

CITY OF OCALA
GENERAL EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2015

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDED SEPTEMBER 30, 2017

March 7, 2016

Board of Trustees
City of Ocala
Pension Office
2100 NE 30 Ave. Building E
Ocala, FL 34470

Re: City of Ocala
General Employees' Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Ocala General Employees' Retirement System. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Please note that this valuation may not be applicable for any other purposes.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapter 112, Florida Statutes, as well as applicable federal laws and regulations. This valuation also reflects assumptions and methods mandated by Ordinance 2013-48. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City and the Board of Trustees, financial reports prepared by the Plan's Custodian Bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial

accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Ocala, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Ocala General Employees' Retirement System. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

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

Respectfully submitted,

Foster & Foster, Inc.

By: 

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778

DHL/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Ocala General Employees' Retirement System, performed as of October 1, 2015, has been completed, and the results are presented in this Report. The results of this valuation are applicable to the plan/fiscal year ended September 30, 2017.

The funding requirements, compared with amounts developed in October 1, 2014 actuarial valuation report are as follows:

Valuation Date	10/1/2014	10/1/2015
Applicable Fiscal Year	<u>9/30/2016</u>	<u>9/30/2017</u>
Total Required Contribution		\$16,005,539
% of Total Annual Payroll	100.31%	
Expected Member Contributions*		610,589
% of Total Annual Payroll	3.95%	
Balance From City		15,394,950
% of Total Annual Payroll	96.36%	

* The Member contribution rate is a blend between the 8.18% contribution rate from the grandfathered group and the 3.0% member contribution rate for those in the variable benefit and contribution plan.

During the past year the actuarial experience has been less favorable than expected, relative to the Plan's actuarial assumptions. The primary sources of unfavorable actuarial experience include earlier than anticipated retirements, less than anticipated turnover and greater than expected salary increases. Partially offsetting these losses were the effect of an 8.1% investment return (Actuarial Asset Basis) that exceeded the 7.0% assumption.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 

Douglas H. Lozen, EA, MAAA

By: 

Christine M. O'Neal, EA, ASA, MAAA

CHANGES SINCE PRIOR VALUATION

Plan Changes Since Prior Valuation- There were no plan changes since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation- Since the prior valuation the funding method was changed from percentage of payroll to a fixed dollar contribution.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2015</u>	<u>10/1/2014</u>
A. Participant Data		
Number Included		
Actives	283	308
Service Retirees	569	560
DROP Retirees	9	15
Beneficiaries	92	82
Disability Retirees	3	2
Terminated Vested	<u>336</u>	<u>344</u>
Total	1,292	1,311
Total Annual Payroll	\$14,974,409	\$15,008,754
Payroll Under Assumed Ret. Age	14,621,808	14,817,620
Annual Rate of Payments to:		
Service Retirees	9,095,667	8,704,875
DROP Retirees	246,526	442,899
Beneficiaries	959,571	833,493
Disability Retirees	20,098	8,414
Terminated Vested	2,663,629	3,053,563
B. Assets		
Actuarial Value ¹	117,095,812	108,711,350
Market Value ¹	115,010,138	117,930,567
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	55,888,488	53,295,163
Disability Benefits	1,891,086	1,995,347
Death Benefits	533,876	575,770
Vested Benefits	4,967,338	5,693,153
Refund of Contributions	15,605	9,008
Service Retirees	119,516,215	114,948,870
DROP Retirees ¹	6,049,043	11,450,025
Beneficiaries	9,895,892	8,859,982
Disability Retirees	277,724	48,407
Terminated Vested ²	<u>19,174,550</u>	<u>19,300,985</u>
Total	<u>218,209,817</u>	<u>216,176,710</u>

C. Liabilities - (Continued)	<u>10/1/2015</u>	<u>10/1/2014</u>
Present Value of Future Salaries	95,170,821	100,904,520
Present Value of Future Member Contributions	3,132,311	3,247,697
Normal Cost (Retirement)	992,055	1,096,514
Normal Cost (Disability)	101,770	110,659
Normal Cost (Death)	25,142	26,950
Normal Cost (Vesting)	456,404	507,974
Normal Cost (Refunds)	<u>3,701</u>	<u>2,309</u>
Total Normal Cost	1,579,072	1,744,406
Present Value of Future Normal Costs	5,943,427	9,383,270
Accrued Liability (Retirement)	50,559,451	47,148,877
Accrued Liability (Disability)	1,276,696	1,292,293
Accrued Liability (Death)	533,876	413,049
Accrued Liability (Vesting)	4,975,465	3,327,747
Accrued Liability (Refunds)	7,478	3,205
Accrued Liability (Inactives) ¹	<u>154,913,424</u>	<u>154,608,269</u>
Total Actuarial Accrued Liability	212,266,390	206,793,440
Unfunded Actuarial Accrued Liability (UAAL)	95,170,578	98,082,090
Funded Ratio (AVA / AL)	55.2%	52.6%
 D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives ¹	154,913,424	154,608,269
Actives	44,160,529	33,982,148
Member Contributions	<u>6,864,158</u>	<u>6,779,645</u>
Total	205,938,111	195,370,062
Non-vested Accrued Benefits	<u>4,915,532</u>	<u>4,346,155</u>
Total Present Value Accrued Benefits	210,853,643	199,716,217
Funded Ratio (MVA / PVAB)	54.5%	59.0%
 Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	11,504,577	
Benefits Paid	(13,862,112)	
Interest	13,494,961	
Other	<u>0</u>	
Total	11,137,426	

Valuation Date	10/1/2015	10/1/2014
Applicable to Fiscal Year Ending	<u>9/30/2017</u>	<u>9/30/2016</u>

