florida Security for Public Deposits Act* as required by Chapter 280, Florida Statutes. The City maintains an investment policy managing pooled cash and investments. Further information on the City's pooled cash and investments can be found in the notes to the annual financial statements of the City.

**Note 4 - Capital Assets**

Land, buildings and improvements, and tangible personal property of the District are reported as capital assets in the statement of net assets as part of the basic financial statements of the City. Upon acquisition, such assets are recorded as expenditures in the special revenue fund of the District and capitalized at cost in the capital asset accounts of the City.

Capital asset activity for the year ended September 30, 2022, was as follows:

|  | Beginning<br>Balance | Increases         | (Decreases) | Ending<br>Balance |
|--|----------------------|-------------------|-------------|-------------------|
| <b>Capital Assets, Not Being Depreciated</b>       |                      |                   |             |                   |
| Land   | \$ 12,137            | \$ -              | \$ -        | \$ 12,137         |
| <b>Total Capital Assets, Not Being Depreciated</b> | <b>12,137</b>        | <b>-</b>          | <b>-</b>    | <b>12,137</b>     |
| <b>Capital Assets, Being Depreciated</b>           |                      |                   |             |                   |
| Buildings and Improvements                         | 6,588                | -                 | -           | 6,588             |
| Equipment  | 19,981               | -                 | -           | 19,981            |
| <b>Total Capital Assets, Being Depreciated</b>     | <b>26,569</b>        | <b>-</b>          | <b>-</b>    | <b>26,569</b>     |
| <b>Less Accumulated Depreciation</b>               |                      |                   |             |                   |
| Buildings and Improvements                         | (6,588)              | -                 | -           | (6,588)           |
| Equipment  | (11,988)             | (3,996)           | -           | (15,984)          |
| <b>Total Accumulated Depreciation</b>              | <b>(18,576)</b>      | <b>(3,996)</b>    | <b>-</b>    | <b>(22,572)</b>   |
| <b>Total Capital Assets Being Depreciated, Net</b> | <b>7,993</b>         | <b>(3,996)</b>    | <b>-</b>    | <b>3,997</b>      |
| <b>Total Capital Assets, Net</b>                   | <b>\$ 20,130</b>     | <b>\$ (3,996)</b> | <b>\$ -</b> | <b>\$ 16,134</b>  |



## **REQUIRED SUPPLEMENTARY INFORMATION**



**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
OCALA DOWNTOWN DEVELOPMENT DISTRICT - OCALA, FLORIDA**

|   | <b>Budgeted Amounts<br/>(GAAP Basis)</b> |                   |                   | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|--|-------------------|-------------------|---|
|   | <b>Original</b>                          | <b>Final</b>      | <b>Actual</b>     |   |
| <b>Revenues</b>                             |  |                   |                   |   |
| Property Taxes                              | \$ 106,914                               | \$ 106,914        | \$ 108,679        | \$ 1,765  |
| Investment Income                           | -  | -                 | (17,795)          | (17,795)  |
| <b>Total Revenues</b>                       | <u>106,914</u>                           | <u>106,914</u>    | <u>90,884</u>     | <u>(16,030)</u>   |
| <b>Expenditures</b>                         |  |                   |                   |   |
| Current:                                    |  |                   |                   |   |
| Economic Environment                        | 40,223                                   | 40,223            | 19,223            | 21,000  |
| Culture and Recreation                      | 10,000                                   | 10,000            | 6,484             | 3,516   |
| <b>Total Expenditures</b>                   | <u>50,223</u>                            | <u>50,223</u>     | <u>25,707</u>     | <u>24,516</u>   |
| <b>Excess of Revenues Over Expenditures</b> | 56,691                                   | 56,691            | 65,177            | 8,486   |
| <b>Other Financing Sources (Uses)</b>       |  |                   |                   |   |
| Transfers Out                               | <u>(10,000)</u>                          | <u>(10,000)</u>   | <u>(10,000)</u>   | -   |
| <b>Net Change in Fund Balance</b>           | 46,691                                   | 46,691            | 55,177            | 8,486   |
| <b>Fund Balances, Beginning of Year</b>     | <u>248,900</u>                           | <u>248,900</u>    | <u>248,900</u>    | -   |
| <b>Fund Balances, End of Year</b>           | <u>\$ 295,591</u>                        | <u>\$ 295,591</u> | <u>\$ 304,077</u> | <u>\$ 8,486</u>   |



## **OTHER REPORTS**





**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 Mayor and City Council  
City of Ocala  
Ocala, Florida

We have audited, 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, the financial statements of the Ocala Downtown Development District (the District), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated May 11, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness on the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 on the District'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we would consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**CERTIFIED PUBLIC ACCOUNTANTS**

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Lakeland | Tampa

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Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA



The Honorable Mayor and City Council  
City of Ocala  
Ocala, Florida

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with such 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 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



May 11, 2023  
Ocala, Florida



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

The Honorable Mayor and City Council  
City of Ocala  
Ocala, Florida

We have examined the Ocala Downtown Development District's (the District) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2022, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District'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 District complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specific requirements. The nature, timing, and extent of procedures selected depend on our judgement, including an assessment of the risk of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, the District, its management, and the Board of the City of Ocala, Florida, and is not intended to be, and should not be used by anyone other than these specified parties.



May 11, 2023  
Ocala, Florida

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## MANAGEMENT LETTER

The Honorable Mayor and City Council  
City of Ocala  
Ocala, Florida

### Report on the Financial Statements

We have audited the financial statements of the Ocala Downtown Development District (the District) as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated May 11, 2023.

### 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, and Chapter 10.550, *Rules of the Auditor General*.

### Other Reporting Requirements

We have issued our 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*; and Independent Accountant's Report on an examination conducted in accordance with 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 May 11, 2023, 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 findings and recommendations made in the preceding annual financial 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 District's financial statements as of and for the year ended September 30, 2022, for this information).

