CITY OF OCALA, FLORIDA

Comprehensive Annual Financial Report

For September 30, 2015

Ocala is a great place to live, play, and prosper

CITY OF OCALA

GOD BE WITH US

MARION COUNTY, FLORIDA

CITY OF OCALA, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended

September 30, 2015

Prepared by:

Finance Department

Mary Ann Davis, CGFM

Finance Director

Regina Frazier, CGFO, CPM

Assistant Finance Director

CITY OF OCALA

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MARION COUNTY, FLORIDA

CITY OF OCALA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2015

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OFFICE OF BUSINESS AND FINANCIAL SERVICES
110 SE WATULA AVENUE
OCALA, FLORIDA 34471

May 6, 2016

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

It is our pleasure to submit this *Comprehensive Annual Financial Report* for the City of Ocala, Florida for the fiscal year ended September 30, 2015. The report fulfills the requirements set forth in the *Florida Statutes*, Chapter 166.241 and the *Rules of the Florida Auditor General,* Chapter 10.550. The organization, form and content of this report together with accompanying financial statements and statistical tables are formulated in accordance with the principals prescribed by the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, the State of Florida and the Government Finance Officers Association.

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

Purvis, Gray and Company, a firm of licensed certified public accountants, has audited the City of Ocala's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements for the year ended September 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor

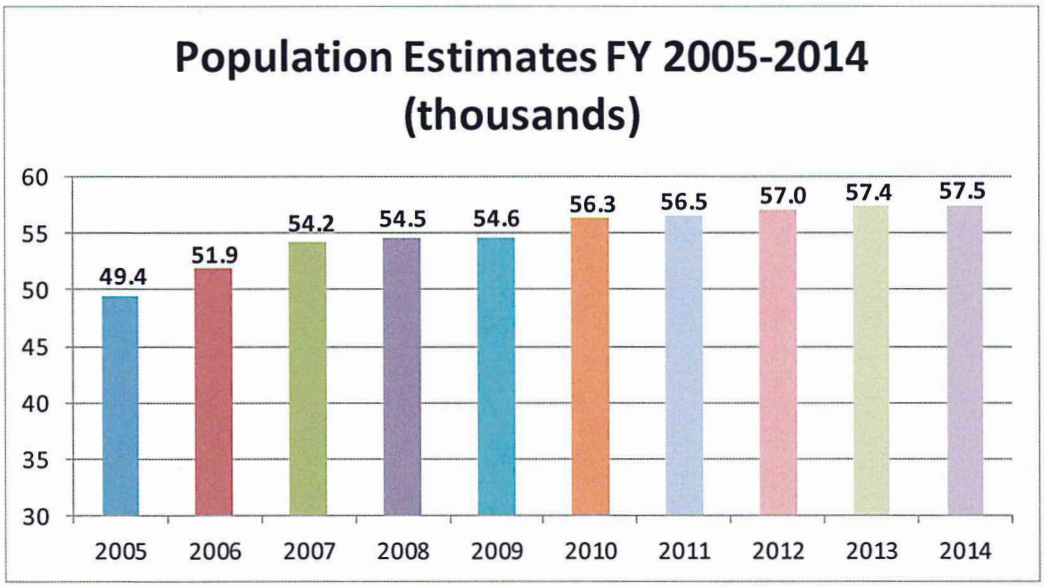
concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended September 30, 2015, as fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the City

The City of Ocala is the most populous city in and serves as the county seat of Marion County. Ocala is located in north central Florida approximately 67 miles northwest of Orlando and approximately 40 miles east of the Gulf of Mexico near the site of Ocale, a major Timucua village and chiefdom during the 16th century. The City takes its name from the historical village, the name of which is believed to mean "Big Hammock" in the Timucua language. There are approximately 44 square miles of land included within the corporate boundaries of the City. The City's population has been trending upwards for the last ten years and as of April 1, 2014, the official population estimate was 57,494.



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

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

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

Internal support services include the following:

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

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

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

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

Factors Affecting the City's Financial Condition

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

The General Fund's main revenue sources include Property Tax, State Revenue Sharing, Half Cent Sales Tax and the transfer from the Electric Fund. Due to the uncertainty in the economic climate, the General Fund endured consecutive annual multimillion dollar deficits. Although Ocala's economy continues to show signs of strengthening, with a 7.9% increase in real property valuations, heightened building permit activity, a declining unemployment rate, and drops in the area's foreclosure rates, the post-recession recovery remains elusively slow. The City's long range fiscal forecast projects the General Fund deficits to persist over the next three fiscal years. Compounding matters are growth pressures in annual pension contribution costs and inflationary pressures associated with day-to-day operations and capital expenses.

Local Economy. The Ocala area is home to a $2.6 billion equine industry. The tourist industry also has a significant impact on the economy, with the Silver Springs and Rainbow Springs attractions, and the Ocala National Forest nearby. In addition, Ocala has become a center for manufacturing, logistics, and distribution companies, and continues to market the Ocala International Airport Business Park.

The City has aggressively, but strategically, continued sowing the seeds for tomorrow's economic recovery. The City's strategic investments in economic development, made over the past three to four years, are beginning to yield meaningful results. Last year, FedEx Ground Package Systems, Inc., a fortune 100 company, broke ground on 150 acres to construct a $123 million regional hub located in the recently completed Ocala/Marion County Commerce Park. This construction is now near completion.

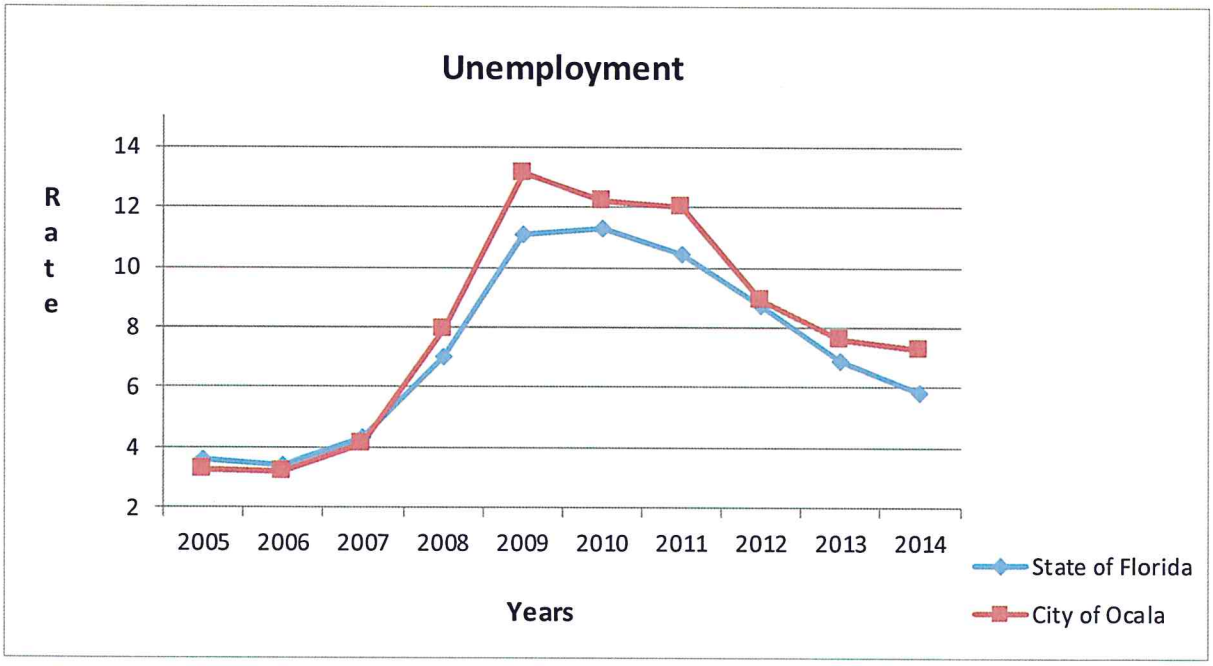
The City's Enterprise Zone, which covers a 10-square mile area, has been well received. This State supported incentive program will sunset effective December 31, 2015. The 2014-15 results were:

- 40 New Businesses
- 371 New Jobs
- $69,000 in Local Public Funds
- $53,924 in Leveraged Resources

The City has also invested in a number of smaller scale economic development projects that focus on assisting existing businesses with expansion. The Façade Grant program has been very successful in improving the exterior view of buildings for the following businesses: Infinite Ale Works, La Cuisine, Madison Commons, Osceola Ave Complex, Murphy Block, and Shannon Roth. The total public investment of $55,400 matched with a total private investment of more than $110,800, assisted these businesses in giving their exterior a "face lift," elevating the surrounding areas, and spurring additional economic investment. The façade grant program will be expanded for FY 2015-16.

The City is actively engaged in the community by building strategic alliances with the private sector, site selectors, developers, business owners, other governmental agencies, and realtors to provide a business friendly environment that creates opportunity for expansion. It is expected that the City's economic investments will continue to spur economic growth and fiscal sustainability.

The City's unemployment rate decreased from 7.6% at this time last year to 7.3%, which is higher than the state and national averages of 5.8% and 5.9% respectively.



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

- City parking garage
- Terminal Parking at Airport
- Recurring annual funding for the following areas:
  - Annual City-wide resurfacing and sidewalk program
  - Facilities maintenance
  - Fleet management
  - Information technology upgrades

- Historic District Improvements and upgrades
- Overhead/Underground/Lighting work orders
- Substation upgrades
- Drainage Retention Area upgrades
- Water and sanitary sewer main improvements and extensions
- Multiple Community Park improvements

Key Management Practices. The City has adopted and complied with the following key management practices:

- **General Fund Reserve Policy** – The General Fund will maintain an operating reserve of not less than 20 percent of planned budget expenditures.
- **Debt Management Policy** – Outlines allowable debt issuance purposes, debt structure, limitations on debt levels, allowable types of debt, promotes sound financial management and enhances the City's credit ratings.
- **Capital Improvement Plan** – Requires the City to develop and implement a five-year capital improvement plan to anticipate long-term capital needs.
- **Electric Rate Stabilization Reserve (ERSR)** – The City will maintain a minimum targeted funding level of 15% of projected annual fuel costs, with a maximum level at 25%. If the existing reserves plus the amount of an over recovery brings the ERSR funding level above the targeted maximum, the utility retains the option of issuing a credit to customers or reducing the power cost adjustment (PCA) rate.
- **Utility Fund Transfer** – A transfer to the general fund is set to be consistent with a franchise fee as imposed by local government on investor owned utilities for the utilization of a local government's rights-of-way. The amount is set at 6% of operating revenues, which is consistent with competitive markets and is applied to all enterprise funds.
- **Three-year Budget Model** – The City will develop and maintain a comprehensive three-year budget model to assist in making financial decisions regarding long-term revenue and expenditure requirements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ocala for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2014. This was the thirty-first year the City has received this prestigious award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted

accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting it to GFOA.

The GFOA also presented an Award for Distinguished Budget Presentation for the City's Annual Budget for the fiscal year beginning October 1, 2014, making the twenty-fifth year the City has received the award. It is based on a governmental unit's publishing a budget document that meets program criteria as a policy document, operations guide, financial plan, and communications medium.

A Comprehensive Annual Financial Report could not have been prepared without the efficient and dedicated services of many individuals responsible for its completion. The utmost appreciation is extended to employees throughout the organization who maintained financial records upon which this report is based. The year-end closing procedures required prior to the audit and the document preparation could not have been accomplished without the professional efforts of Regina Frazier, Assistant Finance Director and Raymond Bachik, Accounting Manager. Special recognition is given to the employees of the Office of Business and Financial Services who worked diligently to ensure the timeliness and accuracy of the report.

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

Respectfully submitted,

John Zobler
City Manager

Mary Ann Davis, CGFM
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ocala

Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

CITY OF OCALA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2015

CITY COUNCIL – Elected Officials

R. Kent Guinn, Mayor
Jay A. Musleh, President
James Hilty, Sr., President Pro-Tem
Brent Malever
John M. McLeod
Mary Sue Rich

APPOINTED OFFICIALS

City Manager	John Zobler
City Attorney	Patrick G. Gilligan
City Clerk	Angel Jacobs
Internal Auditor	Vacant

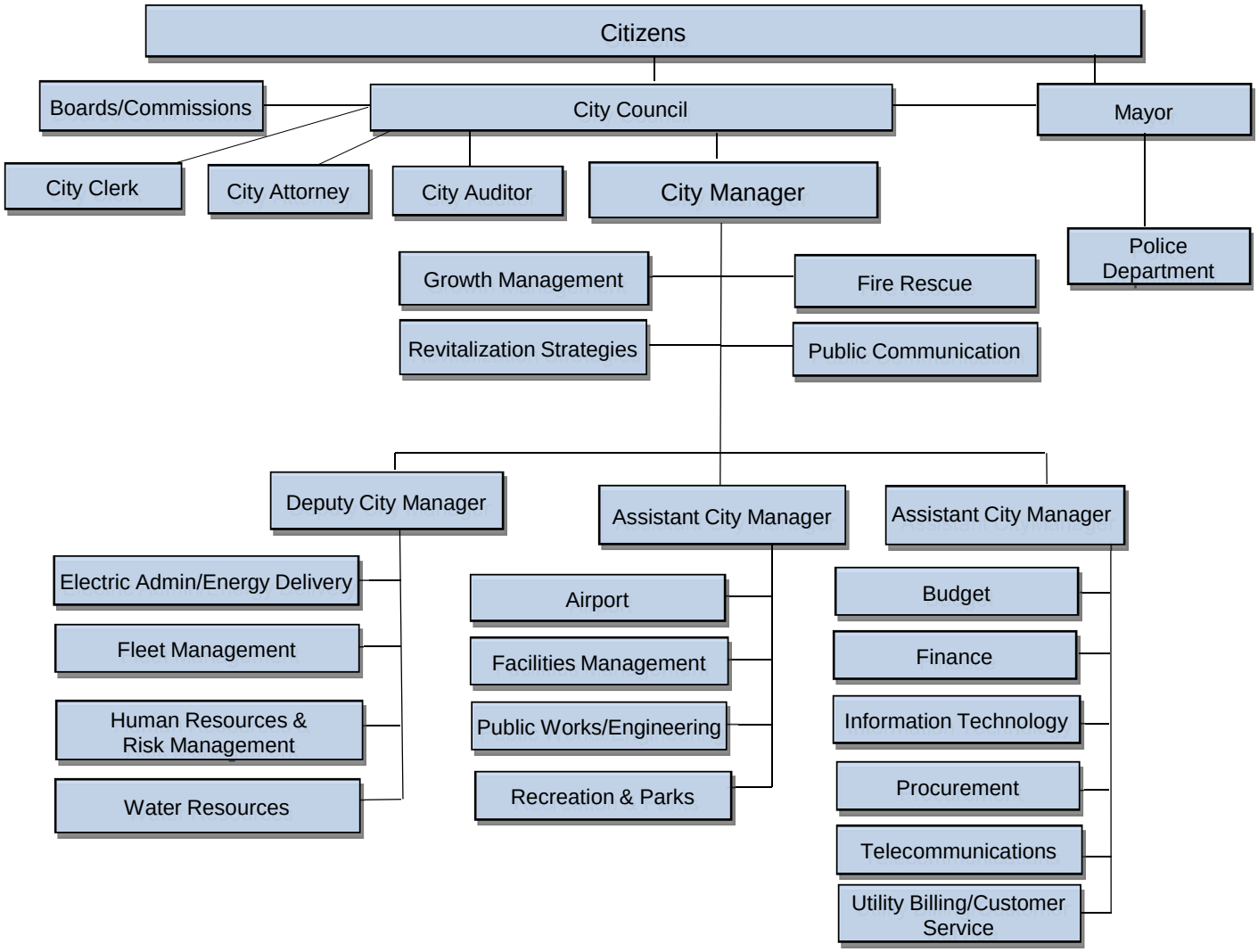
EXECUTIVE STAFF

Deputy City Manager	Sandra R. Wilson
Assistant City Manager	Ken Whitehead
Assistant City Manager	William Kauffman

Finance Staff

Finance Director	Mary Ann Davis
Assistant Finance Director	Regina Frazier
Accounting Manager	Raymond Bachik
Senior Treasury Analyst	Maribel Lozada
Accountant II	Anthony Webber
Accountant II	Johnna Agin
Accountant I	Jackie Cooper
Accounts Payable	Linda Wright
Accounts Receivable	Debbie Crews
Payroll Manager	Lisa Mauldin
Payroll Specialist	Renee Winter
Pension Benefits Coordinator	Alicia Gaither

CITY OF OCALA, FL
Organizational Chart



REPORT OF INDEPENDENT AUDITORS

CITY OF OCALA

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MARION COUNTY, FLORIDA

Purvis Gray & Company

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ocala, Florida (the City) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants
P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

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

INDEPENDENT AUDITORS' REPORT
(Continued)

Adoption of New Accounting Standards
As discussed in the notes to the financial statements, for the year ended September 30, 2015, the City adopted new accounting guidance as follows:

- Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions an Amendment of GASB Statement No. 27*. The effect of this implementation is to add the Net Pension Liability associated with each of the City's three defined benefit pension plans to the City's Statements of Net Position. See Notes 9 and 13 for further information.

Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), the major fund budgetary comparison schedules, and certain pension and Other Postemployment Benefits trend information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A, and certain pension and Other Postemployment Benefits trend information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the MD&A, and certain pension and Other Postemployment Benefits trend information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The major fund budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the major fund budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section, are presented for purposes of additional analysis, and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state projects is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; Chapter 69I-5, *Rules of the Florida Department of Financial Services*; and Chapter 10.550, *Rules of the Auditor General*, and is also not a required part of the basic financial statements.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Matters *(Concluded)*

Other Information (Concluded)
The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the schedule of expenditures of federal awards and state projects are the responsibility of management, and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued a report dated May 6, 2016, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Purvis, Gray and Company, LLP

May 6, 2016
Ocala, Florida

CITY OF OCALA

GOD BE WITH US

MARION COUNTY, FLORIDA

FINANCIAL SECTION

CITY OF OCALA

GOD BE WITH US

MARION COUNTY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF OCALA

GOD BE WITH US

MARION COUNTY, FLORIDA

CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

As management of the City of Ocala (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year (FY) ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished on our letter of transmittal, which can be found on pages i-vii of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities at the close of the most recent fiscal year by $440,077,203 (net position).
- Unrestricted net position totals $50,170,699 and may be used to meet the government's ongoing obligations to citizens and creditors.
- Government general revenue and transfers-in totaled $82,625,873 compared to $85,906,186 in 2014, or a 3.8% decrease from the prior year. Expenses totaled $81,943,939 compared to $85,648,995 in 2014 or a 4.3% decrease from the prior year.
- At the close of the fiscal year, the City's governmental activities reported combined ending net position of $144,507,599 as compared to $143,825,665 (restated), an increase of $681,934 in comparison with the prior year. Of the fiscal year ended net position, ($6,091,460) was unrestricted. This negative unrestricted net position is due to the implementation of the new Governmental Accounting Standards Board (GASB) Statement 68, which changed the reporting requirements for pensions and increased the City's long term liabilities.
- The business-type activities revenue totaled $197,800,791 as compared to $197,384,765 for a 0.2% increase over the prior year and expenses and transfers-out totaled $189,214,912 as compared to $200,452,843 in 2014, for a 5.6% decrease from the prior year. The result produced an increase in business-type net assets of $8,585,879 as compared to a decrease of $3,068,078 in the prior year.
- The City issued three bond refundings during fiscal year 2015. Two Utility System Bond Refundings resulting in future value savings of $9,673,630, and one Capital Improvement Bond Refunding resulting in future value savings of $964,655. Additional information can be found in Note 10 beginning on page 90.
- The City is committed to providing the Citizens of Ocala with the highest quality services while maintaining efficiency and cost effectiveness.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for all of the City's proprietary funds. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the other supplemental information section of this report. The basic proprietary fund financial statements can be found on pages 28-37 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because their resources are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 38-39 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-103 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found on pages 105-116 of this report.

The combining statements and budgetary comparison schedules regarding non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements can be found on pages 128-152 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position. Recall that the Statement of Net Position looks at the City as a whole. The following provides a summary of the City's net assets for 2015 as compared to 2014.

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $440,077,203 at the close of the most recent fiscal year.

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

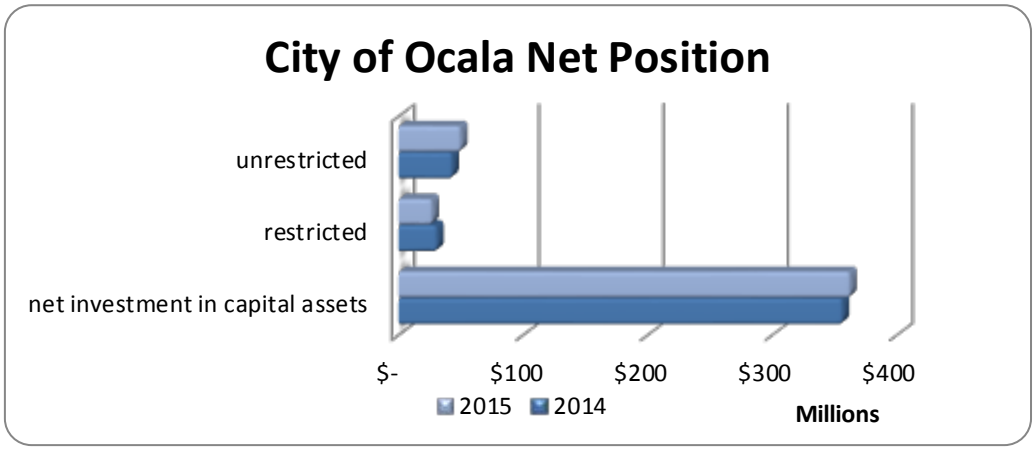
Statement of Net Position
As of September 30

	Governmental Activities		Business -type Activities		Total Primary Government	
	2015	2014*	2015	2014*	2015	2014*
Current and other assets	$ 98,778,175	$ 104,019,830	$ 185,848,120	$ 181,864,295	$ 284,626,295	$ 285,884,125
Capital assets (net)	168,345,420	172,956,682	352,933,801	350,880,138	521,279,221	523,836,820
Total Assets	267,123,595	276,976,512	538,781,921	532,744,433	805,905,516	809,720,945
Total deferred outflows of resources	14,861,415	11,564,575	12,927,104	7,931,237	27,788,519	19,495,812
Long-term liabilities outstanding	125,840,484	135,001,217	202,371,455	206,959,735	328,211,939	341,960,952
Other liabilities	8,459,266	9,438,469	30,447,534	24,930,639	38,906,800	34,369,108
Total Liabilities	134,299,750	144,439,686	232,818,989	231,890,374	367,118,739	376,330,060
Total deferred inflows of resources	3,177,661	275,736	23,320,432	21,801,571	26,498,093	22,077,307
Net Position:						
Net investment in capital assets	136,345,185	138,868,835	226,332,226	217,624,156	362,677,411	356,492,991
Restricted	14,253,874	16,443,002	12,975,219	14,661,259	27,229,093	31,104,261
Unrestricted	(6,091,460)	(11,486,172)	56,262,159	54,698,310	50,170,699	43,212,138
Total Net Position	$ 144,507,599	$ 143,825,665	$ 295,569,604	$ 286,983,725	$ 440,077,203	$ 430,809,390

* Restated

By far, the largest portion of the City's net position 83% reflects its investment in capital assets (e.g. land, building, improvements, utility improvements and extensions, machinery and equipment, infrastructure and construction in progress), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to citizens. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position equal to 6% represents resources that are subject to external restrictions on how they may be used. The remaining 11% of net position is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.



Governmental Activities. During the current fiscal year, net position for governmental activities increased $681,934 from the prior fiscal year for an ending balance of $144,507,599. The majority of the increase in the overall net position is the result of a decrease in long term debt due to a bond refunding.

Business-type Activities. For the City's business-type activities, the results for the current fiscal year were negative in that overall net position decreased to an ending balance of $295,569,604. The total net position for the business-type activities increased by $8,585,879 as compared to a decrease of $3,068,078 in the prior year. The increase is attributed to a decrease in transfers to other funds from $14,789,361 in 2014 to $10,815,588 in 2015. Transfers included cost allocations, which were revised in the 2015 fiscal year budget to record as operating expenses. Electric expenses also decreased by $8,371,568. Capital assets for all enterprises are aging resulting in a decreasing net position.

Statement of Activities. The City's net position for governmental activities increased by $681,934 during the current fiscal year and business-type activity net position increased by $8,585,879. The city's operations for the past two fiscal years are summarized as follows:

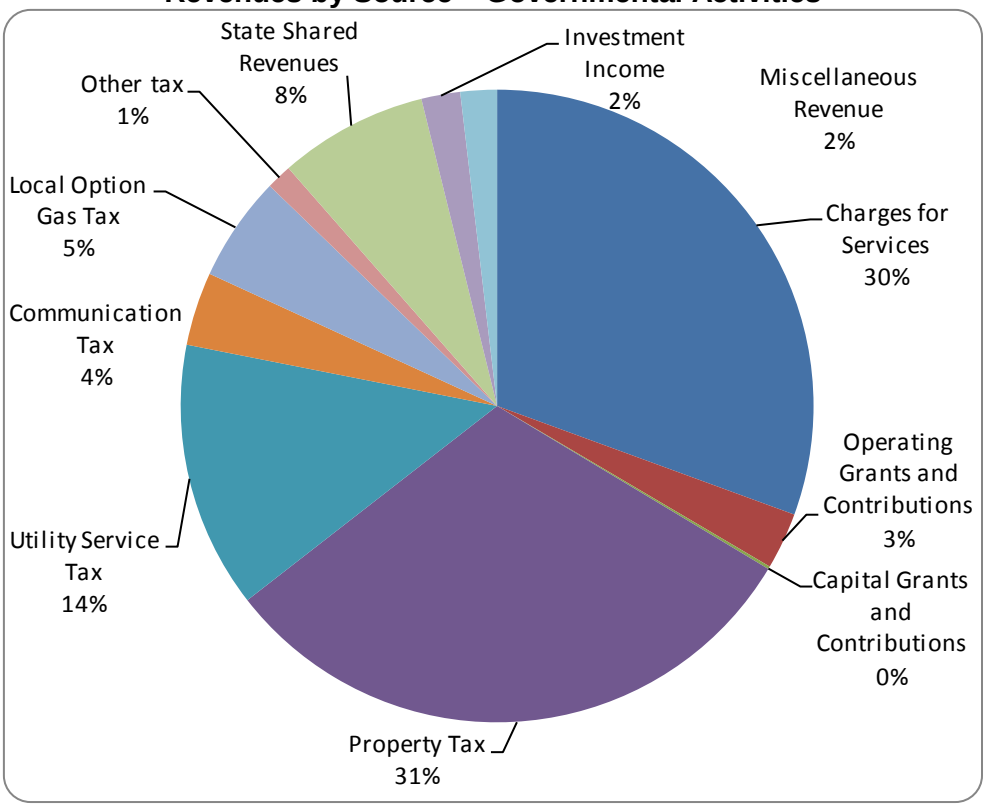
Changes in Net Position
For the Year Ended September 30

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Program revenues:						
Charges for services	$ 21,958,965	$ 22,484,753	$ 185,777,783	$ 190,675,311	$ 207,736,748	$ 213,160,064
Operating grants and contributions	2,080,103	1,730,087	2,495,443	2,096,501	4,575,546	3,826,588
Capital grants and contributions	101,321	2,055,142	7,548,606	3,105,852	7,649,927	5,160,994
General revenues:						
Property taxes	22,160,053	21,894,229	-	-	22,160,053	21,894,229
Other taxes	17,281,356	16,353,252	-	-	17,281,356	16,353,252
State shared revenues	5,465,229	5,163,266	-	-	5,465,229	5,163,266
Other	2,763,258	1,436,096	1,978,959	1,507,101	4,742,217	2,943,197
Total Revenues	71,810,285	71,116,825	197,800,791	197,384,765	269,611,076	268,501,590
Program expenses:						
General government	12,098,361	19,534,066	-	-	12,098,361	19,534,066
Public safety	39,867,780	40,478,307	-	-	39,867,780	40,478,307
Physical environment	4,827,696	3,237,167	-	-	4,827,696	3,237,167
Transportation	16,251,420	13,795,747	-	-	16,251,420	13,795,747
Economic Environment	2,145,278	1,161,368	-	-	2,145,278	1,161,368
Human services	2,825	16,097	-	-	2,825	16,097
Culture and recreation	5,982,171	6,344,312	-	-	5,982,171	6,344,312
Interest on long term debt	768,408	1,081,931	-	-	768,408	1,081,931
Electric	-	-	131,540,076	139,883,927	131,540,076	139,883,927
Water and sewer	-	-	29,444,099	29,073,065	29,444,099	29,073,065
Sanitation	-	-	8,218,564	8,500,528	8,218,564	8,500,528
Municpal golf courses	-	-	1,791,935	1,713,929	1,791,935	1,713,929
International airport	-	-	1,718,391	1,559,991	1,718,391	1,559,991
Communications	-	-	2,472,288	1,867,882	2,472,288	1,867,882
Suntran	-	-	3,213,971	3,064,160	3,213,971	3,064,160
Total Expenses	81,943,939	85,648,995	178,399,324	185,663,482	260,343,263	271,312,477
Change in net position before transfers	(10,133,654)	(14,532,170)	19,401,467	11,721,283	9,267,813	(2,810,887)
Transfers	10,815,588	14,789,361	(10,815,588)	(14,789,361)	-	-
Increase (Decrease) in net position	$ 681,934	$ 257,191	$ 8,585,879	$ (3,068,078)	$ 9,267,813	$ (2,810,887)

At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for governmental as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's overall net position increased $9,267,813 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Revenues by Source – Governmental Activities

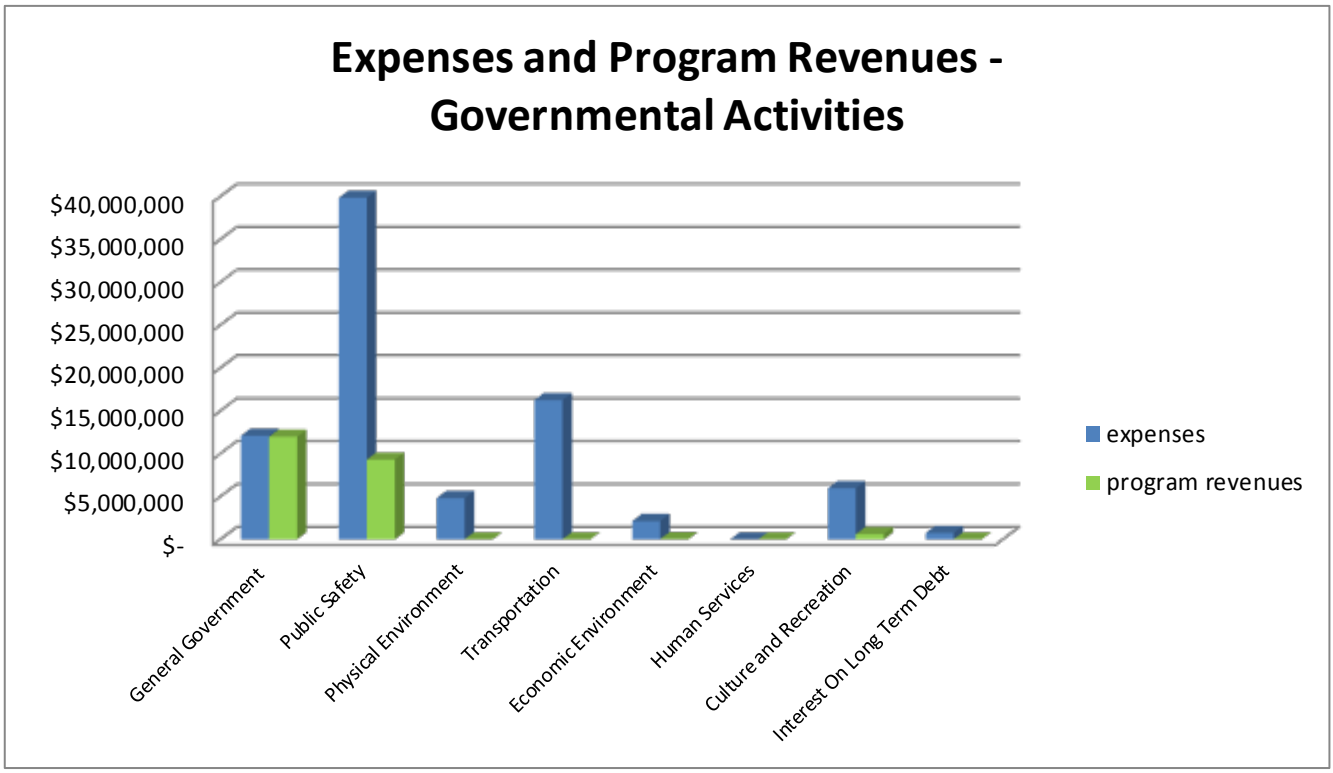


Key Elements of Revenues of Governmental Activities:

- Property taxes, which provided 31% of governmental revenues, increased by $265,824. In FY 2015, the City's millage rate was 6.1638 per $1,000 of taxable property. This rate was the rolled-back rate.
- Charges for services provided 30% of governmental revenues. Charge for services decreased $525,788, a decrease of 2.4%.
- Utility services taxes provided 14% of governmental revenues. Utility services taxes totaled $9,786,858 for FY 2015. Utility service taxes increased $1,122,858, an increase of 12.7%.
- Operating and capital grants and contributions accounts for 3% of governmental revenues.

