



nyhart  
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# City of Ocala Firefighters Retirement Plan

September 30, 2024  
GASB Nos. 67 & 68 Report

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This report is prepared in accordance with our understanding of GASB Nos. 67 & 68 for the purpose of disclosing pension plans in financial statements. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report.

The information presented in this report is based on:

- the actuarial assumptions included in this report;
- the plan provisions;
- participant information furnished to us by the Plan Administrator;
- asset information furnished to us by the Plan Trustee.

We have reviewed the provided data for reasonableness when compared to prior information provided, but have not audited the data. Where relevant data may be missing, we may have made assumptions we believe are reasonable for the purpose of the measurement. We are not aware of any significant issues with and have relied on the data provided. Any errors in the data provided may result in a different result than those provided in this report.

The interest rate, other economic assumptions, and demographic assumptions have been selected by the plan sponsor with our recommendations. The assumptions used, in our opinion, are reasonable and represent a reasonable expectation of future experience under the plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

A summary of any assumptions not included in this report, the plan provisions and the participant information is included in the Actuarial Valuation Report for funding purposes.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status ); and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

In preparing the results, Nyhart used Proval valuation software developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing pension valuations. We coded the plan provisions, assumptions, methods, and participant data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any material weaknesses or limitations in the software, and have determined it is appropriate for performing this valuation.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

To our knowledge there have been no significant events prior to the current year's measurement date or as of the date of this report which could materially affect the results contained herein.

Neither Nyhart nor any of its employees have any relationships with the plan or plan sponsor which could impair or appear to impair the objectivity of this report.

Nyhart



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Lawrence Watts, Jr., FSA, CFA, EA, MAAA



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Kerry Sipe, ASA, EA

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02/18/2025

**Net Pension Liability**

The components of the net pension liability at September 30

	<b>09/30/2024</b>	<b>09/30/2023</b>
Total pension liability	\$ 121,607,089	\$ 105,336,098
Plan fiduciary net position	(103,007,901)	(84,719,197)
Net pension liability	\$ 18,599,188	\$ 20,616,901
Plan fiduciary net position as a percent of the total pension liability	84.71%	80.43%
Pension Expense for the Fiscal Year Ended September 30	\$ 5,254,564	\$ 6,845,801

**Actuarial Assumptions**

The total pension liability was determined using the following actuarial assumptions

Inflation	2.50%	2.50%
Salary increases, including inflation	2.50 - 10.00%	2.50 - 8.00%
Investment rate of return, including inflation, and net of investment expense	6.75%	7.00%

**Plan Membership**

The total pension liability was determined based on the plan membership as of September 30

	<b>2023</b>	<b>2022</b>
Inactive plan members and beneficiaries currently receiving benefits	106	101
Inactive plan members entitled to but not yet receiving benefits	3	4
Active plan members	124	122
Total members	233	227

**City of Ocala Firefighters Retirement Plan**  
**GASB Nos. 67 & 68 Report as of Fiscal Year Ending September 30, 2024**  
**Statement of Fiduciary Net Position**

<b>Assets</b>	<u>09/30/2024</u>	<u>09/30/2023</u>
Cash and deposits	\$ 3,999,503	\$ 1,239,127
Securities lending cash collateral	0	0
Total cash	<u>\$ 3,999,503</u>	<u>\$ 1,239,127</u>
Receivables:		
Contributions	\$ 0	\$ 0
Due from broker for investments sold	0	0
Investment income	212,909	170,907
Other	44,720	66,210
Total receivables	<u>\$ 257,629</u>	<u>\$ 237,117</u>
Investments:		
Domestic Equity	\$ 44,571,793	\$ 45,324,319
International Equity	13,482,247	10,810,635
Domestic Fixed Income	20,955,883	18,559,520
International Fixed Income	0	0
Real Estate	7,790,885	8,706,628
Mutual Funds	12,111,585	0
Total investments	<u>\$ 98,912,393</u>	<u>\$ 83,401,102</u>
Total assets	<u>\$ 103,169,525</u>	<u>\$ 84,877,346</u>
<b>Liabilities</b>		
Payables:		
Investment management fees	\$ 33,028	\$ 33,121
Due to broker for investments purchased	0	0
Collateral payable for securities lending	0	0
Other	128,596	125,028
Total liabilities	<u>\$ 161,624</u>	<u>\$ 158,149</u>
<b>Net position restricted for pensions</b>	<u><b>\$ 103,007,901</b></u>	<u><b>\$ 84,719,197</b></u>