### 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 District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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The Honorable Mayor and City Council  
City of Ocala  
Ocala, Florida

## MANAGEMENT LETTER

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 District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### Special District Component Units

Section 10.554(1)(i)5.d., *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, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the District reported this information in the City of Ocala's separately issued financial statements.

### Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note 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 Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Honorable Mayor, City Council, and management, and is not intended to be, and should not be, used by anyone other than these specified parties.



May 11, 2023  
Ocala, Florida



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# 2022

Ocala Community Redevelopment Agency

Financial Statements and  
Independent Auditor's Report

September 30, 2022

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR’S REPORT**

**OCALA COMMUNITY REDEVELOPMENT AGENCY  
OCALA, FLORIDA**

**SEPTEMBER 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the City Council  
Ocala Community Redevelopment Agency  
Ocala, Florida

### Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Ocala Community Redevelopment Agency (the CRA), a component unit of the City of Ocala, Florida (the City) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the CRA's 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 financial position of the CRA as of September 30, 2022, and its changes in financial position 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 CRA, 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 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 CRA'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.

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## **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 CRA'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 CRA'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) and the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

The Honorable Members of the City Council  
Ocala Community Redevelopment Agency  
Ocala, Florida

### INDEPENDENT AUDITOR'S REPORT

We have applied certain limited procedures to the MD&A and the budgetary comparison 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 MD&A and the budgetary comparison information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2023, on our consideration of the CRA'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 the CRA's 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 CRA's internal control over financial reporting and compliance.



May 11, 2023  
Ocala, Florida



**OCALA COMMUNITY REDEVELOPMENT AGENCY  
CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

This supplement to the Independent Auditor's Report and Financial Statements has been developed in accordance with the Government Accounting Standards Board Statement No. 34. It is intended to provide the readers of this report with a general overview of the financial activities of the Ocala Community Redevelopment Agency (the CRA). The CRA provides the following discussion and analysis of the CRA's financial activities for the fiscal year ended September 30, 2022. Management's Discussion and Analysis is designed to: (a) assist the reader to focus on significant financial issues, (b) provide an overview of the CRA's financial activities, (c) identify changes in the CRA's financial position, (d) identify material deviations from the financial plan, and (e) identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the CRA's financial statements.

**The CRA**

The CRA is comprised of four subareas: Downtown, North Magnolia, West Ocala, and East Ocala. The CRA was created pursuant to Chapter 163.356, Florida Statutes, City Ordinance 2009, and City Resolutions 88-37, 88-52, and 89-44. The West Ocala and East Ocala subareas were created by the revised City Ordinance 2016-2 and City Resolutions 2016-1 and 2016-4. The Governing Board of the CRA is the City Council (the Council). The City of Ocala (the City) is responsible for the CRA's operations; therefore, the City exercises significant influence over its operations and fiscal management. The CRA is considered a component unit for financial reporting purposes and is presented as a blended major governmental fund within the City's overall basic financial statements.

These financial statements are presented for the purpose of complying with state law, specifically Florida Statute Section 163.387(8)(a), which requires separate audited financial statements for each Ocala Community Redevelopment Agency that has revenues or expenditures that exceed \$100,000.

**Financial Highlights**

- The liabilities of the CRA exceeded its assets at the close of the most recent fiscal year by \$1,148,695.
- The CRA's fund balance decreased by \$2,128,252 as a result of 2022 operations.
- Revenues for fiscal year 2022 were \$510,660 while expenditures totaled \$4,078,988. In addition, the CRA transfers funds to the City's general fund to cover the payroll-related expenditures and liabilities, which are allocated to the CRA based on a percentage of the work performed by the City employees. Transfers for fiscal year 2022 totaled \$56,042.
- For the period ended September 30, 2022, actual revenues were less than budgeted revenues by \$488,603 while actual expenditures were \$4,642,272 less than budgeted expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the CRA's basic financial statements, which are comprised of the following four (4) components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements
- Required Supplementary Information

**Government-Wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the CRA's finances, in a manner similar to a private-sector business.

**OCALA COMMUNITY REDEVELOPMENT AGENCY  
CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

The *Statement of Net Position* presents financial information on all of the CRA's assets and liabilities, 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 CRA is improving or deteriorating.

The *Statement of Activities* presents information showing how the CRA'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.

The government-wide financial statements listed above distinguish functions of the CRA that are principally supported by ad-valorem 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 activity of the CRA is community redevelopment.

The government-wide financial statements include only the activities of the CRA. However, the CRA is considered a blended component unit the City and, as such, the financial information of the CRA is included in the City's Annual Comprehensive Financial Report for each fiscal year.

#### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The CRA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### **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 the CRA's *near-term* financing requirements.

Because the focus of governmental funds is narrower than that of the 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 CRA's *near-term* financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

#### **Special Revenue Funds**

*Special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The CRA's expendable financial resources and the related liabilities are accounted for through a special revenue fund.

**OCALA COMMUNITY REDEVELOPMENT AGENCY  
CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

**Restricted Fund Balance**

*Fund balance* should be reported as *restricted* when constraints are placed on the use of resources such as enabling legislation, which authorizes the government to access, levy, charge, or otherwise mandate payment of resources.

**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.

**Required Supplementary Information**

Included in this section of the report is the Budgetary Comparison Schedule.

**Government-Wide Financial Analysis**

*Statement of Net Position*

As noted earlier, net position may serve over time as a useful indicator of the CRA's financial position. In the case of the CRA, liabilities exceeded assets by \$1,148,695 (*net position*) as of the close of the most recent fiscal year, a decrease of \$2,128,252 in comparison with the prior year. This was primarily due to significant construction on a project in the current year.