Key Element of Expenses of Governmental Activities

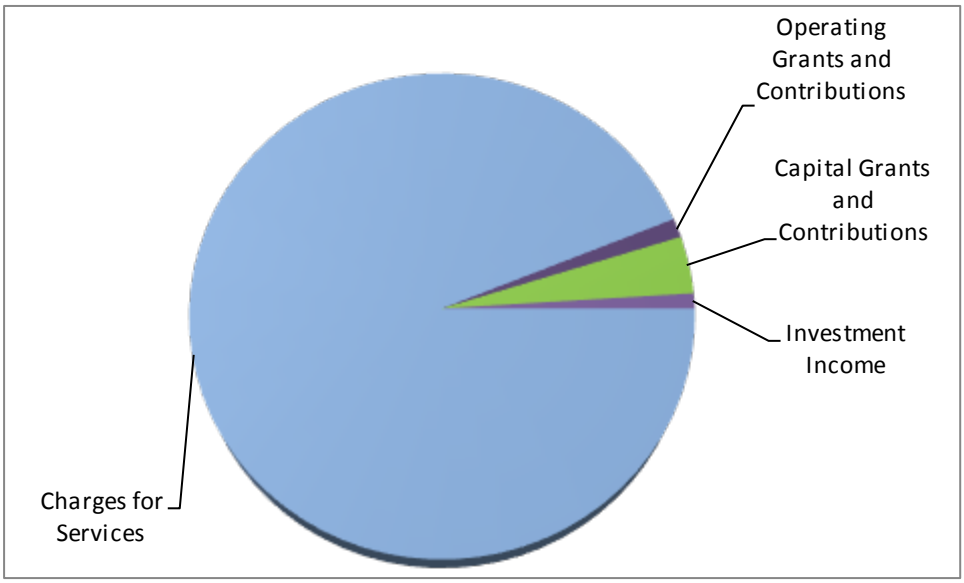
In FY 2015, expenses for Governmental Activities decreased 4.3% to $81,943,939. General Government decreased $7,435,705, mostly due to reclassification of expenses to transportation, economic environment and physical environment. Culture and Recreation decreased 5.7% due to changes in grant funding, while the expenses for interest on long term debt decreased due to a bond refunding. As seen in the graph, the majority of governmental activities are not supported by program revenues.



Business-type Activities. Please note that all expenses include depreciation expense, which contributes to the net position. Management, in concert with City Council, continuously monitors the progress of policies aimed at achieving a net revenue position for funds.

The Charges for Services category accounts for 94% of the revenue generated in the enterprise funds as seen below. Rates should be established to ensure operating expenses are covered.

Revenues by Source – Business-type Activities



Program revenue derived from user fees and charges is designed to recoup the cost of providing the service. The change in net position in the enterprise funds increased from a negative amount of $3,068,078 in FY 2014 to a positive amount of $8,585,879 in FY 2015 for an increase of change in net position for the year of $11,653,957.

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

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

	Electric		Water and Sewer		Sanitation	
	2015	2014	2015	2014	2015	2014
Operating Revenues	$ 143,366,578	$ 149,081,307	$ 26,665,395	$ 26,343,265	$ 10,212,366	$ 10,226,021
Operating Expenses	129,537,066	137,604,903	25,593,673	24,872,431	8,218,564	8,500,528
Operating Income(Loss)	$ 13,829,512	$ 11,476,404	$ 1,071,722	$ 1,470,834	$ 1,993,802	$ 1,725,493

	Municipal Golf Course		Ocala International Airport		Communications	
	2015	2014	2015	2014	2015	2014
Operating Revenues	$ 1,014,454	$ 1,162,307	$ 988,125	$ 771,685	$ 3,100,306	$ 2,709,641
Operating Expenses	1,791,935	1,713,929	1,718,391	1,559,991	2,472,288	1,867,882
Operating Income(Loss)	$ (777,481)	$ (551,622)	$ (730,266)	$ (788,306)	$ 628,018	$ 841,759

	SunTran		TOTALS	
	2015	2014	2015	2014
Operating Revenues	$ 430,559	$ 381,085	$ 185,777,783	$ 190,675,311
Operating Expenses	3,213,971	3,064,160	172,545,888	179,183,824
Operating Income(Loss)	$ (2,783,412)	$ (2,683,075)	$ 13,231,895	$ 11,491,487

Key elements of the City's business-type activities for FY 2015 are as follows:

Business-type activities had an operating income of $13,231,895, a 15% increase from the prior year.

The City's Electric Utility Fund accounted for the majority of the increase. Operating revenues decreased $5,714,729 primarily due to the lack of funding transferred from rate stabilization. Operating expenses for the fund decreased $8,067,837 due mainly to lower costs for the purchase of electricity.

The Water and Sewer Fund had a decrease in operating income of $399,112. Operating revenues increased 1% while operating expenses increased 3% due to higher sewer collection costs and increased depreciation expense of capital assets.

The Sanitation Fund had an increase in operating income of $268,309 in FY 2015. This was primarily due an increase in revenue collections and interest income.

Since the City outsourced management operations of the Municipal Golf Course in FY 2013, the highest priority of the Municipal Golf Course Fund continues to be self-sufficiency. In FY 2015, operating income decreased $777,481 as compared to prior years' decrease of $551,622 this is primarily due to greens renovations during the year.

The Ocala International Airport had a decrease in operating loss of only $58,040 as compared to $781,418 in FY 2014. The majority of the decrease was due to increased revenues through charges for services.

The Communication Fund's had a decrease in operating income of $213,741. This is primarily due to an increase in maintenance and administration costs as new customers are added to the system.

The City's public mass transit system, SunTran had an operating loss of $2,783,412. This number, however, does not reflect non-operating revenue of $2,159,079. The majority of revenues received in this fund is non-operating in nature and include Federal, State, and Local grants. Grant revenue is recorded as operating expenses are incurred.

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

Fund	Unrestricted Net Position
Electric	$ 26,114,797
Water and Sewer	24,520,123
Sanitation	1,916,236
Municipal Golf Course	(407,729)
Ocala International Airport	728,215
Communications	3,579,771
SunTran	(189,254)
Total	$ 56,262,159

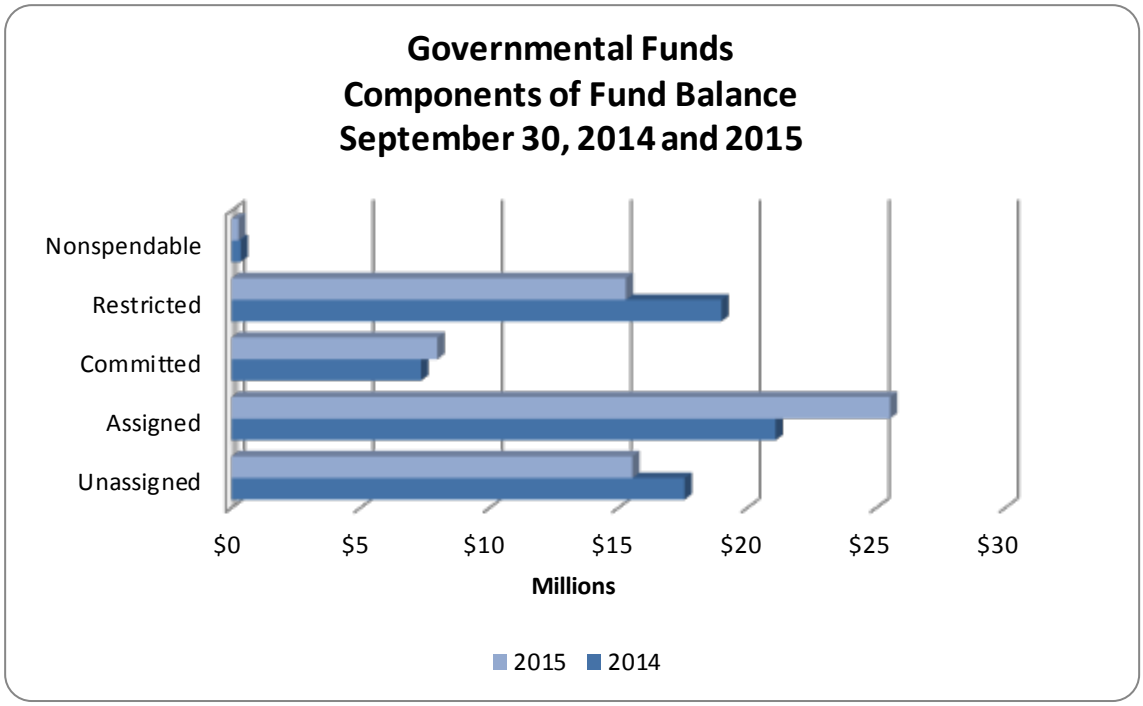
Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

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

At September 30, 2015, the City's governmental funds reported combined fund balances of $64,604,963, a decrease of $752,215 in comparison with the prior year. Approximately 24% of this amount ($15,535,866) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed or assigned to indicate that it is 1) not in spendable form ($269,708), 2) restricted for particular purposes ($15,288,917), 3) committed for particular purposes ($7,980,337), or 4) assigned for particular purposes ($25,530,135).



The General Fund is the chief operating fund of the City. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to general fund expenditures. Unassigned fund balance represents approximately 23% of total general fund expenditures, while total fund balance represents approximately 68% of that same amount. The fund balance of the City's general fund increased by $2,362,870 during the current fiscal year.

The operating information for other major governmental funds is as follows:

	Community Redevelopment Agency	
	2015	2014
Revenues and other sources	$576,592	$526,941
Expenses and other uses	379,403	326,914
Increase (decrease) in Net Position	$197,189	$200,027

The increase in net position in FY 2015 is due to slightly higher property tax and investment income revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original General Fund budget totaled 78,965,046. Various budget amendments were approved by City Council. During the year, appropriations increased $17,083,635 from the original to the final budget in the General Fund. Actual expenditures were $25,390,446 lower than the final budget. Following are the main components of the increase:

- Appropriation of over $3.5 million in reserves for the new downtown parking garage
- Carryforward of prior year assigned funding of nearly $7.4 million

- Grant carryforwards of nearly $1.1 million
- New cooperative grant agreement with the Federal Railroad Administration for nearly $2.3 million.
- Appropriation of $459,000 to purchase 4 properties for a possible road improvement project
- Nearly $400,000 for an Enterprise Microsoft Office Upgrade Project
- $125,000 Donation and $250,000 City Sponsorship for LPGA Event
- Donation of $216,500 for Phase I of the Tuscawilla Art Park
- $125,000 for the purchase of property for the new Fire Administration Building
- Nearly $75,000 for a Business Systems Analyst and Contracted Services for the Building Division
- $70,000 for new Image Trend Software for the Fire Department
- Nearly $70,000 received from FDOT for DUI Suppression Patrols and a vehicle.
- $54,382 in grant funds from the State for a Victim/Witness Advocate to continue the City's Victim Advocacy Program
- Over $37,000 for Firefighter Medical Evaluations and Uniform Allowances
- Additional revenue received to enhance youth development at the Police and Children Connecting (PACC) Camp totaling just over $17,000.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015 totaled $521,279,221 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements other than buildings, intangibles, equipment, infrastructure, and construction in progress. The City's investment in capital assets decreased $2,557,599. This represents a 0.5% decrease from FY 2014.

CAPITAL ASSETS
(NET OF DEPRECIATION)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$ 22,293,664	$ 22,166,945	$ 22,586,939	$ 22,572,440	$ 44,880,603	$ 44,739,385
Intangible (Easement, ROW)	1,922,534	1,847,339	1,147,002	1,123,142	3,069,536	2,970,481
Buildings	12,327,928	12,162,855	11,401,153	11,911,012	23,729,081	24,073,867
Impv Other Than Bldgs	15,248,523	14,013,615	291,733,395	298,590,019	306,981,918	312,603,634
Equipment	17,221,457	16,060,731	4,512,270	3,934,463	21,733,727	19,995,194
Intangible (Software)	1,858,163	1,907,758	2,307,273	2,643,838	4,165,436	4,551,596
Infrastructure	94,924,166	98,346,466	-	-	94,924,166	98,346,466
Construction in Progress	2,548,985	6,450,973	19,245,769	10,105,224	21,794,754	16,556,197
Total	$ 168,345,420	$ 172,956,682	$ 352,933,801	$ 350,880,138	$ 521,279,221	$ 523,836,820

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

Governmental Activities:

- Drainage Retention Area and fencing – located at NE 40th Avenue / SR 40 (Aztecha) was completed at a cost of $608,917.
- Ft. King Tennis lighting for the entire facility was completed at a cost of $250,740.
- Ft. King Tennis expansion, parking lot resurfacing and clay court project was completed at a cost of $405,400.
- Tuscawilla Park Pavilion project was completed at a cost $148,407.
- Tuscawilla Park Bollard lighting system was completed at a cost of $70,541.
- Ocala Police Department in conjunction with Marion County Sheriff Office completed an interface project for overflow calls at a cost $199,338.
- Ocala Regional Sportsplex installed a maintenance shed at a cost of $110,636.
- NW 23rd Street was converted from an unimproved dirt road to a local roadway including storm drainage and traffic signal at a cost of $ 205,830.

Business-type Activities:

- Various Lift station upgrades were completed at a cost of $642,588.
- Perry Reuse Relocation – SE 92nd Loop road was completed at a cost $2,228,241.
- Primary injection cable project was completed at a cost of $1,103,183.
- Substation communication relay upgrade was completed at a cost $370,141.
- Shady road substation upgrade was completed at a cost of $183,949.
- Magna Segment B located at NW 35th Street was completed at a cost of $270,440.

Additional information on the City's capital assets can be found in the Notes to Financial Statements on pages 67-68.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of $181,260,226. That was a decrease of $770,970 or 0.4% from outstanding long-term debt of $182,031,196 at the end of FY 2014. Electric and Water & Sewer debt is paid with operating revenues. The capital improvements debt is serviced by the pledge of non-ad valorem revenues such as gas taxes, sales tax revenues and State revenue sharing.

Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Capital Improvement bonds	$ 34,540,000	$ 34,940,000	$ -	$ -	$ 34,540,000	$ 34,940,000
Utility system bonds	-	-	146,545,000	145,795,000	146,545,000	145,795,000
Capital leases	175,226	1,296,196	-	-	175,226	1,296,196
Total	$ 34,715,226	$ 36,236,196	$ 146,545,000	$ 145,795,000	$ 181,260,226	$ 182,031,196

During FY 2015, the City issued three debt refundings as summarized below:

1. $24,165,000 Utility Systems Refunding Bonds, Series 2014A. Proceeds were used to refund $23,845,000 (callable portion) of the 2005A Utility System Bonds.
2. $65,635,000 Utility System Refunding Bonds, Series 2015. Proceeds were used to refund $59,925,000 (callable portion) of the 2007A Utility System Bonds.
3. $21,440,000 Capital Improvement Refunding Bonds, Series 2015. Proceeds were used to refund $19,550,000 (callable portion) of Series 2007A and 2007B Capital Improvement Bonds.

The City had no outstanding general obligation debt at the close of FY 2015. The City maintains excellent bond ratings from the major ratings agencies.

Additional information on the City's long-term debt can be found in the Notes to Financial Statements on pages 90-96 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following were some of the significant factors considered in preparing the City's FY 2016 budget:

- The FY 2015 budget was prepared as the City continues to carefully plan using conservative fiscal oversight. This disciplined approach resulted in high quality municipal services, investment in public facilities, and maintaining appropriate reserves to provide resiliency during uncertain economic times which are proving to be the norm in the current economic environment.
- The City's leadership, the City Council and Mayor, recognizes its critical role in establishing the appropriate tenor and investment required for economic transformation of the local economy. The City's strategic plan has four goals: economic hub, fiscal sustainability, operational excellence, and quality of place. These goals serve as drivers for directing the City's limited resources.
- Ocala's economy showed signs of strengthening, with a 7.9% increase in real property valuations, which is the first increase in five years. The City has aggressively, but strategically, continued sowing the seeds for tomorrow's economic recovery. The City's investments in economic development made over the past three to four years are beginning to yield meaningful results. FedEx, a Fortune 100 company, broke ground on a $135 million regional hub located in the recently completed Ocala/Marion County Commerce Park. The FY 2015 budget continues strategic funding for economic development projects while preserving flexibility for pursuing additional economic opportunities.
- Through strong financial policies, as adopted by the City Council, the City presented stakeholders a balanced budget that addresses priority needs, and maintains or enhances service levels.
- The balanced budget was possible due to an increase in property taxes and some slight fee increases to cover the cost of service delivery. The General Fund Budget for FY 2016 totals $111,291,951.
- The Citywide Comprehensive FY 2016 Budget totals $745,344,858.
- The FY 2015 Budget was prepared by utilizing available resources in the most efficient manner to ensure that the City can provide services that have been established as priorities for the current fiscal year. The City continues to monitor growth pressures in annual pension contribution costs and inflationary pressures associated with day-to-day operations and capital expenses.

- Each department reviewed its operations and recommended strategies to reduce expenditures without significantly impacting services. These efficiencies to date include: reorganization of some department and/or divisions, consolidation of service functions, re-assignment of staff to critical tasks, and better utilization of technology. Each department will continue to focus on all areas of their operation to reduce costs while maintaining operational efficiency.
- Rate studies for the electric and water resources departments are underway and expected to be implemented sometime in FY 2017. Electric rates did not increase but water rates increased another 1.5% in FY 2016. This is the second year in a five year plan to increase rates a total of 15%.
- Funding was provided in the budget to advance the City's way-finding sign program, façade grant program, improvements to the City's parks, and maintenance of the City's existing infrastructure.

During the current fiscal year, the unassigned fund balance in the general fund was $15,535,866. The City has appropriated $11,699,040 of this amount for spending in the 2015-2016 fiscal year budgets. This action was taken as an additional measure to mitigate the impact of the slow economic recovery on the 2015-2016 fiscal year budgets.

REQUESTS FOR INFORMATION

This financial report is designed to present users with a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Office of Business and Financial Services, 201 SE 3rd Street, Ocala, Florida 34471, or telephone (352) 629-8375.

BASIC FINANCIAL STATEMENTS

CITY OF OCALA

GOD BE WITH US

MARION COUNTY, FLORIDA

CITY OF OCALA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and investments	$ 2,335	$ 11,042,640	$ 11,044,975
Equity In pooled cash and investment fund	90,395,241	144,121,691	234,516,932
Receivables-net of allowance for uncollectibles	3,058,243	22,835,255	25,893,498
Accrued interest receivable	206,072	275,206	481,278
Internal balances	1,023,548	(1,023,548)	-
Due from other governments	3,788,623	2,325,706	6,114,329
Prepaids	215,004	385,946	600,950
Inventories	89,109	5,885,224	5,974,333
Capital assets not being depreciated:			
Land	24,216,198	23,733,941	47,950,139
Construction in progress	2,548,985	19,245,769	21,794,754
Capital assets, net of accumulated depreciation:			
Buildings	12,327,928	11,401,153	23,729,081
Improvements other than buildings	15,248,523	291,733,395	306,981,918
Machinery and equipment	17,221,457	4,512,270	21,733,727
Intangibles	1,858,163	2,307,273	4,165,436
Infrastructure	94,924,166	-	94,924,166
Total assets	267,123,595	538,781,921	805,905,516
Deferred outflows of resources			
Deferred outflows pension related	12,734,898	6,712,942	19,447,840
Deferred outflows from debt refunding	2,126,517	6,214,162	8,340,679
Total deferred outflows of resources	14,861,415	12,927,104	27,788,519
Liabilities			
Accounts payable and accrued liabilities	6,285,023	18,698,408	24,983,431
Contract retainage	21,554	905,103	926,657
Accrued interest payable	239,767	1,476,689	1,716,456
Unearned revenue	536,490	1,138,834	1,675,324
Escrow and deposits	1,376,432	-	1,376,432
Other liabilities	-	8,228,500	8,228,500
Noncurrent liabilities:			
Net pension liability	75,557,801	41,239,857	116,797,658
Due within one year	6,576,723	7,271,689	13,848,412
Due in more than one year	43,705,960	153,859,909	197,565,869
Total liabilities	134,299,750	232,818,989	367,118,739
Deferred inflows of resources			
Deferred inflows from debt refunding	206,802	343,463	550,265
Deferred inflows pension related	2,970,859	1,175,398	4,146,257
Regulatory liability-rate stabilization	-	21,801,571	21,801,571
Total deferred inflows of resources	3,177,661	23,320,432	26,498,093
Net Position			
Net invested in capital assets	136,345,185	226,332,226	362,677,411
Restricted for:			
Transportation	5,046,610	-	5,046,610
Capital projects	-	7,772,196	7,772,196
Debt service	2,341,145	5,203,023	7,544,168
Development district improvements	4,434,146	-	4,434,146
Public safety	2,137,407	-	2,137,407
Grants	294,566	-	294,566
Unrestricted	(6,091,460)	56,262,159	50,170,699
Total net position	$ 144,507,599	$ 295,569,604	$ 440,077,203

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

CITY OF OCALA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

		Program Revenues		
Functions/Programs	**Expenses**	**Charges For Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental activities:				
General government	$ 12,098,361	$ 11,976,789	$ 438,953	$ -
Public safety	39,867,780	9,316,289	331,269	-
Physical environment	4,827,696	6,621	-	-
Transportation	16,251,420	-	893,869	63,576
Economic environment	2,145,278	33,269	373,670	-
Human services	2,825	-	37,633	-
Culture and recreation	5,982,171	625,997	4,709	37,745
Interest on long term debt	768,408	-	-	-
Total governmental activities	81,943,939	21,958,965	2,080,103	101,321
Business-type activities:				
Electric	131,540,076	143,366,578	336,364	479,192
Water and sewer	29,444,099	26,665,395	-	6,475,109
Sanitation	8,218,564	10,212,366	-	1,054
Municipal golf courses	1,791,935	1,014,454	-	-
International airport	1,718,391	988,125	-	593,251
Communications	2,472,288	3,100,306	-	-
Suntran	3,213,971	430,559	2,159,079	-
Total business-type activities	$ 178,399,324	$ 185,777,783	$ 2,495,443	$ 7,548,606

General Revenues:
- Property tax
- Utility service tax
- Communciation tax
- Local option gas tax
- Other tax
- State shared revenues
- Investment income
- Miscellaneous

Transfers
- Transfers

Total general revenues and transfers

Change In net position

Net position - October 1, restated

Net position - September 30

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

Net (Expense) Revenue and Change In Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ 317,381	$ -	$ 317,381
(30,220,222)	-	(30,220,222)
(4,821,075)	-	(4,821,075)
(15,293,975)	-	(15,293,975)
(1,738,339)	-	(1,738,339)
34,808	-	34,808
(5,313,720)	-	(5,313,720)
(768,408)	-	(768,408)
(57,803,550)	-	(57,803,550)
-	12,642,058	12,642,058
-	3,696,405	3,696,405
-	1,994,856	1,994,856
-	(777,481)	(777,481)
-	(137,015)	(137,015)
-	628,018	628,018
-	(624,333)	(624,333)
-	17,422,508	17,422,508
22,160,053	-	22,160,053
9,786,858	-	9,786,858
2,695,896	-	2,695,896
3,866,844	-	3,866,844
931,758	-	931,758
5,465,229	-	5,465,229
1,424,026	1,978,959	3,402,985
1,339,232	-	1,339,232
10,815,588	(10,815,588)	-
58,485,484	(8,836,629)	49,648,855
681,934	8,585,879	9,267,813
143,825,665	286,983,725	430,809,390
$ 144,507,599	$ 295,569,604	$ 440,077,203

CITY OF OCALA, FLORIDA
BALANCE SHEET
ALL GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General Fund	Community Redevelopment Agency (CRA) Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	$ 2,335	$ -	$ -	$ 2,335
Equity In pooled cash and investment fund	45,147,765	4,261,477	14,408,685	63,817,927
Receivables-net of allowance for uncollectibles	1,119,412	-	958,817	2,078,229
Accrued interest receivable	101,351	9,642	29,489	140,482
Due from other funds	1,023,548	-	-	1,023,548
Due from other governments	2,686,712	-	1,101,911	3,788,623
Prepaids	180,599	-	-	180,599
Inventories	89,109	-	-	89,109
Other assets	3,210	-	-	3,210
Accrued unbilled revenues	939,582	-	-	939,582
Total assets	51,293,623	4,271,119	16,498,902	72,063,644
Liabilities:				
Accounts payable and accrued liabilities	4,525,155	19,423	791,142	5,335,720
Unearned revenue	536,490	-	-	536,490
Retainage on contracts	19,488	-	2,066	21,554
Escrow and deposits	368,367	-	1,008,065	1,376,432
Total liabilities	5,449,500	19,423	1,801,273	7,270,196
Deferred Inflows of Resources				
Deferred inflows from notes receivable	110,602	-	-	110,602
Deferred inflows from future revenues	-	-	77,883	77,883
Total deferred inflows of resources	110,602	-	77,883	188,485
Fund Balances:				
Nonspendable	269,708	-	-	269,708
Restricted	2,247,645	4,251,696	8,789,576	15,288,917
Committed	2,150,167	-	5,830,170	7,980,337
Assigned	25,530,135	-	-	25,530,135
Unassigned	15,535,866	-	-	15,535,866
Total fund balances	45,733,521	4,251,696	14,619,746	64,604,963
Total liabilities, deferred inflows of resources and fund balances	$ 51,293,623	$ 4,271,119	$ 16,498,902	$ 72,063,644

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

CITY OF OCALA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2015

Total fund balances of governmental funds	$ 64,604,963
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $399,823,377 and the accumulated depreciation is $245,539,441.	154,283,936
The pension liability is a liability for the government-wide statement of net position. A pension liability is not considered to represent a financial liability and, therefore, is not reported in the governmental funds.	
Net pension liability-General Employees plan net	(43,772,345)
Pension liability-Police plan	(19,205,232)
Net pension liability-Fire plan	(12,580,224)
Deferred outflows of resources related to pensions	12,734,898
Deferred inflows of resources related to pensions	(2,970,859)
The internal service funds are used by management to charge the costs of fleet,facilities, information technology and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	31,110,103
Other long-term assets are not available to pay for current period expenditures and therefore, are reported as deferred inflows of unavailable revenue and receivable in the funds.	188,485
Long term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long term are reported in the Statement of Net Position. Long term liabilities at year end consist of:	
Bonds payable	(34,540,000)
Unamortized (gain)loss on refunding (to be amortized as interest expense).	1,919,715
Accrued interest payable	(239,767)
Compensated absences	(4,909,536)
OPEB liability payable	(2,116,538)
Net position of governmental activities	$ 144,507,599

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

CITY OF OCALA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund	CRA Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property tax	$ 21,900,691	$ 195,942	$ 63,420	$ 22,160,053
Utility service tax	9,786,858	-	-	9,786,858
Communication service tax	2,695,896	-	-	2,695,896
Local option gas tax	-	-	3,866,844	3,866,844
Other tax	931,758	-	-	931,758
State shared revenues	5,465,229	-	-	5,465,229
Other intergovernmental revenues	2,300,404	-	185,378	2,485,782
Permits and fees	2,263,047	-	-	2,263,047
Fines and forfeitures	795,029	-	-	795,029
Charges for services	13,657,692	-	4,805,175	18,462,867
Investment income	630,241	66,132	242,627	939,000
Gifts	72,643	-	-	72,643
Miscellaneous	642,963	-	661,504	1,304,467
Total revenues	61,142,451	262,074	9,824,948	71,229,473
Expenditures				
Current:				
General government	12,174,246	377,153	-	12,551,399
Public safety	41,668,300	-	-	41,668,300
Physical environment	178,338	-	4,003,262	4,181,600
Transportation	2,935,527	-	5,717,416	8,652,943
Economic environment	1,954,778	-	194,495	2,149,273
Culture and recreation	5,724,954	-	19,160	5,744,114
Capital outlay	2,151,986	2,250	2,436,678	4,590,914
Debt service:				
Principal payments	-	-	2,300,000	2,300,000
Issuance costs	-	-	143,920	143,920
Interest and fees	-	-	1,051,611	1,051,611
Total expenditures	66,788,129	379,403	15,866,542	83,034,074
Excess (deficiency) of revenues over expenditures	(5,645,678)	(117,329)	(6,041,594)	(11,804,601)
Other financing sources (uses)				
Transfers in	11,849,028	314,518	3,368,978	15,532,524
Transfers out	(3,840,480)	-	(754,565)	(4,595,045)
Issuance of refunding debt	-	-	21,440,000	21,440,000
Payment to refunded bond escrow agent	-	-	(21,325,093)	(21,325,093)
Total other financing sources (uses)	8,008,548	314,518	2,729,320	11,052,386
Net change In fund balances	2,362,870	197,189	(3,312,274)	(752,215)
Fund balances - October 1	43,370,651	4,054,507	17,932,020	65,357,178
Fund balances - September 30	$ 45,733,521	$ 4,251,696	$ 14,619,746	$ 64,604,963

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

CITY OF OCALA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	$ (752,215)
Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This reconciling item is the amount by which depreciation expense of $10,198,056 exceeded capital purchases of $4,590,914 (net of disposals $39,393).	(5,567,749)
The issuance of bonds and similar long term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premium, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amounts of the items that make up these differences in treatment of long term debt and related items are:	
Debt issued or incurred	
Issuance of bonds	(21,440,000)
Principal repayments	
Bonds and Certificates	2,300,000
Refunding bonds retired	21,325,093
Amortization of bond discount, premium, and deferred amounts on refundings	32,944
Expense annual cost for prepaid bond insurance	(84,859)
Some expenses reported in the statement of activities such as compensated absences, accrued interest and OPEB liability payable, do not require the use of current financial resources and are not reported as expenditures in governmental funds:	
Compensated absences	(168,539)
Accrued interest on long term debt	266,000
OPEB liability payable	(100,353)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as a pension expense.	5,338,122
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	94,461
The internal service funds are used by management to charge the costs of fleet, facilities, information technology and risk management to individual funds. The net income(expense) of the internal services funds is reported with governmental activities.	(560,971)
Change in net position of governmental activities	$ 681,934

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

CITY OF OCALA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	BUSINESS-TYPE ACTIVITIES -			
	Electric System Revenue	Water and Sewer	Sanitation	Municipal Golf Course
Assets				
Current Assets:				
Cash and investments	$ 2,828	$ 250	$ -	$ 43,621
Equity in pooled cash and investment fund	52,386,551	28,540,535	7,379,151	33
Restricted assets available for current liabilities	1,239,061	5,930,020	-	-
Receivables (net, where applicable, of allowances for uncollectibles):				
Accounts and notes	11,522,565	1,480,082	565,126	296,024
Accrued interest	139,999	92,912	17,625	134
Unbilled revenues	7,037,868	1,197,113	461,700	-
Prepaids	312,616	46,875	-	20,118
Inventories	4,648,742	1,057,075	-	64,819
Due from other governments	-	1,353,200	-	-
Total current assets	77,290,230	39,698,062	8,423,602	424,749
Noncurrent Assets:				
Restricted Assets:				
Cash and investments:				
Crystal river decommissioning trust	10,995,941	-	-	-
Equity in pooled cash and investment fund:				
Construction accounts	3,224,816	10,732,531	-	-
Debt service accounts	1,102,180	5,577,532	-	-
Impact fee accounts	-	4,092,314	-	-
Rate stabilization	21,801,571	-	-	-
Renewal and replacement	2,289,751	1,376,800	-	-
Accrued interest receivable:				
Impact fee accounts	-	13,331	-	-
Less: Portion classified as current	(1,239,061)	(5,930,020)	-	-
Total restricted assets	38,175,198	15,862,488	-	-
Capital assets, net:				
Land	6,479,166	11,137,031	-	357,343
Buildings	3,594,575	1,726,584	499,979	428,225
Improvements other than buildings	106,068,064	168,070,674	-	1,632,789
Machinery and equipment	1,396,879	420,068	454,093	29,493
Intangible assets	2,023,096	259,432	-	-
Construction in process	1,388,623	17,208,258	-	-
Total capital assets (net)	120,950,403	198,822,047	954,072	2,447,850
Total noncurrent assets	159,125,601	214,684,535	954,072	2,447,850
Total assets	$ 236,415,831	$ 254,382,597	$ 9,377,674	$ 2,872,599
Deferred outflows of resources:				
Deferred amount on debt refunding	2,305,508	3,908,654	-	-
Deferred amount pension related	4,470,997	1,092,753	926,769	-
Total deferred outflows of resources	$ 6,776,505	$ 5,001,407	$ 926,769	$ -

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

ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
Ocala International Airport	Communi-cations	SunTran	Total	Internal Service Funds
$ -	$ -	$ -	$ 46,699	$ -
910,072	4,682,160	-	93,898,502	26,577,314
-	-	-	7,169,081	-
58,012	137,784	-	14,059,593	40,432
1,537	9,668	-	261,875	65,590
-	78,981	-	8,775,662	-
787	5,550	-	385,946	31,195
-	114,588	-	5,885,224	-
124,315		848,191	2,325,706	-
1,094,723	5,028,731	848,191	132,808,288	26,714,531
-	-	-	10,995,941	-
25,694	-	-	13,983,041	-
-	-	-	6,679,712	-
-	-	-	4,092,314	-
-	-	-	21,801,571	-
-	-	-	3,666,551	-
-	-	-	13,331	-
-	-	-	(7,169,081)	-
25,694	-	-	54,063,380	-
5,760,401	-	-	23,733,941	-
4,078,166	-	1,073,624	11,401,153	116,413
11,575,952	4,385,916	-	291,733,395	236,509
128,068	329,888	1,753,781	4,512,270	12,804,133
-	24,745	-	2,307,273	372,839
638,639	10,249	-	19,245,769	531,590
22,181,226	4,750,798	2,827,405	352,933,801	14,061,484
22,206,920	4,750,798	2,827,405	406,997,181	14,061,484
$ 23,301,643	$ 9,779,529	$ 3,675,596	$ 539,805,469	$ 40,776,015
-	-	-	6,214,162	-
13,461	208,962	-	6,712,942	-
$ 13,461	$ 208,962	$ -	$ 12,927,104	$ -

(Continued)