**City of Ocala Firefighters Retirement Plan**  
**GASB Nos. 67 & 68 Report as of Fiscal Year Ending September 30, 2024**  
**Statement of Changes in Fiduciary Net Position**

	09/30/2024	09/30/2023
<b>Additions</b>		
Contributions:		
Employer	\$ 3,376,436	\$ 3,398,109
Member	913,388	754,044
Nonemployer contributing entity	776,557	692,315
Total contributions	\$ 5,066,381	\$ 4,844,468
Investment income:		
Net increase in fair value of investments	\$ 16,455,554	\$ 6,170,558
Interest and dividends	2,010,282	1,700,521
Less investment expense, other than from securities lending	(227,583)	(220,966)
Net income other than from securities lending	\$ 18,238,253	\$ 7,650,113
Securities lending income	0	0
Less securities lending expense	0	0
Net income from securities lending	\$ 0	\$ 0
Net investment income	\$ 18,238,253	\$ 7,650,113
Other	0	0
Total additions	\$ 23,304,634	\$ 12,494,581
<b>Deductions</b>		
Benefit payments, including refunds of member contributions	\$ 4,798,219	\$ 4,386,298
Administrative expense	217,711	164,346
Other	0	0
Total deductions	\$ 5,015,930	\$ 4,550,644
<b>Net increase in net position</b>	\$ 18,288,704	\$ 7,943,937
<b>Net position restricted for pensions</b>		
Beginning of year	84,719,197	76,775,260
End of year	\$ 103,007,901	\$ 84,719,197

**City of Ocala Firefighters Retirement Plan**  
**GASB Nos. 67 & 68 Report as of Fiscal Year Ending September 30, 2024**  
**Schedule of Changes in Net Pension Liability and Related Ratios**

	<b>09/30/2024</b>	<b>09/30/2023</b>	<b>09/30/2022</b>	<b>09/30/2021</b>	<b>09/30/2020</b>
<b>Total pension liability</b>					
Service cost	\$ 1,787,738	\$ 1,641,437	\$ 1,573,269	\$ 1,534,997	\$ 1,394,105
Interest	7,330,731	6,936,273	6,542,516	6,205,220	5,853,602
Changes of benefit terms	0	0	0	0	58,566
Differences between expected and actual experience	2,906,676	1,503,363	1,717,962	1,062,384	310,138
Changes of assumptions	9,044,065	0	0	0	6,753,635
Benefit payments, including refunds of member contributions	(4,798,219)	(4,386,298)	(4,167,351)	(3,877,368)	(3,948,542)
Net change in total pension liability	16,270,991	5,694,775	5,666,396	4,925,233	10,421,504
Total pension liability - beginning	105,336,098	99,641,323	93,974,927	89,049,694	78,628,190
<b>Total pension liability - ending (a)</b>	<b>\$ 121,607,089</b>	<b>\$ 105,336,098</b>	<b>\$ 99,641,323</b>	<b>\$ 93,974,927</b>	<b>\$ 89,049,694</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 3,376,436	\$ 3,398,109	\$ 3,334,160	\$ 2,960,648	\$ 2,627,755
Contributions - member	913,388	754,044	677,091	734,643	673,724
Contributions - nonemployer contributing member	776,557	692,315	614,717	541,289	520,367
Net investment income	18,238,253	7,650,113	(13,470,714)	14,803,229	9,444,624
Benefit payments, including refunds of member contributions	(4,798,219)	(4,386,298)	(4,167,351)	(3,877,368)	(3,948,542)
Administrative expenses	(217,711)	(164,346)	(135,218)	(116,404)	(109,725)
Other	0	0	0	0	(73,667)
Net change in plan fiduciary net position	\$ 18,288,704	\$ 7,943,937	\$ (13,147,315)	\$ 15,046,037	\$ 9,134,536
Plan fiduciary net position - beginning	84,719,197	76,775,260	89,922,575	74,876,538	65,742,002
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 103,007,901</b>	<b>\$ 84,719,197</b>	<b>\$ 76,775,260</b>	<b>\$ 89,922,575</b>	<b>\$ 74,876,538</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 18,599,188</b>	<b>\$ 20,616,901</b>	<b>\$ 22,866,063</b>	<b>\$ 4,052,352</b>	<b>\$ 14,173,156</b>
Plan fiduciary net position as a percentage of the total pension liability	84.71%	80.43%	77.05%	95.69%	84.08%
Covered-employee payroll	\$ 9,225,858	\$ 9,215,346	\$ 8,244,756	\$ 7,703,127	\$ 7,367,409
Net pension liability as percentage of covered-employee payroll	201.60%	223.72%	277.34%	52.61%	192.38%