The following table reflects a summary of the *Statement of Net Position* for the current and prior year:

| <b>Community Redevelopment Agency</b>            |                       |                   |
|--|-----------------------|-------------------|
|  | <b>2022</b>           | <b>2021</b>       |
| <b>Assets</b>                                    |                       |                   |
| Equity in Pooled Cash and Investment Fund        | \$ 5,933,254          | \$ 8,887,275      |
| Accrued Interest Receivable                      | 18,877                | 22,082            |
| Prepays  | 1,113                 | -                 |
| <b>Total Assets</b>                              | <u>5,953,244</u>      | <u>8,909,357</u>  |
| <b>Liabilities and Fund Balances</b>             |                       |                   |
| <b>Liabilities</b>                               |                       |                   |
| Accounts Payable and Accrued Liabilities         | 16,833                | 474,122           |
| Due to Primary Government                        | 478,065               | 477,018           |
| Interfund Advances Payable to Primary Government | 6,400,000             | 6,878,065         |
| Retainage on Contracts                           | 207,041               | 100,595           |
| <b>Total Liabilities</b>                         | <u>7,101,939</u>      | <u>7,929,800</u>  |
| <b>Net Position</b>                              |                       |                   |
| Restricted                                       | 3,796,450             | 979,557           |
| Unrestricted                                     | (4,945,145)           | -                 |
| <b>Total Net Position</b>                        | <u>\$ (1,148,695)</u> | <u>\$ 979,557</u> |

**OCALA COMMUNITY REDEVELOPMENT AGENCY  
CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

*Statement of Activities*

The following table reflects the *Statement of Activities* for the current and prior year:

| <b>Community Redevelopment Agency</b>            |    |                    |                    |
|--|----|--------------------|--------------------|
|  |    | <b>2022</b>        | <b>2021</b>        |
| <b>Revenues</b>                                  |    |                    |                    |
| Property Tax                                     | \$ | 999,263            | \$ 893,504         |
| Investment Income                                |    | (488,603)          | (22,873)           |
| Miscellaneous                                    |    | -                  | 15,000             |
| <b>Total Revenues</b>                            |    | <u>510,660</u>     | <u>885,631</u>     |
| <b>Expenditures</b>                              |    |                    |                    |
| Current:   |    |                    |                    |
| General Government                               |    | -                  | 18,047             |
| Economic Environment                             |    | 375,578            | 575,053            |
| <b>Total Expenditures</b>                        |    | <u>375,578</u>     | <u>593,100</u>     |
| <b>Excess of Revenues Over Expenditures</b>      |    | <u>135,082</u>     | <u>292,531</u>     |
| <b>Other Financing Sources (Uses)</b>            |    |                    |                    |
| Transfers In from Primary Government             |    | 1,496,118          | 1,337,772          |
| Transfers Out to Primary Government              |    | (56,042)           | (60,763)           |
| Capital Outlay Contributed to Primary Government |    | (3,703,410)        | (3,713,085)        |
| <b>Total Other Financing Sources (Uses)</b>      |    | <u>(2,263,334)</u> | <u>(2,436,076)</u> |
| <b>Net Change in Net Position</b>                |    | (2,128,252)        | (2,143,545)        |
| <b>Net Position, Beginning of Year</b>           |    | <u>979,557</u>     | <u>3,123,102</u>   |
| <b>Net Position, End of Year</b>                 | \$ | <u>(1,148,695)</u> | \$ <u>979,557</u>  |

As of the end of the fiscal year 2022, the CRA's net position was (\$1,148,695), a decrease of \$2,128,252 from the prior year. This decline was attributed to significant construction projects in the current year. The funding for these projects is expected to be received in future years from grants and incremental tax revenues.

### **Financial Analysis of the CRA's Funds**

#### **Governmental Funds**

The focus of the CRA's *governmental funds* is to provide information on *near-term* inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the CRA's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The CRA's fund balance of \$3,796,450 is restricted for redevelopment projects within the CRA district. The deficit fund balance of \$4,945,145 is unrestricted.

Property taxes totaling \$2,495,381 represented approximately 100% of all revenues. This amount includes both Marion County and the City's portion of the tax increment financing revenues, which amounts to \$999,263 and \$1,496,118, respectively. Property tax revenue increased \$264,105, or 12% from the previous year. The increase in tax increment financing revenues received by the CRA in the current year resulted from increased property values within the CRA district.

**OCALA COMMUNITY REDEVELOPMENT AGENCY  
CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

**Capital Assets and Debt Administration**

The CRA's capital assets are considered to be property of the City and, therefore, are included as capital assets in the City's government-wide financial statements. Capital asset activity for the year ended September 30, 2022, can be found in the City's audited financial statements.

The CRA has two interfund advances payable, involving the West Ocala and Downtown subareas and multiple funds of the City. The interfund advances payable are related to redevelopment projects within each subarea's boundaries. Additionally, both interfund advances payable were approved through City Budget Resolutions. For further detail regarding the CRA's interfund advances payable, see Note 5.

**Budgetary Highlights**

An annual budget is prepared for the CRA and approved by the Council and adopted through a Budget Resolution. The legal level of control is maintained at the fund level. During 2022, the Council approved a supplemental budget appropriation to provide for unanticipated requirements of the period. This appropriation caused an increase from the original budget of \$6,445,952 for Economic Development and Capital Outlay expenditures, and a decrease of \$5,873 for total revenues. Budget appropriations may not be legally exceeded on a fund basis. Appropriations lapse at the end of the fiscal year. The budget is adopted on a basis consistent with generally accepted accounting principles.

**Economic Factors and Future Developments**

The CRA will continue to plan projects and infrastructure improvements that align with its redevelopment priorities for the designated subareas within the district. The CRA will continue to implement the community's shared development goals through its redevelopment strategies and critical tasks.

**Request for Information**

This financial information is designed to present users with a general overview of the CRA's finances for all those with an interest in its 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 3<sup>rd</sup> Street, Ocala, Florida 34471, or telephone (352) 629-2489.