E. Pension Cost

Normal Cost ²	\$1,720,960	
% of Total Annual Payroll		12.18
Administrative Expenses ²	188,393	
% of Total Annual Payroll		1.11
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 22 years (as of 10/1/2015) ³	14,096,186	
% of Total Annual Payroll		87.02
Total Required Contribution	16,005,539	
% of Total Annual Payroll		100.31
Expected Member Contributions ²	610,589	
% of Total Annual Payroll		3.95
Expected City Contribution	15,394,950	
% of Total Annual Payroll		96.36

F. Past Contributions

Plan Years Ending:	<u>9/30/2015</u>
City Requirement	13,044,778
Actual Contributions Made:	
Members (excluding buyback)	584,624
City	<u>13,053,609</u>
Total	13,638,233

G. Net Actuarial (Gain)/Loss

2,328,147

- ¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015 and 9/30/2014.
- ² Vested Terminated category includes optout Members eligible for vested benefits.
- ³ Contributions developed as of 10/1/2015 displayed above have been adjusted to account for assumed salary increase and interest components.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	95,170,578
2016	87,993,138
2017	80,313,275
2022	51,929,315
2027	31,880,106
2032	11,944,006
2037	0

I. (i) 3 Year Comparison of Actual and Assumed Salary Increases

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	7.4%	5.3%
Year Ended	9/30/2014	1.8%	5.9%
Year Ended	9/30/2013	0.4%	5.5%

(ii) 3 Year Comparison of Investment Return on Actuarial Value

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	8.1%	7.0%
Year Ended	9/30/2014	11.4%	7.0%
Year Ended	9/30/2013	8.5%	7.0%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2015	\$21,010,896
	10/1/2005	29,361,461
(b) Total Increase		-28.4%
(c) Number of Years		10.0
(d) Average Annual Rate		-3.3%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778

Please let us know when the report is approved by the Board and unless otherwise directed we will provide a copy of the report to the following office to comply with Chapter 112 Florida Statutes:

Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2014	\$98,082,090
(2) Sponsor Normal Cost developed as of October 1, 2014	1,159,110
(3) Expected administrative expenses for the year ended September 30, 2015	159,258
(4) Expected interest on (1), (2) and (3)	6,952,458
(5) Sponsor contributions to the System during the year ended September 30, 2015	13,053,609
(6) Expected interest on (5)	456,876
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2015 (1)+(2)+(3)+(4)-(5)-(6)	92,842,431
(8) Change to UAAL due to Assumption Change	0
(9) Change to UAAL due to Actuarial (Gain)/Loss	2,328,147
(10) Unfunded Accrued Liability as of October 1, 2015	95,170,578

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2015 Amount</u>	<u>Amortization Amount</u>
	10/1/1989	4	\$889,945	\$245,548
	10/1/1990	5	227,942	51,956
	10/1/1996	11	1,791,029	223,221
	10/1/1998	13	186,126	20,813
	10/1/1999	14	6,964,368	744,243
	10/1/2000	15	(1,362,266)	(139,785)
benefit change	10/1/2004	19	13,157,885	1,189,780
method change	10/1/2004	19	6,799,734	614,855
prior losses	10/1/2004	13	6,121,789	684,558
actuarial loss	10/1/2005	13	3,438,992	384,559
actuarial gain	10/1/2006	13	(171,510)	(19,179)
actuarial gain	10/1/2007	13	(251,446)	(28,118)
assum. change	10/1/2007	22	(765,868)	(64,709)
benefit changes	10/1/2007	22	23,569,276	1,991,401
actuarial loss	10/1/2008	3	3,923,803	1,397,357
method change	10/1/2008	13	884,479	98,905
actuarial loss	10/1/2009	4	11,967,588	3,302,027
actuarial gain	10/1/2010	5	(1,996,763)	(455,133)
actuarial loss	10/1/2011	6	4,402,017	863,107

Type of Base	Date Established	Years Remaining	10/1/2015 Amount	Amortization Amount
assum. change	10/1/2011	16	3,607,010	356,850
actuarial loss	10/1/2012	7	7,715,320	1,337,946
assum. change	10/1/2012	17	3,779,783	361,818
assum/method change ²	10/1/2012	17	30,982,333	2,965,768
benefit change ²	10/1/2012	17	(26,399,741)	(2,527,101)
actuarial gain	10/1/2013	8	(864,445)	(135,296)
multiplier change	10/1/2013	8	(1,198,418)	(187,567)
actuarial gain	10/1/2014	9	(4,556,531)	(653,613)
actuarial loss	10/1/2015	10	<u>2,328,147</u>	<u>309,790</u>
			95,170,578	12,934,001

¹ Sponsor Normal Cost using 1.3% Multiplier and 3.95% Expected Average Member Contribution Rate.

² These bases are amortized over an initial period of 20 years and all future bases will be amortized over 10 years as outlined in Ordinance 2013-48.

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014	\$98,082,090
(2) Expected UAAL as of October 1, 2015	92,842,431
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(1,185,294)
Salary Increases	267,397
Active Decrements	3,932,047
Inactive Mortality	(619,086)
Other	<u>(66,917)</u>
Increase in UAAL due to (Gain)/Loss	2,328,147
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2015	\$95,170,578

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rates RP2000 Combined Healthy with generational projection by scale AA - Sex Distinct. This assumption is mandated by Ordinance 2013-48.

Disabled lives: RP2000 Combined Healthy projected to 2012 set forward five years.

Termination Rates Table on following page. These rates were adopted base on the October 1, 2011 experience study.

Disability Rates Table on following page, 75% of disablements are assumed to be service incurred.

<u>Normal Retirement</u>	<u>Number of Years after First Eligibility for Normal Retirement</u>	<u>Probability of Retirement</u>
	0	40%
	1	40%
	2	100%

Members with at least 30 years of Credited Service are assumed to retire immediately. These rates were adopted based on the August 1, 2011 experience study.

Early Retirement Commencing upon eligibility for Early Retirement, Members are assumed to retire with an immediate benefit at the rate of 2% per year.

Interest Rate 7.0% per year, compounded annually, net of investment related expenses. This assumption is mandated by Ordinance 2013-48.