**City of Ocala Firefighters Retirement Plan**  
**GASB Nos. 67 & 68 Report as of Fiscal Year Ending September 30, 2024**  
**Schedule of Changes in Net Pension Liability and Related Ratios**

	<u>09/30/2019</u>	<u>09/30/2018</u>	<u>09/30/2017</u>	<u>09/30/2016</u>	<u>09/30/2015</u>
<b>Total pension liability</b>					
Service cost	\$ 1,455,310	\$ 1,326,905	\$ 1,317,786	\$ 1,227,874	\$ 1,121,980
Interest	5,479,962	5,276,956	4,878,081	4,637,901	4,471,685
Changes of benefit terms	0	0	0	(556,590)	0
Differences between expected and actual experience	1,406,892	(809,914)	1,862,026	258,882	(904,013)
Changes of assumptions	165,836	0	2,528,873	0	0
Benefit payments, including refunds of member contributions	(2,981,313)	(3,449,899)	(2,909,019)	(2,208,735)	(3,092,921)
Net change in total pension liability	<u>5,526,687</u>	<u>2,344,048</u>	<u>7,677,747</u>	<u>3,359,332</u>	<u>1,596,731</u>
Total pension liability - beginning	<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>
<b>Total pension liability - ending (a)</b>	<b>\$ 78,628,190</b>	<b>\$ 73,101,503</b>	<b>\$ 70,757,455</b>	<b>\$ 63,079,708</b>	<b>\$ 59,720,376</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 2,299,394	\$ 2,495,113	\$ 1,945,055	\$ 2,490,684	2,180,098
Contributions - member	638,372	736,600	664,806	643,628	467,838
Contributions - nonemployer contributing member	488,640	472,989	434,616	434,473	554,915
Net investment income	2,012,954	5,087,763	6,250,958	4,770,021	13,508
Benefit payments, including refunds of member contributions	(2,981,313)	(3,449,899)	(2,909,019)	(2,208,735)	(3,092,921)
Administrative expenses	(84,759)	(85,835)	(67,415)	(84,143)	(77,503)
Other	157,698	0	0	0	0
Net change in plan fiduciary net position	<u>\$ 2,530,986</u>	<u>\$ 5,256,731</u>	<u>\$ 6,319,001</u>	<u>\$ 6,045,928</u>	<u>\$ 45,935</u>
Plan fiduciary net position - beginning	<u>63,211,016</u>	<u>57,954,285</u>	<u>51,635,284</u>	<u>45,589,356</u>	<u>45,543,421</u>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 65,742,002</b>	<b>\$ 63,211,016</b>	<b>\$ 57,954,285</b>	<b>\$ 51,635,284</b>	<b>\$ 45,589,356</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 12,886,188</b>	<b>\$ 9,890,487</b>	<b>\$ 12,803,170</b>	<b>\$ 11,444,424</b>	<b>\$ 14,131,020</b>
Plan fiduciary net position as a percentage of the total pension liability	83.61%	86.47%	81.91%	81.86%	76.34%
Covered-employee payroll	\$ 7,366,658	\$ 7,657,531	\$ 6,886,009	\$ 7,333,107	\$ 6,311,053
Net pension liability as percentage of covered-employee payroll	174.93%	129.16%	185.93%	156.07%	223.91%