## **FINANCIAL STATEMENTS**

**COMMUNITY REDEVELOPMENT AGENCY**  
**STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET**  
**SEPTEMBER 30, 2022**

|  | <b>Special<br/>Revenue Fund</b> | <b>Adjustments<br/>(Note 2)</b> | <b>Statement of<br/>Net Position</b> |
|--|---------------------------------|---------------------------------|--------------------------------------|
| <b>Assets</b>                                    |                                 |                                 |                                      |
| Equity in Pooled Cash and Investment Fund        | \$ 5,933,254                    | \$ -                            | \$ 5,933,254                         |
| Accrued Interest Receivable                      | 18,877                          | -                               | 18,877                               |
| Prepays  | 1,113                           | -                               | 1,113                                |
| <b>Total Assets</b>                              | <u>5,953,244</u>                | <u>-</u>                        | <u>5,953,244</u>                     |
| <b>Liabilities</b>                               |                                 |                                 |                                      |
| Accounts Payable and Accrued Liabilities         | 16,833                          | -                               | 16,833                               |
| Due to Primary Government                        | 478,065                         | -                               | 478,065                              |
| Interfund Advances Payable to Primary Government | 6,400,000                       | -                               | 6,400,000                            |
| Retainage on Contracts                           | 207,041                         | -                               | 207,041                              |
| <b>Total Liabilities</b>                         | <u>7,101,939</u>                | <u>-</u>                        | <u>7,101,939</u>                     |
| <b>Fund Balance</b>                              |                                 |                                 |                                      |
| Non-Spendable                                    | 1,113                           | (1,113)                         | -                                    |
| Restricted                                       | 3,795,337                       | (3,795,337)                     | -                                    |
| Unassigned                                       | (4,945,145)                     | 4,945,145                       | -                                    |
| <b>Total Fund Balance</b>                        | <u>(1,148,695)</u>              | <u>1,148,695</u>                | <u>-</u>                             |
| <b>Total Liabilities and Fund Balance</b>        | <u>\$ 5,953,244</u>             |                                 |                                      |
| <b>Net Position</b>                              |                                 |                                 |                                      |
| Restricted for:                                  |                                 |                                 |                                      |
| Community Redevelopment Projects                 |                                 | 3,796,450                       | 3,796,450                            |
| Unrestricted                                     |                                 | (4,945,145)                     | (4,945,145)                          |
| <b>Total Net Position</b>                        |                                 | <u>\$ (1,148,695)</u>           | <u>\$ (1,148,695)</u>                |

See accompanying notes.

**COMMUNITY REDEVELOPMENT AGENCY**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**SEPTEMBER 30, 2022**

|  | <u>Special<br/>Revenue Fund</u> | <u>Adjustments<br/>(Note 2)</u> | <u>Statement of<br/>Activities</u> |
|--|---------------------------------|---------------------------------|------------------------------------|
| <b>Revenues</b>  |                                 |                                 |                                    |
| Property Taxes   | \$ 999,263                      | \$ -                            | \$ 999,263                         |
| Investment Income (Loss)   | (488,603)                       | -                               | (488,603)                          |
| Miscellaneous  | -                               | -                               | -                                  |
| <b>Total Revenues</b>  | <u>510,660</u>                  | <u>-</u>                        | <u>510,660</u>                     |
| <b>Expenditures/Expenses</b>   |                                 |                                 |                                    |
| Current:   |                                 |                                 |                                    |
| Economic Environment   | 375,578                         | -                               | 375,578                            |
| Capital Outlay   | <u>3,703,410</u>                | <u>(3,703,410)</u>              | <u>-</u>                           |
| <b>Total Expenditures/ Expenses</b>  | <u>4,078,988</u>                | <u>(3,703,410)</u>              | <u>375,578</u>                     |
| <b>Excess (Deficiency) of Revenue Over<br/>(Under) Expenditures/Expenses</b> | <u>(3,568,328)</u>              | <u>3,703,410</u>                | <u>135,082</u>                     |
| <b>Other Financing Sources (Uses)</b>  |                                 |                                 |                                    |
| Capital Outlay Contributed to Primary Government                             | -                               | (3,703,410)                     | (3,703,410)                        |
| Transfers In from Primary Government   | 1,496,118                       | -                               | 1,496,118                          |
| Transfers Out to Primary Government  | <u>(56,042)</u>                 | <u>-</u>                        | <u>(56,042)</u>                    |
| <b>Total Other Financing Sources (Uses)</b>                                  | <u>1,440,076</u>                | <u>(3,703,410)</u>              | <u>(2,263,334)</u>                 |
| <b>Net Change in Fund Balance/Net Position</b>                               | <u>(2,128,252)</u>              | <u>-</u>                        | <u>(2,128,252)</u>                 |
| <b>Fund Balance/Net Position, Beginning of Year</b>                          | <u>979,557</u>                  | <u>-</u>                        | <u>979,557</u>                     |
| <b>Fund Balance/Net Position, End of Year</b>                                | <u><u>\$ (1,148,695)</u></u>    | <u><u>\$ -</u></u>              | <u><u>\$ (1,148,695)</u></u>       |

See accompanying notes.



**NOTES TO FINANCIAL STATEMENTS  
OCALA COMMUNITY REDEVELOPMENT AGENCY  
OCALA, FLORIDA**

**Note 1 - Summary of Significant Accounting Policies**

The Ocala Community Redevelopment Agency's (the CRA) financial statements are prepared in accordance with generally accepted accounting principles, as applicable to governments. The following is a summary of the more significant policies:

**Reporting Entity**

The CRA was created pursuant to Chapter 163.356, Florida Statutes, City Ordinance 2009, and City Resolutions 88-37, 88-52, and 89-44. The West Ocala and East Ocala subareas were created by the revised City Ordinance 2016-2 and City Resolutions 2016-1 and 2016-4. The purpose of the CRA is to establish the redevelopment priorities and carry out the activities for the designated geographic boundaries within the CRA subareas. The Governing Board of the CRA is the City Council (the Council). The City of Ocala (the City) is responsible for the CRA's operations; therefore, the City exercises significant influence over its operations and fiscal management. The CRA is considered a component unit for financial reporting purposes and is presented as a blended major governmental fund within the City's overall basic financial statements.

**Financial Statements**

These financial statements are presented for the purpose of complying with state law, specifically Florida Statutes, Section 163.387(8)(a), which requires separate audited financial statements for each Community Redevelopment Agency that has revenues or expenditures that exceed \$100,000.