CITY OF OCALA, FLORIDA
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	BUSINESS-TYPE ACTIVITIES -			
	Electric System Revenue	Water and Sewer	Sanitation	Municipal Golf Course
Liabilities				
Current Liabilities:				
Payable from unrestricted assets:				
Accounts payable and accrued liabilities	$ 16,127,048	$ 734,323	$ 451,719	$ 445,697
Contract retainage	6,988	898,115	-	-
Claims payable	-	-	-	-
Compensated absences payable	1,197,180	314,972	182,973	-
Due to other funds	-	-	-	365,515
Customer deposits	8,113,638	-	-	(2,891)
Capital lease payable	-	-	-	-
Unearned revenue	985,796	128,881	-	24,157
Total current liabilities payable from unrestricted assets	26,430,650	2,076,291	634,692	832,478
Payable from restricted assets:				
Accounts payable and accrued liabilities	33,719	173,673	-	-
Accrued interest payable	490,342	986,347	-	-
Revenue bonds payable within one year	715,000	4,770,000	-	-
Total current liabilities payable from restricted assets	1,239,061	5,930,020	-	-
Total current liabilities	27,669,711	8,006,311	634,692	832,478
Noncurrent Liabilities:				
Nuclear decommissioning costs	10,995,941	-	-	-
Claims payable				
Compensated absences payable	317,370	273,971	258,937	-
Capital lease payable	-	-	-	-
OPEB obligation payable	511,941	244,629	223,024	-
Net pension liability	26,362,323	7,362,272	6,142,414	-
Unamortized (Discount) Premium	-	(89,685)	-	-
Revenue bonds and notes payable after one year	56,800,400	84,259,600	-	-
Total noncurrent liabilities	94,987,975	92,050,787	6,624,375	-
Deferred Inflows of Resources:				
Deferred amount on debt refunding	-	343,463	-	-
Deferred inflows pension related	751,366	209,836	175,068	-
Regulatory liability-rate stabilization	21,801,571	-	-	-
Total deferred inflows of resources	22,552,937	553,299	175,068	-
Net Position				
Net investment in capital assets	68,965,327	124,179,854	954,072	2,447,850
Restricted for debt service	611,838	4,591,185	-	-
Restricted for capital projects	2,289,751	5,482,445	-	-
Unrestricted (accumulated deficit)	26,114,797	24,520,123	1,916,236	(407,729)
Total net position	$ 97,981,713	$ 158,773,607	$ 2,870,308	$ 2,040,121

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

ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
Ocala International Airport	Communi-cations	SunTran	Total	Internal Service Funds
$ 156,700	$ 196,117	$ 379,412	$ 18,491,016	$ 949,303
-	-	-	905,103	-
-	-	-	-	1,595,067
33,575	57,989	-	1,786,689	-
-	-	658,033	1,023,548	-
117,753	-	-	8,228,500	-
-	-	-	-	54,278
-	-	-	1,138,834	-
308,028	254,106	1,037,445	31,573,690	2,598,648
-	-	-	207,392	-
-	-	-	1,476,689	-
-	-	-	5,485,000	-
-	-	-	7,169,081	-
308,028	254,106	1,037,445	38,742,771	2,598,648
-	-	-	10,995,941	-
			-	6,946,316
9,995	15,713	-	875,986	-
-	-	-	-	120,948
16,986	21,087	-	1,017,667	-
43,714	1,329,134	-	41,239,857	-
-	-	-	(89,685)	-
-	-	-	141,060,000	-
70,695	1,365,934	-	195,099,766	7,067,264
-	-	-	343,463	-
1,246	37,882	-	1,175,398	-
-	-	-	21,801,571	-
1,246	37,882	-	23,320,432	-
22,206,920	4,750,798	2,827,405	226,332,226	13,886,258
-	-	-	5,203,023	-
-	-	-	7,772,196	-
728,215	3,579,771	(189,254)	56,262,159	17,223,845
$ 22,935,135	$ 8,330,569	$ 2,638,151	$ 295,569,604	$ 31,110,103

CITY OF OCALA, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUSINESS-TYPE ACTIVITIES -			
	Electric System Revenue	Water and Sewer	Sanitation	Municipal Golf Course
Operating Revenues:				
Charges for services	$ 141,701,509	$ 26,595,544	$ 10,202,439	$ 1,014,454
Other	1,665,069	69,851	9,927	-
Total operating revenues	143,366,578	26,665,395	10,212,366	1,014,454
Operating Expenses:				
Purchase of electricity	99,166,751	-	-	-
Distribution	10,879,759	2,210,189	-	-
Operation and maintenance	27,228	453,123	4,686,367	87,295
Water and sewer treatment	-	5,960,111	-	-
Sewer collection	-	2,731,168	-	-
Internal service	-	-	-	-
Administration	9,217,421	4,028,519	3,440,817	1,259,599
Depreciation	8,108,117	10,210,563	91,380	445,041
Other	2,137,790	-	-	-
Total operating expenses	129,537,066	25,593,673	8,218,564	1,791,935
Operating income (loss)	13,829,512	1,071,722	1,993,802	(777,481)
Non-Operating Revenues (Expenses):				
Investment income	974,647	811,716	115,814	1,053
Interest expense	(2,070,143)	(3,929,085)	-	-
Amortization of bond discounts/premiums	67,133	78,659	-	-
Other non-operating revenue	336,364	-	-	-
Total non-operating revenues (expenses)	(691,999)	(3,038,710)	115,814	1,053
Income (loss) before capital contributions and transfers	13,137,513	(1,966,988)	2,109,616	(776,428)
Capital Contributions	479,192	6,475,109	1,054	-
Transfers:				
Transfers in	-	-	-	118,076
Transfers out	(7,484,267)	(2,010,399)	(1,461,027)	(173,000)
Total transfers	(7,484,267)	(2,010,399)	(1,461,027)	(54,924)
Change in net position	6,132,438	2,497,722	649,643	(831,352)
Net position - October 1, restated	91,849,275	156,275,885	2,220,665	2,871,473
Net position - September 30	$ 97,981,713	$ 158,773,607	$ 2,870,308	$ 2,040,121

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

ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
Ocala International Airport	Communi-cations	SunTran	Total	Internal Service Funds
$ 985,503	$ 3,072,760	$ 395,517	$ 183,967,726	$ 13,495,785
2,622	27,546	35,042	1,810,057	1,482,605
988,125	3,100,306	430,559	185,777,783	14,978,390
-	-	-	99,166,751	-
-	-	-	13,089,948	-
424,175	1,447,027	2,933,397	10,058,612	-
-	-	-	5,960,111	-
-	-	-	2,731,168	-
-	-	-	-	13,715,843
402,759	539,972	-	18,889,087	-
891,457	485,289	280,574	20,512,421	2,172,237
-	-	-	2,137,790	-
1,718,391	2,472,288	3,213,971	172,545,888	15,888,080
(730,266)	628,018	(2,783,412)	13,231,895	(909,690)
11,437	64,292	-	1,978,959	485,026
-	-	-	(5,999,228)	(15,741)
-	-	-	145,792	-
-	-	2,159,079	2,495,443	1,325
11,437	64,292	2,159,079	(1,379,034)	470,610
(718,829)	692,310	(624,333)	11,852,861	(439,080)
593,251	-	-	7,548,606	-
-	-	347,660	465,736	2,572,873
-	(152,631)	-	(11,281,324)	(2,694,764)
-	(152,631)	347,660	(10,815,588)	(121,891)
(125,578)	539,679	(276,673)	8,585,879	(560,971)
23,060,713	7,790,890	2,914,824	286,983,725	31,671,074
$ 22,935,135	$ 8,330,569	$ 2,638,151	$ 295,569,604	$ 31,110,103

CITY OF OCALA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUSINESS-TYPE ACTIVITIES -			
	Electric System Revenue	Water and Sewer	Sanitation	Municipal Golf Course
Cash Flows from Operating Activities:				
Cash received from customers	$ 148,705,163	$ 26,597,074	$ 10,183,631	$ 713,284
Cash paid to suppliers for goods and services	(110,162,010)	(9,399,934)	(4,920,192)	(719,894)
Cash paid to employees for services	(14,033,879)	(6,526,093)	(3,674,991)	-
Net cash provided by (used in) operating activities	24,509,274	10,671,047	1,588,448	(6,610)
Cash Flows from Non-Capital Financing Activities:				
Transfers in	-	-	-	118,076
Transfers out	(7,484,267)	(2,010,399)	(1,461,027)	(173,000)
Cash receipts from other funds	-	-	-	-
Cash paid to other funds	-	-	-	-
Operating grants	-	2,130,227	-	-
Net cash provided by (used in) non-capital financing activities	(7,484,267)	119,828	(1,461,027)	(54,924)
Cash Flows from Capital and Related Financing Activities:				
Principal paid on bonds and notes	(690,000)	(4,585,000)	-	-
Proceeds from refunding debt	38,724,650	51,075,350	-	-
Payment to refunding bond agent	(35,415,000)	(48,360,000)	-	-
Interest paid on bonds and notes	(5,612,253)	(6,861,166)	-	-
Bond issuance costs	(96,797)	(177,763)	-	-
Proceeds of loans from other funds	-	-	-	-
Proceeds from sale of capital assets	-	9,300	-	-
Acquisition and construction of capital assets	(4,630,377)	(16,617,169)	(213,403)	(15,986)
Contributions received from other governments and developers	479,192	3,598,004	1,054	-
Net cash provided by (used in) capital and related financing activities	(7,240,585)	(21,918,444)	(212,349)	(15,986)
Cash Flows from Investing Activities:				
Investment income	951,128	801,414	113,452	1,053
Net cash provided by investing activities	951,128	801,414	113,452	1,053
Net increase (decrease) in cash and cash equivalents	10,735,550	(10,326,155)	28,524	(76,467)
Cash and cash equivalents, beginning	70,072,147	$ 60,646,117	$ 7,350,627	$ 120,121
Cash and cash equivalents, ending	$ 80,807,697	$ 50,319,962	$ 7,379,151	$ 43,654

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

ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
Ocala International Airport	Communi-cations	SunTran	Total	Internal Service Funds
$ 983,098	$ 3,154,458	$ 441,820	$ 190,778,528	$ 13,495,785
(298,389)	(1,212,945)	(2,959,830)	(129,673,194)	(14,617,166)
(310,643)	(782,204)	(154,392)	(25,482,202)	(4,606)
374,066	1,159,309	(2,672,402)	35,623,132	(1,125,987)
-	-	347,660	465,736	2,572,873
-	(152,631)	-	(11,281,324)	(2,694,764)
-	-	165,663	165,663	-
-	-	-	-	-
-	-	2,155,179	4,285,406	-
-	(152,631)	2,668,502	(6,364,519)	(121,891)
-	-	-	(5,275,000)	-
-	-	-	89,800,000	-
-	-	-	(83,775,000)	-
-	-	-	(12,473,419)	-
-	-	-	(274,560)	-
-	-	-	-	(15,741)
-	-	-	9,300	4,425
(681,453)	(407,874)	-	(22,566,262)	(3,128,724)
480,385	-	-	4,558,635	-
(201,068)	(407,874)	-	(29,996,306)	(4,261,010)
11,146	62,800	3,900	1,944,893	476,588
11,146	62,800	3,900	1,944,893	476,588
184,144	661,604	-	1,207,200	(5,032,300)
$ 751,622	$ 4,020,556	$ -	142,961,190	31,609,614
			-	
$ 935,766	$ 4,682,160	$ -	$ 144,168,390	$ 26,577,314

(Continued)

CITY OF OCALA, FLORIDA
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUSINESS-TYPE ACTIVITIES -			
	Electric System Revenue	Water and Sewer	Sanitation	Municipal Golf Course
Reconciliation of Cash and Cash Equivalents to Balance Sheet:				
Total current cash and investments per the balance sheet	$ 52,389,379	$ 28,540,785	$ 7,379,151	$ 43,654
Total noncurrent cash and investments per the balance sheet	39,414,259	21,779,177	-	-
Total cash and investments	91,803,638	50,319,962	7,379,151	43,654
Less: Investments not meeting the definition of cash equivalents	(10,995,941)	-	-	-
Cash and cash equivalents, end of year	80,807,697	50,319,962	7,379,151	43,654
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	13,829,512	1,071,722	1,993,802	(777,481)
Adjustments to reconcile operating income (loss) to cash provided by operating activities:				
Depreciation & amortization	8,108,117	10,210,563	91,380	445,041
Loss(gain) on capital asset disposal	177	(9,300)		
Other (income) expense	433,161	344,074	-	-
(Increase) decrease in assets and deferred outflow of resources:				
Accounts and notes receivable	(2,276,978)	(149,548)	(83,449)	(301,171)
Accrued unbilled revenue	285,408	90,527	54,714	-
Inventories	133,433	(69,588)	-	(4,344)
Due from other governments	-	-	-	-
Other current assets	(76,300)	-	-	(6,614)
Deferred outflow of resources	(1,354,120)	(222,295)	(200,538)	-
Increase (decrease) in liabilities and deferred inflow of resources:				
Accounts payable	(497,360)	(342,722)	501	637,959
Compensated absences payable	232,939	104,717	50,091	-
OPEB obligation payable	24,138	13,392	8,101	-
Due to other governments	-	-	(17,046)	-
Net pension liability	(2,078,011)	(580,331)	(484,176)	-
Deferred inflow of resources	6,740,155	209,836	175,068	-
Customer deposits	1,005,003	-	-	-
Net cash provided by (used in) operating activities	$ 24,509,274	$ 10,671,047	$ 1,588,448	$ (6,610)

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

ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
Ocala International Airport	Communi-cations	SunTran	Total	Internal Service Funds
$ 910,072	$ 4,682,160	$ -	$ 93,945,201	$ 26,577,314
25,694	-	-	61,219,130	-
935,766	4,682,160	-	155,164,331	26,577,314
-	-	-	(10,995,941)	-
935,766	4,682,160	-	144,168,390	26,577,314
(730,266)	628,018	(2,783,412)	13,231,895	(909,690)
891,457	485,289	280,574	20,512,421	2,172,237
		-	(9,123)	-
-	-	-	777,235	-
(5,027)	62,274	-	(2,753,899)	(40,432)
-	(8,122)	-	422,527	-
-	(5,865)	-	53,636	-
-	-	11,260	11,260	-
(517)	864	-	(82,567)	343,794
(8,292)	(51,815)	-	(1,837,060)	-
217,334	79,847	(182,003)	(86,444)	(2,691,896)
11,872	33,887	1,179	434,685	-
992	1,819	-	48,442	-
(1,287)	-	-	(18,333)	-
(3,446)	(104,769)	-	(3,250,733)	-
1,246	37,882	-	7,164,187	-
-	-	-	1,005,003	-
$ 374,066	$ 1,159,309	$ (2,672,402)	$ 35,623,132	$ (1,125,987)

CITY OF OCALA, FLORIDA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2015

	PENSION TRUST FUNDS
Assets	
Cash and cash equivalents	$ 5,276,085
Receivables:	
Interest and dividends receivable	170,229
Accounts receivable	12,610
Due from other governments	7,600
Prepaid expense	2,545
Total receivables	192,984
Investments, at fair value:	
Fixed income	53,728,493
Mutual funds: bonds	11,275,410
Mutual funds: equities	22,599,532
Mutual funds: real estate	21,477,249
Common stock	56,259,974
International equities	25,313,467
Government obligations	4,698,725
Emerging markets	9,908,345
Hedge fund (mutual fund)	7,997,210
Total investments	213,258,405
Total assets	218,727,474
Liabilities	
Accounts payable	310,442
Total liabilities	310,442
Net Position	
Net position held in trust for pension benefits	$ 218,417,032

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

CITY OF OCALA, FLORIDA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	PENSION TRUST FUNDS
Additions	
Contributions:	
Employer	$ 18,351,192
State	939,358
Employee	1,853,446
Total contributions	21,143,996
Investment income:	
Investment gain	(2,418,606)
Less: Investment management fees	(999,220)
Net investment gain	(3,417,826)
Total additions	17,726,170
Deductions	
Pension payments	20,848,977
Refunds to employees	170,341
Administration	322,644
Total deductions	21,341,962
Change in net position	(3,615,792)
Net position held in trust for pension benefits - beginning	222,032,824
Net position held in trust for pension benefits - ending	$ 218,417,032

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

CITY OF OCALA
GOD BE WITH US
MARION COUNTY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

CITY OF OCALA

GOD BE WITH US

MARION COUNTY, FLORIDA

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Blended Component Unit

The Community Redevelopment Agency (CRA) was created pursuant to Chapter 163.356, Florida Statutes, City Ordinance 2009 and City Resolutions 88-37, 88-52 and 89-44. The City Council serves as the CRA Board and the City has operational responsibility for the CRA. Although legally separate, the CRA is appropriately blended as a governmental fund type component unit into the primary government. The CRA is presented as a major governmental fund.

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

The City includes advisory boards and commission within the City in its financial statements in circumstances where the City selects the governing authority, designates management, has the ability to influence operations, and has accountability for fiscal matters of the advisory boards and commissions.

Related Organizations

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

Ocala Housing Authority (OHA) – Although the City is responsible for appointing the OHA's board, the City does not exercise the other prerequisites for inclusion as a component unit. The City's accountability for this organization does not extend beyond making these appointments. The OHA was established in 1973 and is funded primarily by the United States Department of Housing and Urban Development. The OHA service area is Marion County. The OHA currently provides financial assistance through its Housing Choice Voucher (HCV) Program (Section 8) for low-income families, seniors and person with disabilities. The HCV program provides rental subsidies for eligible families, via direct monthly payments for private landlords who rent units throughout Marion County. A significant number of these units are located in the unincorporated areas of the county.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

- Enterprise Funds
- Internal Service Fund

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

- Pension Trust Funds

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become measureable and available to finance expenditures of the period. Measurable refers to the ability to quantify in monetary terms the amount of the revenue and receivable. Available means collectible in the current period or soon enough thereafter to be used to pay liabilities at the balance sheet date. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as substantially all eligibility requirements imposed by the provider have been met. Transfers are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for unmatured principal and interest on long term-debt. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

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

The City reports two major governmental funds:

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

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

The City reports seven major proprietary funds:

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

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

The Sanitation Fund accounts for the operations and maintenance of the City's refuse collection system.

The Municipal Golf Course Fund accounts for the construction, operations and maintenance of the City's golf course.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Ocala International Airport Fund accounts for the construction, operations and maintenance of the City's airport and the Foreign Trade Zone #217.

The Communications Fund accounts for the construction, operations and maintenance of the City's broadband communications (fiber optics) network.

The SunTran Fund accounts for the operations and maintenance of the regional mass transit system that began operations during 1999.

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

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

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

Additionally, the City reports the following fund types:

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

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

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Internal Service Funds account for the activities of the City's risk management and fleet, facilities and information technology management. The City's risk management program includes amounts collected and the claims paid for workers' compensation, property, general liability, health, dental and prescription medicine self-insurance. The fleet and facilities management fund is charged with acquiring and maintaining approximately 1.027 units of fuel-driven vehicles and equipment, as well as approximately 100 facilities. Information technology management covers the entire City operations and maintenance.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Cash & Cash Equivalents

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

2. Equity in Pooled Cash and Investments

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

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

3. Accounts Receivable

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

	Governmental Activities	Business-type Activities	Total
Customers:			
Billed	$ 1,241,434	$ 13,931,036	$ 15,172,470
Unbilled	1,170,479	8,775,662	9,946,141
Miscellaneous	751,113	1,164,633	1,915,746
Gross receivables	3,163,026	23,871,331	27,034,357
Less: allowance for uncollectibles	(104,783)	(1,036,076)	(1,140,859)
Net total receivables	**$ 3,058,243**	**$ 22,835,255**	**$ 25,893,498**

4. Due From/Due to Other Fund

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

5. Prepaid Items and Inventory

Certain payments to vendors for services that will benefit periods beyond September 30, 2015 are recorded as prepaid items and are recorded as prepaid items in both the government-wide and fund financial statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

	Inventory	Allowance for Obsolete	Adjusted Inventory
Governmental:			
Fleet-bulk fuel	$ 96,334	$ (7,225)	$ 89,109
Total Governmental	**$ 96,334**	**$ (7,225)**	**$ 89,109**
Business-type:			
Electric	5,025,667	(376,925)	4,648,742
Water & Sewer	1,142,784	(85,709)	1,057,075
Golf	70,075	(5,256)	64,819
Communications	123,879	(9,291)	114,588
Total Business-type	**$ 6,362,405**	**$ (477,181)**	**$ 5,885,224**

6. Restricted Assets

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

7. Capital Assets

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

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated fair market value at the date of donation. For intangible assets, the capital outlay must be greater than $5,000. For software costs, the capital outlay must be greater than $5,000 per user license. Other costs incurred for repairs and maintenance are expensed as incurred. Amortization of intangible assets including software costs is included with depreciation expense in the financial statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

	# of Years
Buildings	15-40
Improvements Other than Buildings	20-30
Machinery and Equipment	5-15
Infrastructure	15-40

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

Capitalization of Interest

The Electric and Water and Sewer System enterprise funds capitalize net interest costs on funds borrowed to finance the construction of capital assets. See Note 10 -Long term debt for additional information.

Capital Leases and Installment Purchase Contracts

The acquisition or construction of general capital assets under a capital lease agreement or installment purchase contract is recognized as an expenditure and other financing source and principal and interest expenditures in the governmental funds. Property and equipment and the liabilities associated with capital leases and installment purchase contracts of proprietary funds are accounted for and reported in the financial statements of the respective proprietary fund.

8. Self-Insurance Claims

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

9. Compensated Absences

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Interfund Activity

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are reflected as loans or transfers. Loans are reported as receivables and payable as appropriate and are subject to elimination upon consolidation. Interfund payables and receivables are non-interest bearing. Interfund advances are liquidated in accordance with the City Council's resolution and may bear interest. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

11. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

12. Deferred Outflows of Resources

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

13. Deferred Inflows of Resources

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

14. Accrued Revenue

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

15. Rate Stabilization/Regulatory Operations

A Rate Stabilization account was created by the City which allows current income to be deferred to a future time in order to stabilize electric rates. Accounting standards allow for the deferral of revenues and expenses to future periods in which the revenues are earned or the expenses are recovered through the rate-making process, which is a resolution approved by City Council. Unearned revenues are recorded as a Deferred Inflow titled Regulatory liability-Rate Stabilization and as a Restricted Asset-Rate Stabilization. The funds are used to "stabilize" the customers' utility bills and will be recognized as revenue when used. The targeted maximum funding level is 25% or projected annual fuel costs, while the minimum funding level is 15%. At the end of the fiscal year the rate stabilization fund balance was $21,801,571, which is at 22% funding level at year end.

16. Power Cost Adjustment (PCA)

The Power Cost Adjustment (PCA) represents the City's utility rate mechanism to ensure: 1) that all power costs are recovered through utility billings revenue or through Council approved usage of Rate Stabilization funds or 2) that any excess utility billings revenues for powers costs not incurred are returned to customers or used for other lawful purposed in accordance with the City's rate tariff on file with the Public Service Commission. The balance in this account could be an asset (for "under"-collection of power costs) or a liability (for "over"-collection of power costs). As of September 30, 2015, the balance of $5,988,789, which represents an over collection of power costs, was rolled forward to the following fiscal year.

17. On-Behalf Payments for Fringe Benefits

The City receives on-behalf payments from the State of Florida to be used for Police and Fire Pension Plan enhancements. On-behalf payments to the City totaled $931,758 for FY 2015. Such payments are recorded as other tax revenue and public safety expenditures in the GAAP basis government-wide and General Fund financial statements. Funds received are recorded as revenue in the General Fund and immediately transferred to the Police and Fire Pension Plan as an expense to the General Fund.

18. Cost Allocations

Certain expenses are incurred by the City's Electric System Revenue Fund on behalf of the Water and Sewer and Sanitation funds. The Electric System Revenue Fund charges for these services based on the receiving fund's original budgeted appropriations. The reimbursement for these services is recorded as an operating expense of the Water and Sewer and Sanitation funds and as a contra expense of the Electric Revenue Fund.

The City's General Fund also incurs certain expenditures on behalf of the other funds for Fleet, Facilities, Information Technology, Customer Service, Communications, Risk Management, Health Insurance, and Workers Compensation. The General Fund is reimbursed for these expenditures based on actual cost allocations. The amounts reimbursed are recorded as reductions in expenditures of the General Fund. The related reimbursements are recorded as either an operating expense of the proprietary funds or as an expenditure of the governmental funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

19. Fund Balance

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not spendable form" criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

Restricted

This fund balance has spending constraints that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted

Committed – This fund balance represent amounts that have internally imposed restrictions mandated by formal action of the government's highest level of decision-making authority. The specific purposes are determined by a formal action (resolution) of the City Council, the City's highest level of decision making authority. These amounts cannot be used for other purposes unless the same type of formal action is taken by the highest level of decision-making authority to reverse or modify the previously imposed restriction.

Assigned – This fund balance reports amounts that are constrained by the government's intent that they will be used for specific purposes. This includes spendable fund balance amounts established by management of the City that are intended to be used for specific purposes that are neither considered restricted or committed. City Council adopted a Resolution that authorizes management of the City to assign fund balances.

Unassigned – This fund balance is the residual fund balance for the General Fund. It reflects the resources that are available for further appropriation and expenditure for general governmental purposes. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that can report a positive unassigned fund balance. If there is a negative fund balance in the Special Revenue, Capital Project or Debt Service due to expenditures incurred exceeding the amounts restricted, committed or assigned for specific purposes in these funds, then it is possible that those funds would report a negative unassigned fund balance.

Spending Order of Fund Balances

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	GENERAL FUND	CRA FUND	OTHER GOVTL FUNDS
NONSPENDABLE:			
Inventory	$ 89,109	$ -	$ -
Prepaids	180,599	-	-
Total Nonspendable	**269,708**	**-**	**-**
RESTRICTED:			
Transportation			
Gas Tax Revenues from State	-	-	$ 5,046,610
Capital Projects			
Capital Improvement Bonds 2002	-	-	198,861
Capital Improvement Bonds 2007A	-	-	596,415
	-	-	795,276
Debt Service			
Capital Improvement Bonds 2007A	-	-	146,648
Capital Improvement Bonds 2002/2012	-	-	864,301
Capital Improvement Bonds 2003/2013	-	-	1,559,128
Capital Improvement Bonds 2007B	-	-	10,835
	-	-	2,580,912
Public Safety			
Fire Impact Fees	781,645	-	-
Police Automation	449,644	-	-
Police Education & Training	130,213	-	-
Local Confiscations	136,131	-	-
Federal Confiscations	427,798	-	-
Other Public Safety Programs	211,976	-	-
	2,137,407	-	-
Development District Improvements			
Downtown Development Board	-	-	182,450
Community Redevelopment Trust	-	4,251,696	-
	-	4,251,696	182,450
Grants			
State Housing Impv Project (SHIP)	-	-	184,328
Tree Mitigation	134,668	-	-
Transportation Planning Organization (TPO)	4,337	-	-
Community Devel Block Grant (CDBG)	(28,767)	-	-
	110,238	-	184,328
Total Restricted	**2,247,645**	**4,251,696**	**8,789,576**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

UNRESTRICTED:	GENERAL FUND	CRA FUND	OTHER GOVTL FUNDS
Committed			
Stormwater Utility	-	-	5,830,170
Payroll	22,047	-	-
Economic Improvement Program	2,128,120	-	-
Total Committed	2,150,167	-	5,830,170
Assigned			
Subsequent year budget	11,699,040	-	-
Public safety-reserve for special investigations	47,531	-	-
Fire/Streets/Sidewalks	13,783,564	-	-
Total Assigned	25,530,135	-	-
Unassigned	15,535,866	-	-
Total Unrestricted	**43,216,168**	**-**	**5,830,170**
Total Fund Balances	**$ 45,733,521**	**$4,251,696**	**$14,619,746**

E. Revenues, Expenditures, and Expenses

Substantially all governmental funds revenues (including sales taxes, franchise fees, and licenses) are accrued. Property taxes are generally billed and collected within the same period in which the taxes are levied. In addition, revenue from the Federal and State reimbursement type grants for which eligibility requirements have been met have been accrued and recognized as revenues of the period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Operating revenues for proprietary operations generally result from providing services in connection with a proprietary fund's principal on-going operation (e.g., electric, water, sewer, sanitation). The principal operating revenue of the proprietary funds is receipts from customers. Operating expenses are costs to provide the service, including salaries, contractual services, depreciation, and administrative expense. All other revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Expenditures are recognized when the related fund liability is incurred except for the following:

- General obligation long-term debt principal and interest and compensated absences are reported, if any, only when due.
- Inventory costs, excluding the Golf Fund, are reported in the period when inventory items are consumed, rather than in the period purchased.

1. Property Taxes

The City is permitted under its charter to levy taxes up to $10 per $1,000 of assessed valuation for general government services other than the payment of principal and interest on general long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. Additional taxes assessed for the payment of general long-term debt issues of the City must be approved by the public. The tax rate assessed by the City for the year ended September 30, 2015 was $6.1638 per $1.000 of assessed property value. Current tax collections (inclusive of legally available early payment discounts) for the City were approximately 96.4% of the total tax levy. The property tax calendar provides for the tax revenue to be billed and collected within the applicable fiscal year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Revenues, Expenditures, and Expenses (Continued)

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

The property tax calendar for revenues billed and received for fiscal year ended September 30, 2015 is shown as follows:

Lien Date	January 1, 2014
Certification of Taxable Value	July 1, 2014
Final public hearing to adopt proposed millage rate	September 16, 2014
Certification of final Taxable Value	October 14, 2014
Beginning of fiscal year for tax assessment	October 1, 2014
Tax bills rendered	November 1, 2014
Property Tax Payable:	
Maximum Discount by	November 30, 2014
Due Date	March 31, 2015
Delinquent on	April 1, 2015
Tax Certificates issued for delinquent taxes by	May 31, 2015

2. Operating Subsidies, Grants, and Impact Fees

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

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

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

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

3. Excess of Expenditures Over Appropriations in Individual Funds

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

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

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

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

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

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

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

An annual budget is prepared for all governmental and proprietary funds. The City Council annually adopts the budget through a Budget Resolution. Budgetary control is legally maintained at the fund level. The budget amounts presented in the accompanying financial statements for the governmental funds are as originally adopted, or as legally amended, by the City Council during the year ended September 30, 2015.

The City's Budget Resolution provides transfer authority to the City Manager to transfer budgeted amounts between departments within any fund; however, any budget amendments that alter the total expenditures of any fund must be approved by the City Council. During 2015, the City Council approved various supplemental budget appropriations to provide for unanticipated requirements of the period. Budget appropriations may not be legally exceeded on a fund basis. Appropriations lapse at the end of each fiscal year. The budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The budgetary comparisons reflect only those activities for which legally adopted budgets are prepared. For the year ended September 30, 2015, no expenditures exceeded the budget at the fund level.

B. Encumbrances

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

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Pooling of Cash and Investments

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

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

A. Pooling of Cash and Investments (Continued)

At September 30, 2015, the carrying amount of the City's deposits was $40,466,318. These deposits, consisting of interest bearing and non-interest bearing demand accounts, were entirely insured by federal deposit insurance or by collateral held by the City's agent pursuant to the Public Depository Security Act of the State of Florida. This Act requires that the City maintain deposits only in "qualified public depositories". All qualified public depositories must deposit with the State Treasurer eligible collateral in such amounts as required by the Act. In addition, qualified public depositories are required under the Act to assume mutual responsibility against loss caused by the default or insolvency of other qualified public depositories of the same type. Should a default or insolvency occur, the State Treasurer would implement procedures for payment of losses according to the validated claims of the City.

The City maintains a liquid pooled cash fund in order to meet its obligation needs. Funds not prohibited by bond covenants have pooled their cash balances in order to maximize investment earnings. The City's banking arrangement provides that the City's balances will be used to offset any monthly direct service charge with excess balances earning interest. During 2015, an interest rate floor was in place due to a low interest rate environment. As of September 20, 2015, the interest rate floor was .05%.

Cash equivalents consist of:

1) Amounts placed with the State Board of Administration (SBA) for participation in the Local Government Surplus Funds Trust Fund investment pool created by Section 218.405, Florida Statutes. The City's investment in the amount of $11,481,625 is reported at amortized cost. The Florida PRIME investment pool had weighted average days to maturity of 29 days as of September 20, 2015. The fund had been divided into two separate funds; namely Florida PRIME and Fund B. Fund B was closed out as of September 30, 2014.

2) Amounts placed with the Florida Surplus Asset Fund Trust (FL SAFE) a local government investment pool organized pursuant to Florida Statute 163.01. Investments in the amount of $2,006,309 had weighted average days to maturity of 54 days as of September 30, 2015.

3) Amounts placed with the Florida Local Government Investment Trust (FLGIT) an intergovernmental investment pool created by interlocal agreement under Florida Statute 163.01. Investments in this pool totaled $2,006,308 as of September 30, 2015.

   The investment pools operate under investment guidelines established by Section 215.47 of the Florida Statutes and are authorized investments under Chapter 218.415. The City's investment in Florida PRIME, FL SAFE and FLGIT meets the requirement of a Securities and Exchange Commission Rule "2a7-like" external investment pool. The Florida PRIME and FL SAFE funds are rated AAAm by Standard & Poor's and FLGIT is rated AAA.

B. Restricted Assets

The balances in the restricted assets for the enterprise funds as of September 30, 2015 were $54,063,380. Details of these balances can be found on the City's Statement of Net Position on page 28.

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

C. Investments

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

The fair values of the City's fixed-maturity investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of those instruments. Fair values of interest rate-sensitive instruments may also be affected by the credit worthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument, duration of the instrument and other general market conditions.

Derivatives

The City has no derivative investments in its portfolio at September 30, 2015. As noted below, the City has established investment policy guidelines for each investment portfolio. Pursuant to these guidelines, derivative investment instruments are authorized, but limited in use only if the Chief Financial Officer has sufficient understanding or expertise.

General Investment Guidelines

On December 8, 1992, as amended September 5, 1995 and further amended on September 17, 2013, the City of Ocala adopted a comprehensive investment policy pursuant to Section 218.415, Florida Statutes that established permitted investments, asset allocation limits, issue limits, credit ratings requirements, and maturity limits to protect the City's cash and investment assets. The City maintains a common cash and investment pool for the use of all funds.