Fiscal year ending	<u>09/30/2024</u>	<u>09/30/2023</u>
Service cost	\$ 1,787,738	\$ 1,641,437
Interest on total pension liability	7,330,731	6,936,273
Projected earnings on pension plan investments	(5,932,110)	(5,384,552)
Changes of benefit terms	0	0
Employee contributions	(913,388)	(754,044)
Pension plan administrative expense	217,711	164,346
Other changes	0	0
Current period recognition of deferred outflows/(inflows) of resources		
Differences between Expected & Actual Experience in measurement of the Total Pension Liability	\$ 1,637,696	\$ 1,284,270
Changes of assumptions	2,885,712	1,739,631
Differences between Projected & Actual Earnings on Pension Plan Investments	(1,759,526)	1,218,440
<b>Total</b>	<b>\$ 5,254,564</b>	<b>\$ 6,845,801</b>

**City of Ocala Firefighters Retirement Plan**  
**GASB Nos. 67 & 68 Report as of Fiscal Year Ending September 30, 2024**  
**Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Differences between expected and actual experience in measurement of the total pension liability for fiscal year ending:	Initial Balance	Initial Amortization Period	Annual Recognition	09/30/2024 Balance
September 30, 2024	\$ 2,906,676	6.0	\$ 484,446	\$ 2,422,230
September 30, 2023	\$ 1,503,363	5.0	\$ 300,673	\$ 902,017
September 30, 2022	\$ 1,717,962	5.0	\$ 343,592	\$ 687,186
September 30, 2021	\$ 1,062,384	5.0	\$ 212,477	\$ 212,476
September 30, 2020	\$ 310,138	5.0	\$ 62,026	\$ 0
September 30, 2019	\$ 1,406,892	6.0	\$ 234,482	\$ 0
			\$ 1,637,696	\$ 4,223,909

Changes in assumptions for fiscal year ending:	Initial Balance	Initial Amortization Period	Annual Recognition	09/30/2024 Balance
September 30, 2024	\$ 9,044,065	6.0	\$ 1,507,344	\$ 7,536,721
September 30, 2020	\$ 6,753,635	5.0	\$ 1,350,727	\$ 0
September 30, 2019	\$ 165,836	6.0	\$ 27,641	\$ 0
			\$ 2,885,712	\$ 7,536,721

Differences between projected and actual earnings on pension plan investments for fiscal year ending:	Initial Balance	Initial Amortization Period	Annual Recognition	09/30/2024 Balance
September 30, 2024	\$ (12,306,143)	5.0	\$ (2,461,229)	\$ (9,844,914)
September 30, 2023	\$ (2,265,561)	5.0	\$ (453,112)	\$ (1,359,337)
September 30, 2022	\$ 19,776,613	5.0	\$ 3,955,323	\$ 7,910,644
September 30, 2021	\$ (9,553,373)	5.0	\$ (1,910,675)	\$ (1,910,673)
September 30, 2020	\$ (4,449,173)	5.0	\$ (889,833)	\$ 0
			\$ (1,759,526)	\$ (5,204,280)

**City of Ocala Firefighters Retirement Plan**  
**GASB Nos. 67 & 68 Report as of Fiscal Year Ending September 30, 2024**  
**Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,223,909	\$ 0
Changes of Assumptions	\$ 7,536,721	\$ 0
Net difference between projected and actual earnings on pension plan investments	\$ 7,910,644	\$ (13,114,924)
	\$ 19,671,274	\$ (13,114,924)

The balances as of September 30, 2024 of the deferred outflows/(inflows) of resources will be recognized in pension expense for the fiscal year ending September 30.

9/30/2025	\$ 1,978,840
9/30/2026	\$ 3,677,037
9/30/2027	\$(621,881)
9/30/2028	\$(469,437)
9/30/2029	\$ 1,991,791
Thereafter	\$ 0

The long-term expected rate of return on pension plan investments was determined using a building -block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2024 are summarized in the following table:

<b>Asset class</b>	Target allocation	Long-term expected real rate of return
Domestic Equity	45.0%	7.50%
International Equity	15.0%	8.50%
Domestic Fixed Income	25.0%	2.50%
International Fixed Income	5.0%	3.50%
Real Estate	10.0%	4.50%
Mutual Funds	0.0%	0.00%
Cash	0.0%	0.00%
<b>Total</b>	<b>100.0%</b>	

Long-term expected rate of return is 6.75%.

**Discount rate**

The discount rate used to measure the total pension liability was 6.75%. 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 contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Professional judgment on future contributions has been applied in those cases where contribution patterns deviate from the actuarially determined rates. 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.