Entity-wide financial statements are prepared at the City-wide level by the City and include the CRA. Copies of that report can be obtained from the City's Office of Budget and Finance.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Government-Wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except for debt service expenditures, which are recorded only when payment is due.

Considering that the fund statements are presented on a different measurement focus and basis of accounting than the government-wide governmental activities column, a reconciliation is sometimes necessary to explain the adjustments needed to reconcile the fund based financial statements to the governmental activities column of the government-wide presentation.

**NOTES TO FINANCIAL STATEMENTS**  
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Tax increment financing revenue, when levied, for and interest associated with the current fiscal period, are both considered to be measurable and have been recognized as revenues of the current fiscal year, if available.

When both restricted and unrestricted resources are available for use, it is the CRA's policy to use restricted resources first, and then unrestricted resources as they are needed.

The CRA reports the special revenue fund as a major governmental fund. The special revenue fund is used to account for all financial resources received by the CRA. The special revenue fund serves as the primary operating fund of the CRA. The CRA does not have any non-major funds.

**Budgetary Requirements**

An annual budget is prepared for all funds of the City, including the CRA. The budget amounts presented in the accompanying financial statements are as originally adopted, or as legally amended, by the Council during the year ended September 30, 2022. The City Manager is authorized to transfer budgeted amounts within the fund; however, any budget amendments that alter the total expenditures of the fund must be approved by the Council. During 2022, the Council approved 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 budget is adopted on a basis consistent with generally accepted accounting principles. The budgetary comparisons reflect only those activities for which legally adopted budgets are prepared. For the year ended September 30, 2022, no expenditures exceeded the budget at the fund level for the CRA.

**Assets, Liabilities, and Net Position**

*Equity in Pooled Cash and Investments*

The CRA participates in the City's pooled cash investment fund, which allows the CRA to pool monies with the various funds of the City for investment purposes. Interest income earned as a result of pooling is allocated to the CRA based on its 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.

*Due To/Due From Other Funds*

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

At the close of the fiscal year, the CRA had two interfund advances payable for redevelopment and infrastructure projects. For further detail, see Note 5.

*Capital Assets*

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). The CRA's capital assets are considered to be property of the City and, therefore, are included as capital assets in the City's government-wide financial statements. Capital asset activity for the year ended September 30, 2022, can be found in the City's audited financial statements. As the capital assets are retained by the City, the CRA contributes capital to the general fund for capital outlay related to the CRA's redevelopment and infrastructure projects.

**NOTES TO FINANCIAL STATEMENTS**  
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**Interfund Activity and Contributions**

During the course of normal operations, the CRA has various transactions with other funds. Interfund transactions are reflected as loans or transfers. Loans are reported as receivables and payables 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 Council's resolution and may bear interest. All other interfund transactions are treated as transfers. Transfers between the CRA and other governmental or proprietary funds are netted as part of the City's reconciliation to the government-wide presentation.

The CRA transfers funds to the general fund to cover a portion of payroll-related expenses and liabilities incurred by City employees for work performed for the CRA.

Capital outlay is contributed by the CRA to the general fund for capital outlay incurred for the CRA's redevelopment and infrastructure projects.

**Nature and Purpose of the Fund Balance**

In the fund financial statements, the governmental fund reports fund classifications that comprise a hierarchy based primarily on the extent to which the CRA is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. Amounts that are restricted to specific purposes either by: a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation, are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the Council through an ordinance or resolution are classified as committed fund balances. Amounts that are constrained by the CRA's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by the Council or the City Manager. Non-spendable fund balances include amounts that cannot be spent because they are either: a) not in spendable form, or b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that is not restricted, committed, or assigned to specific purposes within the CRA.

Unspent tax increment financing revenues are restricted for future redevelopment projects and are reported as restricted fund balance in the financial statements. Unassigned fund balance, if any, represents fund balance that has not been restricted, committed, or assigned to specific purposes within the CRA.

**Net Position**

The government-wide statements utilized a net position presentation. Restricted net position are unspent tax increment financing revenues that are restricted for future redevelopment projects. Unrestricted net position represents the net position of the CRA that is not restricted for any project or purpose.

**Other Significant Accounting Policies**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTES TO FINANCIAL STATEMENTS**  
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**Payroll-Related Expenses and Liabilities**

The employees that manage or are involved in day-to-day operations of the CRA are employees of the City. A percentage of these employees' payroll-related expenses and liabilities is covered by the CRA through a transfer of funds to the general fund. Payroll-related activity for the year ended September 30, 2022, can be found in the City's audited financial statements.

**Note 2 - Explanation of Certain Differences Between the Government-Wide and Fund Financial Statements**

**Statement of Net Position and Governmental Fund Balance Sheet**

The statement of net position and governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position of governmental activities as reported in the government-wide statement of net position.

**Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance**

The statement of activities and governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between the capital outlay of the governmental fund and the capital outlay contributed to the primary government as reported in the government-wide statement of activities.

**Note 3 - Cash, Cash Equivalents, and Investments**

**Equity in Pooled Cash and Investments**

The CRA participates in the City's cash and investment pool. At September 30, 2022, the carrying amount of the CRA's deposits was \$5,933,254. The City's deposits, consisting of interest and non-interest bearing accounts, are entirely insured by federal deposit insurance or by collateral held by the City's agent pursuant to the *Florida Security for Public Deposits Act* as required by Chapter 280, Florida Statutes. Additionally, the City's deposits are held by a bank that qualifies as a public depository, pursuant to the same Act. All qualified public depositories must deposit with the State Treasurer eligible collateral in such amounts as required by the Act. Qualified public depositories are required to assume mutual responsibility against loss caused by default or insolvency of other qualified public depositories.

Cash equivalents consist of:

- 1) Amounts placed with the State Board of Administration for participation in the Local Government Funds Trust Fund investment pool created by Section 218.405, Florida Statutes. The investment amount is reported at amortized cost. The Florida PRIME investment pool has weighted average days to maturity of 64 days as of September 30, 2022.
- 2) Amounts placed with the Florida Fixed Income Trust is a commingled pool designed to provide a high level of current income consistent with low volatility of net asset value and provide positive holding period return time horizons of 1-3 years or greater. The City's investment policy adheres to current Florida Investment Statutes under Chapter 218.415.
- 3) Amounts placed with Florida Local Government Investment Trust as intergovernmental investment pool created by an inter-local agreement under Florida Statute 163.01.