The City's investment policy allows for the following investments: Local Government Investment Pools, United States government securities, United States government agency securities, federal instrumentalities, interest bearing time certificates of deposit or saving accounts, repurchase agreements, commercial paper, bankers' acceptances, stat and/or local government taxable and/or tax exempt debt, money market mutual funds, intergovernmental investment pools, corporate obligations or corporate notes, collateralized mortgage obligations (CMOs), mortgage-backed securities (MBS), asset-backed securities (ABS), Yankee securities, Eurodollar securities money market mutual funds, bond funds and any investment security authorized by Florida Statutes 218.415.

The City's investment policy also requires that investments be rated as follows: Corporate notes, State and local government debt, General obligation or revenue bonds rated BBB by Standard & Poor's (S&P) or Moody's Rating Services; Commercial paper rated at least Prime-2 by Moody's or A-3 by S&P; Mortgage and ABS rated AAA or equivalent by Moody's or S & P; Money market mutual funds comprised of only those investment instruments authorized in the policy. The City's policy does not require a minimum rating for U.S. Government securities, agencies or federal instrumentalities.

Third Party Portfolio Managers

Under the City's investment policy, third party managers were set up in a well-diversified pool of three tiers.

Pool I (short-term investments) duration of 1 to 3 years,

Pool II (short intermediate investments) durations of 1 to 5 years,

Pool III (intermediate investments) durations of 1 to 10 years.

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

C. Investments (Continued)

The City uses an independent advisor that provides performance measurement service, which (a) compares individual manager performances to their respective index monthly, (b) compares manager performance to their respective industry peer group quarterly, and (c) reviews portfolio compliance. Each manager has a goal of exceeding their respective benchmark, net of fees, over a market cycle. Each manager has an individual policy limitation that, when combined, does not exceed 10% for each sector. The effective duration of the portfolio shall not exceed 120%, nor be less than 50% of the target benchmark.

The benchmarks for each portfolio were chosen to better reflect the investments held in the account. Pool I is measured against Bank of America Merrill Lynch 1-3 Year Unsubordinated U.S. Treasury/Agencies index, Pool II is benchmarked against Bank of America Merrill Lynch 1-5 Year Government/Corporate index, and Pool III is compared to the Bank of America Merrill Lynch 1-10 Year Domestic Master index.

Total Funds Recap:

Security Type	Average Rating	Fair Value	Effective Duration (In Years)
Carrying Value of Cash	n/a	$ 40,509,940	n/a
Treasury Investment Portfolio	AA+	178,562,244	2.57
SBA Florida PRIME	AAAm	11,481,625	29 Days
Florida Local Government	AAA	2,005,848	1.42
Florida SAFE	AAAm	2,006,309	54 Days
CR-3 Decommissioning Trust	AAA	10,995,941	0.46
Total		**$ 245,561,907**	**1.90**

The City utilizes “effective duration” as a measurement of interest rate risk and as of September 30, 2015 the Treasury investment portfolio had an overall effective duration of 2.57 years. The Treasury investment portfolio had the following investment types and effect duration presented in terms of years at September 30, 2015.

Total Treasury Portfolio (Pools I, II, III)

Security Type	Average Rating	Fair Value	Weighted Average Maturity Years
U.S. Treasury Bond / Note	AA+	$ 58,204,828	2.08
Federal Agency Bond / Note	AA	17,095,797	0.62
Mortgage Backed Pass-through Security	AA+	21,057,694	6.98
Corporate Notes	A+	63,944,799	2.24
Commercial Paper	A-1	2,945,900	0.36
ABS / CMBS	AAA	9,110,175	3.42
Sovereigns	AA-	479,518	2.99
Municipal Bond / Note	AA+	3,471,936	0.77
Money Market Mutual Fund	A-1	2,251,597	0.00
Total Treasury Portfolio-Pools I, II, and III		**$ 178,562,244**	**2.57**

Interest Rate Risk

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

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

C. Investments (Continued)

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

POOL I - Short-Term Investments:

Security Type	Average Rating	Fair Value	Weighted Average Maturity Years
U.S. Treasury Bond / Note	AA	$ 15,249,616	1.95
Federal Agency Bond / Note	AA	3,287,532	1.30
Mortgage Backed Pass-through Security	AA	5,461,690	11.96
Corporate Notes	AAA	17,790,449	1.72
Commercial Paper	A-1	2,945,900	0.36
Municipal Bond / Note	AAA	2,406,584	0.58
Asset Backed Securities	AAA	3,218,476	1.87
Money Market Mutual Fund	AAAm	342,843	0.00
Sub-total Pool I		**$ 50,703,090**	**2.73**

POOL II - Short Intermediate Investments:

Security Type	Average Rating	Fair Value	Weighted Average Maturity Years
U.S. Treasury Bond / Note	AA	$ 24,419,164	0.70
Federal Agency Bond / Note	AA	12,651,525	0.11
Mortgage Backed Pass-through Security	AAA	294,055	0.01
Corporate Notes	A	36,067,361	1.44
Money Market Mutual Fund	AAA	111,970	0.00
Sub-total Pool II		**$ 73,544,075**	**0.96**

POOL III - Intermediate Investments

Security Type	Average Rating	Fair Value	Weighted Average Maturity Years
U.S. Treasury Bond / Note	AA+	$ 18,536,048	4.02
Federal Agency Bond / Note	AA+	1,156,740	4.21
Mortgage Backed Securities	AA+	15,301,949	5.33
Corporate Notes	A	10,086,989	6.03
ABS / CMBS	AAA	5,891,699	5.29
Sovereigns	A+	479,518	2.99
Municipal Bond / Note	AA+	1,065,352	1.19
Money Market Mutual Fund	A-1	1,796,784	0.00
Sub-total Pool III		**54,315,079**	**4.71**
Total of Pools I, II, and III		**$ 178,562,244**	**2.24**

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

C. Investments (Continued)

In addition to the investment portfolio, the City has a Crystal River #3 Decommissioning Trust Fund. The balance as of September 30, 2015 was as follows:

CR #3 Decommissioning Trust:

Security Type	Average Rating	Fair Value	Effective Duration (In Years)
Money Market Mutual Fund	AAAm	$ 5,691,438	n/a
U.S. Government Agencies	A1/P1	5,304,503	0.96
Total		**$ 10,995,941**	**0.46**

Credit Risk

Credit risk is the risk that an issuer of a debt security will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating to each debt security by a nationally recognized credit rating agency. The City's investment policy limits investments to those described above.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City's investment policy, pursuant to Section 218.415(18), Florida Statutes, requires securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchased by, and all collateral obtained by the City should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.

As of September 30, 2015 the City's investment portfolio was held with a third-party custodian as required by the City's investment policy.

Concentration of Credit Risk

It is the policy of the City of Ocala to diversify its investment portfolio. Assets held are diversified to control the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, a specific instrument, a class of instruments, or a dealer through whom these instruments are bought and sold.

The City's investment policy has established asset allocation and issuer limits on the following investments, which are designed to reduce concentration of credit risk of the City's investment portfolio and must be observed by investment managers.

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

C. Investments (Continued)

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

As of September 30, 2015, the City's investment portfolio was in compliance with all diversification requirements of the City's investment policy.

Foreign Currency Risk – The City is not exposed to this type of risk.

D. Pension Trust Funds – Cash and Investments

The City maintains single-employer, Defined Benefit (DB) pension plans which cover its full-time certified law enforcement officers (the Police Officers' Retirement System); its full-time certified firefighters (the Firefighters' Retirement Plan); and some of the City's full-time employees (the General Employees' Retirement System).

The provisions of each of the Plans are established by City Ordinance. Effective October 1, 2013, the City's pension plan for General Employees was restructured. The City moved to a 401a Defined Contribution plan for non-vested and new employees, and 226 out of the 561 employees chose this option as their retirement plan.

The Florida Constitution requires local governments to make the actuarially determined contributions to their DB plans. The Florida Division of Retirement reviews and approves each local government's actuarial report to ensure its appropriateness for funding purposes. Additionally, the State collects two locally authorized insurance premium surcharges (one for the Police Pension Plan on casualty insurance policies and one for the Firefighter Pension Plan on certain real and personal property insurance policies within the corporate limits) which can only be distributed after the State has ascertained that the local government has met their actuarial funding requirements for the most recently complete fiscal year. These on-behalf payments received from the State are recognized as revenue and expense in the General Fund and are used to reduce the City's contribution to the Police and Fire Pensions. On-behalf payments to the City totaled $931,758 for the fiscal year ended September 30, 2015.

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

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

Pension plan contributions include provision for normal cost plus an amount sufficient to amortize the past service liability over a twenty-five year period. These plans do not participate in the City's equity in pooled cash and investment fund. The deposits and investments of each plan are held separately from those of other City funds.

Cash and Deposits

At September 30, 2015, the cash carrying amounts of the City's pension plans' deposits were as follows:

General Employees' Retirement System	$	408,030
Police Officers' Retirement System		168,679
Firefighters' Retirement Plan		296,609
Total Pension Trust Funds	**$**	**873,318**

These deposits, consisting of non-interest bearing demand accounts, were entirely insured by federal depository insurance or by collateral held by the City's agent pursuant to the Public Depository Security Act of the State of Florida. This Act requires that the City maintain deposits only in "qualified public depositories". All qualified public depositories must deposit with the State Treasurer eligible collateral in such amounts as required by the Act. In addition, qualified public depositories are required under the Act to assume mutual responsibility against loss caused by the default or insolvency of other qualified public depositories of the same type. Should a default occur, the State Treasurer would implement procedures for payment of losses according to the validated claims of the City.

Investment Guidelines

Each of the three City pension plans are governed by an independent board of directors who have adopted a comprehensive investment policy pursuant to Section 112.661, Florida Statutes that establish permitted investments, asset allocation limits, issuer limits, credit rating requirements, and maturity limits to protect their pension plan's cash and investment assets. Each of the plans employs multiple investment managers to manage the various security types used by the plan. These managers along with the plan's investment advisor attempt to attain the plan's stated investment objective, which is to match a benchmark developed from appropriate published security indexes in the same proportions as those asset types occur in the portfolio, as well as to achieve, over the long run, the assumed interest rated used for the plan's actuarial calculations.

Section 215.47, Florida Statutes, limits the types of investments a government pension plan can invest in unless specifically authorized in an investment policy. The investment policies for the three pension plans generally allow for cash and fixed-income instruments similar to those permitted for the City's investment pool, i.e., Local Government Investment Pools, United States government securities, Untied States government agency securities federal instrumentalities, non-negotiable interest bearing time certificates of deposit or saving accounts, repurchase agreements, commercial paper, bankers' acceptances, state and/or local government taxable and/or tax-exempt debt, money market mutual funds, intergovernmental investment pools, corporate obligations or corporate notes, mortgage-backed securities (MBS), asset-backed securities (ABS), and bond funds. The General Employees' plan, Police Officers' plan and the Firefighters' plan are permitted to invest corporate bonds and asset or mortgage-back securities rated at investment grade, BBB or better.

In addition, the investment policies of all three pension plans permit, within plan guidelines, investment in domestic and international equities. All three plans, either by policy requirement or prudent practice, diversify their domestic equity holdings between large and small capitalizations and between growth and value equity securities. The plans are also permitted to invest in pooled real estate vehicles, limited partnerships or other types of real estate investments as determined by the board in consultation with their investment adviser.

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

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

As of September 30, 2015, the cash and investments of the City's pension plans are as follows:

Investment Type			% of Portfolio	Credit Rating	Duration (In Years)
General Employees' Retirement System:					
Cash Checking	$	408,030	n/a	n/a	n/a
Cash and Cash Equivalents		1,780,698	1.55%	n/a	n/a
Fixed Income		37,983,429	33.12%	A+	4.73
Mutual Funds: Equities		6,846,818	5.97%	n/a	n/a
Mutual Funds: Real Estate		13,016,928	11.35%	n/a	n/a
Common Stock		24,191,574	21.09%	n/a	n/a
International Equities		12,955,101	11.30%	n/a	n/a
Emerging Markets		9,908,345	8.64%	n/a	n/a
Hedge Fund (mutual fund)		7,997,210	6.97%	n/a	n/a
Fund total	**$**	**115,088,133**	**100.00%**		
Police Officers' Retirement System:					
Cash Checking	$	168,679	n/a	n/a	n/a
Cash and Cash Equivalents		1,081,532	1.87%	n/a	n/a
Governement Obligations		4,698,725	8.14%	n/a	n/a
Fixed Income		15,745,064	27.27%	AA-	4.50
Common Stock		26,536,937	45.96%	n/a	n/a
International Equities		6,866,014	11.89%	n/a	n/a
Mutual Funds: Real Estate		2,809,542	4.87%	n/a	n/a
Fund total	**$**	**57,906,493**	**100.00%**		
Firefighters' Retirement Plan:					
Cash Checking	$	296,609	n/a	n/a	n/a
Cash and Cash Equivalents		1,540,537	3.41%	n/a	n/a
Mutual Funds: Bonds		11,275,410	24.92%	n/a	n/a
Mutual Funds: Equities		15,752,714	34.82%	n/a	n/a
Mutual Funds: Real Estate		5,650,779	12.49%	n/a	n/a
Common Stock		5,531,463	12.23%	n/a	n/a
International Equities		5,492,352	12.14%	n/a	n/a
Fund total	**$**	**45,539,864**	**100.00%**		
Total pension plan cash and investments	**$**	**218,534,490**			

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair market value to changes in market interest rates. The pension plan investment policies provide specific limits for investment maturities. One method of measuring interest rate risk is "effective duration". As of September 30, 2015, the securities in the City's pension plans had the effective durations presented above and were in compliance with their respective investment policies.

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

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

Credit Risk

Credit risk is the risk that an issuer of a debt security will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating to each debt security by a nationally recognized credit rating agency. Each of the plans provides guidelines for the credit ratings of specific types of investments. All of the investment policies permit investment only in fully marketable securities rated at institutional investment grade quality or higher by Standard & Poor's or Moody's, with higher quality rating required for specific asset classes. As of September 30, 2015, the three pension plans had the credit exposures listed above as a percentage of total investments. All investments were in compliance with their respective investment policies.

Custodial Credit Risk

Investment securities are exposed to custodial credit risk if they are uninsured and are not registered in the name of the government and are held by either the counterpart or the counterparty's trust department or agent, but not in the government's name. The pension plans' investment policies, pursuant to Section 112.661(10), Florida Statutes, require that the plan's securities shall be held with a third party custodian; and that all securities purchased by, and all collateral obtained by the plan should be properly designated as an asset of the plan. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. As of September 30, 2015, all identifiable investment securities of the pension plan portfolios are registered in the respective plan's name and are held by a third-party custodian as required.

Concentration of Credit Risk

It is the policy of the three City pension plans to diversify their investment portfolios. Assets held are diversified to control the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, a specific instrument, a class of instruments, or a dealer through whom these instruments are bought and sold. The plan's investment policies have established asset allocation and issuer limits, which are designed to reduce concentration of credit risk and must be observed by Investment Managers. In general, all three investment policies require that investment in the securities of a single issuer cannot exceed 5% of the market value of the portfolio. Compliance with the provisions of the investment policies which are designed to maintain appropriate diversification are monitored on an ongoing basis by the Investment Advisors employed by each plan.

Foreign Currency Risk

Foreign currency risk occurs when securities held in a portfolio are denominated in one or more foreign currencies with the attendant potential risk of loss arising from changes in the exchange rate. While all three of the City's pension plans invest a small portion of their portfolios in international equities, these securities are not denominated in foreign currencies, and thus the plans are not exposed to this risk. The General Employees' Retirement System had an actual allocation to international equity of 20% as of September 30, 2015. According to F.S. 215.47, General Employee pension plans may have up to 25% of assets allocated to international equities. The Firefighters' Retirement Plan had an allocation of 12% to international equities as of September 30, 2015. According to F.S. 175.071, firefighter pension plans may have up to 25% of assets allocated to international equities. The Police Officers' Retirement System had an allocation of 12% to international equities as of September 30, 2015. According to F.S. 185.06, police pension plans may have up to 25% of assets allocated to international equities.

NOTE 5 – RECEIVABLES AND INTERFUND ACTIVITY

A. Due from Other Governments

The following amounts were due from other governments as of September 30, 2015:

	General Government	Business-Type	Totals
Federal Government	$ 430,067	$ 444,173	$ 874,240
State of Florida	2,476,776	1,754,708	4,231,484
Marion County, Florida	881,780	126,825	1,008,605
Total	$ 3,788,623	$ 2,325,706	$ 6,114,329

B. Interfund Transactions

Interfund transfers for the year ended September 30, 2015 consisted of the following:

Transfers to General Fund from:	
Electric System Revenue Fund	$ 6,718,647
Water and Sewer Fund	1,659,692
Sanitation Fund	535,265
Communications Fund	152,631
Internal Service Fund	2,500,000
Non-major Funds	282,793
Total transfers to General Fund	11,849,028
Transfers to nonmajor governmental funds from:	
Electric System Revenue Fund	362,820
Water and Sewer Fund	206,007
Sanitation Fund	150,923
Municipal Golf Course Fund	173,000
General Fund	2,476,228
Total transfers to nonmajor governmental funds	3,368,978
Transfers to CRA Fund from:	
General Fund	314,518
Transfers to SunTran Fund from:	
Non-major Funds	347,660
Transfers to Municipal Golf Course Fund from:	
General Fund	52,076
Water and Sewer Fund	66,000
Total transfers to Municipal Golf Course Fund	118,076
Transfers to Internal Service Fund from:	
General Fund	997,657
Electric System Revenue Fund	402,800
Water and Sewer Fund	78,700
Sanitation Fund	774,839
Non-major Funds	124,113
Self Insurance Fund	194,764
Total transfers to Internal Service Fund	2,572,873
Total transfers at the fund level	$ 18,571,133

NOTE 5 – RECEIVABLES AND INTERFUND ACTIVITY (Continued)

B. Interfund Transactions (Continued)

Interfund receivables and payables are the result of the allocation of unbilled receivables between utility funds and the elimination of negative equity in pooled cash accounts in funds where grant drawdowns have not yet been received as of the end of the fiscal year. All of these balances are expected to be liquidated within one year.

Interfund advances, which are approved by City Council and usually bear interest, are for the funding of various projects which are too small for bond issuance and for the City's grant matches on some grants.

The composition of interfund balances as of September 30, 2015 is as follows:

	Interfund Receivables/ Payables
Due to General Fund from:	
Municipal Golf Course Fund	$ 365,515
SunTran Fund	658,033
Total due to General Fund from other funds	1,023,548
Totals at the fund level	$ 1,023,548

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

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

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

	In Governmental	Out Business-Type	
General Fund	$ 6,718,647	$ (6,718,647)	Electric Fund
General Fund	1,659,692	(1,659,692)	Water & Sewer Fund
General Fund	535,265	(535,265)	Sanitation Fund
General Fund	152,631	(152,631)	Communications Fund
General Fund	(52,076)	52,076	Golf Fund.
Non-major Funds	362,820	(362,820)	Electric Fund
Non-major Funds	206,007	(206,007)	Water & Sewer Fund
Non-major Funds	150,923	(150,923)	Sanitation Fund
Non-major Funds	173,000	(173,000)	Golf Fund.
Non-major Funds	(347,660)	347,660	SunTran Fund
Internal Service Funds	402,800	(402,800)	Electric Fund
Internal Service Funds	78,700	(78,700)	Water & Sewer Fund
Internal Service Funds	774,839	(774,839)	Sanitation Fund
TOTAL TRANSFERS	$ 10,815,588	$ (10,815,588)	

NOTE 5 – RECEIVABLES AND INTERFUND ACTIVITY (Continued)

C. Receivables

Receivables as of year-end for the City's individual major funds and nonmajor funds including the applicable allowances for uncollectible accounts are as follows:

	Governmental Activities	Business-type Activities	Total
Customers:			
Billed	$ 1,241,434	$ 13,931,036	$ 15,172,470
Unbilled	1,170,479	8,775,662	9,946,141
Miscellaneous	751,113	1,164,633	1,915,746
Gross receivables	3,163,026	23,871,331	27,034,357
Less: allowance for uncollectibles	(104,783)	(1,036,076)	(1,140,859)
Net total receivables	**$ 3,058,243**	**$ 22,835,255**	**$ 25,893,498**

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets not being depreciated:					
Land and improvements	$ 22,166,945	131,025	(4,306)	-	$ 22,293,664
Intangible (easement, rights of way)	1,847,339	1,300	-	73,895	1,922,534
Construction In progress	6,450,973	4,271,517	(1,557,409)	(6,616,096)	2,548,985
Total capital assets not being depreciated	30,465,257	4,403,842	(1,561,715)	(6,542,201)	26,765,183
Capital assets being depreciated:					
Buildings and improvements	38,810,638	767,848	-	2,352,084	41,930,570
Equipment	47,642,918	3,880,562	(226,469)	148,258	51,445,269
Intangible (software)	3,268,195	111,275	-	176,099	3,555,569
Infrastructure (roads and streets)	307,770,994	163,119	-	3,865,760	311,799,873
Total capital assets being depreciated	397,492,745	4,922,804	(226,469)	6,542,201	408,731,281
Less accumulated depreciation:					
Buildings and improvements	(12,634,168)	(1,719,951)	-	-	(14,354,119)
Equipment	(31,582,187)	(2,862,194)	220,569	-	(34,223,812)
Intangible (Software)	(1,360,437)	(336,969)	-	-	(1,697,406)
Infrastructure (roads and streets)	(209,424,528)	(7,451,179)	-	-	(216,875,707)
Total accumulated depreciation	(255,001,320)	(12,370,293)	220,569	-	(267,151,044)
Total capital assets being depreciated-net	142,491,425	(7,447,489)	(5,900)	6,542,201	141,580,237
Governmental activities capital assets-net	$ 172,956,682	$ (3,043,647)	$ (1,567,615)	$ -	$ 168,345,420
Business Type Activities:					
Capital assets not being depreciated:					
Land and improvements	$ 22,572,440	14,499	-	-	$ 22,586,939
Intangible (easement, rights of way)	1,123,142	23,860	-	-	1,147,002
Construction in progress	10,105,224	18,837,647	(702,599)	(8,994,503)	19,245,769
Total capital assets not being depreciated	33,800,806	18,876,006	(702,599)	(8,994,503)	42,979,710
Capital assets being depreciated:					
Buildings	28,069,821	-	-	182,995	28,252,816
Improvements other than buildings	538,908,649	3,706,616	(295,306)	8,153,256	550,473,215
Equipment	11,048,350	669,753	(46,504)	658,252	12,329,851
Intangible (software)	5,203,800	22,500	-	-	5,226,300
Total capital assets being depreciated	583,230,620	4,398,869	(341,810)	8,994,503	596,282,182
Less accumulated depreciation:					
Buildings	(16,158,809)	(693,332)	478	-	(16,851,663)
Improvements other than buildings	(240,318,630)	(18,734,498)	313,308	-	(258,739,820)
Equipment	(7,113,887)	(750,198)	46,504	-	(7,817,581)
Intangible (software)	(2,559,962)	(359,065)	-	-	(2,919,027)
Total accumulated depreciation	(266,151,288)	(20,537,093)	360,290	-	(286,328,091)
Total capital assets being depreciated-net	317,079,332	(16,138,224)	18,480	8,994,503	309,954,091
Business-type activities capital assets-net	$ 350,880,138	$ 2,737,782	$ (684,119)	$ -	$ 352,933,801

NOTE 6 – CAPITAL ASSETS (Continued)

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

	Depreciation Expense
Governmental activities:	
General government	$ 561,093
Public safety	628,507
Physical environment	451,055
Transportation	593,698
Human services	-
Economic environment	12,930
Infrastructure	7,451,179
Culture and recreation	499,594
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	2,172,237
Total depreciation expense - governmental activities	$ 12,370,293
Business-type activities:	
Electric	$ 8,108,117
Water and sewer	10,235,235
Sanitation	91,380
Golf Course	445,041
Airport	891,457
Communications	485,289
SunTran	280,574
Total depreciation expense - business-type activities	$ 20,537,093

NOTE 7 – RISK MANAGEMENT

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

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

The City has general liability insurance with a $200,000 retention per claimant and $300,000 retention per occurrence with a $1,000,000 per occurrence limit. The City has workers' compensation insurance with $500,000 retention per occurrence with statutory limits per F.S 440. The disability income replacement and auto liability programs are fully self-insured. The City's employee health insurance program was fully self-insured through February 1994, after which it is fully insured except for the prescription program which was fully self-insured through December 1997. Beginning October 1, 2010, the City’s employee health insurance program was partially self-insured, with a pooling limit of $150,000. The City had no significant reductions in insurance coverage during the fiscal year ended September 30, 2015.

NOTE 7 – RISK MANAGEMENT (Continued)

All departments of the City participate in the program. Payments are made by various funds to the Self Insurance Fund based on past experience of the amounts needed to pay current year claims. For the year ended September 30, 2015 the City obtained actuarially determined estimates of the total claims loss reserves for all self-insurance risks. The claims liability of $8,541,383 reported in the Fund at September 30, 2015 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued when insured events occur. In addition, there have been no settlements which exceeded the City's insurance coverage in any of the past three fiscal years. Changes in the Fund's claim liability amounts during the past three fiscal years are as follows:

Beginning-of-Fiscal-Year-Liability		Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2012-2013	$8,602,000	$1,364,538	$2,624,128	$7,342,410
2013-2014	7,342,410	4,324,834	1,941,156	9,726,088
2014-2015	9,726,088	1,576,648	2,761,353	8,541,383

NOTE 8 – LEASES

Operating – The City has no operating leases as of September 30, 2015.

Capital – The City has one capital lease. See Note 10 for additional information.

NOTE 9 – PENSION PLANS

A. General Employees Retirement System

Plan Descriptions

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

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

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

NOTE 9 – PENSION PLANS (Continued)

A. General Employees Retirement System (Continued)

At September 30, 2015 the Plan's participant's consisted of:

	General	
	2015	2014
Retirees and beneficiaries (Inactive members):		
Currently receiving benefits	661	616
DROP retirees	9	20
Disability Retirees	3	2
Terminated employees entitled to benefits, but not yet receiving them	366	351
	1,039	989
Current employees (Active members):		
Vested	253	307
Nonvested	30	40
Total	283	347

Pension Benefits:

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

Normal Retirement:

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

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

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

Minimum	1.00%
Maximum	2.55%
Current	1.30% as of 4/1/2015

Early Retirement:

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

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

NOTE 9 – PENSION PLANS (Continued)

A. General Employees Retirement System (Continued)

Vesting:

Less than 5 years: Refund of Member Contributions without interest

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

Disability Retirement:

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

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

Death Benefits:

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

Non-Vested: Refund of Member Contributions without interest.

Cost of Living Adjustment (COLA) (tier 1) (if employed prior to October 1, 2013):

All Retirees, including Normal, Early, Disability, DROP, and Vested Terminated participants, and their joint pensioners and beneficiaries (but excluding pre-retirement death beneficiaries) shall receive a 3% automatic lifetime COLA, beginning the first October 1 after one year of benefit payments.

Supplemental Benefit (tier 1) (if employed prior to October 1, 2013):

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

Contributions:

Remaining amount required to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes. The member contribution rate for those grandfathered into the original plan is 8.18% and those in the DBVH plan is set at 3%.

Investment Policy:

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

	Target Allocation	
Asset Class	2015	2014
Equity Securities	42.00%	42.00%
Fixed Income Securities	32.00%	32.00%
Hedge Fund of Funds	13.50%	13.50%
Real Estate	12.50%	12.50%
Total	100.00%	100.00%

Concentrations:

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

NOTE 9 – PENSION PLANS (Continued)

A. General Employees Retirement System (Continued)

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

Deferred Retirement Option Program (DROP) – (terminated February 11, 2013):

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 from January 31, 2011 through February 11, 2013).

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

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

Annual Pension Cost

The contribution requirement for the General Employees' Retirement System for the 2015 fiscal year, established through and actuarial valuation performed as of October 1, 2013, was $13,044,778 (59.37% of current covered payroll). Actual employee contributions to the General Employees Retirement System totaled $585,112 (3.95% of current covered payroll); actual employer contributions to the General Employees' Retirement System amounted to $13,053,609 (59.41% of current covered payroll).

Net Pension Liability

The City has used the alternate measurement date of September 30, 2014 to record the net pension liability, deferred inflows and outflows of resources, and pension expense in its September 30, 2015 financial statements.

	9/30/15	9/30/14
Total Pension Liability	$ 206,223,229	$ 202,942,770
Plan Fiduciary Net Position	(115,010,138)	(117,930,568)
Sponsor's Net Pension Liability	$ 91,213,091	$ 85,012,202
Plan Fiduciary Net Position as a percentage of Total Pension Liability	55.77%	58.11%

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.

	2015	2014
Inflation	3.00%	3.00%
Salary Increases	5.00% - 6.00%	5.00% - 6.00%
Investment Rate of Return	7.00%	7.00%

NOTE 9 – PENSION PLANS (Continued)

A. General Employees Retirement System (Continued)

RP-2000 Combined Healthy with generational projection by scale AA-Sec Distinct. This assumption is mandated by Ordinance 2013-48. Disabled lives: RP2000 Combined Healthy projected to 2012 set forward five years.

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of an actuarial experience study for the period 1997-2010.

Pension expense, Deferred Outflows and Deferred Inflows of Resources

For the year ended September 30, 2015, the City recognized pension expense of $5,785,326 as the result of implementing GASB No. 68. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions based on a measurement date of September 30, 2014 from the following sources:

Deferred outflows	
Contributions subsequent to the measurement date	$ 13,054,955
Total deferred outflows	$ 13,054,955
Deferred inflows	
Difference between expected and actual earnings on investments	$ 2,428,119
Total deferred inflows	$ 2,428,119

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

2016	$ (607,030)
2017	(607,030)
2018	(607,030)
2019	(607,029)
2020	-
	$ (2,428,119)

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:

	Long-Term Expected Real Rate of Return	
Asset Class	2015	2014
Equity Securities	6.55%	6.95%
Fixed Income Securities	1.56%	2.05%
Hedge Fund of Funds	3.52%	4.55%
Real Estate	4.40%	4.25%

NOTE 9 – PENSION PLANS (Continued)

A. General Employees Retirement System (Continued)

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 09/30/15	$ 117,079,390	$ 91,213,091	$ 69,768,205
Sponsor's Net Pension Liability 09/30/14	$ 110,008,228	$ 85,012,202	$ 65,186,126

Net Pension Liability

The following table shows the changes in net pension liability along with the breakdown detailing the changes since September 30, 2013.

NOTE 9 – PENSION PLANS (Continued)

A. General Employees Retirement System (Continued)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning balances 9/30/13	$ 199,822,119	$ 107,914,119	$ 91,908,000
Service Cost	2,122,184	-	2,122,184
Interest	13,643,262	-	13,643,262
Contributions Buy Back	114,387	-	114,387
Changes in Benefit Terms	(1,321,935)	-	(1,321,935)
Benefit Payments	(11,437,247)	-	(11,437,247)
Contributions - Employer	-	10,253,005	10,253,005
Contributions - Buy Back	-	114,387	114,387
Contributions - Employee	-	675,791	675,791
Assumed Investment Income	-	7,534,622	7,534,622
Differences between Expected and Actual Experience	-	3,035,149	3,035,149
Benefit Payments	-	(11,437,247)	(11,437,247)
Administriative Expenses	-	(159,258)	(159,258)
Net Changes	3,120,651	10,016,449	(6,895,798)
Ending balance 9/30/14	$ 202,942,770	$ 117,930,568	$ 85,012,202

Beginning balances 9/30/14	$ 202,942,770	$ 117,930,568	$ 85,012,202
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
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	(13,862,112)	(13,862,112)	-
Administriative Expenses	-	(172,861)	172,861
Net Changes	3,280,459	(2,920,430)	6,200,889
Ending balance 09/30/15	$ 206,223,229	$ 115,010,138	$ 91,213,091

B. General Employees' 401(a) Defined Contribution Plan

On October 1, 2013, the City implemented a 401 (a) Defined Contribution Plan. Members are 100% vested after their six-month probationary period. The members have a mandatory contribution of 3% of their salary, while the City contributes 8%. Investments are made by the members. The City does not report the balances in this plan on its statements.

NOTE 9 – PENSION PLANS (Continued)

C. Police Officers' Retirement System

Plan Descriptions

The City maintains a single-employer, defined benefit pension plan for the police officers known as the *Police Officers' Retirement System*. This is a contributory defined benefit pension plan covering any person employed full-time in the Ocala Police Department who is certified as a law enforcement officer in compliance with the provisions of Chapter 943.14 of the Florida Statutes. Florida Statutes Chapter 185 allows contributions to the Plan by the State of Florida. The provisions of this plan are established by City Ordinance. All benefit provisions, including changes in contribution requirements can be amended by City Ordinance. Administrative costs are financed through investment earnings.

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

At September 30, 2015 the Plan's participant's consisted of:

	2015	2014
Retirees and beneficiaries (Inactive members):		
Currently receiving benefits	88	84
DROP retirees	18	19
Disability Retirees	5	5
Terminated employees entitled to benefits, but not yet receiving them	13	12
	124	120
Current employees (Active members):		
Vested	76	75
Nonvested	69	62
Total	145	137

Pension Benefits:

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

Normal Retirement:

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

Benefit: 3.33% of Average Final Compensation times Credited Service.

Early Retirement:

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

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

Vesting (Termination):

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

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

NOTE 9 – PENSION PLANS (Continued)

C. Police Officers' Retirement System (Continued)

Disability Retirement:

Eligibility:

Service Incurred – Covered from Date of Employment

Non-Service Incurred – 10 years of Credited Service.

Benefit: Benefit accrued to date of disability, but not less than 42% of Average Final Compensation (Service Incurred), or 24% of Average Final Compensation (Non-Service Incurred).