**Sensitivity of the net pension liability to changes in the discount rate**

The following presents the net pension liability, calculated using the discount rate of 6.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Net pension liability	\$ 33,013,866	\$ 18,599,188	\$ 6,648,203

**City of Ocala Firefighters Retirement Plan**  
**GASB Nos. 67 & 68 Report as of Fiscal Year Ending September 30, 2024**  
**Schedule of Contributions**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 3,864,715	\$ 3,844,267	\$ 3,741,519	\$ 3,331,293	\$ 2,987,939
Contributions in relation to the actuarially determined contribution	3,864,715	3,844,267	3,741,519	3,331,293	2,987,939
<b>Contribution deficiency (excess)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Covered-employee payroll	\$ 9,225,858	\$ 8,272,546	\$ 7,949,354	\$ 7,703,127	\$ 7,367,409
Contributions as a percentage of covered-employee payroll	41.89%	46.47%	47.07%	43.25%	40.56%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 2,816,168	\$ 2,881,523	\$ 2,236,606	\$ 2,370,353	\$ 2,355,312
Contributions in relation to the actuarially determined contribution	2,643,714	2,968,102	2,185,456	2,731,085	2,420,499
<b>Contribution deficiency (excess)</b>	<b>\$ 172,454</b>	<b>\$ (86,579)</b>	<b>\$ 51,150</b>	<b>\$ (360,732)</b>	<b>\$ (65,187)</b>
Covered-employee payroll	\$ 7,366,658	\$ 7,657,531	\$ 6,886,009	\$ 7,333,107	\$ 6,507,660
Contributions as a percentage of covered-employee payroll	35.89%	38.76%	31.74%	37.24%	37.19%

The total pension liability as of September 30, 2024 was determined using the following actuarial assumptions:

<b>Actuarial Cost Method</b>	Entry Age Normal Cost Method
<b>Asset Method</b>	Market Value of Assets
<b>Interest Rates</b>	
Discount Rate	6.75%
Expected Long Term Rate of Return	6.75%
Municipal Bond Rate	N/A
	Support for the interest rate assumptions has been provided in the experience study report dated November 25, 2024.
<b>Inflation</b>	2.50%
<b>Annual Pay Increases</b>	0.00%-7.50%, plus inflation
	The inflation rate and annual pay increases are based on a study of actual experience for the plan during 2019-2023 as well as expected future increases in pay. See the experience study report dated November 25, 2024.
<b>Measurement Date</b>	September 30, 2024, based on a valuation date of October 1, 2023
<b>Cost-of-living Increases</b>	Benefit payment schedule is designed by the Board based on sufficiency of reserved COLA Fund assets. Funding of the COLA is from 0.50% member contributions, market returns, and 50% of State Premium Tax Revenues in excess of \$200,000. A portion of excess returns on COLA assets may be transferred to the plan until the plan becomes 90% funded depending on Board Policy. Please see the annual COLA Letter and Report to the Board for additional details.
	The present value of the COLA benefits as of January 1, 2024 (based on the \$703 node table) is rolled forward to September 30, 2024 and included in the Total Pension Liability.

**Mortality Rates**

Pre-Retirement	Pub-2010 Generational using scale MP-2021; Females - Benefits Weighted Safety Employee Female Table; Males - Benefits Weighted Safety Employee Male Table, set forward 1 year.
Post-Retirement	Pub-2010 Generational using scale MP-2021; Females - Benefits Weighted Safety Healthy Retiree Female Table; Males - Benefits Weighted Safety Healthy Retiree Male Table, set forward 1 year.
Disabled	Pub-2010 Generational using scale MP-2021; Females - Headcount Weighted General Disabled Retiree Female Table, set forward 1 year; Males - Headcount Weighted General Disabled Retiree Male Table.

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

These are the same mortality rates used by the Florida Retirement System in their July 1, 2024 Actuarial Valuation Report.

**Retirement Rates**

<u>Age + Service</u>	<u>Rate</u>
<70	0%
70-73	10%
74-75	20%
76-77	25%
78-79	35%
>=80	100%

The assumed retirement rates are based on a study of actual experience for the plan during 2019-2023. See the Experience Study report dated November 25, 2024.