**NOTES TO FINANCIAL STATEMENTS**  
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*Investments*

The CRA's investments follow the City's investment guidelines, as defined by the City Ordinance and the written investment policy that is approved by the 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 financial manager.

The fair values of the CRA'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.

*A. Derivatives*

The CRA has no derivative instruments in its portfolio at September 30, 2022. Pursuant to the City's investment policy guidelines, derivative instruments are authorized, but limited in use if only the Chief Financial Officer has sufficient understanding or expertise.

*B. General Investment Guidelines*

The City's comprehensive investment policy was adopted on December 8, 1992, and amended on September 5, 1995 and September 17, 2013. Pursuant to Section 218.415, the investment policy establishes permitted investments, asset allocation limits, issue limits, credit rating requirements, and maturity limits to protect the cash and investment assets. 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, mortgage-backed securities, asset-backed securities, 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 (Moody's); 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; or 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.

*C. Third-Party Portfolio Managers*

Pursuant to the City's investment policy, third-party managers were set up in the following investment pool tiers:

- Pool I (short-term investments) duration of one to three years.
- Pool II (short intermediate investments) duration of one to five years.
- Pool III (intermediate investments) duration of one to ten years.

**NOTES TO FINANCIAL STATEMENTS**  
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The City's independent advisors provide performance measurement services, which: (a) compares individual manager performances to their respective monthly index, (b) compares manager performance to their respective industry peer group quarterly, and (c) reviews portfolio compliance. Each manager has a goal of exceeding their respective benchmark, net of fees, over a market cycle. Each manager has an individual policy limitation that, when combined, does not exceed 10% for each sector. The effective duration of the portfolio shall not exceed 120%, nor be less than 50% of the target benchmark.

The benchmarks for each portfolio were chosen to better reflect the investments held in the account. Pool I is measured against Bank of America Merrill Lynch 1-3 Year Unsubordinated U.S. Treasury/Agencies index, Pool II is benchmarked against Bank of America Merrill Lynch 1-5 Year Government/Corporate index, and Pool III is compared to the Bank of America Merrill Lynch 1-10 Year Domestic Master index.

| <b>Security Type</b>          | <b>Average Rating</b> | <b>Fair Value</b>   | <b>Effective Duration<br/>(In Years)</b> |
|-------------------------------|-----------------------|---------------------|--|
| Carrying Value of Cash        | N/A                   | \$ 1,377,057        | N/A                                      |
| Treasury Investment Portfolio | AA+                   | 4,151,274           | 2.66                                     |
| SBA Florida PRIME             | AAAm                  | 200,831             | 72 days                                  |
| Florida Fixed Income Trust    | AAAf/S1               | 204,092             | 83 days                                  |
| <b>Total</b>                  |                       | <u>\$ 5,933,254</u> | 1.93                                     |

The CRA utilizes "effective duration" as a measurement of interest rate risk and as of September 30, 2022, the Treasury investment portfolio had an overall effective duration of 1.93 years. The Treasury investment portfolio had the following investment types and effect duration presented in terms of years at September 30, 2022.

**Total Treasury Portfolio (Pools I, II, III)**

| <b>Security Type</b>                                   | <b>Average Rating</b> | <b>Fair Value</b>   | <b>Weighted Average Maturity Years</b> |
|--|-----------------------|---------------------|--|
| U.S. Treasury Bond/Note                                | AA+                   | \$ 1,648,103        | 2.27                                   |
| Federal Agency Bond/Note                               | AA                    | 384,646             | 0.65                                   |
| Mortgage Backed Pass-Through Security                  | AA+                   | 534,183             | 8.82                                   |
| Corporate Notes  | A+                    | 1,228,626           | 1.69                                   |
| ABS/CMBS   | AAA                   | 256,248             | 0.86                                   |
| GSE Collateralized Mortgage Obligations                | AA                    | 8,009               | 0.00                                   |
| Municipal Bond/Note                                    | AA+                   | 19,616              | 1.40                                   |
| Money Market Mutual Fund                               | A-1                   | 71,843              | 0.00                                   |
| <b>Total Treasury Portfolio - Pools I, II, and III</b> |                       | <u>\$ 4,151,274</u> | 2.66                                   |

**NOTES TO FINANCIAL STATEMENTS**  
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**D. 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.

**POOL I - Short-Term Investments:**

| <b>Security Type</b>                    | <b>Average<br/>Rating</b> | <b>Fair Value</b>          | <b>Weighted<br/>Average<br/>Maturity<br/>Years</b> |
|---|---------------------------|----------------------------|--|
| U.S. Treasury Bond/Note                 | AA+                       | \$ 384,621                 | 1.95   |
| Federal Agency Bond/Note                | AA+                       | 136,131                    | 1.01   |
| Mortgage Backed Pass-Through Security   | AA                        | 63,173                     | 5.47   |
| Corporate Notes                         | A                         | 415,544                    | 1.96   |
| Municipal Bond/Note                     | AA-                       | 19,616                     | 1.40   |
| Asset Backed Securities                 | AAA                       | 208,024                    | 3.80   |
| GSE Collateralized Mortgage Obligations | AA+                       | 8,009                      | 8.89   |
| Money Market Mutual Fund                | A+                        | 23,763                     | 0.00   |
| <b>Sub-Total Pool I</b>                 |                           | <u><u>\$ 1,258,881</u></u> | 2.32   |