Death Benefits:

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

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

Supplemental Benefit:

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

Benefit: $10.00 per month, for each full year of Credited Service.

Contributions:

Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes. The City is required to contribute 39.17% and the members contribute 8.0% of their salaries or wages to the Police Officers' Retirement System.

Investment Policy:

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

	Target Allocation	
Asset Class	2015	2014
Domestic Equity	37.50%	37.50%
International Equity	15.00%	15.00%
Bonds	27.50%	27.50%
Convertibles	10.00%	10.00%
Private Real Estate	5.00%	5.00%
Master Limited Partnerships	5.00%	5.00%
Total	100.00%	100.00%

Concentrations:

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

NOTE 9 – PENSION PLANS (Continued)

C. Police Officers' Retirement System (Continued)

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

Deferred Retirement Option Program (DROP):

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: At member's election (may change method once during DROP participation either: a) 6.5% annual rate, or b) Net Investment Return (total return less brokerage commission, transaction costs and management fees) credited each fiscal quarter.

The DROP balance as of September 30, 2015 is $4,384,921.

Annual Pension Cost

The contribution requirement for the Police Officers' Retirement System for the 2015 fiscal year, established through an actuarial valuation performed as of October 1, 2013, was $4,135,386 (52.78% of current covered payroll). Actual employee contributions to the Police Officers' Retirement System totaled $629,554 (8.00% of current covered payroll), actual City contributions were $3,111,881 (39.17% of current covered payroll) plus state contributions deposited directly to the plan amounted to $471,520 (5.61% of current covered payroll). Accumulated excess contributions in the Funding Standard (Contribution Surplus) Account were available to assist in funding the City's contribution requirement for the year.

Net Pension Liability

The City has used the alternate measurement date of September 30, 2014 to record the net pension liability, deferred inflows and outflows of resources, and pension expense in its September 30, 2015 financial statements.

	9/30/15	9/30/14
Total Pension Liability	$ 80,880,942	$ 77,984,509
Plan Fiduciary Net Position	(57,894,276)	(58,779,277)
Sponsor's Net Pension Liability	$ 22,986,666	$ 19,205,232
Plan Fiduciary Net Position as a percentage of Total Pension Liability	71.58%	75.37%

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 applied to all measurement periods.

	2015	2014
Inflation	3.00%	3.00%
Salary Increases	4.50% - 6.00%	4.00% - 6.00%
Investment Rate of Return	8.00%	8.00%

NOTE 9 – PENSION PLANS (Continued)

C. Police Officers' Retirement System (Continued)

RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of an actuarial experience study 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:

	Long-Term Expected Real Rate of Return	
Asset Class	2015	2014
Domestic Equity	8.00%	7.80%
International Equity	3.00%	2.20%
Bonds	4.40%	3.70%
Convertibles	6.40%	5.30%
Private Real Estate	4.60%	4.90%
Master Limited Partnerships	10.40%	12.70%

Pension expense, Deferred Outflows and Deferred Inflows of Resources

For the year ended September 30, 2015, the City recognized pension expense of $2,565,191 as the result of implementing GASB No. 68. At September 30, 2015, based on a measurement date of September 30, 2014, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows	
Difference between expected and actual experience	$ -
Contributions subsequent to the measurement date	3,611,304
Total deferred outflows	$ 3,611,304
Deferred inflows	
Difference between expected and actual earnings on investments	$ 1,173,648
Total deferred inflows	$ 1,173,648

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

2016	$ (293,412)
2017	(293,412)
2018	(293,412)
2019	(293,412)
2020	-
	$ (1,173,648)

NOTE 9 – PENSION PLANS (Continued)

C. Police Officers' Retirement System (Continued)

Discount Rate:

The discount rate used to measure the total pension liability was 8.00 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
	7.00%	8.00%	9.00%
Sponsor's Net Pension Liability 09/30/15	$ 31,966,272	$ 22,986,666	$ 16,219,961
Sponsor's Net Pension Liability 09/30/14	$ 27,597,184	$ 19,205,232	$ 12,123,694

Net Pension Liability

The following table shows the changes in net pension liability along with the breakdown detailing the changes since September 30, 2013.

NOTE 9 – PENSION PLANS (Continued)

C. Police Officers' Retirement System (Continued)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning balances 9/30/13	$ 74,831,378	$ 53,616,098	$ 21,215,280
Service Cost	1,688,742	-	1,688,742
Interest	5,940,330	-	5,940,330
Change in Funding Standard Account	56,039		56,039
Contributions - Employer	-	2,961,297	(2,961,297)
Contributions- State	-	440,294	(440,294)
Contributions - Employee	-	632,728	(632,728)
Net Investment Income	-	5,733,534	(5,733,534)
Benefit Payments	(4,531,980)	(4,531,980)	-
Administriative Expenses	-	(72,694)	72,694
Net Changes	3,153,131	5,163,179	(2,010,048)
Ending balance 9/30/14	$ 77,984,509	$ 58,779,277	$ 19,205,232
Beginning balances 9/30/14	$ 77,984,509	$ 58,779,277	$ 19,205,232
Service Cost	1,639,535	-	1,639,535
Interest	6,207,407	-	6,207,407
Differences between Expected and Actual Experience	(971,456)	-	(971,456)
Contributions - Employer	-	3,111,881	(3,111,881)
Contributions - State	-	471,520	(471,520)
Contributions - Employee	-	629,554	(629,554)
Contributions - Buy Back	83,865	83,865	-
Net Investment Income	-	(1,046,879)	1,046,879
Benefit Payments	(4,062,918)	(4,062,918)	-
Administriative Expenses	-	(72,024)	72,024
Net Changes	2,896,433	(885,001)	3,781,434
Ending balance 09/30/15	$ 80,880,942	$ 57,894,276	$ 22,986,666

NOTE 9 – PENSION PLANS (Continued)

D. Firefighters' Retirement Plan

Plan Descriptions

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

The plan is administered be a five member Board of Trustees comprised of: two City residents appointed by the City Council, two Firefighters elected by the majority of covered members, and a fifth member elected by the other 4 and appointed by City Council (as a ministerial duty).

At September 30, 2015 the Plan's participant's consisted of:	2015	2014
Retirees and beneficiaries (Inactive members):		
Currently receiving benefits	88	84
DROP retirees	18	19
Disability Retirees	5	5
Terminated employees entitled to benefits, but not yet receiving them	13	12
	124	120
Current employees (Active members):		
Vested	76	75
Nonvested	69	62
Total	145	137

Pension Benefits:

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

Normal Retirement:

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

Benefit: 3.00% of Average Monthly Earnings (AME) times Credited Service, maximum of 93% of AME.

Early Retirement:

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

Benefit: Accrued benefit reduced 2% for each year that Early Retirement precedes Normal Retirement.

NOTE 9 – PENSION PLANS (Continued)

D. Firefighters' Retirement Plan (Continued)

Vesting (Termination):

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

10 years or more: Accrued benefit payable at otherwise Normal Retirement Date, or a refund of Member Contributions with interest.

Disability Retirement:

Eligibility:

Service Incurred – Covered from Date of Employment

Non-Service Incurred – 10 years of Credited Service.

Benefit:

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

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

Death Benefits:

Vested:

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

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

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

COLA:
Benefit payment schedule to be designed by Board. Funding is from 0.50% of member contributions, market return and 50% of State Premium Tax Revenues in excess of $240,401 (percentage increased to 100% once the Plan becomes 90% funded). A portion of excess returns on COLA assets will be transferred to the plan until the plan becomes 90% funded.

Contributions:

Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes. The City is required to contribute 27.29% and the members contribute 7.67% to Regular Retirement Plan and 0.50% to COLA Fund (8.17% total).

Pursuant to Florida Statutes Section 175.101, an excise tax amounting to 1.85% of the gross amount of receipts of premiums from policyholders on all premiums collected on casualty insurance policies covering property within the corporate limits of the City is collected by the Insurance Commissioner. Such amounts collected by the Insurance Commissioner, less expenses, are contributed annually to the plan. For the 2015 fiscal year the amount of these contributions totaled $460,238; however, the amount available to the plan for the provision of benefits is frozen, in accordance with Chapter 175, Florida Statutes at $240,401.

NOTE 9 – PENSION PLANS (Continued)

D. Firefighters' Retirement Plan (Continued)

Investment Policy:

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

	Target Allocation	
Asset Class	2015	2014
Fixed Income	25.00%	25.00%
Domestic Equity	50.00%	50.00%
International Equity	15.00%	15.00%
Real Estate	10.00%	10.00%
Total	100.00%	100.00%

Concentrations:

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

Rate of Return:

For the year ended September 30, 2015 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 0.06%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program (DROP):

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: A member shall earn 100 basis points less than the plan's assumed investment rate of return, which would currently be 6.75%.

The DROP balance as of September 30, 2015 is $1,331,583.

Annual Pension Cost

The contribution requirement for the Firefighters' Retirement Plan for the 2015 fiscal year, established through an actuarial valuation performed as of October 1, 2013, was $2,236,606 (27.29% of current covered payroll). Actual employee contributions to the Firefighters' Retirement Plan totaled $467,838 (8.17% of current covered payroll), actual City contributions were $2,180,098 (32.20% of current covered payroll) plus state contributions deposited directly to the plan amounted to $460,238. Accumulated excess contributions in the Accrued (Prepaid) Position Account were available to assist in funding the City's contribution requirement for the year.

NOTE 9 – PENSION PLANS (Continued)

D. Firefighters' Retirement Plan (Continued)

Net Pension Liability

The City has used the alternate measurement date of September 30, 2014 to record the net pension liability, deferred inflows and outflows of resources, and pension expense in its September 30, 2015 financial statements.

	9/30/15	9/30/14
Total Pension Liability	$ 59,986,161	$ 58,123,645
Plan Fiduciary Net Position	(45,589,356)	(45,543,421)
Sponsor's Net Pension Liability	$ 14,396,805	$ 12,580,224
Plan Fiduciary Net Position as a percentage of Total Pension Liability	76.00%	78.36%

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.

	2015	2014
Inflation	3.25%	3.25%
Salary Increases	0.0- 4.00%	0.0- 4.00%
Investment Rate of Return	7.75%	7.75%

RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years). The actuarial assumptions used in the October 1, 2015 valuation were based on the results of an actuarial experience study for the period 1997-2010.

Pension expense, Deferred Outflows and Deferred Inflows of Resources

For the year ended September 30, 2015, the City recognized pension expense of $1,722,440 as the result of implementing GASB No. 68. At September 30, 2015, based on a measurement date of September 30, 2014, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows		
Difference between expected and actual experience	$	124,366
Contributions subsequent to the measurement date		2,657,215
Total deferred outflows	$	2,781,581
Deferred inflows		
Difference between expected and actual experience	$	-
Difference between expected and actual earnings on investments	$	544,490
Total deferred inflows	$	544,490

NOTE 9 – PENSION PLANS (Continued)

D. Firefighters' Retirement Plan (Continued)

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

2016	$	(118,356)
2017		(118,356)
2018		(118,356)
2019		(118,354)
2020		53,298
	$	(420,124)

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:

	Long-Term Expected Real Rate of Return	
Asset Class	2015	2014
Fixed Income	1.00%	1.00%
Domestic Equity	5.80%	5.80%
International Equity	6.50%	6.50%
Real Estate	4.70%	4.70%

Discount Rate:

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	1% Decrease	Current Discount Rate	1% Increase
	6.75%	7.75%	8.75%
Sponsor's Net Pension Liability 09/30/15	$ 21,048,377	$ 14,131,020	$ 8,353,544
Sponsor's Net Pension Liability 09/30/14	$ 19,335,587	$ 12,590,862	$ 6,961,932

Net Pension Liability

The following table shows the changes in net pension liability along with the breakdown detailing the changes since September 30, 2013.

NOTE 9 – PENSION PLANS (Continued)

D. Firefighters' Retirement Plan (Continued)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning balances 9/30/13	$ 55,444,731	$ 41,598,903	$ 13,845,828
Service Cost	1,163,818	-	1,163,818
Interest	4,274,720	-	4,274,720
Differences between Expected and Actual Experience	142,133	-	142,133
Contributions - Employer	-	2,117,780	(2,117,780)
Contributions- State	-	450,140	(450,140)
Contributions - Employee	-	553,787	(553,787)
Net Investment Income	-	3,792,085	(3,792,085)
Benefit Payments	(2,901,757)	(2,901,757)	-
Administriative Expenses	-	(67,517)	67,517
Net Changes	2,678,914	3,944,518	(1,265,604)
Ending balance 9/30/14	$ 58,123,645	$ 45,543,421	$ 12,580,224
Beginning balances 9/30/14	$ 58,123,645	$ 45,543,421	$ 12,580,224
Service Cost	1,121,980	-	1,121,980
Interest	4,471,685	-	4,471,685
Differences between Expected and Actual Experience	(904,013)	-	(904,013)
Contributions - Employer	-	2,180,098	(2,180,098)
Contributions - State	-	467,838	(467,838)
Contributions - Employee	-	554,915	(554,915)
Net Investment Income	-	13,508	(13,508)
Benefit Payments	(3,092,921)	(3,092,921)	-
Administriative Expenses	-	(77,503)	77,503
Net Changes	1,596,731	45,935	1,550,796
Ending balance 09/30/15	$ 59,720,376	$ 45,589,356	$ 14,131,020

NOTE 9 – PENSION PLANS (Continued)

E. Other Pension Plan Information

Summary of Pension Plan Information

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

	General Employees	Police Plan	Firefighters' Plan	Total
Deferred outflows of resources	$ 13,054,955	$ 3,611,304	$ 2,781,581	$ 19,447,840
Deferred inflows of resources	2,428,119	1,173,648	544,490	4,146,257
Net pension liability	85,012,202	19,205,232	12,580,224	116,797,658
Pension expense	5,785,326	2,565,191	1,722,440	10,072,957

NOTE 9 – PENSION PLANS (Continued)

E. Other Pension Plan Information (Continued)

The following is the net position for each pension trust fund at September 30, 2015:

	General Employees' Retirement System	Police Officers' Retirement System	Firefighters' Retirement Plan	Total
Assets				
Cash and cash equivalents	$ 2,188,728	$ 1,250,210	$ 1,837,147	$ 5,276,085
Receivables:				
Accrued interest receivable	-	82,435	87,794	170,229
Accounts receivable	12,610	-	-	12,610
Due from other governments	-	-	7,600	7,600
Prepaid expense	1,909	-	636	2,545
Total receivables	14,519	82,435	96,030	192,984
Investments, at fair value				
Mutual Funds: Bonds	-	-	11,275,410	11,275,410
Fixed income	37,983,428	15,745,065	-	53,728,493
Mutual funds: equities	6,846,818	-	15,752,714	22,599,532
Mutual funds: real estate	13,016,928	2,809,542	5,650,779	21,477,249
Common stock	24,191,575	26,536,937	5,531,462	56,259,974
Government obligations	-	4,698,725	-	4,698,725
International equities	12,955,101	6,866,014	5,492,352	25,313,467
Emerging markets	9,908,345	-	-	9,908,345
Hedge fund (mutual fund)	7,997,210	-	-	7,997,210
Total investments	112,899,405	56,656,283	43,702,717	213,258,405
Total Assets	115,102,652	57,988,928	45,635,894	218,727,474
Liabilities				
Accounts payable	163,522	100,382	46,538	310,442
Total liabilities	163,522	100,382	46,538	310,442
Net Position				
Net position reserved for employees' pension benefits	$ 114,939,130	$ 57,888,546	$ 45,589,356	$ 218,417,032

NOTE 9 – PENSION PLANS (Continued)

E. Other Pension Plan Information (Continued)

The following is the statement of changes in net position for each pension trust fund for the fiscal year ended September 30, 2015:

	General Employees' Retirement System	Police Officers' Retirement System	Firefighters' Retirement Plan	Total
Additions:				
Contributions:				
Employer	$ 13,059,213	$ 3,111,881	$ 2,180,098	$ 18,351,192
State	-	471,520	467,838	939,358
Employee	585,112	713,419	554,915	1,853,446
Total contributions	13,644,325	4,296,820	3,202,851	21,143,996
Investment income:				
Investment income (loss)	(1,862,909)	(716,402)	160,705	(2,418,606)
Less: Investment management fees	(541,818)	(310,205)	(147,197)	(999,220)
Net investment income (loss)	(2,404,727)	(1,026,607)	13,508	(3,417,826)
Total additions (reductions)	11,239,598	3,270,213	3,216,359	17,726,170
Deductions:				
Pension payments	13,840,197	3,974,691	3,034,089	20,848,977
Refunds to employees	26,175	85,335	58,832	170,342
Administration	172,867	72,273	77,503	322,643
Total deductions	14,039,239	4,132,299	3,170,424	21,341,962
Net Increase (Decrease)	(2,799,641)	(862,086)	45,935	(3,615,792)
Net Assets Reserved for Employees' Pension Benefits:				
Beginning of year	117,738,771	58,750,632	45,543,421	222,032,824
End of year	$ 114,939,130	$ 57,888,546	$ 45,589,356	$ 218,417,032

NOTE 10 – LONG-TERM OBLIGATIONS

Revenue bonds and other long-term liabilities directly related to and intended to be paid from Proprietary Funds (of the Primary Government) are included in the accounts of such funds. All other long-term indebtedness of the Primary Government is accounted for in the governmental activities column of the government-wide statement of net position. The City's outstanding long-term debt includes bonds payable, notes payable, claims payable and compensated absences payable.

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

Long-term liability activity for the year ended September 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Revenue Bonds and Certificates					
2007A Capital Improvement Certificates	$ 15,870,000	$ -	$ (15,870,000)	$ -	$ -
2007B Capital Improvement Certificates	3,720,000	-	(3,680,000)	40,000	10,000
2012 Refdg Capital Improvement Certif	7,650,000	-	(795,000)	6,855,000	805,000
2013 Capital Improvement Certificates	7,700,000	-	(1,495,000)	6,205,000	1,525,000
2015 Capital Improvement Certificates	-	21,440,000	-	21,440,000	-
Subtotal	34,940,000	21,440,000	(21,840,000)	34,540,000	2,340,000
Unamortized (Discount) Premium	(261,094)	-	261,094	-	-
Total Revenue Bonds and Certificates	34,678,906	21,440,000	(21,578,906)	34,540,000	2,340,000
Other liabilities:					
Capital Lease Contract Payable	1,296,196	-	(1,120,970)	175,226	54,278
Net Pension Liability	83,091,207	-	(7,533,406)	75,557,801	-
Compensated Absences	4,740,997	4,268,238	(4,099,699)	4,909,536	2,587,378
OPEB Liability	2,016,185	100,353	-	2,116,538	-
Claims and Judgments	9,726,088	1,576,648	(2,761,353)	8,541,383	1,595,067
Total other liabilities	100,870,673	5,945,239	(15,515,428)	91,300,484	4,236,723
Total Governmental Activities	$ 135,549,579	$ 27,385,239	$ (37,094,334)	$ 125,840,484	$ 6,576,723
Business-type Activities:					
Revenue Bonds					
2005A Utility Systems Bonds	$ 23,930,000	$ -	$ (23,845,000)	$ 85,000	$ 85,000
2005B Utility Systems Bonds	1,405,000	-	(690,000)	715,000	715,000
2007A Utility Systems Bonds	64,025,000	-	(59,925,000)	4,100,000	-
2007B Utility Systems Bonds	20,910,000	-	(1,085,000)	19,825,000	1,130,000
2011 Utility Systems Bonds	7,060,000	-	(3,505,000)	3,555,000	3,555,000
2014A Utilty Systems Bonds	-	24,165,000	-	24,165,000	-
2014B Utility Systems Bonds	28,465,000	-	-	28,465,000	-
2015 Utiilty Systems Bonds	-	65,635,000	-	65,635,000	-
Subtotal	145,795,000	89,800,000	(89,050,000)	146,545,000	5,485,000
Unamortized (Discount) Premium	2,621,991	-	(2,711,676)	(89,685)	-
Total Revenue Bonds and Certificates	148,416,991	89,800,000	(91,761,676)	146,455,315	5,485,000
Other liabilities:					
Net Pension Liability	44,861,834	-	(3,621,977)	41,239,857	-
CR#3 decommissioning costs payable	10,657,432	338,509	-	10,995,941	-
Compensated Absences	2,425,497	2,369,729	(2,132,551)	2,662,675	1,786,689
OPEB Liability	969,225	48,442	-	1,017,667	-
Total other liabilities	58,913,988	2,756,680	(5,754,528)	55,916,140	1,786,689
Total Business-type Activities	$ 207,330,979	$ 92,556,680	$ (97,516,204)	$ 202,371,455	$ 7,271,689

*Beginning balance have been restated - see Note 13-A

The compensated absences and OPEB payable from the governmental funds are typically liquidated in the General Fund.

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

Capital Leases:

The City has one capital lease agreement with Republic First National Corporation for a cleaning truck. This lease qualifies as a capital lease in Governmental activities for accounting purposes, and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. As of year-end, equipment leased under capital assets consisted of machinery and equipment in the governmental activities of $334,930 with accumulated depreciation of $59,543.

Below is the City's obligation for future lease payments:

	Government Activities
Fiscal Year Ending September 30	
2016	$ 59,398
2017	59,398
2018	66,986
Total Minimum Lease Payments	185,782
Less Amount Representing Interest	(10,556)
Present Value of Minimum Lease Payments	$ 175,226

Bonds Payable Collateral:

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

Pledged Revenue:

The City has pledged certain revenues, to repay certain bonds and notes outstanding as of September 30, 2015. Information related to the revenues, sometimes net of related operating expenses, pledged for each debt issue, the amounts of such revenues received in the current year, the current year principal and interest paid on the debt, the approximate percentage of each revenue which is pledged to meet the debt obligation, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenues for each debt, which is the amount of the remaining principal and interest on the bonds and notes at September 30, 2015 has been incorporated into the schedules which show the debt service requirements to maturity for the City's bonded indebtedness for the City's governmental activities and for the City's business-type activities.

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

The following is a schedule of bonds outstanding at September 30, 2015:

Description Of Bonds	Purpose Of Issue	Amount Issued	Amount Outstanding	Interest Rates
Governmental Activities:				
2007B Capital Improvement Certificates	Capital Projects	$ 40,000	$ 40,000	4.00%
2012 Refdg Capital Improvement Certif	Refunding	8,405,000	6,855,000	1.72%
2013 Refdg Capital Improvement Certif	Refunding	7,700,000	6,205,000	1.08%
2015 Capital Improvement Certificate	Refunding	21,440,000	21,440,000	3.00%
Total Governmental Activities			$ 34,540,000	
Business-Type Activities:				
2005A Utility Systems Bonds	Refunding	$ 24,625,000	$ 85,000	3.625%
2005B Utility Systems Bonds	Capital Projects	33,355,000	715,000	3.625%
2007A Utility System Bonds	Capital Projects	64,025,000	4,100,000	5.00%
2007B Utility Systems Bonds	Refunding	23,925,000	19,825,000	4.00%-4.50%
2011 Utility Systems Bonds	Refunding	13,875,000	3,555,000	1.51%
2014A Utility Systems Bonds	Refunding	24,165,000	24,165,000	3.18%
2014B Utility Systems Bonds	Refunding	28,465,000	28,465,000	2.66%
2015 Utility Systems Bonds	Refunding	65,635,000	65,635,000	3.18%
Total Business-Type Activities			$ 146,545,000	

For the year ended September 30, 2015, principal and interest payments were as follows:

	Governmental Activities	Business-Type Activities
Interest Paid	$ 1,088,305	$ 6,146,150
Principal Paid	2,300,000	5,360,000
	$ 3,388,305	$ 11,506,150

For the year ended September 30, 2015, capitalization of net interest costs was as follows:

	Electric System	Water and Sewer System	Total
Interest expense	$ 119,718	$ 5,143	$ 124,861
Interest income	-	(5,843)	(5,843)
Increase in construction in progress	$ 119,718	$ (700)	$ 119,018

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

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

Fiscal Year	Governmental Activities: Capital Improvement Certificates — Principal	Interest
2016	$ 2,340,000	$ 332,227
2017	2,380,000	798,404
2018	2,405,000	768,214
2019	2,625,000	735,858
2020-2024	9,395,000	3,016,968
2025-2029	8,045,000	1,840,800
2030-2033	7,350,000	559,200
Total	$ 34,540,000	$ 8,051,671

Pledged revenue description	Local government half-cent sales tax, franchise fees, business tax receipts, fines and forfeitures, communications services tax, guaranteed entitlement portion of state revenue sharing, mobile home licenses.
Fiscal year 2015 pledged revenues	$ 8,333,770
Fiscal year 2015 principal and interest paid	$ 3,388,305
Outstanding principal and interest	$ 42,591,671
Pledged through fiscal year	2033
Estimated percentage pledged	26.90%

Fiscal Year	Business-Type Activities: Utility Systems Revenue Bonds — Principal	Interest
2016	$ 5,485,000	$ 3,090,784
2017	6,265,000	4,620,915
2018	6,495,000	4,393,211
2019	6,730,000	4,156,566
2020-2024	36,910,000	17,523,104
2025-2029	43,520,000	10,910,677
2030-2033	41,140,000	3,330,521
Total	$ 146,545,000	$ 48,025,778

Pledged revenue description	Net revenues of the combined Electric Revenue System and the Water and Sewer System (as defined in bond resolutions)
Fiscal year 2015 pledged revenues	$ 33,904,444
Fiscal year 2015 principal and interest paid	$ 11,506,150
Outstanding principal and interest	$ 194,570,778
Pledged through fiscal year	2033
Estimated percentage pledged	30.20%

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

Bond Arbitrage

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the U.S. Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates or pay a calculated penalty. Rebates are paid to the Internal Revenue Service every fifth year after the year of issuance. Within the five-year period, any positive arbitrage (liability) can be offset by any negative arbitrage (non-liability). At September 30, 2015, the City had no arbitrage rebate liability.

Refundings Issued by the City

The City had multiple debt refundings in Fiscal Year 2015 as summarized below:

On July 9, 2015, the City issued $24,165,000 Utility Systems Refunding Bonds, Series 2014A. Proceeds were used to refund $23,765,000 (callable portion) of the 2005A Utility Systems Bonds.

On July 30, 2015, the City issued $65,635,000 Utility Systems Refunding Bonds, Series 2015. Proceeds were used to refund $59,925,000 (callable portion) of the 2007A Utility System Bonds.

On July 9, 2015, the City issued $21,440,000 Capital Improvement Refunding Bonds, Series 2015. Proceeds were used to refund $19,540,000 (callable portion) of Series 2007A and 2007B Capital Improvement Bonds.

Bond Series	True Interest Cost	Average Coupon Rate	Maturity Date	Net Proceeds	Cost of Issuance
2014A Utility Systems Bond	3.1800%	3.18%	10/1/2032	$ 24,165,000	$ 109,292
2015 Utility Systems Bond	3.1800%	3.18%	10/1/2032	$ 65,635,000	$ 176,574
2015A Capital Improvement Rev Cert	3.0050%	3.00%	10/1/2033	$ 21,440,000	$ 98,601

Economic Reasoning for Refunding Bonds

Refunding provides for an irrevocable deposit with an escrow agent (a third party banking institution) of sufficient funds to pay the principal and interest when due, on the refunded bonds on the earliest call date.

On the earliest call date, all bonds outstanding are redeemed, and interest subsequent to the refunding date will cease. Bonds are typically refunded for either economic gain to the governmental unit or enterprise or to eliminate restrictive and antiquated covenants.

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

The economic rationale to initiate the current year current refunding is shown in the following schedule:

2014-2015 Bond Refunding
Economic Reasoning

	Utility Systems Refunding Bonds, Series 2005A	Utility Systems Refunding Bonds, Series 2007A	Capital Improvement Refunding Bonds 2007A&B
Bond Size			
Old Bonds (Outstanding)	$ 23,765,000	$ 59,925,000	$ 19,540,000
New Bonds (Series 2014B)	$ 24,165,000	$ 65,635,000	$ 21,440,000
Average Annual Savings	$ 200,652	$ 304,220	$ 61,584
Net Present Value Savings	$ 3,009,779	$ 4,563,307	$ 923,759
% Savings of refunding bonds	12.450%	6.953%	4.308%
Future Value Savings	$ 3,857,476	$ 5,816,154	$ 964,655

Current Refunded Bonds

The following schedule reflects the current refunded bonds as of September 30, 2015:

Type	Series	Date Refunded	Final Payment/ Call Date	Outstanding as of Refunding	Outstanding as of 9/30/2015
Utility Systems Bond	2005A	7/9/2015	10/1/2015	$ 23,765,000	$ 85,000
Utility Systems Bond	2007A	7/30/2015	10/1/2017	$ 59,925,000	$ 4,100,000
Capital Improvement Bond	2007A&B	7/30/2015	10/1/2015	$ 19,540,000	$ 40,000

Prior Year Defeasance of Debt

The City had defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statement. At September 30, 2015, there was $111,861,532 in escrow for bonds and interest outstanding that were considered defeased. These bonds will be paid on call date of October 1, 2015.

Disclosure of Legal Debt Margin

The City has no legal debt margin requirements set forth by State Statute however; the City's charger limits the aggregate amount of general obligation bonds outstanding to 20% of the assessed valuation of the taxable real and personal property in the City. At September 30, 2015, there was no general obligation debt outstanding.

Synopsis of Revenue Bond Covenants, Revenue Bonds Debt Service and Transfer Requirements

Provisions of revenue bonds require monthly sinking fund contributions for debt service of one-twelfth and one-sixth of the next maturing principal and interest payment, respectively.

Fund Deficits

At September 30, 2015 there were no funds with deficits in total net positions.

NOTE 11 – COMMITMENTS AND CONTINGENT LIABILITIES

Litigation

Various suites and claims arising in the ordinary course of City operations are pending against the City of Ocala. While the ultimate effect of such litigation cannot be ascertained at this time, the City does not expect any of these routine items to have a material impact on the financial condition of the City.

Fire Service Fee – The biggest threat at the present time is the lawsuit related to the Fire Services Fee. In January 2014, Discount Sleep of Ocala LLC d/b/a Mattress Barn and Dale W. Birch filed a lawsuit alleging that the City is illegally charging fire user fees in violation of the State Constitution (Case No: 2014-0426-CA-G). The suit seeks to invalidate a fire user fee established in Section 30, Ocala Code of Ordinances that charges property owners to subsidize fire services. The City receives approximately $7.5 million annually, and the plaintiffs are seeking $49 million plus interest, an amount representing the amount charged since the fee's inception on January 1, 2007. This threat has been significantly diminished. On February 13, 2015, the circuit court dismissed in its entirety this lawsuit against the City. The plaintiff has since filed an appeal of this order of dismissal. The City Attorney is cautiously optimistic that the dismissal will be upheld upon appeal. If the appeal confirms the dismissal, this would end the litigation against the City.

Other Commitments

The City has outstanding commitments on various contracts for construction and other projects. These commitments, as of September 30, 2015, in the respective funds are as follows:

General Fund	$ 2,945,426
Internal Service Funds	977,237
Electric	428,387
Water and Sewer	3,253,474
Golf	5,933
Suntran	14,289
Communications Fund	65,962
Sanitation Fund	482,830
Airport Fund	39,010
Total	$ 8,212,548

FMPA All Requirements Project (ARP)

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

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

NOTE 11 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Power Supply Entitlements

Crystal River Unit No 3 (CR3): The City entered into a Participation Agreement in 1977 with Florida Power Corporation (FPC), which became Progress Energy Florida and is now Duke Energy Florida, to purchase 1.333% undivided ownership interest, approximately 12 MW in Duke Energy's 860-MW nuclear powered electric generating plant. During July 2012, Progress Energy merged with and became a wholly owned subsidiary of Duke Energy. The City does not exercise significant influence or control over the operating or financial policies of Duke Energy. After Duke's failed effort to replace the steam generator, a delamination was discovered in the CR3 containment wall, and on February 5, 2013, Duke Energy made the decision to retire CR3. The City designated FMPA as its agent to negotiate with Duke Energy to settle the City's, as well as other municipal CR3 joint owner's potential claims against Duke Energy resulting from the CR3 delamination and early retirement.

On July 1, 2014, the City Council approved the Settlement, Release and Acquisition Agreement with Duke Energy of Florida, which became effective September 26, 2014.

On October 30, 2015, final settlement closing took place, during which the City received a cash settlement payment of $12,692,136.24. In return, Duke Energy took all of the City ownership and liability of CR3 including all related CR3 expenses retroactive to October 1, 2013 ($11,172,683). The Nuclear Regulatory Commission approved the City's transfer of its nuclear operating license to Duke Energy on May 20, 2015. Receipt of the settlement proceeds and transfer of the decommissioning account will be recorded in fiscal year 2016.

- The City's capital asset costs were written off during 2013 when Duke provided the City with insurance proceeds of $2,698,599 from Duke's settlement with its insurance provider. The City determined that these insurance proceeds were settlement for damages related to the plant. As a result of the settlement, the City wrote off its investment in the plant of $2,080,466 during 2013, with the gain of $618,133 classified as restricted rate stabilization funds.

- Decommissioning Liability and Trust Fund: The NRC requires all nuclear powered electric generating plant owners to provide financial assurance that funds would be sufficient and available when needed to pay for future decommissioning costs. In accordance with the NRC requirements, the City established a decommissioning trust fund, which had a balance of $10,995,941, including interest earnings at September 30, 2015.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Postemployment benefits extended to retirees include the continued coverage for the retiree and depend in the City's health insurance plan, dental plan, vision plan and life insurance plan. A portion of the health insurance benefits for family coverage is currently being subsidized by the City, but the subsidy is being phased out over a period of time. No other form of direct subsidy is offered to retirees accepting medical coverage. There are currently 242 retirees participating in the plan. Premiums for insurances other than health insurance are fully paid by the retiree.

Plan Description

The Other Postemployment Benefit Plan is a single-employer benefit plan administered by the City. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. Since the older retirees actually have higher costs which means that the city is actually subsidizing the cost of the retiree coverage because it pays all or a significant portion of that premium on behalf of the active employees. Accounting standards calls this the "implicit rate subsidy". This subsidy is only available until the retiree becomes Medicare eligible.