**Withdrawal Rates**

<u>Service</u>	<u>Rate</u>
<1	10.00%
1	7.50%
2	7.00%
3	6.50%
4	6.00%
5	5.50%
6	5.00%
7	4.50%
8	4.00%
9	1.00%
10-24	0.50%
25+	0.00%

The assumed withdrawal rates are based on a study of actual experience for the plan during 2019-2023. See the Experience Study report dated November 25, 2024.

**All other assumptions**

As described in the assumptions section of the actuarial determined contribution

**Experience Study**

The most recent experience study completed on November 25, 2024, took into account 5 years of data experience and resulted in several updates to the actuarial assumptions. The impact to the Total Pension Liability (TPL) resulting from these updated assumptions is first reflected in the TPL as of September 30, 2024.

**Changes Since Prior Valuation**

An experience study was completed for the period of October 1, 2019 - October 1, 2023. The following assumptions were adopted for this September 30, 2024 measurement date:

The discount rate and expected long-term rate of return was decreased from 7.00% to 6.75% to better align with future market expectations.

The assumed retirement rates were updated to better align with recent plan experience.

The assumed withdrawal rates were updated to better align with recent plan experience.

The assumed rates of annual pay increases were updated to better predict future increases in pay.

The mortality rates were updated to the Pub-2010 public safety mortality tables projected generationally using Scale MP-2021. These are the same mortality rates used by the Florida Retirement System in their July 1, 2024 actuarial report.

**Cost Method**

Entry Age Normal Cost Method

**Amortization Method**

The following amortization periods will apply for any unfunded actuarial accrued liabilities, all on an increasing payroll basis of 1.57% assumed growth (as limited by 10-year average payroll growth):

- Unfunded liability as of October 1, 2001: 25 years
- Benefit improvements for actives: 25 years
- Benefit improvements for inactive: 15 years
- Actuarial gains/losses: 20 years
- Changes in actuarial assumptions: 20 years

**Asset Valuation Method**

20% Phase-In Method with a fresh start methodology as of October 1, 2019 and a 80%/120% corridor.

**Interest Rates**

7.00% net of investment expenses

Support for the interest rate assumption has been provided in the experience study report dated September 2019.

**Annual Pay Increases**

2.50% inflation plus the below merit increases

<u>Age</u>	<u>General</u>
<= 25	5.50%
<= 30	4.10%
<= 35	3.10%
<= 40	2.10%
<= 45	1.10%
50	0.00%

The annual pay increases are based on a study of actual experience for the plan during 2011-2018. See the experience study report dated September 2019.

**Expense and/or Contingency Loading**

Non-investment expenses in previous year

**Mortality Rates**

Pre-Retirement	Pub-2010 Generational using scale MP-2018; Females, Headcount Weighted Safety Employee Female Table, set forward 1 year; Males; Headcount Weighted Safety Below Median Employee Male Table, set forward 1 year.
Post-Retirement	Pub-2010 Generational using scale MP-2018; Females, Headcount Weighted Safety Healthy Retiree Female Table, set forward 1 year; Males, Headcount Weighted Safety Below Median Healthy Retiree Male Table, set forward 1 year.
Disabled	Pub-2010; Females, 80% Headcount Weighted General Disabled Retiree Female Table / 20% Headcount Weighted Safety Disabled Retiree Female Table; Males, 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

These are the same mortality rates used by the Florida Retirement System in their July 1, 2021 Actuarial Valuation Report.

**Retirement Rates**

<u>Age + Service</u>	<u>Rate</u>
<70	0%
70-71	25%
72-74	15%
75-79	25%
>=80	100%

The retirement rates are based on a sturdy of actuarial experience for the plan during 2011-2018. See the experience study report dated September 2019.

**Disability Rates**

<u>Age</u>	<u>Rate</u>
20	0.10%
30	0.14%
40	0.29%
50	0.92%

80% of disabilities are assumed to be in the line of duty.

The disability rates are based on a study of actual experience for the plan during 2011-2018. See the experience study report dated September 2019.

**Withdrawal Rates**

<u>Age</u>	<u>Rate</u>
<30	8.0%
<35	5.5%
<40	2.7%
<45	1.9%
<50	1.2%
<55	0.5%
>=55	0.0%

The withdrawal rates are based on a study of actual experience for the plan during 2011-2018. See the experience study report dated September 2019.