Salary Increases 6% per year for the first 10 years of Credited Service, and 5% for all years of Credited Service greater than 10. This assumption was adopted based on the August 1, 2011 experience study.

Payroll Increase None.

Amortization Methods All future bases amortized over layered 10-year periods as set forth in Ordinance 2013-48.

Administrative Expenses \$172,861 based on the prior year's expenses.

Funding Method

Entry Age Normal Actuarial Cost Method. The following loads are applied for determination of the Sponsor funding requirement:

Interest – half a year based on the 7.0% assumption.

Salary – a full year based on the current average assumption of 5.3%.

Asset Smoothing Methodology

The Actuarial Value of Assets is based upon 5-year straight line recognition of the difference between expected earnings on the net market value of assets and actual earnings on the net market value of assets. The net market value of assets shall be the total fiduciary net position as defined by GASB 67/68, excluding any reserves held which are not designated for currently adopted plan benefits valued as part of the plan liabilities. The resulting value shall be adjusted if it does not fall between 120% and 80% of the market value of assets. This change shall be made assuming that this 5-year recognition method applies to differences between the expected and actual investment returns for the years ending September 30, 2009 and later. This method is mandated by Ordinance 2013-48.

Disability and Termination Rates

<u>Age</u>	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>
20	0.051%	20.0%
30	0.058	12.0
40	0.121	8.0
50	0.429	6.0
60	1.611	5.0

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay as of the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Individual Entry Age Normal Actuarial Cost Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. The actuarial accrued liability for active participants is the difference between the present value of future benefits and the present value of future Normal Costs. The actuarial accrued liability for inactive participants is the present value of future benefits.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	1,781,447.26	1,781,447.26
Prepaid Expenses	1,908.90	1,908.90
Cash	406,071.14	406,071.14
 Total Cash and Equivalents	 2,189,427.30	 2,189,427.30
 Receivables:		
Member Contributions in Transit	343.03	343.03
City Contributions in Transit	8,152.18	8,152.18
Reimbursement from General Employee	12,609.83	12,609.83
Investment Income	8,276.00	8,276.00
 Total Receivable	 29,381.04	 29,381.04
 Investments:		
Stocks	15,204,774.53	15,984,075.51
Mutual Funds:		
Equity	39,118,534.51	39,189,604.56
Pooled/Common/Commingled Funds:		
Hedge	7,997,209.74	7,997,209.74
Fixed Income	38,520,969.10	38,397,827.45
Equity	11,282,671.07	11,355,687.07
 Total Investments	 112,124,158.95	 112,924,404.33
 Total Assets	 114,342,967.29	 115,143,212.67
 <u>LIABILITIES</u>		
Payables:		
Investment Expenses	67,414.99	67,414.99
Administrative Expenses	65,660.10	65,660.10
 Total Liabilities	 133,075.09	 133,075.09
 NET POSITION RESTRICTED FOR PENSIONS	 114,209,892.20	 115,010,137.58

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015
Market Value Basis

ADDITIONS

Contributions:

Member	584,624.01	
City		13,053,608.67

Total Contributions		13,638,232.68
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Investment Income:

Net Realized Gain (Loss)	5,389,696.94	
Unrealized Gain (Loss)	(9,439,837.52)	
Net Increase in Fair Value of Investments		(4,050,140.58)
Interest & Dividends		2,008,470.30
Less Investment Expense ¹		(482,018.44)

Net Investment Income		(2,523,688.72)
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Total Additions		11,114,543.96
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DEDUCTIONS

Distributions to Members:

Benefit Payments	9,640,020.66	
Lump Sum DROP Distributions	3,349,599.35	
Lump Sum PLOP Distributions	861,316.10	
Refunds of Member Contributions	11,176.24	

Total Distributions		13,862,112.35
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Administrative Expense		172,861.30
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Total Deductions		14,034,973.65
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Net Increase in Net Position		(2,920,429.69)
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		117,930,567.27
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End of the Year		115,010,137.58
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¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
September 30, 2015

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Plan Year Ending	Gain/(Loss)	<u>Gains/Losses Not Yet Recognized</u>				
		Amounts Not Yet Recognized by Valuation Year				
		2015	2016	2017	2018	2019
09/30/2011	(5,421,087)	0	0	0	0	0
09/30/2012	8,175,288	1,635,058	0	0	0	0
09/30/2013	7,675,331	3,070,132	1,535,066	0	0	0
09/30/2014	3,035,150	1,821,090	1,214,060	607,030	0	0
09/30/2015	(10,764,943)	(8,611,954)	(6,458,966)	(4,305,977)	(2,152,989)	0
Total		(2,085,674)	(3,709,840)	(3,698,947)	(2,152,989)	0

<u>Development of Investment Gain/Loss</u>	
Market Value of Assets, 09/30/2014	117,930,567
Contributions Less Benefit Payments & Admin Expenses	(396,741)
Expected Investment Earnings*	8,241,254
Actual Net Investment Earnings	(2,523,689)
2015 Actuarial Investment Gain/(Loss)	<u>(10,764,943)</u>

*Expected Investment Earnings = 0.07 * [117,930,567 + 0.5 * (396,741)]

<u>Development of Actuarial Value of Assets</u>	
(1) Market Value of Assets, 09/30/2015	115,010,138
(2) Gains/(Losses) Not Yet Recognized	(2,085,674)
(3) Actuarial Value of Assets, 09/30/2015, (1) - (2)	<u>117,095,812</u>
(A) 09/30/2014 Actuarial Assets:	108,711,350
(I) Net Investment Income:	
1. Interest and Dividends	2,008,470
2. Realized Gains (Losses)	5,389,697
3. Change in Actuarial Value	1,865,053
4. Investment Expenses	(482,018)
Total	<u>8,781,202</u>
(B) 09/30/2015 Actuarial Assets:	117,095,812
Actuarial Assets Rate of Return = 2I/(A+B-I):	8.09%
Market Value of Assets Rate of Return:	-2.14%
10/01/2015 Limited Actuarial Assets:	117,095,812
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	1,185,294