**POOL II - Short Intermediate Investments:**

| <b>Security Type</b>                  | <b>Average<br/>Rating</b> | <b>Fair Value</b>          | <b>Weighted<br/>Average<br/>Maturity<br/>Years</b> |
|---------------------------------------|---------------------------|----------------------------|--|
| U.S. Treasury Bond/Note               | AA                        | \$ 748,852                 | 1.44   |
| Federal Agency Bond/Note              | AA                        | 248,515                    | 0.46   |
| Mortgage Backed Pass-Through Security | AAA                       | 31                         | 0.00   |
| Corporate Notes                       | A                         | 678,784                    | 0.77   |
| Money Market Mutual Fund              | AAA                       | 1,665                      | 0.00   |
| <b>Sub-Total Pool II</b>              |                           | <u><u>\$ 1,677,847</u></u> | 1.02   |

**POOL III - Intermediate Investments:**

| <b>Security Type</b>                 | <b>Average<br/>Rating</b> | <b>Fair Value</b>          | <b>Weighted<br/>Average<br/>Maturity<br/>Years</b> |
|--------------------------------------|---------------------------|----------------------------|--|
| U.S. Treasury Bond/Note              | AA+                       | \$ 514,630                 | 3.72   |
| Mortgage Backed Securities           | AA+                       | 470,979                    | 9.27   |
| Corporate Notes                      | A-                        | 134,298                    | 5.64   |
| ABS/MBS                              | AAA                       | 48,224                     | 4.57   |
| Money Market Mutual Fund             | A-1                       | 46,415                     | 0.00   |
| <b>Sub-Total Pool III</b>            |                           | <u><u>\$ 1,214,546</u></u> | 5.98   |
| <b>Total of Pools I, II, and III</b> |                           | <u><u>\$ 4,151,274</u></u> | 2.39   |

**NOTES TO FINANCIAL STATEMENTS**  
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**E. 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.

**F. Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the CRA 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, 2022, the CRA's investment portfolio was held with a third-party custodian as required by the City's investment policy.

**G. Concentration of Credit Risk**

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 CRA's investment portfolio and must be observed by investment managers.

|  | <b>Sector Allocations</b> |                | <b>Individual Issue/<br/>Fund Limit</b> |
|--|---------------------------|----------------|---|
|  | <b>Minimum</b>            | <b>Maximum</b> |   |
| U.S. Treasury and 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%                                      |



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As of September 30, 2022, the CRA's investment portfolio was in compliance with all diversification requirements of the City's investment policy.

*H. Foreign Currency Risk*

The CRA is not exposed to this type of risk.

*I. Fair Value Measurement*

The CRA measures and records its investments using fair value measurement guidelines established in accordance with Governmental Accounting Standards Board (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 CRA has the ability to access.
- Level 2: Investments whose inputs – other than quoted market prices – are observable either directly or indirectly.
- 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 CRA does not have any investments that are measured using Level 3 inputs.

The following table summarizes the CRA's investments with the fair value hierarchy at September 30, 2022:

|  | <u>Fair Value</u>   | <u>Level 1</u>      | <u>Level 2</u>      |
|--|---------------------|---------------------|---------------------|
| U.S. Treasury Bond/Note                      | \$ 1,648,103        | \$ 1,648,103        | \$ -                |
| Federal Agency Bond/Note                     | 384,646             | -                   | 384,646             |
| Mortgage Backed Pass-through Security        | 534,183             | -                   | 534,183             |
| Corporate Notes                              | 1,228,626           | -                   | 1,228,626           |
| ABS/MBS                                      | 256,248             | -                   | 256,248             |
| GSE Collateralized Mortgage Obligations      | 8,009               | -                   | 8,009               |
| Municipal Bond/Note                          | 19,616              | -                   | 19,616              |
| <b>Total Investments at Fair Value</b>       | <u>\$ 4,079,431</u> | <u>\$ 1,648,103</u> | <u>\$ 2,431,328</u> |
| Investment Measured at Net Asset Value (NAV) |                     |                     |                     |
| Money Market Mutual Fund                     | 71,843              |                     |                     |
|  | <u>\$ 4,151,274</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.

**NOTES TO FINANCIAL STATEMENTS**  
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**Note 4 - Tax Increment Financing Revenue**

The CRA is primarily funded through tax increment financing revenue. The tax increment revenue is calculated by applying the adopted millage rate to the increase in current year taxable assessed valuations within the designated CRA districts, using the year in which they were established as the “base year”. The City and Marion County are required to contribute the following percentages of the incremental property taxes levied each year to the four subareas:

|                | <u>City of Ocala</u> | <u>Marion County</u> |
|----------------|----------------------|----------------------|
| Downtown       | 95%                  | 95%                  |
| North Magnolia | 95%                  | 95%                  |
| West Ocala     | 75%                  | 75%                  |
| East Ocala     | 75%                  | 75%                  |

**Note 5 - Interfund Activity**

As of the close of the most recent fiscal year, the CRA had three interfund advances payable. The interfund advances payable between the West Ocala subarea and the City’s General Fund, Water Resources Fund, and Electric Fund were approved by Budget Resolution 2019-180 for the construction of the Ocala Community Center at Reed Place. The Ocala Community Center is located within the West Ocala subarea’s boundaries. The interfund advances payable between the Downtown subarea and the City’s Electric Fund were approved by Budget Resolution 2018-136 for the purchase of the Marion County Judicial Center parking lot. The Marion County Judicial Center parking lot is located within the Downtown subarea’s boundaries.