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

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

Funding Policy

The contribution requirements of the plan members and the City are established and may be amended by the City Council. Because "funding" the OPEB obligations would involve using an irrevocable trust fund, the City did not "fund" the net OPEB obligation. Contributions are being made based on a pay-as-you-go financing requirement. Each fund was assessed its share of OPEB costs based on the number of employees in the fund divided by the total number of City employees.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer Annual Required Contribution (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize an unfunded actuarial liabilities (or fund excess) over a period not to exceed thirty years. The Unfunded Actuarial Accrued Liability represents an actuarial measurement of the obligation that has accrued so far based on the promise that has been made to current retirees and to current employees. Since the City's OPEB is currently unfunded, the offset to that expense comes from actual subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is called the Employer Contribution and equals the total age-adjusted costs paid by the City for coverage for the retirees and their dependents for the year (net of the retiree's own payments for the year).

The following table shows the components of the City's net OPEB obligation to the Other Postemployment Benefit Plan:

Annual required contribution (ARC)	$ 872,337
Interest on net OPEB obligation	118,048
Adjustment to ARC	(130,854)
Annual OPEB cost (expense)	859,531
Contributions made	(678,872)
Increase in net OPEB obligation	148,795
Net OPEB obligation - beginning of year	2,985,410
Net OPEB obligation - end of year	$ 3,134,205

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

Schedule of Funding Progress

Actuarial Valuation Date		Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (1) (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2014	(1)	$ -	$12,395,195	$12,395,195	0.00%	$38,129,491	32.51%

(1) Valuation reflects Voluntary Separation Incentive Program (VSIP) provisions.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

Trend Information

Year Ended	Annual OPEB Cost	Actual Employer Contributions	Percent Contributed	Net OPEB Obligation
9/30/2013	$ 913,538	$ 728,285	79.72%	$ 2,898,526
9/30/2014	953,497	727,809	76.33%	2,985,410
9/30/2015	859,531	678,872	78.98%	3,134,205

Actuarial Methods and Assumptions

Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and plan members to that point. The amortization periods are open. The actuarial methods and assumptions used are designed to reduce short term volatility in actuarial value of assets, consistent with the long term perspective of the calculations.

Actuarial valuations involve estimates of the values of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

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

The actuarial methods are:

Actuarial Valuation Date	October 1, 2014
Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level Percentage of Payroll
Amortization Period	25 years – Closed
Asset Valuation Method	Unfunded
Investment Rate of Return	4.0%
Projected Annual Salaries Increase	6.0%
Inflation Rate	4.0%
Mortality	RP-2000 and Projection Scale AA on a Generational basis for males and females
Healthcare Cost Trend	9% initial trend rate dropping to 5% Decreasing 0.5% annually

NOTE 13 – CHANGES IN ACCOUNTING STANDARDS

A. Adoption of New Accounting Standards

During Fiscal Year 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. This pronouncement required the restatement of the September 30, 2014 net position in governmental activities and business-type activities. This change is in accordance with generally accepted accounting principles. The following shows the breakdown of adjustments by fund:

	Governmental Activities		
	Governmental Activities	Business-Type Activities	Total
Beginning Net Position as Previously Reported	$ 220,222,273	$ 320,812,136	$ 541,034,409
Restatement Amount	(76,396,608)	(39,614,708)	(116,011,316)
Beginning Net Position as Restated	$ 143,825,665	$ 281,197,428	$ 425,023,093

	Business-type Activities		
	Electric System Revenue	Water and Sewer	Sanitation
Beginning Net Position as Previously Reported	$ 117,172,732	$ 163,348,030	$ 8,121,024
Restatement Amount	(25,323,457)	(7,072,145)	(5,900,359)
Beginning Net Position as Restated	$ 91,849,275	$ 156,275,885	$ 2,220,665

	Ocala International Airport	Communications
Beginning Net Position as Previously Reported	$ 23,102,704	$ 9,067,646
Restatement Amount	(41,991)	(1,276,756)
Beginning Net Position as Restated	$ 23,060,713	$ 7,790,890

GASB Statement No. 68, Accounting and Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 27 is effective for the City's 2015 fiscal year ending September 30, 2015. In addition to improving the disclosures regarding pension plans in the notes to the financial statements, GASB 68 required the City to retroactively record the Unfunded Actuarial Liability (UAL) as a Net Pension Liability on its Statement of Net Position, which has the effect of decreasing the City's Net Position. As described in Note 9, sections B, C, and D in the notes to the financial statements, the Unfunded Actuarial Accrued Liability is $85,012,202 for General Employee's, $19,205,232 for Police and $12,580,224 for Firefighters as of September 30, 2015. The liability is recorded in the general fund, and approximately $43 million is in the appropriate proprietary funds.

NOTE 13 – CHANGES IN ACCOUNTING STANDARDS (Continued)

B. Future Adoption of New Accounting Standards

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

GASB Statement No. 72, Fair Value Measurement and Application, was issued February 2015. The Statement addresses accounting and financial reporting issues related to fair value measurements. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2016.

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68. The objective of this statement establishes requirements for those pension plans that are not administered through a trust meeting specified criteria. The provisions of this statement will be effective for the City beginning with its year ending September 30, 2016.

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The objective of the statement is to address the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The provisions of this statement will be effective for the City beginning with its year ending September 30, 2017.

GASB Statement No.75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The objective of the statement is to replace the requirements of GASB Statement No.45. In addition, the statement requires governments to report a liability on the face of the financial statements for the OPEB provided and requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. The provisions of this statement will be effective for the City beginning with its year ending September 30, 2017.

GASB Statement No. 76, The Hierarchy of Generally Accepted Principles for State and Local Governments. The objective of this statement is to reduce the GAAP hierarchy to two categories of authoritative GAAP for the four categories under GASB Statement No. 55. The provisions of this statement will be effective for the City beginning with its year ending September 30, 2016.

GASB Statement No. 77, Tax Abatement Disclosures. The statement requires state and local governments to disclose information about tax abatement agreements. The provisions of this statement will be effective for the City beginning with its year ending September 30, 2017.

GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans. The statement amends the scope and applicability of GASB Statement No. 68 to exclude certain types of cost-sharing multiple-employer plans. The provisions of this statement will be effective for the City beginning with its year ending September 30, 2017.

CITY OF OCALA
GOD BE WITH US
MARION COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OCALA

GOD BE WITH US

MARION COUNTY, FLORIDA

CITY OF OCALA, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts (GAAP Basis)		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property tax	$ 21,643,226	$ 21,643,226	$ 21,900,691	$ 257,465
Utility service tax	7,700,000	7,700,000	9,786,858	2,086,858
Communication service tax	3,014,468	3,014,468	2,695,896	(318,572)
Other tax	780,000	780,000	931,758	151,758
State shared revenues	5,267,392	5,267,392	5,465,229	197,837
Other intergovernmental revenues	946,956	7,016,156	2,300,404	(4,715,752)
Permits and fees	1,942,565	1,942,565	2,263,047	320,482
Fines and forfeitures	442,238	442,238	795,029	352,791
Charges for services	12,782,838	12,800,823	13,657,692	856,869
Investment income	690,732	690,732	630,241	(60,491)
Gifts	220,150	444,136	72,643	(371,493)
Miscellaneous	207,321	217,975	642,963	424,988
Total revenues	55,637,886	61,959,711	61,142,451	(817,260)
Expenditures				
Current:				
General government	21,240,753	22,457,149	12,174,246	10,282,903
Public safety	42,266,675	43,101,777	41,668,300	1,433,477
Physical Environment	12,000	21,253	178,338	(157,085)
Transportation	2,360,330	13,939,844	2,935,527	11,004,317
Economic environment	2,411,330	4,195,300	1,954,778	2,240,522
Culture and recreation	5,969,386	6,514,878	5,724,954	789,924
Capital outlay	706,721	1,948,374	2,151,986	(203,612)
Total expenditures	74,967,195	92,178,575	66,788,129	25,390,446
Excess (deficiency) of revenues over expenditures	(19,329,309)	(30,218,864)	(5,645,678)	24,573,186
Other Financing Sources (Uses)				
Transfers in	11,597,105	11,605,386	11,849,028	243,642
Transfers out	(3,997,851)	(3,870,106)	(3,840,480)	29,626
Total other financing sources (uses)	7,599,254	7,735,280	8,008,548	273,268
Net change in fund balance	(11,730,055)	(22,483,584)	2,362,870	24,846,454
Fund balance - beginning	36,067,243	43,370,651	43,370,651	-
Fund balance - ending	$ 24,337,188	$ 20,887,067	$ 45,733,521	$ 24,846,454

CITY OF OCALA, FLORIDA
CRA FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts (GAAP Basis)		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Property taxes	$ 226,724	$ 195,942	$ 195,942	$ -
Investment income	70,800	70,800	66,132	(4,668)
Total revenues	297,524	266,742	262,074	(4,668)
Expenditures				
Current:				
Economic Environment	325,648	1,818,451	377,153	1,441,298
Capital outlay	-	2,035,746	2,250	2,033,496
Total expenditures	325,648	3,854,197	379,403	3,474,794
Excess (deficiency) of revenues over expenditures	(28,124)	(3,587,455)	(117,329)	3,470,126
Other Financing Sources (Uses)				
Transfers in	314,748	314,518	314,518	-
Total other financing sources (uses)	314,748	314,518	314,518	-
Net change in fund balance	286,624	(3,272,937)	197,189	3,470,126
Fund balance - beginning	3,391,747	4,054,507	4,054,507	-
Fund balance - ending	$ 3,678,371	$ 781,570	$ 4,251,696	$ 3,470,126

CITY OF OCALA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
HISTORICAL TREND INFORMATION FOR OPEB
SEPTEMBER 30, 2015

Other Postemployment Benefits

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (1) (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2014 [1]	$ -	$12,395,195	$12,395,195	0.00%	$ 38,129,491	32.51%
10/1/2012 [1]	-	14,046,180	14,046,180	0.00%	37,381,463	37.58%
10/1/2010 [2]	-	18,164,196	18,164,196	0.00%	41,400,677	43.87%

[1] Valuation reflects Voluntary Separation Incentive Program (VSIP) provisions.
[2] Updated valuation to reflect the Voluntary Separation Incentive Program (VSIP).

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Fiscal Year	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
2015	$ 859,531	$ 678,872	78.98%	$ 3,134,205
2014	950,015	727,809	76.61%	2,985,410
2013	913,538	728,285	79.72%	2,898,526
2012	1,371,899	763,534	55.66%	2,540,261

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

Last 10 Fiscal Years *
(Dollar amounts in thousands)

	9/30/2015	9/30/2014
Total pension liability		
Service cost	$ 1,955,680	$ 2,122,184
Interest	13,857,718	13,643,262
Changes of benefit terms	-	(1,321,935)
Differences between expected and actual experience	1,329,173	
Contributions - buy back	-	114,387
Benefit payments, including refunds of employee contributions	(13,862,112)	(11,437,247)
Net change in total pension liability	3,280,459	3,120,651
Total pension liability - beginning	202,942,770	199,822,119
Total pension liability- ending	$ 206,223,229	$ 202,942,770
Plan fiduciary net position		
Contributions - employer	13,053,609	10,253,005
Contributions - employee	584,624	675,791
Contributions - buy back	-	114,387
Net investment income	(2,523,690)	10,569,771
Benefit payments, including refunds of employee contributions	(13,862,112)	(11,437,247)
Administrative expense	(172,861)	(159,258)
Net change in plan fiduciary net position	(2,920,430)	10,016,449
Plan fiduciary net position - beginning	117,930,568	107,914,119
Plan fiduciary net position - ending	115,010,138	117,930,568
Net pension liablity - ending	$ 91,213,091	$ 85,012,202
Plan fiduciary net position as a percentage of the total pension liability	55.77%	58.11%
Covered employee payroll	$ 21,970,446	$ 15,593,924
Net pension liability as a percentage of covered employee payroll	415.16%	545.16%

* Information prior to fiscal year 2014 is not available.

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

Last 10 Fiscal Years *
(Dollar amounts in thousands)

	9/30/2015	9/30/2014
Actuarially determined contribution	$ 13,053,609	$ 10,253,005
Contributions in relation to the Actuarially determined contribution	13,053,609	10,253,005
Contribution Deficiency (Excess)	$ -	$ -
Covered employee payroll	$ 21,970,446	$ 15,593,924
Contributions as a percentage of Covered employee payroll	59.41%	65.75%

* Information prior to fiscal year 2014 is not available.

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

Last 10 Fiscal Years *
(Dollar amounts in thousands)

	9/30/2015	9/30/2014
Annual Money - Weighted Rate of Return Net of Investment Expense	(2.14%)	9.86%

* Information prior to fiscal year 2014 is not available.

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

Last 10 Fiscal Years *
(Dollar amounts in thousands)

	9/30/2015	9/30/2014
Total pension liability		
Service cost	$ 1,639,535	$ 1,688,742
Interest	6,207,407	5,940,330
Change in Funding Standard Account	-	56,039
Differences between expected and actual experience	(971,456)	-
Contributions - buy back	83,865	-
Benefit payments, including refunds of employee contributions	(4,062,918)	(4,531,980)
Net change in total pension liability	2,896,433	3,153,131
Total pension liability - beginning	77,984,509	74,831,378
Total pension liability- ending	$ 80,880,942	$ 77,984,509
Plan fiduciary net position		
Contributions - employer	3,111,881	2,961,297
Contributions - State	471,520	440,294
Contributions - employee	629,554	632,728
Contributions - buy back	83,865	-
Net investment income	(1,046,879)	5,733,534
Benefit payments, including refunds of employee contributions	(4,062,918)	(4,531,980)
Administrative expense	(72,024)	(72,694)
Net change in plan fiduciary net position	(885,001)	5,163,179
Plan fiduciary net position - beginning	58,779,277	53,616,098
Plan fiduciary net position - ending	57,894,276	58,779,277
Net pension liablity - ending	$ 22,986,666	$ 19,205,232
Plan fiduciary net position as a percentage of the total pension liability	71.58%	75.37%
Covered employee payroll	$ 9,288,611	$ 7,909,106
Net pension liability as a percentage of covered employee payroll	247.47%	242.82%

* Information prior to fiscal year 2014 is not available.

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

Last 10 Fiscal Years *
(Dollar amounts in thousands)

	9/30/2015	9/30/2014
Actuarially determined contribution	$ 3,505,831	$ 3,345,551
Contributions in relation to the Actuarially determined contribution	3,583,401	3,345,551
Contribution Deficiency (Excess)	$ (77,570)	$ -
Covered employee payroll	$ 9,288,611	$ 7,909,106
Contributions as a percentage of Covered employee payroll	38.58%	42.30%

* Information prior to fiscal year 2014 is not available.

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

Last 10 Fiscal Years *
(Dollar amounts in thousands)

	9/30/2015	9/30/2014
Annual Money - Weighted Rate of Return Net of Investment Expense	(1.76%)	10.63%

* Information prior to fiscal year 2014 is not available.

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

Last 10 Fiscal Years *
(Dollar amounts in thousands)

	9/30/2015	9/30/2014
Total pension liability		
Service cost	$ 1,121,980	$ 1,163,818
Interest	4,471,685	4,274,720
Differences between expected and actual experience	(904,013)	142,133
Benefit payments, including refunds of employee contributions	(3,092,921)	(2,901,757)
Net change in total pension liability	1,596,731	2,678,914
Total pension liability - beginning	58,123,645	55,444,731
Total pension liability- ending	$ 59,720,376	$ 58,123,645
Plan fiduciary net position		
Contributions - employer	2,180,098	2,117,780
Contributions - State	467,838	553,787
Contributions - employee	554,915	450,140
Net investment income	13,508	3,792,085
Benefit payments, including refunds of employee contributions	(3,092,921)	(2,901,757)
Administrative expense	(77,503)	(67,517)
Other	-	-
Net change in plan fiduciary net position	45,935	3,944,518
Plan fiduciary net position - beginning	45,543,421	41,598,903
Plan fiduciary net position - ending	45,589,356	45,543,421
Net pension liablity - ending	$ 14,131,020	$ 12,580,224
Plan fiduciary net position as a percentage of the total pension liability	76.34%	78.36%
Covered employee payroll	$ 6,311,053	$ 6,392,458
Net pension liability as a percentage of covered employee payroll	223.91%	196.80%

* Information prior to fiscal year 2014 is not available.

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

Last 10 Fiscal Years
(Dollar amounts in thousands)

	9/30/2015	9/30/2014
Actuarially determined contribution	$ 2,355,312	$ 2,482,131
Contributions in relation to the Actuarially determined contribution	2,420,499	2,358,181
Contribution Deficiency (Excess)	$ (65,187)	$ 123,950
Covered employee payroll	$ 6,507,660	$ 6,311,053
Contributions as a percentage of Covered employee payroll	37.19%	37.37%

* Information prior to fiscal year 2014 is not available.

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

Last 10 Fiscal Years *
(Dollar amounts in thousands)

	9/30/2015	9/30/2014
Annual Money - Weighted Rate of Return Net of Investment Expense	0.06%	9.31%

* Information prior to fiscal year 2014 is not available.

CITY OF OCALA, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (RSI)
SEPTEMBER 30, 2015

NOTE 1 - BUDGETARY INFORMATION

A. Budgeting Policy

An annual budget is prepared for all governmental and proprietary funds. The City Council annually adopts the budget through a Budget Resolution. Budgetary control is legally maintained at the fund level. The budget amounts presented in the accompanying financial statements for the governmental funds are as originally adopted, or as legally amended, by the City Council during the year ended September 30, 2015.

The City's Budget Resolution provides transfer authority to the City Manager to transfer budgeted amounts between departments within any fund; however, any budget amendments that alter the total expenditures of any fund must be approved by the City Council. During 2015, the City Council approved various supplemental budget appropriations to provide for unanticipated requirements of the period. Budget appropriations may not be legally exceeded on a fund basis. Appropriations lapse at the end of each fiscal year. The budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The budgetary comparisons reflect only those activities for which legally adopted budgets are prepared. For the year ended September 30, 2015, no expenditures exceeded the budget at the fund level.

B. Encumbrances

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

NOTE 2 – CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

GENERAL EMPLOYEES' RETIREMENT SYSTEM:

Valuation Date: October 1, 2012

The actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method (level percentage of pay).
Amortization Method:	Level percentage of pay, closed.
Remaining Amortization Period:	25 Years (as of 10/01/2012).
Actuarial Asset Method:	The Actuarial Value of Assets is based upon a 5-year straight line recognition of the difference between expected earnings on the net market value of assets and actual earnings on the net market value of assets. The net market value of assets shall be the total fiduciary net position as defined by GASB 67/68, excluding any reserves held which are not designated for currently adopted plan benefits valued as part of the plan liabilities. The resulting value shall be adjusted if it does not fall between 120% and 80% of the market value of assets. This change shall be made assuming that this 5-year recognition method applies to differences between the expected and actual investment returns for the years ending September 30, 2009 and later. This method is mandated by the proposed ordinance.

NOTE 2 – CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (Continued)

GENERAL EMPLOYEES' RETIREMENT SYSTEM (Continued)

Prior Method: The Actuarial Value of Assets was brought forward using the historical five-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in an insignificant bias that is above or below the Market Value.

Inflation: 3.0% per year.

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 (0.6% per year prior to Plan closure).

Interest Rate: 7% per year, compounded annually, net of investment related expenses. The interest rate is mandated by the proposed ordinance. Previously 8%.

Cost of Living Increases: 3% automatic lifetime COLA, beginning one year after retirement for all categories except pre-retirement death. Applies to future retirees on and after October 1, 2008 to the frozen accrued benefit as of September 30, 2013 only. The grandfathered Members maintain this provision on their entire benefit. No COLA on the variable benefit earned for Credited Service on and after October 1, 2013.

Normal Retirement:

Number of Years after First Eligibility for Normal Retirement	Probability of Retirement
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.

Termination Rates: See Table Below.

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

Mortality: RP-2000 Combined Healthy with generational projection by AA- - Sex Distinct. This assumption is mandated by the proposed ordinance. Disabled lives are valued using the RP-2000 Combined Healthy projected to 2012 with Schedule AA – Sex Distinct set forward 5 years.

Other Information: Termination and Disability Rate Table.

Age	% Terminating During the Year	% Becoming Disabled During the Year
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%

NOTE 2 – CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (Continued)

POLICE OFFICERS' RETIREMENT SYSTEM

Valuation Date: October 1, 2012

The actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost

Method. Amortization Method: Level percentage of pay, closed.

Remaining Amortization Period: 25 Years (as of 10/01/2012).

Actuarial Asset Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 5-year average Market Value return and is then diminished by the Funding Standard Account Credit Balance and further adjusted for the Administrative Expense Account. It is possible that over time this technique will produce an insignificant bias that is above or below the Market Value.

Inflation: 3.0% per year.

Salary Increases:

Years of Credited Service	Salary Scale
<10	6.0%
10-15	5.5%
15-20	5.0%
20-25	4.5%
>25	4.0%

Partial Lump Sums: For valuation purposes, no future retirees are assumed to opt for a partial lump sum.

Payroll Increase: 2.0% (previously 2.5%).

Interest Rate: 8% per year, compounded annually, net of investment related expenses.

Retirement Age: Earlier of 1) Age 52 and 10 years of service or 2) 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.

Early Retirement: Commencing with the earliest Retirement Age, Members are assumed to retire with an immediate benefit at the rate of 5% per year.

Termination Rates: See Table Below.

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

Mortality: RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).

NOTE 2 – CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (Continued)

POLICE OFFICERS' RETIREMENT SYSTEM (Continued)

Other Information: Termination and Disability Rate Table.

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	8.0%	0.14%
30	5.5%	0.18%
40	3.3%	0.30%
50	1.4%	1.00%

FIREFIGHTERS' RETIREMENT PLAN:

Valuation Date: October 1, 2012

The actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution

rates: Funding Method: Entry Age Method

Amortization Method: Level percentage of pay, closed.

Remaining Amortization Period: 25 Years (as of 10/01/2012).

Actuarial Asset Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 5-year average Market Value return and is then diminished by the Funding Standard Account Credit Balance and further adjusted for the Administrative Expense Account. It is possible that over time this technique will produce an insignificant bias that is above or below the Market Value.

Inflation: 3.25% per year plus the below salary increases.

Salary Increases:

Years of Credited Service	Salary Scale
<10	6.0%
10-15	5.5%
15-20	5.0%
20-25	4.5%
>25	4.0%

Partial Lump Sums: For valuation purposes, no future retirees are assumed to opt for a partial lump sum.

Payroll Increase: 2.0% (previously 2.5%).

Interest Rate: 7.75% per year, net of investment expenses.

Retirement Age: Age 55 and 10 years of service, Rule of 70, or 25 years of service.

Early Retirement: Age 50 and 10 years of credited service. Benefits are reduced by 2% for each year prior to normal retirement date.

NOTE 2 – CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (Continued)

FIREFIGHTERS' RETIREMENT PLAN (Continued)

Termination Rates: See Table Below.

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

Mortality: Healthy - RP-2000 Mortality Table, projected to 2020.

Disabled: RP-2000 Mortality Table for Disabled Lives, projected to 2020.

Other Information: Termination and Disability Rate Table.

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	6.68%	0.10%
30	4.18%	0.14%
40	2.28%	0.29%
50	0.98%	0.92%

CITY OF OCALA
GOD BE WITH US
MARION COUNTY, FLORIDA

SUPPLEMENTAL INFORMATION

CITY OF OCALA

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MARION COUNTY, FLORIDA

SPECIAL REVENUE FUNDS:

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditure for specific purposes. Special revenue funds used by the City are:

Downtown Development Fund - This fund accounts for property taxes levied against downtown property owners.

Local Gasoline Tax Fund - This fund accounts for street related maintenance and improvement projects financed by the City's share of local gasoline taxes. These taxes are required by law to be used to maintain streets.

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

SHIP Local Housing Assistance Fund - This fund accounts for the receipt and uses of funds received from the Florida "local housing assistance trust fund" for the State Housing Initiative Partnership (low income housing).

DEBT SERVICE FUNDS:

Debt service funds are used to account for the accumulation of resources for the payment of principal, interest and related costs of the City's general long-term debt. Debt service funds used by the City are:

2007A/2015 Improvement Certificates Fund - This fund is used for the payment of principal, interest and related costs of the Capital Improvement Revenue Certificates, Series 2015, which refunded the Capital Improvement Revenue Certificates, Series 2007A.

2007B Improvement Certificates Fund - This fund is used for the payment of principal, interest and related costs of the Capital Improvement Refunding Revenue Certificates, Series 2007B.

2012 Improvement Certificates Fund - This fund is used for payment of principal, interest and related costs of the Capital Improvement Refunding Revenue Certificates, Series 2012.

2013 Improvement Certificates Fund - This fund is used for payment of principal, interest and related costs of the Capital Improvement Refunding Revenue Certificates, Series 2013.

CITY OF OCALA
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CAPITAL PROJECTS FUNDS:

The Capital Projects Funds are used to account for resources earmarked for the acquisition and construction of major capital facilities and other project oriented activities other than those financed by proprietary funds. Capital project funds used by the City are:

2002 Capital Improvement Fund - This fund is used to account for the resources earmarked for the acquisition and construction of certain capital improvements funded by the Capital Improvement Revenue Certificates, Series 2002.

2007A Capital Improvement Fund - This fund is used to account for the resources earmarked for the acquisition and construction of certain capital improvements funded by the Capital Improvement Revenue Certificates, Series 2007A.

CITY OF OCALA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in pooled cash fund	$ 10,871,108	$ 2,580,912	$ 956,665	$ 14,408,685
Accounts and notes receivables	958,817	-	-	958,817
Accrued interest receivable	29,489	-	-	29,489
Due from other governments	1,101,911	-	-	1,101,911
Total assets	12,961,325	2,580,912	956,665	16,498,902
Liabilities and fund balances				
Liabilities:				
Accounts payable and accrued liabilities	629,851	-	161,291	791,142
Retainage on contracts	1,968	-	98	2,066
Escrow/Deposits	1,008,065	-	-	1,008,065
Total liabilities	1,639,884	-	161,389	1,801,273
Deferred inflows of resources				
Deferred inflows from future revenues	77,883	-	-	77,883
Total deferred inflows of resources	77,883	-	-	77,883
Fund Balances:				
Restricted	5,413,388	2,580,912	795,276	8,789,576
Committed	5,830,170	-	-	5,830,170
Total fund balances	11,243,558	2,580,912	795,276	14,619,746
Total liabilities and fund balances	$ 12,961,325	$ 2,580,912	$ 956,665	$ 16,498,902

CITY OF OCALA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property tax	$ 63,420	$ -	$ -	$ 63,420
Local option gas tax	3,866,844	-	-	3,866,844
Intergovernmental revenues	185,378	-	-	185,378
Charges for services	4,805,175	-	-	4,805,175
Investment income	210,338	32,289	-	242,627
Miscellaneous	661,504	-	-	661,504
Total revenues	9,792,659	32,289	-	9,824,948
Expenditures				
Current:				
Physical environment	4,003,262	-	-	4,003,262
Transportation	5,363,130	-	354,286	5,717,416
Economic environment	194,495	-	-	194,495
Culture and recreation	-	-	19,160	19,160
Capital outlay	1,596,023	-	840,655	2,436,678
Debt service:				
Principal payments	-	2,300,000	-	2,300,000
Issuance costs	-	143,920	-	143,920
Interest and fees	-	1,051,611	-	1,051,611
Total expenditures	11,156,910	3,495,531	1,214,101	15,866,542
Excess (deficiency) of revenues over expenditures	(1,364,251)	(3,463,242)	(1,214,101)	(6,041,594)
Other financing sources (uses)				
Transfers in	-	3,368,978	-	3,368,978
Transfers out	(481,773)	(272,792)	-	(754,565)
Refunding bonds issued	-	21,440,000	-	21,440,000
Payment to refunding bond escrow agent	-	(21,325,093)	-	(21,325,093)
Total other financing sources (uses)	(481,773)	3,211,093	-	2,729,320
Net change In fund balances	(1,846,024)	(252,149)	(1,214,101)	(3,312,274)
Fund balances - beginning	13,089,582	2,833,061	2,009,377	17,932,020
Fund balances - ending	$ 11,243,558	$ 2,580,912	$ 795,276	$ 14,619,746

CITY OF OCALA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2015

	Downtown Development	Local Gasoline Tax
Assets		
Equity in pooled cash and investment fund	$ 191,292	$ 5,380,588
Accrued interest receivable	526	17,305
Accounts and notes receivable	-	-
Due from other governments	882	1,101,029
Total assets	192,700	6,498,922
Liabilities and fund balances		
Liabilities:		
Accounts payable and accrued liabilities	10,250	444,247
Retainage on contracts	-	-
Escrow	-	1,008,065
Total liabilities	10,250	1,452,312
Deferred inflows of resources		
Deferred inflows from future revenues	-	-
Total deferred inflows from resources	-	-
Fund Balances:		
Restricted	182,450	5,046,610
Committed	-	-
Total fund balances	182,450	5,046,610
Total liabilities and fund balances	$ 192,700	$ 6,498,922

Stormwater Utility	SHIP Local Housing Assistance	Total
$ 5,116,902	$ 182,326	$ 10,871,108
11,490	168	29,489
878,500	80,317	958,817
-	-	1,101,911
6,006,892	262,811	12,961,325
174,754	600	629,851
1,968	-	1,968
-	-	1,008,065
176,722	600	1,639,884
-	77,883	77,883
-	77,883	77,883
-	184,328	5,413,388
5,830,170	-	5,830,170
5,830,170	184,328	11,243,558
$ 6,006,892	$ 262,811	$ 12,961,325

CITY OF OCALA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Downtown Development	Local Gasoline Tax
Revenues		
Property taxes	$ 63,420	$ -
Local option gas tax	-	3,866,844
Intergovernmental revenues	-	-
Charges for services	-	-
Investment income	3,525	126,832
Miscellaneous	-	654,383
Total revenues	66,945	4,648,059
Expenditures		
Current:		
Physical environment	-	-
Transportation	-	5,363,130
Economic environment	97,316	-
Capital outlay	-	1,337,289
Total expenditures	97,316	6,700,419
Excess (deficiency) of revenues over expenditures	(30,371)	(2,052,360)
Other financing sources (uses)		
Transfers out	(10,000)	(444,703)
Total other financing sources (uses)	(10,000)	(444,703)
Net change In fund balances	(40,371)	(2,497,063)
Fund balances - beginning	222,821	7,543,673
Fund balances - ending	$ 182,450	$ 5,046,610

Storm water Utility	SHIP Local Housing Assistance	Total
$ -	$ -	$ 63,420
-	-	3,866,844
-	185,378	185,378
4,805,175	-	4,805,175
78,474	1,507	210,338
23	7,098	661,504
4,883,672	193,983	9,792,659
4,003,262	-	4,003,262
-	-	5,363,130
-	97,179	194,495
258,734	-	1,596,023
4,261,996	97,179	11,156,910
621,676	96,804	(1,364,251)
(27,070)	-	(481,773)
(27,070)	-	(481,773)
594,606	96,804	(1,846,024)
5,235,565	87,523	13,089,582
$ 5,830,171	$ 184,327	$ 11,243,558

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
DOWNTOWN DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Actual	Final Budget	Variance with Final Budget Positive (Negative)
Revenues			
Property taxes	$ 63,420	$ 61,009	$ 2,411
Investment income	3,525	4,125	(600)
Total revenues	66,945	65,134	1,811
Expenditures			
Current:			
Economic Environment	97,316	141,319	44,003
Capital outlay	-	23,152	23,152
Total expenditures	97,316	164,471	67,155
Excess of revenues over expenditures	(30,371)	(99,337)	68,966
Other financing (uses)			
Transfers out	(10,000)	(10,000)	-
Total other financing (uses)	(10,000)	(10,000)	-
Net change In fund balance	(40,371)	(109,337)	68,966
Fund balance - beginning	222,821	222,821	-
Fund balance - ending	$ 182,450	$ 113,484	$ 68,966

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
LOCAL GASOLINE TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Actual	Final Budget	Variance with Final Budget Positive (Negative)
Revenues			
Local option gas tax	$ 3,866,844	$ 6,066,447	$ (2,199,603)
Intergovernmental revenues	-	7,548,744	(7,548,744)
Investment income	126,832	131,350	(4,518)
Miscellaneous	654,383	617,760	36,623
Total revenues	4,648,059	14,364,301	(9,716,242)
Expenditures			
Current:			
Transportation	5,363,130	11,497,549	6,134,419
Capital outlay	1,337,289	613,830	(723,459)
Total expenditures	6,700,419	12,111,379	5,410,960
Excess (deficiency) of revenues over expenditures	(2,052,360)	2,252,922	(4,305,282)
Other financing sources (uses)			
Transfers out	(444,703)	(126,119)	(318,584)
Total other financing sources (uses)	(444,703)	(126,119)	(318,584)
Net change In fund balance	(2,497,063)	2,126,803	(4,623,866)
Fund balance - beginning	7,543,673	7,543,673	-
Fund balance - ending	$ 5,046,610	$ 9,670,476	$ (4,623,866)

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
STORMWATER UTILITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Actual	Final Budget	Variance with Final Budget Positive (Negative)
Revenues			
Charges for services	$ 4,805,175	$ 4,202,699	$ 602,476
Investment income	78,474	197,301	(118,827)
Other	23	7,617,950	(7,617,927)
Total revenues	4,883,672	12,017,950	(7,134,278)
Expenditures			
Current:			
Physical environment	4,003,262	9,294,143	5,290,881
Capital outlay	258,734	80,309	(178,425)
Total expenditures	4,261,996	9,374,452	5,112,456
Excess (deficiency) of revenues over expenditures	621,676	2,643,498	(2,021,822)
Other financing (uses)			
Transfers out	(27,070)	(27,070)	-
Total other financing (uses)	(27,070)	(27,070)	-
Net change In fund balance	594,606	2,616,428	(2,021,822)
Fund balance - beginning	5,235,565	5,235,565	-
Fund balance - ending	$ 5,830,171	$ 7,851,993	$ (2,021,822)