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2015
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	584,624.01	
City	13,053,608.67	
Total Contributions		13,638,232.68
Earnings from Investments:		
Interest & Dividends	2,008,470.30	
Net Realized Gain (Loss)	5,389,696.94	
Change in Actuarial Value	1,865,053.48	
Total Earnings and Investment Gains		9,263,220.72

EXPENDITURES

Distributions to Members:		
Benefit Payments	9,640,020.66	
Lump Sum DROP Distributions	3,349,599.35	
Lump Sum PLOP Distributions	861,316.10	
Refunds of Member Contributions	11,176.24	
Total Distributions		13,862,112.35
Expenses:		
Investment related ¹	482,018.44	
Administrative	172,861.30	
Total Expenses		654,879.74
Change in Net Assets for the Year		8,384,461.31
Net Assets Beginning of the Year		108,711,350.27
Net Assets End of the Year²		117,095,811.58

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

²Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2014 to September 30, 2015

Beginning of the Year Balance	5,115,209.82
Plus Additions	333,562.68
Investment Return Earned	215,179.80
Less Distributions	(3,349,599.35)
End of the Year Balance	2,314,352.95

STATISTICAL DATA ¹

	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>
<u>Actives</u>				
Number	569	347	308	283
Average Current Age	47.3	48.9	49.7	49.9
Average Age at Employment	35.6	34.9	34.6	35.0
Average Past Service	11.7	14.0	15.1	14.9
Average Annual Salary	\$48,055	\$47,494	\$48,730	\$52,913
<u>Service Retirees</u>				
Number			560	569
Average Current Age			N/A	66.7
Average Annual Benefit			\$15,544	\$15,985
<u>DROP Retirees</u>				
Number			15	9
Average Current Age			N/A	66.1
Average Annual Benefit			\$29,527	\$27,392
<u>Beneficiaries</u>				
Number			82	92
Average Current Age			N/A	70.2
Average Annual Benefit			\$10,165	\$10,430
<u>Disability Retirees</u>				
Number			2	3
Average Current Age			N/A	67.6
Average Annual Benefit			\$4,207	\$6,699

¹ Prior to 10/1/2015, averages were salary weighted.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	1	0	1	0	0	0	0	0	0	2
25 - 29	0	0	2	2	0	7	0	0	0	0	0	11
30 - 34	0	0	1	0	2	9	3	2	0	0	0	17
35 - 39	0	0	3	1	1	9	7	4	0	0	0	25
40 - 44	0	0	0	0	1	1	5	5	10	0	0	22
45 - 49	0	0	2	0	0	7	9	9	4	6	0	37
50 - 54	0	0	0	1	1	8	12	18	9	8	0	57
55 - 59	0	0	1	2	1	8	13	9	11	11	1	57
60 - 64	0	0	1	1	5	8	11	8	9	5	1	49
65+	0	0	0	0	0	0	2	3	1	0	0	6
Total	0	0	11	7	12	57	62	58	44	30	2	283

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2014	308
b. Terminations	
i. Vested (partial or full) with deferred benefits	(8)
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	(2)
ii. No future benefits payable	0
d. Disabled	(1)
e. Retired	(14)
f. DROP	<u>0</u>
g. Continuing participants	283
h. New entrants	<u>0</u>
i. Total active life participants in valuation	283

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	560	15	82	2	344	1,003
Retired	34	(6)	0	0	(14)	14
DROP	0	0	0	0	0	0
Vested Deferred	0	0	0	0	8	8
Death, With Survivor	(9)	0	11	0	(1)	1
Death, No Survivor	(15)	0	(1)	0	0	(16)
Disabled	0	0	0	1	0	1
Refund of Contributions	0	0	0	0	(1)	(1)
Rehires	0	0	0	0	0	0
Expired Annuities	(1)	0	0	0	0	(1)
Data Corrections	0	0	0	0	0	0
b. Number current valuation	569	9	92	3	336	1,009

SUMMARY OF PLAN PROVISIONS
(Through Ordinance 2013-48)

Variable Benefit and Contribution Program

All Members who are employed and not participating in the DROP on September 30, 2013 and do not fall in the Grandfathered group (see below) shall earn benefits for credited service on and after October 1, 2013 in accordance with the variable benefit and contribution program.

Average Final Compensation	Average final salary of the 8 highest years of the last 10 years prior to termination.
Salary	Effective October 1, 2013 salary means base wages and overtime payments up to 300 hours per calendar year, including all tax deferred, tax sheltered or tax exempt items of income derived from elective employee payroll deductions or salary reductions, but excluding management deferred compensation and all other compensation.
Normal Form	Life Annuity
Member Contribution Rate	Minimum: 3% Maximum 5% Current: 3%
Multiplier	Minimum: 1.0% Maximum 2.55% Current: 1.3%
Normal Retirement Date	Same as old plan.
Early Retirement Date	Same as old plan.
Vesting	5 Year Cliff.
Cost of Living Adjustment	None for benefits earned on and after October 1, 2013.

The Member Contribution Rate and Multiplier will be adjusted as necessary so that the Target Total Employer Contribution Percentage is within the mandated corridors.

Provisions in Effect for Grandfathered Members within 5 years of Retirement as of September 30, 2013. All other Members have benefits frozen as of that date.

Credited Service	Years and fractional parts of years of continuous uninterrupted service with the City as a General Employee.
Salary	Total compensation reported on the W-2, but excluding accumulated sick leave and vacation pay and special bonuses, plus all tax deferred, tax sheltered, or tax exempt items of income.
Average Final Compensation	Average of Salary paid during the highest three (3) years of the last five (5).
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	2.55% of Average Final Compensation (AFC) times Credited Service plus \$100 supplement.
Form of Benefit	10 Year Certain and Life Annuity (options available).
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 3% for each year that Early Retirement precedes Normal Retirement.
Vesting (Termination of Employment)	
Less than 5 years	Refund of Member Contributions without interest.
5 years of 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	
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.
Form of Benefit	Paid until earlier of death or recovery (with 120 payments

guaranteed).