**Marital Status and Ages**

80% of Participants assumed to be married with wives assumed to be 3 years younger than husbands.

**Contribution Timing**

City contribution is assumed to occur at the beginning of the fiscal year.

**Covered Payroll**

Most recently reported salary as of the valuation date for all actives being valued, projected forward one year based on Annual Pay Increase assumptions above.

**Changes Since Prior Valuation**

The payroll growth assumption used to amortize the unfunded liability was increased to 1.57% from 0.83% to comply with State Law limiting such rate to the 10-year average payroll growth.

**Plan Status**

Established October 1, 1999 under the Code of Ordinances for the City of Ocala, Florida, Chapter 43 Article II Sections 43-21 through 43-45 and was most recently amended by Ordinance No. 2019-14 on January 9, 2019. The Plan is also governed by certain provisions of Chapters 175 and 185, Florida Statutes Part VII, Chapter 112, Florida Statutes (F.S.) and the Internal Revenue Code.

**Eligibility for Participation**

Employees in the Fire Department, certified as firefighters.

**Accrual of Benefits**

The accrued benefit is determined as 3% of Average Final Compensation multiplied by Credited Service as of date of determination; maximum of 93% of Average Monthly Earnings.

**Vesting**

100% after 10 years

**Normal Retirement Benefit**

Eligibility	Age 55 and 10 years of credited service, Rule of 70, or 25 years of credited service.
Benefit	Accrued Benefit

**Early Retirement Benefit**

Eligibility	Age 50 and 10 years of credited service
Benefit	Accrued Benefit reduced by 2% for each year prior to normal retirement date.

**Termination Benefit**

Eligibility	Fully vested after 10 years of credited service
Benefit	Accrued retirement benefit payable at participant's normal retirement date. If the participant terminates prior to 10 years of service a refund of the accumulated contributions with interest will be issued.

**Disability Benefit In Line of Duty**

Eligibility	Immediately upon permanent disability
Benefit	Accrued benefit, but not less than 42% of AME.

**Disability Benefit Not In Line of Duty**

Eligibility	Participant without vested benefit
Benefit	Refund of Contributions
Eligibility	Participant with vested benefit
Benefit	If vested, accrued benefit, but not less than 30% of AME.

**Death Benefit**

Eligibility	Participant without vested benefit
Benefit	Refund of Contributions
Eligibility	Service Incurred; Participant with vested benefit
Benefit	choice of (i) Accrued benefit payable for 120 months; or (ii) 50% of AME to spouse until death.
Eligibility	Non-Service Incurred; Participant with vested benefit
Benefit	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 (i) accrued benefit payable for 120 months; or (ii) 50% of accrued benefit to spouse until death.

**Credited Service**

For Vesting and Benefit Accruals, service is defined as years and completed months.

**Compensation**

Average Monthly Earnings

Within 5 years of normal retirement as of November 1, 2015: Average during highest 3 consecutive of last 5 years of total earnings, including base salary, pick-up contributions, overtime pay, assignment pay, and educational incentive.

Others: Average during highest 5 of last 10 years of earnings, including base salary, state education incentive pay, and up to 300 hours of overtime pay per fiscal year, excluding all other compensation

**Employee Contributions**

7.67% to Regular Fund Retirement Plan and 0.50% to COLA Fund (8.17% total).

### **Payment Forms**

#### Normal Form

50% joint & contingent survivor, with 10 years' certain, payable for life (married); 10 years' certain and life (single).

#### Optional Forms

66 2/3%, 75%, and 100% Joint and Survivor Annuity (last survivor basis) and Life Annuity.

### **DROP**

Up to 5 years; actuarially equivalent BAC-DROP

### **COLA**

Benefit payment schedule is designed by the Board based on sufficiency of reserved COLA Fund assets. Funding of the COLA is from 0.50% member contributions, market returns, and 50% of State Premium Tax Revenues in excess of \$200,000. A portion of excess returns on COLA assets may be transferred to the plan until the plan becomes 90% funded depending on Board Policy. Please see the annual COLA Letter and Report to the Board for additional details.

The present value of the COLA benefits as of January 1, 2024 (based on the \$703 node table) is rolled forward to September 30, 2024 and included in the Total Pension Liability.

### **Plan Provisions Not Included**

We are not aware of any plan provisions not included in the valuation.