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
SHIP LOCAL HOUSING ASSISTANCE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Actual	Final Budget	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental revenues	$ 185,378	$ 185,378	$ -
Investment income	1,507	-	1,507
Other	7,098	92,214	(85,116)
Total revenues	193,983	277,592	(83,609)
Expenditures			
Current:			
Economic environment	97,179	277,592	180,413
Total expenditures	97,179	277,592	180,413
Net change In fund balance	96,804	-	96,804
Fund balance - beginning	87,523	87,523	-
Fund balance - ending	$ 184,327	$ 87,523	$ 96,804

CITY OF OCALA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
SEPTEMBER 30, 2015

	2007A/2015 Improvement Certificates	2007B Improvement Certificates	2012 Refunded Improvement Certificates	2013 Refunded Improvement Certificates	Total
Assets					
Equity in pooled cash and investment fund	$ 146,648	$ 10,835	$ 864,301	$ 1,559,128	$ 2,580,912
Total restricted assets	146,648	10,835	864,301	1,559,128	2,580,912
Fund Balances					
Fund Balances:					
Restricted	146,648	10,835	864,301	1,559,128	2,580,912
Total fund balances	$ 146,648	$ 10,835	$ 864,301	$ 1,559,128	$ 2,580,912

CITY OF OCALA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2007A/2015 Improvement Certificates	2007B Improvement Certificates	2012 Refunded Improvement Certificates	2013 Refunded Improvement Certificates	Total
Revenues					
Investment income	$ 4,069	$ 994	$ 9,779	$ 17,447	$ 32,289
Total Revenues					
Expenditures					
Debt service:					
Principal payments	-	10,000	795,000	1,495,000	2,300,000
Issuance costs	143,920	-	-	-	143,920
Interest and paying agents' fees	700,806	150,975	124,743	75,087	1,051,611
Total expenditures	844,726	160,975	919,743	1,570,087	3,495,531
(Deficiency) of revenues over expenditures	(840,657)	(159,981)	(909,964)	(1,552,640)	(3,463,242)
Other financing sources (uses)					
Transfers in	700,206	160,775	915,983	1,592,014	3,368,978
Transfers out	(215,205)	(38,253)	(2,508)	(16,826)	(272,792)
Issuance of refunding debt	17,770,000	3,670,000	-	-	21,440,000
Payment to refunded bond escrow account	(17,617,799)	(3,707,294)	-	-	(21,325,093)
Total other financing sources (uses)	637,202	85,228	913,475	1,575,188	3,211,093
Net change In fund balances	(203,455)	(74,753)	3,511	22,548	(252,149)
Fund balances - beginning	350,103	85,588	860,790	1,536,580	2,833,061
Fund balances - ending	$ 146,648	$ 10,835	$ 864,301	$ 1,559,128	$ 2,580,912

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

	Actual	Final Budget	Variance with Final Budget Positive (Negative)
Revenues			
Investment income	$ 4,069	$ 4,120	$ (51)
Total revenues	4,069	4,120	(51)
Expenditures			
Debt service:			
Issuance costs	143,920	-	(143,920)
Interest and paying agents' fees	700,806	700,956	150
Total expenditures	844,726	700,956	(143,770)
Excess (deficiency) of revenues over expenditures	(840,657)	(696,836)	(143,821)
Other financing sources (uses)			
Issuance of refunding debt	17,770,000	-	17,770,000
Payment to refunding bonds escrow account	(17,617,799)	-	(17,617,799)
Transfers in	700,206	700,206	-
Transfers out	(215,205)	(3,370)	(211,835)
Total other financing sources (uses)	637,202	696,836	(59,634)
Net change In fund balance	(203,455)	-	(203,455)
Fund balance - beginning	350,103	350,103	-
Fund balance - ending	$ 146,648	$ 350,103	$ (203,455)

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

	Actual	Final Budget	Variance with Final Budget Positive (Negative)
Revenues			
Investment income	$ 994	$ 1,250	$ (256)
Total revenues	994	1,250	(256)
Expenditures			
Debt service:			
Principal payments	10,000	10,000	-
Interest and paying agents' fees	150,975	151,725	750
Total expenditures	160,975	161,725	750
Excess (deficiency) of revenues over expenditures	(159,981)	(160,475)	494
Other financing sources (uses)			
Issuance of refunding debt	3,670,000	-	3,670,000
Payment to refunding bonds escrow account	(3,707,294)	-	(3,707,294)
Transfers in	160,775	160,775	-
Transfers out	(38,253)	(500)	(37,753)
Total other financing sources (uses)	85,228	160,275	(75,047)
Net change In fund balance	(74,753)	(200)	(74,553)
Fund balance - beginning	85,588	85,588	-
Fund balance - ending	$ 10,835	$ 85,388	$ (74,553)

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
2012 IMPROVEMENT CERTIFICATES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Actual	Final Budget	Variance with Final Budget Positive (Negative)
Revenues			
Investment income	$ 9,779	$ 5,000	$ 4,779
Total revenues	9,779	5,000	4,779
Expenditures			
Debt service:			
Principal payments	795,000	795,000	-
Interest and paying agents' fees	124,743	124,743	-
Total expenditures	919,743	919,743	-
Excess (deficiency) of revenues over expenditures	(909,964)	(914,743)	4,779
Other financing sources (uses)			
Transfers in	915,983	922,906	
Transfers out	(2,508)	(5,000)	2,492
Total other financing sources (uses)	913,475	917,906	2,492
Net change In fund balance	3,511	3,163	7,271
Fund balance - beginning	860,790	860,790	-
Fund balance - ending	$ 864,301	$ 863,953	$ 7,271

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
2013 IMPROVEMENT CERTIFICATES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Actual	Final Budget	Variance with Final Budget Positive (Negative)
Revenues			
Investment income	$ 17,447	12,000	$ 5,447
Total revenues	17,447	12,000	5,447
Expenditures			
Debt service:			
Principal payments	1,495,000	1,495,000	-
Interest and paying agents' fees	75,087	75,087	-
Total expenditures	1,570,087	1,570,087	-
Excess (deficiency) of revenues over expenditures	(1,552,640)	(1,558,087)	5,447
Other financing sources (uses)			
Transfers in	1,592,014	1,592,014	-
Transfers out	(16,826)	(12,000)	(4,826)
Total other financing sources (uses)	1,575,188	1,580,014	(4,826)
Net change In fund balance	22,548	21,927	621
Fund balance - beginning	1,536,580	1,536,580	-
Fund balance - ending	$ 1,559,128	$ 1,558,507	$ 621

CITY OF OCALA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2015

	2002 Capital Improvement	2007A Capital Improvement	Total
Assets			
Equity in pooled cash and investment fund	$ 360,152	$ 596,513	$ 956,665
Total assets	360,152	596,513	956,665
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	161,291	-	161,291
Retainage on contracts	-	98	98
Total liabilities	161,291	98	161,389
Fund Balances:			
Restricted	198,861	596,415	795,276
Total fund balances	198,861	596,415	795,276
Total liabilities and fund balances	$ 360,152	$ 596,513	$ 956,665

CITY OF OCALA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2002 Capital Improvement	2007A Capital Improvement	Total
Revenues	$ -	$ -	$ -
Total revenues	-	-	-
Expenditures			
Current:			
Transportation	354,286	-	354,286
Culture and recreation	1,000	18,160	19,160
Municipal Golf course	-	-	-
Capital outlay	-	840,655	840,655
Total expenditures	355,286	858,815	1,214,101
Net change In fund balances	(355,286)	(858,815)	(1,214,101)
Fund balances - beginning	554,147	1,455,230	2,009,377
Fund balances - ending	$ 198,861	$ 596,415	$ 795,276

CITY OF OCALA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
2002 CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Actual	Final Budget	Variance with Final Budget Positive (Negative)
Revenues	$ -	$ -	$ -
Total revenues	-	-	-
Expenditures			
Current:			
Transportation	354,286	553,147	198,861
Culture and recreation	1,000	1,000	-
Total expenditures	355,286	554,147	198,861
Net change In fund balance	(355,286)	(554,147)	198,861
Fund balance - beginning	554,147	554,147	-
Fund balance - ending	$ 198,861	$ -	$ 198,861

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

	Actual	Final Budget	Variance with Final Budget Positive (Negative)
Revenues			
Investment income	$ -	$ 30,000	$ (30,000)
Total revenues	-	30,000	(30,000)
Expenditures			
Current:			
Transportation	-	121,032	121,032
Culture and recreation	18,160	1,358,046	1,339,886
Capital outlay	840,655	6,152	(834,503)
Total expenditures	858,815	1,485,230	626,415
Net change In fund balance	(858,815)	(1,455,230)	596,415
Fund balance - beginning	1,455,230	1,455,230	-
Fund balance - ending	$ 596,415	$ -	$ 596,415

INTERNAL SERVICE FUNDS:

The Internal Service Funds account for the operation of departments which exist solely to provide services to other City departments. The revenues of the Internal Service Funds are derived from user fees and self-insurance premiums charged to other City funds. The Internal Service Funds used by the City are:

Fleet & Facilities and Information Technology Management Fund - This fund accounts for the operation of the fleet and facilities management department, which is responsible for replacing, specifying, acquiring, maintaining and disposing of approximately 1,027 units of fuel-driven vehicles and equipment, as well as approximately 100 facilities. This fund also accounts for capital purchases for all areas.

Self-Insurance Fund - This fund accounts for the operation of the risk management department and for the costs of the City's insurance and self-insurance plans.

CITY OF OCALA, FLORIDA
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2015

	Fleet, Facilities and Information Technology Management	Self-Insurance	Total
Assets			
Current Assets:			
Equity in pooled cash and investment fund	$ 3,444,156	$ 23,133,158	$ 26,577,314
Accrued interest receivable	13,424	52,166	65,590
Accounts receivable	-	40,432	40,432
Prepaids	-	31,195	31,195
Total current assets	3,457,580	23,256,951	26,714,531
Capital Assets, Net	14,061,484	-	14,061,484
Total assets	17,519,064	23,256,951	40,776,015
Liabilities			
Current Liabilities:			
Accounts payable and accrued liabilities	192,898	756,405	949,303
Claims payable	-	1,595,067	1,595,067
Capital lease	54,278	-	54,278
Total current liabilities	247,176	2,351,472	2,598,648
Noncurrent Liabilities:			
Claims payable	-	6,946,316	6,946,316
Capital lease	120,948	-	120,948
Total noncurrent liabilities	120,948	6,946,316	7,067,264
Total liabilities	368,124	9,297,788	9,665,912
Net Position			
Net invested in capital assets	13,886,258	-	13,886,258
Unrestricted	3,264,682	13,959,163	17,223,845
Total net position	$ 17,150,940	$ 13,959,163	$ 31,110,103

CITY OF OCALA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Fleet, Facilities and Information Technology Management	Self-Insurance	Total
Operating Revenues:			
Fees and rentals	$ -	$ 2,017,476	$ 2,017,476
City insurance contributions	-	9,102,232	9,102,232
Employee insurance contributions	-	2,376,077	2,376,077
Other	11,413	1,471,192	1,482,605
Total operating revenues	11,413	14,966,977	14,978,390
Operating Expenses:			
Insurance, administration and other	1,087,640	12,628,203	13,715,843
Depreciation	2,172,237	-	2,172,237
Total operating expenses	3,259,877	12,628,203	15,888,080
Operating income (loss)	(3,248,464)	2,338,774	(909,690)
Non-Operating Revenues:			
Investment income	93,747	391,279	485,026
Interest expense	(15,741)	-	(15,741)
Other non-operating revenue (expense)	1,325	-	1,325
Total non-operating revenues	79,331	391,279	470,610
Income before operating transfers	(3,169,133)	2,730,053	(439,080)
Transfers:			
Transfers in	2,572,873	-	2,572,873
Transfers out	-	(2,694,764)	(2,694,764)
Total transfers	2,572,873	(2,694,764)	(121,891)
Change in net position	(596,260)	35,289	(560,971)
Net position - October 1	17,747,200	13,923,874	31,671,074
Net position - September 30	$ 17,150,940	$ 13,959,163	$ 31,110,103

CITY OF OCALA, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Fleet, Facilities and Information Technology Management	Self-Insurance	Total
Cash Flows from Operating Activities:			
Cash received from employees	$ -	$ 2,376,077	$ 2,376,077
Cash paid to suppliers for goods and services	(1,037,573)	(6,134,228)	(7,171,801)
Cash paid to employees for services	-	(4,606)	(4,606)
Cash received from other funds	-	11,119,708	11,119,708
Cash paid for insurance claims	-	(7,445,365)	(7,445,365)
Net cash provided by operating activities	(1,037,573)	(88,414)	(1,125,987)
Cash Flows from Non-Capital Financing Activities:			
Transfers in	2,572,873	-	2,572,873
Transfers out	-	(2,694,764)	(2,694,764)
Net cash used in non-capital financing activities	2,572,873	(2,694,764)	(121,891)
Cash Flows from Capital and Related Financing Activities:			
Principal paid on capital lease and notes payable	(1,120,970)	-	(1,120,970)
Interest paid on capital lease and notes payable	(15,741)	-	(15,741)
Proceeds from sale of capital assets	4,425	-	4,425
Acquisition and construction of capital assets	(3,128,724)	-	(3,128,724)
Net cash used in capital and related financing activities	(4,261,010)	-	(4,261,010)
Cash Flows from Investing Activities:			
Investment income	92,647	383,941	476,588
Net cash provided by investing activities	92,647	383,941	476,588
Net increase (decrease) in cash and cash equivalents	(2,633,063)	(2,399,237)	(5,032,300)
Cash and cash equivalents, beginning	6,077,219	25,532,395	31,609,614
Cash and cash equivalents, ending	$ 3,444,156	$ 23,133,158	$ 26,577,314

(Continued)

CITY OF OCALA, FLORIDA
COMBINING STATEMENT OF CASH FLOWS (Continued)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Fleet, Facilities and Information Technology Management	Self-Insurance	Total
Reconciliation of Operating Income (Loss) to Cash Provided by Operating Activities:			
Operating income (loss)	$ (3,248,464)	$ 2,338,774	$ (909,690)
Adjustment to reconcile operating income to cash flows provided by operating activities:			
Depreciation	2,172,237	-	2,172,237
(Increase) decrease in assets:			
Accounts and notes receivable	-	(40,432)	(40,432)
Other current assets		343,794	343,794
Increase (decrease) in liabilities:			
Accounts payable	38,654	(1,545,364)	(1,506,710)
Compensated absences payable	-	(481)	(481)
Claims payable	-	(1,184,705)	(1,184,705)
Net cash provided by operating activities	$ (1,037,573)	$ (88,414)	$ (1,125,987)

STATISTICAL SECTION

CITY OF OCALA

GOD BE WITH US

MARION COUNTY, FLORIDA

CITY OF OCALA, FLORIDA
STATISTICAL SECTION
Description of Schedules

This part of the City of Ocala, Florida's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents **Pages**

Financial Trends **152-161**
These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity **162-166**
These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity **168-173**
These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information **174-177**
These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information **178-183**
These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

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

	2006	2007	2008	2009
Governmental activities				
Net invested in capital assets	$ 124,147,138	$ 141,390,721	$ 128,759,607	$ 146,661,774
Restricted	24,466,026	15,879,457	26,539,950	10,589,689
Unrestricted	29,311,300	39,241,861	54,148,084	63,224,481
Total governmental activities net position	177,924,464	196,512,039	209,447,641	220,475,944
Business-type activities				
Net invested in capital assets	196,090,833	223,036,346	232,698,752	250,066,606
Restricted	10,240,786	27,844,378	28,358,718	32,252,690
Unrestricted	84,619,342	68,682,510	66,983,643	65,557,333
Total business-type activities net position	290,950,961	319,563,234	328,041,113	347,876,629
Primary government				
Net invested in capital assets (1) (2)	320,237,971	364,427,067	361,458,359	396,728,380
Restricted	34,706,812	43,723,835	54,898,668	42,842,379
Unrestricted (3)	113,930,642	107,924,371	121,131,727	128,781,814
Total primary government net position	$ 468,875,425	$ 516,075,273	$ 537,488,754	$ 568,352,573

(1) Fiscal year 2012 net invested in capital assets has been restated due to the implementation of GASB 63 and 65.

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

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

2010	2011	2012	2013	2014	2015
$ 141,149,863	$ 139,025,810	$ 143,798,547	$ 141,311,511	$ 138,868,835	$ 136,345,185
19,911,292	21,083,016	15,804,304	14,389,998	16,443,002	14,253,874
70,447,522	66,879,269	61,671,543	64,263,573	(11,486,172)	(6,091,460)
231,508,677	226,988,095	221,274,394	219,965,082	143,825,665	144,507,599
257,326,336	252,616,203	238,797,203	232,258,907	217,624,156	226,332,226
38,519,090	23,487,318	18,151,713	16,814,430	14,661,259	12,975,219
48,567,143	58,444,825	76,551,821	80,593,174	54,698,310	56,262,159
344,412,569	334,548,346	333,500,737	329,666,511	286,983,725	295,569,604
398,476,199	391,642,013	382,595,750	373,570,418	356,492,991	362,677,411
58,430,382	44,570,334	33,956,017	31,204,428	31,104,261	27,229,093
119,014,665	125,324,094	138,223,364	144,856,747	43,212,138	50,170,699
$ 575,921,246	$ 561,536,441	$ 554,775,131	$ 549,631,593	$ 430,809,390	$ 440,077,203

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

	2006	2007	2008	2009
Expenses				
Governmental Activities:				
General government	$ 8,341,978	$ 9,042,965	$ 7,347,987	$ 10,239,676
Public safety	31,980,509	33,789,230	37,270,168	37,143,770
Public works	19,064,719	19,294,535	15,599,695	13,839,479
Physical environment	104,095	78,778	120,691	51,956
Transportation	636,705	595,319	519,577	583,024
Economic environment	986,103	1,018,874	1,199,010	1,391,668
Human services	167,746	175,581	181,926	202,033
Culture and recreation	5,204,487	5,290,190	5,290,461	4,937,571
Interest on long-term debt	1,813,808	1,787,386	2,238,101	2,219,848
Total Governmental Activities	68,300,150	71,072,858	69,767,616	70,609,025
Business-type Activities:				
Electric	147,557,401	143,298,835	166,633,502	167,299,569
Water and sewer	20,982,952	21,899,008	26,199,859	25,677,661
Sanitation	9,223,907	10,207,833	11,249,757	9,490,485
Municipal golf courses	2,815,080	2,956,984	3,201,620	2,835,780
Municipal trailer park	105,446	108,164	185,069	313,027
International airport	1,191,134	1,315,256	1,276,023	1,152,341
Adult athletic complex	202,062	213,599	249,338	321,388
Communications	928,304	1,160,423	1,290,286	1,326,462
SunTran	1,887,826	2,076,317	2,385,529	2,279,470
Total Business-type Activities	184,894,112	183,236,419	212,670,983	210,696,183
Total Expenses	253,194,262	254,309,277	282,438,599	281,305,208
Program Revenues				
Governmental Activities:				
Charges for services:				
General government	5,560,008	5,769,933	4,786,682	2,640,352
Public safety	683,644	5,395,245	7,776,470	8,223,438
Physical environment	-	-	-	-
Public works	4,483,574	4,617,381	5,105,758	4,642,705
Economic environment	-	-	-	-
Human services	-	-	83,612	-
Culture and recreation	731,896	847,408	708,726	494,433
Housing and urban development	264,817	216,853	89,845	18,502
Operating grants and contributions	9,966,243	8,171,315	8,932,926	3,914,934
Capital grants and contributions	3,818,508	10,393,761	350,420	4,105,649
Total governmental activities	25,508,690	35,411,896	27,834,439	24,040,013
Business-type Activities:				
Charges for services:				
Electric	162,504,999	151,504,058	176,235,678	177,960,026
Water and sewer	24,875,305	26,282,949	29,897,392	26,352,644
Sanitation	10,066,654	10,704,172	10,722,931	10,367,214
Municipal golf courses	2,394,301	2,069,934	1,988,105	1,423,620
Municipal trailer park	111,062	122,667	119,587	46,646
International airport	597,170	846,820	793,948	874,514
Adult athletic complex	134,301	162,187	155,461	140,640
Communications	1,255,884	1,758,988	1,861,780	1,890,773
SunTran	207,268	274,241	258,529	298,481
Operating grants and contributions	1,282,929	1,344,736	672,437	4,157,687
Capital grants and contributions	13,222,924	14,001,918	4,931,655	6,734,016
Total Business-type Activities	216,652,797	209,072,670	227,637,503	230,246,261
Total Program Revenues	$ 242,161,487	$ 244,484,566	$ 255,471,942	$ 254,286,274

2010	2011	2012	2013	2014	2015
$ 16,752,242	$ 24,264,441	$ 21,121,585	$ 19,281,318	$ 19,534,066	$ 12,098,361
34,749,900	38,347,627	38,601,843	37,679,867	40,478,307	39,867,780
16,158,833	-	-	-	-	-
95,797	2,926,147	3,371,441	3,360,975	3,237,167	4,827,696
544,636	15,289,841	16,209,344	13,965,893	13,795,747	16,251,420
1,141,505	1,693,471	1,421,490	1,307,330	1,161,368	2,145,278
210,689	344,194	295,471	24,280	16,097	2,825
4,459,167	5,688,221	5,532,341	5,277,119	6,344,312	5,982,171
2,130,575	1,973,381	1,901,112	1,539,021	1,081,931	768,408
76,243,344	90,527,323	88,454,627	82,435,803	85,648,995	81,943,939
159,685,595	141,265,888	131,739,257	138,811,204	139,883,927	131,540,076
24,979,015	26,910,448	27,502,689	28,609,880	29,073,065	29,444,099
9,226,066	8,300,874	8,403,943	7,882,244	8,500,528	8,218,564
2,750,571	1,864,304	1,838,581	1,677,306	1,713,929	1,791,935
1,585	-	-	-	-	-
1,065,738	1,319,583	2,133,709	2,118,046	1,559,991	1,718,391
-	-	-	-	-	-
1,692,881	1,918,905	1,718,074	1,920,583	1,867,882	2,472,288
2,424,357	2,552,321	2,723,710	3,218,583	3,064,160	3,213,971
201,825,808	184,132,323	176,059,963	184,237,846	185,663,482	178,399,324
278,069,152	274,659,646	264,514,590	266,673,649	271,312,477	260,343,263
6,188,395	11,554,007	11,756,605	12,120,493	12,573,121	11,976,789
8,195,210	8,132,401	8,180,181	8,633,327	9,222,433	9,316,289
-	-	-	-	-	6,621
4,614,709	-	-	-	-	-
-	29,006	30,604	63,899	73,697	33,269
-	-	-	-	-	-
493,733	393,910	387,020	391,944	615,502	625,997
43,933	-	-	-	-	-
4,274,901	4,768,303	4,531,360	3,576,996	1,730,087	2,080,103
3,540,911	1,474,530	290,385	2,453,222	2,055,142	101,321
27,351,792	26,352,157	25,176,155	27,239,881	26,269,982	24,140,389
173,550,081	139,919,007	139,183,371	150,344,736	149,081,307	143,366,578
26,212,019	26,417,073	26,575,860	26,228,504	26,343,265	26,665,395
10,227,176	10,143,158	10,049,016	10,035,141	10,226,021	10,212,366
1,813,360	1,167,391	1,113,876	1,141,808	1,162,307	1,014,454
-	-	-	-	-	-
693,157	727,728	674,507	767,090	771,685	988,125
-	-	-	-	-	-
2,178,868	2,297,997	2,437,730	2,530,414	2,709,641	3,100,306
312,821	357,467	371,062	361,693	381,085	430,559
2,124,323	2,084,740	2,039,616	2,936,061	2,096,501	2,495,443
2,042,164	2,582,497	738,514	1,479,180	3,105,852	7,548,606
219,153,969	185,697,058	183,183,552	195,824,627	195,877,664	195,821,832
$ 246,505,761	$ 212,049,215	$ 208,359,707	$ 223,064,508	$ 222,147,646	$ 219,962,221

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

	2006	2007	2008	2009
Net (Expense)/Revenue:				
Governmental Activities	$ (42,791,460)	$ (35,660,962)	$ (41,933,177)	$ (46,569,012)
Business-type Activities	31,758,685	25,836,251	14,966,520	19,550,078
Total net expense	(11,032,775)	(9,824,711)	(26,966,657)	(27,018,934)
General Revenues				
Governmental Activities:				
Property taxes	17,838,831	21,147,093	21,102,963	20,978,586
Utility service tax	10,492,840	11,613,177	12,468,590	13,209,971
Other taxes	776,335	1,723,911	1,111,427	4,504,911
Unrestricted revenues	5,162,216	4,898,299	4,897,376	4,752,300
Investment income	2,843,963	3,834,054	2,646,691	5,898,766
Miscellaneous	103,094	197,315	1,391,588	1,241,128
Transfers	12,636,726	10,834,688	11,250,144	7,011,653
Total governmental revenues and transfers	49,854,005	54,248,537	54,868,779	57,597,315
Business-type Activities:				
Investment income	4,535,902	6,025,971	4,761,503	7,297,091
Transfers	(12,636,726)	(10,834,688)	(11,250,144)	(7,011,653)
Total business-type activities	(8,100,824)	(4,808,717)	(6,488,641)	285,438
Total primary government	41,753,181	49,439,820	48,380,138	57,882,753
Change in Net Position				
Governmental Activities	7,062,545	18,587,575	12,935,602	11,028,303
Business-type Activities	23,657,861	21,027,534	8,477,879	19,835,516
Total Change in Net Position	$ 30,720,406	$ 39,615,109	$ 21,413,481	$ 30,863,819

2010	2011	2012	2013	2014	2015
$ (48,891,552)	$ (64,175,166)	$ (63,278,472)	$ (55,195,922)	$ (59,379,013)	$ (57,803,550)
17,328,161	1,564,735	7,123,589	11,586,781	10,214,182	17,422,508
(31,563,391)	(62,610,431)	(56,154,883)	(43,609,141)	(49,164,831)	(40,381,042)
21,677,666	21,631,286	21,480,323	21,305,973	21,894,229	22,160,053
13,327,736	10,866,057	11,406,395	8,599,445	8,664,000	9,786,858
5,718,242	5,808,190	5,582,859	8,972,446	7,689,252	7,494,498
4,341,188	4,250,585	4,624,982	4,840,855	5,163,266	5,465,229
3,149,151	1,504,673	2,069,520	82,061	1,061,063	1,424,026
677,770	1,521,444	1,226,162	1,009,236	375,033	1,339,232
11,032,532	14,072,349	11,174,530	11,232,009	14,789,361	10,815,588
59,924,285	59,654,584	57,564,771	56,042,025	59,636,204	58,485,484
3,217,987	2,643,391	3,003,332	762,696	1,507,101	1,978,959
(11,032,532)	(14,072,349)	(11,174,530)	(11,232,009)	(14,789,361)	(10,815,588)
(7,814,545)	(11,428,958)	(8,171,198)	(10,469,313)	(13,282,260)	(8,836,629)
52,109,740	48,225,626	49,393,573	45,572,712	46,353,944	49,648,855
11,032,733	(4,520,582)	(5,713,701)	846,103	257,191	681,934
9,513,616	(9,864,223)	(1,047,609)	1,117,468	(3,068,078)	8,585,879
$ 20,546,349	$ (14,384,805)	$ (6,761,310)	$ 1,963,571	$ (2,810,887)	$ 9,267,813

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

	2006	2007	2008	2009
General fund				
Nonspendable	$ -	$ -	$ -	$ -
Reserved	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Unreserved	19,728,353	25,945,812	27,070,783	31,278,522
Total general fund	19,728,353	25,945,812	27,070,783	31,278,522
CRA fund				
Restricted	-	-	-	-
Total CRA fund	-	-	-	-
All other governmental funds				
Restricted	-	-	-	-
Committed	-	-	-	-
Reserved	25,336,025	16,712,856	27,659,497	22,914,895
Unreserved, reported in:				
Special revenue funds	3,369,290	2,900,260	4,671,581	4,337,328
Total all other governmental funds	$ 28,705,315	$ 19,613,116	$ 32,331,078	$ 27,252,223

Note: Prior to 2011 amounts have not been restated for the implementation of GASB statement 54.

2010	2011	2012	2013	2014	2015
$ -	$ 296,457	$ 357,305	$ 312,239	$ 356,272	$ 269,708
233,683	-	-	-	-	-
-	2,623,303	2,698,762	2,250,114	2,244,478	2,247,645
-	2,757,930	2,231,685	2,075,156	2,111,603	2,150,167
-	20,392,709	18,439,496	19,470,337	21,092,119	25,530,135
-	15,065,839	15,196,270	17,366,628	17,566,179	15,535,866
38,771,465	-	-	-	-	-
39,005,148	41,136,238	38,923,518	41,474,474	43,370,651	45,733,521
-	-	3,685,413	3,854,480	4,054,507	4,251,696
-	-	3,685,413	3,854,480	4,054,507	4,251,696
-	19,147,131	13,856,726	11,466,604	12,696,455	8,789,576
-	5,398,490	5,344,244	5,825,062	5,235,565	5,830,170
22,065,677	-	-	-	-	-
4,697,335	-	-	-	-	-
$ 26,763,012	$ 24,545,621	$ 19,200,970	$ 17,291,666	$ 17,932,020	$ 14,619,746

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

	2006	2007	2008	2009
Revenues:				
Property tax	$ 17,838,831	$ 21,147,093	$ 21,102,963	$ 20,978,586
Utility service tax	10,492,840	11,613,177	12,468,590	13,209,971
Communication service tax				
Local option gas tax	860,958	1,799,011	1,111,427	4,504,911
Other tax				
State revenue sharing	1,676,397	1,694,938	4,897,376	4,752,300
Other intergovernmental revenue	12,325,003	9,771,807	9,267,258	5,475,893
Parking meters and facilities	48,528	38,358	55,009	59,354
Licenses, permits and fees	2,679,396	2,223,801	1,869,393	948,981
Fines and forfeitures	491,365	666,486	461,016	582,352
Charges for services	8,052,521	13,213,581	15,453,587	14,637,036
Investment income	2,318,243	3,023,206	2,093,104	4,199,163
Gifts	1,490,884	3,157,632	547,044	1,840,756
Miscellaneous	869,263	931,583	1,391,588	1,241,128
Total revenues	59,144,229	69,280,673	70,718,355	72,430,431
Expenditures:				
General government	8,173,331	9,373,452	14,354,658	10,170,481
Public safety	30,795,940	33,840,516	36,498,069	37,118,704
Public works	12,265,628	13,681,476	9,695,188	8,979,723
Physical environment	103,973	79,288	81,207	22,228
Transportation	628,972	627,682	545,969	630,474
Economic environment	930,969	950,547	1,184,083	1,389,402
Human services	167,714	175,714	164,528	197,435
Culture and recreation	5,030,888	5,301,517	5,157,138	5,144,054
Capital outlay	9,815,155	14,257,745	10,551,340	11,171,184
Debt service				
Principal payments	2,875,000	2,940,000	3,020,000	3,368,600
Issuance Costs				
Interest and fees	1,791,259	1,768,469	1,894,751	2,204,915
Total expenditures	72,578,829	82,996,406	83,146,931	80,397,200
Excess of revenues over (under) expenditures	(13,434,600)	(13,715,733)	(12,428,576)	(7,966,769)
Other financing sources (uses):				
Transfers in	17,557,172	17,940,728	20,330,785	18,677,751
Transfers out	(4,914,152)	(7,099,735)	(10,192,662)	(11,582,098)
Issuance of debt	-	-	20,707,201	-
Bond premium (discount)	-	-	(378,596)	-
Payment to bond escrow agent	-	-	(4,195,219)	-
Total other financing sources (uses)	12,643,020	10,840,993	26,271,509	7,095,653
Net change in fund balances	$ (791,580)	$ (2,874,740)	$ 13,842,933	$ (871,116)
Debt service as a percentage of noncapital expenditures	7.43%	6.85%	6.77%	8.05%

2010	2011	2012	2013	2014	2015
$ 21,677,666	$ 21,631,286	$ 21,480,323	$ 21,305,973	$ 21,894,229	$ 22,160,053
13,327,736	10,866,057	11,406,395	8,599,445	8,664,000	9,786,858
			3,284,777	2,950,539	2,695,896
5,718,242	5,808,190	5,582,859	4,742,861	3,848,278	3,866,844
			944,808	890,435	931,758
4,341,188	4,250,585	4,624,982	4,840,855	5,163,266	5,465,229
7,602,864	6,242,833	3,617,375	4,721,562	4,015,546	2,485,782
-	-	-	-	-	-
2,063,405	2,127,999	1,968,607	1,961,915	2,322,118	2,263,047
495,370	493,956	551,217	525,780	662,904	795,029
16,977,204	17,487,369	17,834,586	18,721,968	19,269,414	18,462,867
2,152,552	1,028,367	1,451,612	15,094	745,075	939,000
212,949	137,589	1,204,370	70,747	113,672	72,643
677,770	1,383,855	1,226,162	917,713	258,860	1,304,467
75,246,946	71,458,086	70,948,488	70,653,498	70,798,336	71,229,473
16,052,937	19,524,363	18,349,850	17,510,262	17,883,219	12,551,399
34,806,006	35,713,344	36,171,183	36,209,453	39,180,970	41,668,300
9,643,723	-	-	-	-	-
-	2,540,183	2,954,633	2,959,543	3,142,876	4,181,600
552,731	7,841,187	8,169,030	5,901,177	5,897,941	8,652,943
1,144,566	1,623,516	1,293,888	1,172,458	1,162,813	2,149,273
205,492	252,015	284,499	18,507	10,119	-
4,395,486	5,122,702	5,002,921	4,791,829	5,301,046	5,744,114
10,348,794	7,033,957	7,764,972	5,498,520	5,426,673	4,590,914
3,318,601	3,135,000	3,905,000	5,280,000	765,000	2,300,000
				-	143,920
2,117,452	2,023,321	2,139,000	1,768,039	1,043,746	1,051,611
82,585,788	84,809,588	86,034,976	81,109,788	79,814,403	83,034,074
(7,338,842)	(13,351,502)	(15,086,488)	(10,456,290)	(9,016,067)	(11,804,601)
21,747,904	19,144,620	16,776,990	15,802,925	16,020,763	15,532,524
(7,171,647)	(5,879,419)	(5,602,460)	(4,570,916)	(4,268,138)	(4,595,045)
-	-	8,405,000	7,700,000	-	21,440,000
-	-	-	-	-	-
-	-	(8,365,000)	(7,665,000)	-	(21,325,093)
14,576,257	13,265,201	11,214,530	11,267,009	11,752,625	11,052,386
$ 7,237,415	$ (86,301)	$ (3,871,958)	$ 810,719	$ 2,736,558	$ (752,215)
7.53%	6.63%	7.72%	9.32%	2.43%	4.46%

CITY OF OCALA, FLORIDA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended Sept. 30, [2]	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Institutional Property	Governmental Property
2006	$ 1,600,222,052	$ 890,444,399	$ 326,588,278	$ 73,141,502	$ 228,418,327	$ 372,272,984
2007	2,167,036,569	1,067,577,070	398,331,679	105,585,327	271,471,369	434,025,442
2008	2,949,994,448	1,253,672,907	482,610,648	93,641,860	307,406,690	481,497,048
2009	2,965,292,837	1,346,969,757	533,735,948	100,123,252	324,414,667	490,801,375
2010	2,556,679,147	1,371,181,796	477,635,303	100,123,252	324,414,667	503,103,052
2011	2,181,585,419	1,203,014,383	435,601,285	73,955,610	294,136,778	476,559,144
2012	1,968,142,445	1,169,047,884	417,870,693	78,020,561	288,016,230	463,576,509
2013	1,810,585,718	1,145,607,613	408,603,966	75,116,698	284,089,821	454,817,624
2014	1,790,978,723	1,148,270,533	412,041,209	75,561,748	293,035,789	444,745,227
2015	1,865,190,878	1,200,011,918	414,249,269	82,114,250	341,278,836	495,473,914

Source: Marion County, Florida, Property Appraiser

Notes:

[1] Property in the City of Ocala is reassessed each year by the Marion County Property Appraiser.