Cost-of-Living Adjustment

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.

Pre-Retirement Death Benefits

Non-vested

Refund of Member Contributions without interest.

Vested or Eligible to Retire

Accrued benefit payable to beneficiary for 10 years.

Supplemental Benefit

\$100.00 per month, payable for life, to all retirees (including disability retirees).

Contributions

Members

8.18% of Salary, beginning October 1, 2008.

City

Remaining amount necessary to pay the Normal Cost and fund the accrued, past service liability as provided in Part VII of Chapter 112, Florida Statutes.

Deferred Retirement Option Plan

Eligibility

Satisfaction of Normal Retirement requirements (earlier of (1) Age 65 and 5 years of Credited Service, or (2) 30 years of Credited Service, regardless of age).

Participation

Not to exceed 96 months (60 months for Members entering DROP after January 31, 2011).

Rate of Return

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

Form of Distribution

Cash lump sum (options available) at termination of employment.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	1,781,448
Prepaid Expenses	1,909
Cash	406,071
Total Cash and Equivalents	2,189,428
Receivables:	
Member Contributions in Transit	343
City Contributions in Transit	8,152
Reimbursement from General Employee	12,610
Investment Income	8,276
Total Receivable	29,381
Investments:	
Stocks	15,984,075
Equity	39,189,605
Pooled/Common/Commingled Funds:	
Hedge	7,997,210
Fixed Income	38,397,827
Equity	11,355,687
Total Investments	112,924,404
Total Assets	115,143,213
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	67,415
Administrative Expenses	65,660
Total Liabilities	133,075
NET POSITION RESTRICTED FOR PENSIONS	115,010,138

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015
Market Value Basis

ADDITIONS

Contributions:

Member	584,624	
City	13,053,609	
Total Contributions		13,638,233
Investment Income:		
Net Increase in Fair Value of Investments	(4,050,142)	
Interest & Dividends	2,008,470	
Less Investment Expense ¹	(482,018)	
Net Investment Income		(2,523,690)
Total Additions		11,114,543

DEDUCTIONS

Distributions to Members:

Benefit Payments	9,640,021	
Lump Sum DROP Distributions	3,349,599	
Lump Sum PLOP Distributions	861,316	
Refunds of Member Contributions	11,176	
Total Distributions		13,862,112
Administrative Expense		172,861
Total Deductions		14,034,973
Net Increase in Net Position		(2,920,430)
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		117,930,568
End of the Year		115,010,138

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

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2015)

Plan Description

Plan Administration

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees. The Board shall consist of five (5) Trustees, three (3) of whom, unless otherwise prohibited by law, shall be appointed by the Ocala City Council, and two (2) of whom shall be Members of the System, who shall be elected by a majority of General Employees who are Members of the System.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	659
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	344
Active Plan Members	308
	1,311

Benefits Provided

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

Variable Benefit and Contribution Program

All Members who are employed and not participating in the DROP on September 30, 2013 and do not fall in the Grandfathered group (see below) shall earn benefits for credited service on and after October 1, 2013 in accordance with the variable benefit and contribution program.

Average Final Compensation: Average final salary of the 8 highest years of the last 10 years prior to termination.

Normal Form: Life Annuity.

Multiplier: Minimum: 1.0%.

Maximum: 2.55%.

Current: 1.3%

Normal Retirement Date: Same as old plan.

Early Retirement Date: Same as old plan.

Vesting: 5 Year Cliff.

Cost of Living Adjustment: None for benefits earned on or after October 1, 2013.

The Member Contribution Rate and Multiplier will be adjusted as necessary so that the Target Total Employer Contribution Percentage is within the mandated corridors.

Provisions in Effect for Grandfathered Members within 5 years of Retirement as of September 30, 2013. All other Members have benefits frozen as of that date.

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: 2.55% of Average Final Compensation (AFC) times Credited Service plus \$100 supplement.

Form of Benefit: 10 Year Certain and Life Annuity (options available).

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 3% for each year that Early Retirement precedes Normal Retirement.

Vesting (Termination of Employment):

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:

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.

Cost-of-Living Adjustment:

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.

Pre-Retirement Death Benefits:

Non-Vested: Refund of Member Contributions without interest.

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

Supplemental Benefit:

\$100.00 per month, payable for life, to all retirees (including disability retirees).

Contributions

Members: 8.18% of Salary, beginning October 1, 2008.

City: Remaining amount necessary to pay the Normal Cost and fund the accrued, past service liability as provided in Part VII of Chapter 112, Florida Statutes.

Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
US Equity	20.00%
Developed Non US Equity	12.00%
Emerging Non US Equity	10.00%
Fixed Income	32.00%
Hedge Fund of Funds	13.50%
Real Estate	12.50%
Total	100.00%

Concentrations:

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

Rate of Return:

For the year ended September 30, 2015, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -2.14 percent.

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

Deferred Retirement Option Program

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

Participation: Not to exceed 96 months (60 months for Members entering DROP after January 31, 2011).

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

The DROP balance as September 30, 2015 is \$2,314,353.

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2015 were as follows:

Total Pension Liability	\$ 206,223,229
Plan Fiduciary Net Position	\$ (115,010,138)
Sponsor's Net Pension Liability	\$ 91,213,091
Plan Fiduciary Net Position as a percentage of Total Pension Liability	55.77%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	5.00% - 6.00%
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate: RP2000 Combined Healthy with generational projection by scale AA - Sex Distinct. This assumption is mandated by Ordinance 2013-48.

Disabled lives: RP2000 Combined Healthy projected to 2012 set forward five years.

We feel this assumption sufficiently accommodates future mortality improvements.

The significant assumptions are based upon the most recent actuarial experience study dated August 1, 2011 for the period 1997 - 2010.