The following tables reflect the interfund advances payable and amounts due to the primary government for the current year:

**Interfund Advances Payable to Primary Government**

| <u>Subarea</u> | <u>Project Description</u>    | <u>September 30, 2022<br/>Balance</u> | <u>Interest<br/>Rate</u> |
|----------------|-------------------------------|---------------------------------------|--------------------------|
| West Ocala     | Community Center Construction | \$ 6,400,000                          | 2.0%                     |
|                |                               | <u>\$ 6,400,000</u>                   |                          |

**Due to Primary Government**

| <u>Subarea</u> | <u>Project Description</u>                | <u>September 30, 2022<br/>Balance</u> |
|----------------|---|---------------------------------------|
| West Ocala     | Community Center Construction             | \$ 400,000                            |
| Downtown       | Marion County Judicial Center Parking Lot | 78,065                                |
|                |   | <u>\$ 478,065</u>                     |

**Note 6 - Deficit Net Position**

As of September 30, 2022, the CRA had a deficit unrestricted net position of \$4,945,145. This is related to construction projects within the West Ocala Redevelopment subarea.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**COMMUNITY REDEVELOPMENT AGENCY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**SEPTEMBER 30, 2022**

|   | <b>Budgeted Amounts</b> |                       |                       |                     |
|---|-------------------------|-----------------------|-----------------------|---------------------|
|   | <b>Original</b>         | <b>Final</b>          | <b>Actual</b>         | <b>Variance</b>     |
| <b>Revenues</b>                             |                         |                       |                       |                     |
| Property Taxes                              | \$ 1,005,136            | \$ 999,263            | \$ 999,263            | \$ -                |
| Investment Income                           | -                       | -                     | (488,603)             | (488,603)           |
| Miscellaneous                               | -                       | -                     | -                     | -                   |
| <b>Total Revenues</b>                       | <u>1,005,136</u>        | <u>999,263</u>        | <u>510,660</u>        | <u>(488,603)</u>    |
| <b>Expenditures</b>                         |                         |                       |                       |                     |
| Current:                                    |                         |                       |                       |                     |
| Economic Environment                        | 1,303,308               | 2,247,901             | 375,578               | 1,872,323           |
| Culture and Recreation                      | -                       | 75,000                | -                     | 75,000              |
| Capital Outlay                              | 972,000                 | 6,398,359             | 3,703,410             | 2,694,949           |
| <b>Total Expenditures</b>                   | <u>2,275,308</u>        | <u>8,721,260</u>      | <u>4,078,988</u>      | <u>4,642,272</u>    |
| <b>Excess of Revenues Over Expenditures</b> | <u>(1,270,172)</u>      | <u>(7,721,997)</u>    | <u>(3,568,328)</u>    | <u>4,153,669</u>    |
| <b>Other Financing Sources (Uses)</b>       |                         |                       |                       |                     |
| Transfers In from Primary Government        | 1,504,906               | 1,496,118             | 1,496,118             | -                   |
| Transfers Out to Primary Government         | -                       | -                     | (56,042)              | (56,042)            |
| <b>Total Other Financing Sources (Uses)</b> | <u>1,504,906</u>        | <u>1,496,118</u>      | <u>1,440,076</u>      | <u>(56,042)</u>     |
| <b>Net Change in Fund Balance</b>           | 234,734                 | (6,225,879)           | (2,128,252)           | 4,097,627           |
| <b>Fund Balances, Beginning of Year</b>     | <u>979,557</u>          | <u>979,557</u>        | <u>979,557</u>        | <u>-</u>            |
| <b>Fund Balances, End of Year</b>           | <u>\$ 1,214,291</u>     | <u>\$ (5,246,322)</u> | <u>\$ (1,148,695)</u> | <u>\$ 4,097,627</u> |

## **OTHER REPORTS**

**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  
Ocala Community Redevelopment Agency  
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 Ocala Community Redevelopment Agency (the CRA) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the CRA's financial statements and have issued our report thereon dated May 11, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

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Ocala Community Redevelopment Agency  
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***

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the CRA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with such 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 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 CRA'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 CRA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



May 11, 2023  
Ocala, Florida

## INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTIONS 163.387(6) AND (7), FLORIDA STATUTES

The Honorable Members of the City Council  
Ocala Community Redevelopment Agency  
Ocala, Florida

We have examined the Ocala Community Redevelopment Agency's (the CRA) compliance with the requirements of Sections 163.387(6) and (7), Florida Statutes, as of and for the year ended September 30, 2022, as required by Section 10.556(10)(f), *Rules of the Auditor General*. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA'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 CRA complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the CRA 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 CRA's compliance with specific requirements.

In our opinion, the CRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

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, the CRA, its management, and the Council of Directors of the City of Ocala, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.



May 11, 2023  
Ocala, Florida

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

The Honorable Members of the City Council  
Ocala Community Redevelopment Agency  
Ocala, Florida

We have examined the Ocala Community Redevelopment Agency's (the CRA) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2022, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA'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 CRA complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the CRA 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 CRA's compliance with specific requirements.

In our opinion, the CRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

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, the CRA, its management, and the Council of Directors of the City of Ocala, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.



May 11, 2023  
Ocala, Florida

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## MANAGEMENT LETTER

The Honorable Members of the City Council  
Ocala Community Redevelopment Agency  
Ocala, Florida

### Report on the Financial Statements

We have audited the financial statements of the Ocala Community Redevelopment Agency (the CRA) as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated May 11, 2023.

### 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; and Chapter 10.550, *Rules of the Auditor General*.

### Other Reporting Requirements

We have issued our 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*; and Independent Accountant's Report on examination conducted in accordance with 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 May 11, 2023, 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 findings and recommendations made in the preceding annual financial 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 CRA's financial statements as of and for the year ended September 30, 2022, for this information).

### 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 CRA has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that the CRA did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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The Honorable Members of the City Council  
Ocala Community Redevelopment Agency  
Ocala, Florida

## MANAGEMENT LETTER

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 CRA's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### Special District Component Units

Section 10.554(1)(i)5.d., *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, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the CRA reported the following information that was not subject to auditing procedures:

- The total number of district employees compensated in the last pay period of the district's fiscal year as 0.
- The total number of independent contractors to whom non-employee compensation was paid in the last month of the district's fiscal year as 1.
- All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$0.
- All compensation earned by or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency as \$2,238,390.
- Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project are related to the Mary Sue Rich Community Center project for \$2,238,390.
- A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes; see schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual as presented in the financial statements for the year ended September 30, 2022.

The Honorable Members of the City Council  
Ocala Community Redevelopment Agency  
Ocala, Florida

## **MANAGEMENT LETTER**

### **Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note 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 of Ocala City Council and management, and is not intended to be, and should not be, used by anyone other than these specified parties.



May 11, 2023  
Ocala, Florida

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