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, 2015 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
US Equity	6.55%
Developed Non US Equity	7.23%
Emerging Non US Equity	9.48%
Fixed Income	1.56%
Hedge Fund of Funds	3.52%
Real Estate	4.40%

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.

	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Sponsor's Net Pension Liability	\$ 117,079,390	\$ 91,213,091	\$ 69,768,205

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2015	09/30/2014	01/00/1900
Total Pension Liability			
Service Cost	1,955,680	2,122,184	2,050,270
Interest	13,857,718	13,643,262	13,441,073
Changes of benefit terms	-	(1,321,935)	-
Differences between Expected and Actual Experience	1,329,173	-	-
Changes of assumptions	-	-	-
Contributions - Buy Back	-	114,387	-
Benefit Payments, including Refunds of Employee Contributions	(13,862,112)	(11,437,247)	(11,268,573)
Net Change in Total Pension Liability	3,280,459	3,120,651	4,222,770
Total Pension Liability - Beginning	202,942,770	199,822,119	195,599,349
Total Pension Liability - Ending (a)	<u>\$206,223,229</u>	<u>\$ 202,942,770</u>	<u>\$ 199,822,119</u>
Plan Fiduciary Net Position			
Contributions - Employer	13,053,609	10,253,005	10,411,010
Contributions - Employee	584,624	675,791	2,175,515
Contributions - Buy Back	-	114,387	-
Net Investment Income	(2,523,690)	10,569,771	14,195,919
Benefit Payments, including Refunds of Employee Contributions	(13,862,112)	(11,437,247)	(11,268,573)
Administrative Expense	(172,861)	(159,258)	(184,066)
Net Change in Plan Fiduciary Net Position	(2,920,430)	10,016,449	15,329,805
Plan Fiduciary Net Position - Beginning	117,930,568	107,914,119	92,584,314
Plan Fiduciary Net Position - Ending (b)	<u>\$115,010,138</u>	<u>\$ 117,930,568</u>	<u>\$ 107,914,119</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 91,213,091</u>	<u>\$ 85,012,202</u>	<u>\$ 91,908,001</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	55.77%	58.11%	54.01%
Covered Employee Payroll*	\$ 21,970,446	N/A	N/A
Net Pension Liability as a percentage of Covered Employee Payroll	415.16%	N/A	N/A

Notes to Schedule:*Changes of benefit terms*

For the 2014 Fiscal year, amounts reported as changes of benefit terms were resulted from lowering the variable multiplier from 1.60% to 1.30%. Ordinance 2014-42 was adopted which clarifies some features of the variable benefit plan.

*For the Fiscal years 2013 and 2014, the Covered Employee Payroll figures were not available. For the 2015 Fiscal year the CEP figure was based on the received 2015 census data.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2015	09/30/2014	01/00/1900
Actuarially Determined Contribution	13,053,609	10,253,005	10,411,010
Contributions in relation to the Actuarially Determined Contributions	13,053,609	10,253,005	10,411,010
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll*	\$ 21,970,446	N/A	N/A
Contributions as a percentage of Covered Employee Payroll	59.41%	N/A	N/A

**For the Fiscal years 2013 and 2014, the Covered Employee Payroll figures were not available. For the 2015 Fiscal year the CEP figure was based on the received 2015 census data.*

Notes to Schedule

Valuation Date: 10/01/2013

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: All future bases amortized over layered 10-year periods as set forth in Ordinance 2013-48.
 Remaining Amortization Period: 24 Years (as of 10/01/2013).
 Mortality: RP2000 Combined Healthy with generational projection by scale AA - Sex Distinct. This assumption is mandated by the Ordinance 2013-48.
 Disabled lives: RP2000 Combined Healthy projected to 2012 set forward five years.
 Termination Rates: See Table on following page.
 Disability Rates: See Table on following page, 75% of disablements are assumed to be service incurred.

Normal Retirement:	<u>Number of Years after First</u>	Probability of
	<u>Eligibility for Normal</u>	
	<u>Retirement</u>	
	0	40%
	1	40%
	2	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.
 Interest Rate: 7% per year, compounded annually, net of investment related expenses. The interest rate is mandated by Ordinance 2013-48.
 Salary Increases: 6% per year for the first 10 years of Credited Service, and 5% for all years of Credited Service greater than 10.
 Payroll Increase: None.
 Inflation: 3.0% per year.

GASB 67

Asset Smoothing Methodology:

The Actuarial Value of Assets is based upon a 5-year straight line recognition of the difference between expected earnings on the net market value of assets and actual earnings on the net market value of assets. The net market value of assets shall be the total fiduciary net position as defined by GASB 67/68, excluding any reserves held which are not designated for currently adopted plan benefits valued as part of the plan liabilities. The resulting value shall be adjusted if it does not fall between 120% and 80% of the market value of assets. This change shall be made assuming that this 5-year recognition method applies to differences between the expected and actual investment returns for the years ending September 30, 2009 and later. This method is mandated by Ordinance 2013-48.

Termination and Disability Rate Table:

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During 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%

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>01/00/1900</u>
Annual Money-Weighted Rate of Return			
Net of Investment Expense	-2.14%	9.86%	15.20%

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2016)

General Information about the Pension Plan

Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees. The Board shall consist of five (5) Trustees, three (3) of whom, unless otherwise prohibited by law, shall be appointed by the Ocala City Council, and two (2) of whom shall be Members of the System, who shall be elected by a majority of General Employees who are Members of the System.

All General Employees as of the Effective Date, and all future new General Employees, shall become Members of this System as a condition of employment. All Members who are employed and not participating in the DROP on September 30, 2013 and do not fall in the Grandfathered group (see below) shall earn benefits for credited service on and after October 1, 2013 in accordance with the variable benefit and contribution program.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	659
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	344
Active Plan Members	308
	1,311
	1,311

Benefits Provided

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

Variable Benefit and Contribution Program

All Members who are employed and not participating in the DROP on September 30, 2013 and do not fall in the Grandfathered group (see below) shall earn benefits for credited service on and after October 1, 2013 in accordance with the variable benefit and contribution program.

Average Final Compensation: Average final salary of the 8 highest years of the last 10 years prior to termination.

Normal Form: Life Annuity.

Multiplier: Minimum: 1.0%.

Maximum: 2.55%.

Current: 1.3%

Normal Retirement Date: Same as old plan.

Early Retirement Date: Same as old plan.

Vesting: 5 Year Cliff.

Cost of Living Adjustment: None for benefits earned on or after October 1, 2013.

The Member Contribution Rate and Multiplier will be adjusted as necessary so that the Target Total Employer Contribution Percentage is within the mandated corridors.

Provisions in Effect for Grandfathered Members within 5 years of Retirement as of September 30, 2013. All other Members have benefits frozen as of that date.

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: 2.55% of Average Final Compensation (AFC) times Credited Service plus \$100 supplement.

Form of Benefit: 10 Year Certain and Life Annuity (options available).

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 3% for each year that Early Retirement precedes Normal Retirement.

Vesting (Termination of Employment):

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.

GASB 68

Disability:

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.

Cost-of-Living Adjustment:

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.

Pre-Retirement Death Benefits:

Non-Vested: Refund of Member Contributions without interest.

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

Supplemental Benefit:

\$100.00 per month, payable for life, to all retirees (including disability retirees).

Contributions

Members: 8.18% of Salary, beginning October 1, 2008.

City: Remaining amount necessary to pay the Normal Cost and fund the accrued, past service liability as provided in Part VII of Chapter 112, Florida Statutes.

Net Pension Liability

The measurement date is September 30, 2015.

The measurement period for the pension expense was October 1, 2014 to September 30, 2015.

The reporting period is October 1, 2015 through September 30, 2016.

The Sponsor's Net Pension Liability was measured as of September 30, 2015.

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

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	5.00% - 6.00%
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate: RP2000 Combined Healthy with generational projection by scale AA - Sex Distinct. This assumption is mandated by Ordinance 2013-48.

The significant assumptions are based upon the most recent actuarial experience study dated August 1, 2011 for the period 1997 - 2010.

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, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	20.00%	6.55%
Developed Non US Equity	12.00%	7.23%
Emerging Non US Equity	10.00%	9.48%
Fixed Income	32.00%	1.56%
Hedge Fund of Funds	13.50%	3.52%
Real Estate	12.50%	4.40%
Total	100.00%	

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.

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2015	\$ 202,942,770	\$ 117,930,568	\$ 85,012,202
Changes for a Year:			
Service Cost	1,955,680	-	1,955,680
Interest	13,857,718	-	13,857,718
Differences between Expected and Actual Experience	1,329,173	-	1,329,173
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	13,053,609	(13,053,609)
Contributions - State	-	-	-
Contributions - Employee	-	584,624	(584,624)
Contributions - Buy Back	-	-	-
Net Investment Income	-	(2,523,690)	2,523,690
Benefit Payments, including Refunds of Employee Contributions	(13,862,112)	(13,862,112)	-
Administrative Expense	-	(172,861)	172,861
Net Changes	3,280,459	(2,920,430)	6,200,889
Reporting Period Ending September 30, 2016	\$ 206,223,229	\$ 115,010,138	\$ 91,213,091

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.00%	7.00%	8.00%
Sponsor's Net Pension Liability	\$ 117,079,390	\$ 91,213,091	\$ 69,768,205

Pension Plan Fiduciary Net Position.

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

**PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED
INFLOWS OF RESOURCES RELATED TO PENSIONS**

For the year ended September 30, 2016, the Sponsor will recognize a Pension Expense of \$9,370,925.

On September 30, 2016, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	664,587	-
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	6,790,866	-
Employer and State contributions subsequent to the measurement date	TBD	-
Total	\$ 7,455,453	\$ -

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2016.

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:			
2017	\$	2,210,546	
2018	\$	1,545,959	
2019	\$	1,545,959	
2020	\$	2,152,989	
2021	\$	-	
Thereafter	\$	-	

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

Reporting Period Ending Measurement Date	09/30/2016 09/30/2015	09/30/2015 09/30/2014	09/30/2014 01/00/1900
Total Pension Liability			
Service Cost	1,955,680	2,122,184	2,050,270
Interest	13,857,718	13,643,262	13,441,073
Changes of benefit terms	-	(1,321,935)	-
Differences between Expected and Actual Experience	1,329,173	-	-
Changes of assumptions	-	-	-
Contributions - Buy Back	-	114,387	-
Benefit Payments, including Refunds of Employee Contributions	(13,862,112)	(11,437,247)	(11,268,573)
Net Change in Total Pension Liability	3,280,459	3,120,651	4,222,770
Total Pension Liability - Beginning	202,942,770	199,822,119	195,599,349
Total Pension Liability - Ending (a)	<u>\$206,223,229</u>	<u>\$202,942,770</u>	<u>\$199,822,119</u>
Plan Fiduciary Net Position			
Contributions - Employer	13,053,609	10,253,005	10,411,010
Contributions - State	-	-	-
Contributions - Employee	584,624	675,791	2,175,515
Contributions - Buy Back	-	114,387	-
Net Investment Income	(2,523,690)	10,569,771	14,195,919
Benefit Payments, including Refunds of Employee Contributions	(13,862,112)	(11,437,247)	(11,268,573)
Administrative Expense	(172,861)	(159,258)	(184,066)
Net Change in Plan Fiduciary Net Position	(2,920,430)	10,016,449	15,329,805
Plan Fiduciary Net Position - Beginning	117,930,568	107,914,119	92,584,314
Plan Fiduciary Net Position - Ending (b)	<u>\$115,010,138</u>	<u>\$117,930,568</u>	<u>\$107,914,119</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 91,213,091</u>	<u>\$ 85,012,202</u>	<u>\$ 91,908,001</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	55.77%	58.11%	54.01%
Covered Employee Payroll	\$ 21,970,446	N/A	N/A
Net Pension Liability as a percentage of Covered Employee Payroll	415.16%	N/A	N/A

Notes to Schedule:*Changes of benefit terms*

For the 2015 Reporting Period year, amounts reported as changes of benefit terms were resulted from lowering the variable multiplier from 1.60% to 1.30%. Ordinance 2014-42 was adopted which clarifies some features of the variable benefit plan.

**For the Reporting Period Ending years 2014 and 2015, the Covered Employee Payroll figures were not available. For the 2016 Reporting Period Ending year the CEP figure was based on the received 2015 census data.*

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

Reporting Period Ending	09/30/2016	09/30/2015	09/30/2014
Measurement Date	09/30/2015	09/30/2014	01/00/1900
Actuarially Determined Contribution	13,053,609	10,253,005	10,411,010
Contributions in relation to the			
Actuarially Determined Contributions	13,053,609	10,253,005	10,411,010
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 21,970,446	N/A	N/A
Contributions as a percentage of			
Covered Employee Payroll	59.41%	N/A	N/A

**For the Reporting Period Ending years 2014 and 2015, the Covered Employee Payroll figures were not available. For the 2016 Reporting Period Ending year the CEP figure was based on the received 2015 census data.*

Notes to Schedule

Valuation Date: 10/01/2013

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: All future bases amortized over layered 10-year periods as set forth in Ordinance 2013-48.
 Remaining Amortization Period: 24 Years (as of 10/01/2013).
 Mortality: RP2000 Combined Healthy with generational projection by scale AA - Sex Distinct. This assumption is mandated by the Ordinance 2013-48.
 Disabled lives: RP2000 Combined Healthy projected to 2012 set forward five years.

Termination Rates: See Table on following page.
 Disability Rates: See Table on following page, 75% of disablements are assumed to be service incurred.

Normal Retirement:	<u>Number of Years after First</u>	
	<u>Eligibility for Normal</u>	<u>Probability of</u>
	<u>Retirement</u>	<u>Retirement</u>
	0	40%
	1	40%
	2	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.

Interest Rate: 7% per year, compounded annually, net of investment related expenses. The interest rate is mandated by Ordinance 2013-48.

Salary Increases: 6% per year for the first 10 years of Credited Service, and 5% for all years of Credited Service greater than 10.

Payroll Increase: None.

Inflation: 3.0% per year.

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Asset Smoothing Methodology:

The Actuarial Value of Assets is based upon a 5-year straight line recognition of the difference between expected earnings on the net market value of assets and actual earnings on the net market value of assets. The net market value of assets shall be the total fiduciary net position as defined by GASB 67/68, excluding any reserves held which are not designated for currently adopted plan benefits valued as part of the plan liabilities. The resulting value shall be adjusted if it does not fall between 120% and 80% of the market value of assets. This change shall be made assuming that this 5-year recognition method applies to differences between the expected and actual investment returns for the years ending September 30, 2009 and later. This method is mandated by Ordinance 2013-48.

Termination and Disability Rate Table:

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During 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%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	\$ 91,908,000	\$ -	\$ 10,253,005	\$ -
Employer and State contributions made after 09/30/2014	-	-	13,053,609	-
Total Pension Liability Factors:				
Service Cost	2,122,184	-	-	2,122,184
Interest	13,643,262	-	-	13,643,262
Changes in benefit terms	(1,321,935)	-	-	(1,321,935)
Contributions - Buy Back	114,387	-	-	114,387
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	-	-	-	-
Current year amortization of experience difference	-	-	-	-
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(11,437,247)	-	-	(11,437,247)
Net change	3,120,651	-	13,053,609	3,120,651
Plan Fiduciary Net Position:				
Contributions - Employer	10,253,005	-	(10,253,005)	-
Contributions - Employee	675,791	-	-	(675,791)
Contributions - Buy Back	114,387	-	-	(114,387)
Net Investment Income	7,534,622	-	-	(7,534,622)
Difference between projected and actual earnings on Pension Plan investments	3,035,149	3,035,149	-	-
Current year amortization	-	(607,030)	-	(607,030)
Benefit Payments	(11,437,247)	-	-	11,437,247
Administrative Expenses	(159,258)	-	-	159,258
Net change	10,016,449	2,428,119	(10,253,005)	2,664,675
Ending Balance	\$ 85,012,202	\$ 2,428,119	\$ 13,053,609	\$ 5,785,326

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 85,012,202	\$ 2,428,119	\$ 13,053,609	\$ -
Employer and State Contributions made after 09/30/2015	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	1,955,680	-	-	1,955,680
Interest	13,857,718	-	-	13,857,718
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	1,329,173	-	1,329,173	-
Current year amortization of experience difference	-	-	(664,586)	664,586
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(13,862,112)	-	-	(13,862,112)
Net change	<u>3,280,459</u>	<u>-</u>	<u>664,587</u>	<u>2,615,872</u>
Plan Fiduciary Net Position:				
Contributions - Employer	13,053,609	-	(13,053,609)	-
Contributions - Employee	584,624	-	-	(584,624)
Net Investment Income	8,241,254	-	-	(8,241,254)
Difference between projected and actual earnings on Pension Plan investments	(10,764,944)	-	10,764,944	-
Current year amortization	-	(607,030)	(2,152,988)	1,545,958
Benefit Payments	(13,862,112)	-	-	13,862,112
Administrative Expenses	(172,861)	-	-	172,861
Net change	<u>(2,920,430)</u>	<u>(607,030)</u>	<u>(4,441,653)</u>	<u>6,755,053</u>
Ending Balance	<u>\$ 91,213,091</u>	<u>\$ 1,821,089</u>	<u>TBD</u>	<u>\$ 9,370,925</u>

* Employer and State Contributions subsequent to the measurement date made after September 30, 2015 but made on or before September 30, 2016 needs to be added.