Tax rates are per $1,000 of assessed value.

[2] All property assessed value for the specified fiscal year-end are obtained from the previous year's tax roll.

[3] Includes tax-exempt property

Vacant Land/Other	Total Real Estate Property	Tangible Personal Property	Total Tax Exempt	Total Assessed Value	Total Direct Tax Rate [1]	Estimated Actual Taxable Value	Assessed Value[3] as a Percentage of Actual Value
$ 130,566,644	$ 3,621,654,186	$ 508,697,524	$ 1,064,029,778	$ 3,066,321,932	5.934	$ 3,286,518,684	93.30%
173,483,303	4,617,510,759	547,189,434	1,402,552,458	3,762,147,735	5.676	4,006,547,109	93.90%
268,788,561	5,837,612,162	614,223,942	1,739,792,892	4,712,043,212	4.529	4,852,773,648	97.10%
271,011,673	6,032,349,509	653,897,260	1,959,757,717	4,726,489,052	4.529	4,818,031,653	98.10%
223,798,124	5,543,544,948	597,457,634	1,724,507,750	4,416,494,832	4.966	4,420,915,748	99.90%
180,770,925	4,845,623,544	545,408,952	1,485,187,355	3,905,845,141	5.618	3,997,794,412	97.70%
177,245,591	4,561,919,913	500,461,641	1,372,659,330	3,689,722,224	5.933	3,768,868,462	97.90%
162,167,340	4,340,988,780	498,291,991	1,296,059,078	3,543,221,693	6.150	3,546,768,461	99.90%
145,917,091	4,310,550,320	528,584,657	1,273,547,950	3,565,587,027	6.250	3,687,266,832	96.70%
148,895,802	4,547,214,867	528,032,771	1,401,872,609	3,673,375,029	6.164	3,899,548,863	94.20%

CITY OF OCALA, FLORIDA
PROPERTY TAX RATES AND LEVIES -
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

(rate per $1,000 of assessed value)

MILLAGE RATES

	Direct	Overlapping			
Fiscal Year [1]	City	County	School	Water Mgmt Districts	Total
2006	5.93	4.87	8.01	0.46	19.27
2007	5.68	4.57	7.87	0.46	18.58
2008	4.53	3.49	7.61	0.42	16.04
2009	4.53	3.89	7.50	0.42	16.33
2010	4.97	3.90	7.48	0.42	16.76
2011	5.62	3.89	7.49	0.42	17.42
2012	5.93	3.89	7.71	0.33	17.86
2013	6.15	3.89	7.67	0.33	18.04
2014	6.25	3.90	7.34	0.33	17.82
2015	6.16	3.90	7.30	0.32	17.68

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Source: Marion County, Florida, Property Appraiser.
http://www.pa.marion.fl.us/reports/14final.pdf

Note:

(1) All property valuations for the specified fiscal year-end are obtained from the previous year's tax roll.

The Florida Constitution limits the City millage capacity (non debt related) to 10.000 mills.

CITY OF OCALA, FLORIDA
PRINICPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO

	2015			2006		
Taxpayer	**Taxable Assessed Valuation**	**Rank**	**Percent of Total Taxable Assessed Value**	**Taxable Assessed Valuation**	**Rank**	**Percent of Total Taxable Assessed Value**
K-Mart Corporation	$ 52,983,919	1	1.44%	$ 56,859,710	2	1.85%
Marion Community Hospital	49,606,910	2	1.35%	44,412,062	3	1.45%
Paddock Mall Associates	39,209,408	3	1.07%	34,919,628	5	1.14%
Carlton Arms Apartments	28,748,929	4	0.78%	35,988,622	4	1.17%
Wal-Mart	28,343,451	5	0.77%	30,228,965	6	0.99%
Embarq	26,608,835	6	0.72%	-		0.00%
Silver Springs Bottled Water	23,521,778	7	0.64%	-	-	0.00%
Closetmaid Corporation	20,542,403	8	0.56%	29,054,229	7	0.95%
FEM Ocala LLC	20,417,323	9	0.56%	-	-	0.00%
C.C. Ocala Joint Venture	19,841,213	10	0.54%	17,457,504	9	0.57%
Dayco Products, Inc.	-	-	0.00%	16,673,998	10	0.54%
Sprint Florida, Inc.				75,222,224	1	2.45%
Highlands Apartments LLC				18,940,162	8	0.62%
Total	$ 309,824,169		8.43%	$ 359,757,104		11.73%

Source: Marion County Property Appraiser

Note: City of Ocala taxpayers pay City, County, School Board and certain water district levies.

Only the City levy is shown here.

Excludes property tax levies of the Downtown Development Districts.

CITY OF OCALA, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30	Taxes Levied For Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collection to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2006	18,221,939	17,506,783	96.08%	151,208	17,657,991	96.91%
2007	21,386,729	20,690,703	96.75%	223,248	20,913,951	97.79%
2008	21,372,488	20,544,371	96.13%	231,458	20,775,829	97.21%
2009	21,405,324	20,394,711	95.28%	191,247	20,585,958	96.17%
2010	21,950,174	21,057,371	95.93%	232,430	21,289,801	96.99%
2011	21,944,215	21,221,107	96.70%	99,890	21,320,997	97.16%
2012	21,891,859	20,865,755	95.31%	133,400	20,999,155	95.92%
2013	21,791,532	20,808,891	95.49%	243,563	21,052,454	96.61%
2014	22,285,641	21,479,733	96.38%	152,997	21,632,730	97.07%
2015	22,630,418	21,803,282	96.35%	97,409	21,900,691	96.78%

Source: Marion County, Florida, Property Appraiser and City of Ocala Office of Business and Financial Services.

Note: Property in the City of Ocala is reassessed each year by the Marion County Property Appraiser.
Actual tax collections received in each fiscal year are from the prior year's tax levy.

Excludes property tax levies of the Downtown Development Commission.

CITY OF OCALA, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(amounts in thousands)

	Governmental Activities			Business-Type Activities					
Fiscal Year	Capital Improvement Certificates	Optional Gas Tax Bonds	Total	Utility Systems Revenue Bonds	Water and Sewer Revenue Bonds	Total	Total Primary Government	Percentage of Personal Income	Per Capita
2006	$ 31,200	$ 12,860	$ 44,060	$ 57,485	$ 56,595	$ 114,080	$ 158,140	11.50%	$ 3,050
2007	29,910	11,210	41,120	56,860	53,425	110,285	151,405	10.53%	2,791
2008	44,575	9,515	54,090	144,170	27,605	171,775	225,865	15.18%	4,164
2009	43,215	7,780	50,995	143,520	24,165	167,685	218,680	14.54%	3,991
2010	41,805	6,145	47,950	142,860	20,575	163,435	211,385	13.22%	3,754
2011	40,355	4,460	44,815	139,220	16,830	156,050	200,865	12.51%	3,552
2012	38,230	2,720	40,950	154,380	-	154,380	195,330	11.65%	3,424
2013	35,427	-	35,427	153,137	-	153,137	188,564	11.18%	3,286
2014	34,940	-	34,940	145,795	-	145,795	180,735	10.29%	3,144
2015	34,540	-	34,540	146,545	-	146,545	181,085	9.34%	3,103

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

Per Capita Income - Florida Research and Economic Database.

Population - The City of Ocala Office of Budget and Finance, Bureau of Economic and Business Research, University of Florida.

CITY OF OCALA, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Capital Leases	Percentage of Actual Taxable Value of Property	Per Capita	Assessed Value
2006	$ -	$ -	-	$ -	$ 3,066,321,932
2007	-	-	-	-	3,762,147,735
2008	-	-	-	-	4,416,494,782
2009	-	-	-	-	3,905,845,141
2010	-	-	-	-	4,416,494,782
2011	-	3,150,982	0.08%	55.73	3,905,845,141
2012	-	3,150,982	0.09%	55.24	3,689,722,224
2013	-	2,406,665	0.07%	41.94	3,543,221,693
2014	-	1,296,196	0.04%	22.54	3,565,587,027
2015	-	175,226	0.00%	3.00	3,671,502,621

CITY OF OCALA, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1)
SEPTEMBER 30, 2015

Governmental Unit	Bonds Outstanding	Applicable to City of Ocala Percent [2]	Applicable to City of Ocala Amount
Marion County			
Limited Ad Valorem Refunding Tax Bonds, Series 1998	$ 2,130,000	25.59%	$ 545,074
Total Overlapping Debt			545,074
City direct debt			34,540,000
Total direct and overlapping debt			$ 35,085,074

(1) The City of Ocala had no outstanding general obligation debt during the fiscal year ended September 30, 2015.

(2) Represents the fraction of assessed valuation of taxable property in the City of Ocala over the assessed valuation of taxable property in the governmental unit.

CITY OF OCALA, FLORIDA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	2006	2007	2008	2009
Assessed Value (100% at market as of January 1, 2015)	$ 3,066,321,932	$ 3,762,147,735	$ 4,712,043,212	$ 4,726,489,052
Debt Limit: 20% of Assessed Value	613,264,386	752,429,547	942,408,642	945,297,810
Amount of General Obligation Debt Outstanding	-	-	-	-
Legal Debt Margin	$ 613,264,386	$ 752,429,547	$ 942,408,642	$ 945,297,810

In accordance with Article IX, §9.02 of the City of Ocala Charter, the "aggregate amount of general obligation bonds of the City outstanding at any one time shall not be greater than twenty percent (20%) of the assessed valuation of the taxable real and personal property in the City according to the latest assessment of such real and personal property."

2010	2011	2012	2013	2014	2015
$ 4,416,494,782	$ 3,905,845,141	$ 3,689,722,224	$ 3,543,221,693	$ 3,565,587,027	$ 3,671,502,621
883,298,956	781,169,028	737,944,445	708,644,339	713,117,405	734,300,524
-	-	-	-	-	-
$ 883,298,956	$ 781,169,028	$ 737,944,445	$ 708,644,339	$ 713,117,405	$ 734,300,524

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

	2006	2007	2008	2009
Capital Improvement Bonds and Certificates:				
Net revenue available for debt service	$ 9,886,289	$ 9,628,290	$ 8,733,751	$ 9,907,154
Debt Service payments:				
Principal	1,265,000	1,290,000	1,325,000	1,360,000
Interest	1,360,422	1,331,339	1,580,000	1,915,464
Total debt service payments	$ 2,625,422	$ 2,621,339	$ 2,905,000	$ 3,275,464
Coverage (times)	3.77	3.67	3.01	3.02
Optional Gas Tax Bonds:				
Net revenue available for debt service	$ 3,113,220	$ 3,180,946	$ 2,892,928	$ 2,900,317
Debt Service payments:				
Principal	1,450,000	1,480,000	1,520,000	1,555,000
Interest	412,730	372,060	328,436	281,365
Total debt service payments	$ 1,862,730	$ 1,852,060	$ 1,848,436	$ 1,836,365
Coverage (times)	1.67	1.72	1.57	1.58
Electric System Bonds:				
Gross revenues	$ 162,504,999	$ 151,504,058	$ 175,441,091	$ 177,960,026
Less: operating expenses	142,349,614	138,048,277	159,954,673	161,634,774
Net revenue available for debt service	20,155,385	13,455,781	15,486,418	16,325,252
Water & Sewer Bonds:				
Gross revenues	$ 24,875,305	$ 26,282,949	$ 27,064,562	$ 26,352,644
Less: operating expenses	10,914,429	11,487,524	13,475,885	13,015,589
Net revenue available for debt service	13,960,876	14,795,425	13,588,677	13,337,055
Debt Service payments:				
Principal	3,060,000	3,170,000	3,295,000	3,440,000
Interest	2,695,072	2,575,873	1,951,105	1,120,591
Total debt service payments	$ 5,755,072	$ 5,745,873	$ 5,246,105	$ 4,560,591
Coverage (times)	2.43	2.57	2.59	2.92
Utility System Bonds:				
Net revenue available for debt service	$ 28,361,189	$ 22,505,333	$ 23,828,990	$ 25,101,716
Debt Service payments:				
Principal	495,000	625,000	640,000	650,000
Interest	2,730,607	2,718,536	4,431,856	6,835,339
Total debt service payments	$ 3,225,607	$ 3,343,536	$ 5,071,856	$ 7,485,339
Coverage (times)	8.79	6.73	4.70	3.35

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

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

2010	2011	2012	2013	2014	2015
$ 8,463,599	$ 8,223,166	$ 8,241,933	$ 8,167,557	$ 8,261,105	$ 8,333,770
1,410,000	1,450,000	1,490,000	2,560,000	765,000	2,300,000
1,878,711	1,837,357	1,791,234	1,701,799	1,043,246	1,088,305
$ 3,288,711	$ 3,287,357	$ 3,281,234	$ 4,261,799	$ 1,808,246	$ 3,388,305
2.57	2.50	2.51	1.92	4.57	2.46
$ 2,840,703	$ 2,664,586	$ 2,547,557	$ 2,471,488	-	-
1,600,000	1,650,000	1,740,000	2,720,000	-	-
231,779	179,724	123,105	63,290	-	-
$ 1,831,779	$ 1,829,724	$ 1,863,105	$ 2,783,290	$ -	$ -
1.55	1.46	1.37	0.89	N/A	N/A
$ 174,289,475	$ 141,324,385	$ 140,511,811	$ 150,413,508	$ 149,817,925	$ 144,341,225
152,595,345	131,538,100	122,286,613	128,161,245	129,528,370	121,428,949
21,694,130	9,786,285	18,225,198	22,252,263	20,289,555	22,912,276
$ 27,855,619	$ 27,109,092	$ 27,994,759	$ 26,291,964	$ 26,974,511	$ 27,477,111
12,100,557	13,963,526	13,708,115	14,441,410	14,908,787	15,383,110
15,755,062	13,145,566	14,286,644	11,850,554	12,065,724	12,094,001
3,590,000	3,745,000	-	-	-	-
969,335	807,685	145,495	-	-	-
$ 4,559,335	$ 4,552,685	$ 145,495	$ -	$ -	$ -
3.46	2.89	98.19	N/A	N/A	N/A
$ 32,889,857	$ 18,379,166	$ 32,366,347	$ 34,102,817	$ 32,355,279	$ 35,006,277
660,000	685,000	1,670,000	5,095,000	5,245,000	5,360,000
6,818,629	6,799,444	6,758,853	6,880,763	6,763,874	6,146,150
$ 7,478,629	$ 7,484,444	$ 8,428,853	$ 11,975,763	$ 12,008,874	$ 11,506,150
4.40	2.46	3.84	2.85	2.69	3.04

CITY OF OCALA, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population [1]	Personal Income [2]	Per Capita Personal Income [4]	Median Household Income [3,4]	County Unemployment Rate [3]
2006	51,853	$ 1,443,289,625	$ 27,834	$ 37,773	2.9%
2007	54,238	1,562,512,924	28,808	39,661	3.2%
2008	54,462	1,608,190,168	29,529	41,644	5.4%
2009	54,800	1,658,625,128	30,267	43,727	8.6%
2010	56,315	1,747,091,441	31,024	45,913	13.2%
2011	56,545	1,798,082,530	31,799	48,209	13.9%
2012	57,041	1,836,528,091	32,197	49,414	12.4%
2013	57,387	1,870,763,977	32,599	50,649	9.8%
2014	57,494	1,958,593,423	34,066	51,915	7.6%
2015	58,355	2,077,404,623	35,599	53,213	7.3%

[1] The City of Ocala Office of Business and Financial Services, Bureau of Economic and Business Research, University of Florida.

[2] Amount computed from population and per capita personal income statistics for Marion County, Florida.

[3] Bureau of Labor Statistics. Amounts indicated are for Marion County, Florida.

[4] Estimated Per Capita and Median Household Income.

CITY OF OCALA, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO

	September 30, 2015			September 30, 2006		
Employer	Total Employees	Rank	Percent of Total City/County Employment	Total Employees	Rank	Percent of Total City/County Employment
Marion County School Board	6,070	1	5.12%	5,700	1	6.40%
Munroe Regional Medical Center	2,648	2	2.23%	2,427	2	2.73%
State of Florida	2,600	3	2.19%	2,263	3	2.54%
Wal-Mart	2,370	4	2.00%	1,935	4	2.17%
Ocala Regional Medical Center and West Marion Community Hospital	2,200	5	1.86%	1,301	7	1.46%
Publix Supermarkets	1,488	6	1.26%	1,400	5	1.57%
Marion County Board of Commissioners	1,462	7	1.23%	1,319	6	1.48%
AT&T	1,000	8	0.84%	N/A	-	N/A
City of Ocala	941	9	0.79%	1,105	9	1.24%
Lockheed Martin	981	10	0.83%	N/A	-	N/A
Emergency One, Inc.	-	-	-	1,274	8	1.43%
Cingular Wireless	-	-	-	1,000	10	1.12%
Total	21,760		18.36%	19,724		22.16%
Ocala MSA Labor Force			118,517			89,000

Source: Ocala/Marion County Chamber & Economic Partnership.
http://ocalacep.com/growing-jobs/business-retention/major-employers
http://ocalacep.com/images/uploads/content_files/2015_Ocala_MSA_Community_Profile.pdf

Note: Total labor force for Marion County which includes the City of Ocala.

CITY OF OCALA, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION
LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010
Legislative	6.00	6.00	6.00	6.00	6.00
Executive	28.75	28.75	26.00	25.00	23.00
Business and Financial Services	22.00	22.00	22.00	21.00	23.00
Purchasing	13.00	13.00	13.00	14.00	-
Human Resources and Risk	7.00	7.00	7.00	7.00	5.00
Development Services					
Planning	10.00	11.50	10.50	10.00	32.00
Building	25.00	26.00	26.00	30.00	-
Police					
Officers	171.00	171.00	171.00	171.00	159.00
Civilians	84.00	85.00	86.25	85.50	84.00
Fire					
Firefighters and Officers	118.00	133.00	133.00	133.00	131.00
Civilians	11.00	13.00	13.00	12.00	15.00
Engineering	68.25	67.00	67.00	62.00	59.00
Recreation	63.25	64.25	64.75	30.50	53.00
Public Works	146.00	148.00	141.00	154.50	97.00
Fleet/Facilities	32.00	32.00	32.00	31.00	38.00
Airport	5.00	5.00	5.00	5.00	5.00
Golf	33.75	31.00	31.00	27.50	13.00
Water & Sewer	72.50	73.75	76.75	76.75	72.00
Telecommunications	5.50	6.00	6.00	6.00	6.00
Electric	173.75	174.00	181.00	173.00	161.00
Stormwater	7.00	8.00	8.00	8.00	8.00
Information & Technology	17.00	17.50	17.00	17.00	16.00
Community Programs	5.00	5.00	5.00	5.00	2.00
Total	1,124.75	1,147.75	1,148.25	1,110.75	1,008.00

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

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

2011	2012	2013	2014	2015
6.00	6.00	6.00	6.00	6.00
19.00	16.00	13.75	14.00	14.00
19.00	21.00	23.50	23.63	26.63
-	-	-	-	-
9.00	10.00	9.00	7.00	8.00
	38.00	40.25	35.25	36.38
33.00	-	-	-	-
-	-	-	-	-
170.00	161.00	164.00	164.00	151.64
88.00	95.00	89.50	81.50	96.00
130.00	127.00	129.00	125.00	129.63
17.00	21.00	15.00	6.00	4.00
27.00	26.00	22.00	19.00	19.00
58.00	66.00	64.00	53.41	63.41
101.00	115.00	99.00	107.00	101.25
39.00	37.00	31.75	28.56	22.04
5.00	5.00	5.00	5.00	5.00
8.00	8.00	-	-	-
79.00	78.00	77.25	89.30	84.70
6.00	6.00	7.00	7.00	7.00
165.00	165.00	155.75	153.25	150.55
18.00	-	-	-	-
17.00	17.00	17.00	15.00	14.00
2.00	1.00	1.00	1.25	1.50
1,016.00	1,019.00	969.75	941.15	940.73

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

	2010	2011	2012
City Leases at Airport:			
Sports Complex Lease	$ 132,512	$ 132,512	$ 132,512
Water & Sewer Lease	10,490	10,805	-
Total Value of City Leases	143,002	143,317	132,512
City Payment For Leases at Airport:			
Water & Sewer Lease	10,490	10,805	-
Total Payments For City Leases	10,490	10,805	-
City Leases - Less Payments made:	(132,512)	(132,512)	(132,512)
City Funds Expended on Behalf of Airport:			
Grant Match	102,365	167,885	-
Total City Funds Expended on Behalf of Airport	102,365	167,885	-
Net Subsidy	$ (30,147)	$ 35,373	$ (132,512)

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

2013	2014	2015	TOTAL
$ 132,512	$ 132,512	$ 160,960	$ 823,520
-	-	-	21,295
132,512	132,512	160,960	844,815
-	-	-	21,295
-	-	-	21,295
(132,512)	(132,512)	(160,960)	(823,520)
-	-	-	270,250
-	-	-	270,250
$ (132,512)	$ (132,512)	$ (160,960)	$ (553,270)

CITY OF OCALA
GOD BE WITH US
MARION COUNTY, FLORIDA

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

	2012	2013	2014	2015
Police				
Number of calls for service	233,500	239,167	233,516	272,552
Traffic citations issued	12,841	11,887	14,114	12,210
Cases investigated	5,825	6,099	7,208	10,010
Arrests	2,804	2,959	3,105	2,766
Fire				
Number of calls for service	11,192	19,802	17,309	19,238
Fires reported	238	178	262	238
Inspections	2,038	2,469	2,816	2,595
Building Permits: (includes pluming, gas, (electric, water , heating & air conditioning)				
Building permits issued	1,526	1,616	1,630	1,738
Value of permits issued (in thousands)	$79,351,004	$68,726,914	$ 169,265,866	$111,252,423
New Construction - Units and Value:				
Commercial - Number of Units	54	31	41	49
Commercial - Value	$36,029,542	$11,551,770	$ 76,095,142	$ 10,050,568
Residential - Number of Units	31	76	81	121
Residential - Value	$ 4,652,855	$17,730,674	$ 22,875,600	$ 29,516,113
Streets and Drainage				
Street Resurfacing (miles)	-	2.50	4.60	9.77
Potholes repaired	463	566	745	1,345
Parks and Recreation				
Athletic field permits issued	79	116	83	177
Participants using the pools	25,450	26,130	39,733	28,705
Golf rounds	83,607	83,612	81,746	73,580
Fleet Maintenance				
Vehicles owned by the City	1,207	1,213	1,223	1,274
Percent maintained by Fleet	58	40	51	96
Preventive maintenance completed	1,069	854	1,255	693
Solid Waste				
Number of customers	15,022	15,312	15,236	15,486
Residential refuse collected (in tons)	16,086	14,655	15,079	15,154
Residential recyclables collected (in tons)	2,323	3,788	3,925	3,777
Commercial refuse collected (in tons)	34,448	35,902	37,289	38,052
Electric				
Avg. Number of active customers	50,552	50,769	48,834	49,439
Avg. Monthly Consumption (in KWH)	1,956	1,954	2,037	2,086
Water				
Number of customers	23,386	23,699	23,250	23,353
Max. daily plant capacity (in gallons)	24,420	24,420	24,420	24,420
Avg. monthly consumption	14,212	10,419	10,455	10,726
Wastewater				
Number of customers	27,909	28,429	27,509	26,880
Sanitary/Storm Mains Cleaned (ft.)	152,797	156,398	16,029	29,887

Source: The City of Ocala

* Operating Indicators information not available prior to 2012

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

	2006	2007	2008	2009
FUNCTION:				
Area: Land (square miles)	43.16	43.74	44.48	44.48
Miles of Streets, Sidewalks and Bike Paths				
Streets - Paved	290.34	291.32	292.32	296.10
Streets - Unpaved	6.26	6.26	6.26	4.81
Sidewalks	62.71	69.42	76.20	225.58
Bike Paths	25.47	25.81	32.41	33.21
Miles of Sewers				
Storm	74.78	76.63	80.95	264.60
Sanitary	308.29	312.22	317.31	340.00
Force Main	78.10	80.09	82.80	79.60
Water Lines	346.2	350.0	356.4	530.0
Number of Lift Stations	105	114	118	118
Building Permits: (includes pluming, gas, (electric, water , heating & air conditioning)				
Permits Issued	3,202	2,607	2,159	1,826
Permit Value	$ 298,505,664	$ 265,150,530	$ 189,168,148	$ 77,215,703
New Construction - Units and Value:				
Commercial - Number of Units	156	175	134	52
Commercial - Value	$ 102,815,257	$ 151,119,124	$ 133,422,696	$ 26,693,633
Residential - Number of Units	881	393	253	67
Residential - Value	$ 145,571,695	$ 70,027,178	$ 38,741,704	$ 10,916,289
Fire Protection				
Stations	6	6	6	6
Employees - Sworn	118	133	133	133
Employees - Civilian	10	12	12	12
Fire and rescue response time (minutes)	4.5	4.5	4.5	6.7
Police Protection				
Stations	5	5	6	6
Employees - Sworn	171	160	158	158
Employees - Civilian	84	85	86	86
Vehicular Patrol Units - Marked Vehicles	112	113	113	113
Vehicular Patrol Units - Motorcycles	6	6	9	9
Vehicular Patrol Units - Other Vehicles	73	73	78	78
Recreation				
Land area (acres)	717	755	693	693
Activity centers	9	6	6	6
Pools	2	2	2	2
Playgrounds (not reported prior to 2004)	18	19	17	17

2010	2011	2012	2013	2014	2015
44.48	44.72	44.72	44.72	44.79	44.79
296.10	297.12	335.00	338.00	339.35	339.70
4.81	4.81	3.38	3.38	3.38	3.38
228.38	233.28	233.30	223.30	242.20	242.20
36.46	36.46	18.62	18.62	27.30	27.30
380.05	281.80	285.36	277.20	277.20	280.00
341.30	343.10	349.76	353.45	352.68	360.30
80.00	81.20	89.00	91.50	90.00	90.00
534.0	536.0	555.5	562.5	568.2	575.5
119	121	122	123	129	129
1,676	1,524	Moved to Operating Indicators			
$ 82,992,944	$ 66,223,835				
38	52				
$ 23,428,680	$ 33,214,686	Moved to Operating Indicators			
106	39				
$ 18,038,057	$ 7,753,050				
6	6	5	5	6	6
131	130	127	129	129	129
15	17	21	3	4	4
6.8	6.8	5.8	6.3	6.3	6.7
5	5	4	4	4	4
159	170	161	164	164	165
84	88	95	96	96	100
119	119	114	124	124	126
8	8	7	6	6	6
82	82	81	80	80	78
424	424	795	805	837	837
6	9	5	5	5	5
2	2	2	2	2	2
17	19	18	18	20	23

CITY OF OCALA
GOD BE WITH US
MARION COUNTY, FLORIDA

OTHER REPORTS

CITY OF OCALA

GOD BE WITH US

MARION COUNTY, FLORIDA

ADDITIONAL ELEMENTS OF REPORT PREPARED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED STATES; THE PROVISIONS OF OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133; AND THE *RULES OF THE AUDITOR GENERAL* OF THE STATE OF FLORIDA

CITY OF OCALA, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR 2015

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures
FEDERAL AWARDS			
U.S. Department of Agriculture			
Passed through Florida Department of Agriculture:			
Cooperative Forestry Assistance	10.664	20357	1,650
Direct Programs:			
Rural Business Enterprise Grants	10.769	09-042-596000392	156,327
Total U.S. Department of Agriculture			**157,977**
U.S. Department of Housing and Urban Development:			
Direct Programs:			
Community Development Block Grants/Entitlement Grants	14.218	B-13-MC-12-0029	121,855
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-12-0029	255,315
Total CDBG-Entitlement Grants Cluster			377,170
Passed through Marion County, Florida:			
HOME Investment Partnership Program	14.239	MC-10-DC-10-0232	35,703
HOME Investment Partnership Program	14.239	MC-13-DC-13-0232	10,986
HOME Investment Partnership Program	14.239	MC-14-DC-14-0232	118
Total HOME Investment Partnership Program Grants			46,807
Total U.S. Department of Housing and Urban Development			**423,977**
U.S. Department of Justice:			
Passed through State Office of Attorney General:			
Crime Victim Assistance	16.575	V058-14071	38,864
Direct Programs:			
Bulletproof Vest Partnership Program	16.607	2013BUBX13067213	173
Bulletproof Vest Partnership Program	16.607	2014BUBX1407067	11,950
Total Bulletproof Vest Partnership Program Grants			12,123
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0866	7,952
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0848	4,792
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0452	18,127
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-1038	-
Passed through Florida Department of Law Enforcement			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-JAGC-MARI-1-R3-016	30,788
Total Edward Byrne Memorial Justice Assistance Grant Program			61,659
Total U.S. Department of Justice			**112,646**
US. Department of Transportation:			
Passed through Florida Department of Transportation:			
Highway Planning & Construction FM# 431927-1-18-01	20.205	AR083	23,868
Highway Planning & Construction FM# 417960-1-14-91	20.205	A5065	454,389
Highway Planning & Construction FM# 417960-1-14-94	20.205	A5065	37,147
Highway Planning & Construction FM# 417960-1-14-95	20.205	A5065	180,137
Highway Planning & Construction FM# 417960-1-14-96	20.205	A5065	8,057
Highway Planning & Construction FM# 435490-1-18-01	20.205	ARC98	107,759
Highway Planning & Construction FM# 435492-1-38-01	20.205	ARG37	62,525
Total Highway Planning & Construction			873,882

CITY OF OCALA, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR 2015
(CONTINUED)

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures
US. Department of Transportation (continued):			
Passed through Florida Department of Transportation:			
Metropolitan Planning Program			
FM# 422440-1-14-22	20.505	AQN78	1,557
Metropolitan Planning Program			
FM# 422440-1-14-23	20.505	AQN78	59,328
Total Metropolitan Planning Program			60,885
Direct Programs:			
Federal Transit Formula Grants	20.507	FL-90-X771	10,476
Federal Transit Formula Grants	20.507	FL-90-X781	37,857
Federal Transit Formula Grants	20.507	FL-90-X821	24,682
Federal Transit Formula Grants	20.507	FL-90-X857	1,270,956
Total Federal Transit Cluster			1,343,971
Passed through Florida Department of Transportation:			
State and Community Highway Safety	20.616	ARM29	12,800
State and Community Highway Safety	20.616	ARO60	67,405
Total State and Community Highway Safety			80,205
Passed through Florida Department of Transportation:			
Rail Line Improvement	20.320	FR-LRI-0065-15-01-00	28,392
Total U.S. Department of Transportation			**2,387,335**
U.S Department of Health and Human Services			
Passed through Florida Department of Transportation:			
Injury Prevention Program	93.136	A93B6E	3,916
Total U.S. Department of Health and Human Services			**3,916**
TOTAL EXPENDITURES OF FEDERAL AWARDS:			**3,085,851**

CITY OF OCALA, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR 2015
(CONCLUDED)

State Grantor/ Pass-Through Grantor/Program Title	State CSFA Number	Pass-Through Grantor Number	State Expenditures
STATE FINANCIAL ASSISTANCE			
Florida Department of Environmental Protection:			
Direct Programs:			
Florida Recreation Development Assistance Program	37.017	A5146	25,045
Florida Recreation Development Assistance Program	37.017	A5147	12,700
Total Florida Recreation Development Assistance Program			37,745
Passed through St. Johns River Water Management District			
Statewide Surface Water Restoration and Wastewater Project	37.039	LP42090	750,000
Passed through St. Johns River Water Management District			
Florida Springs Grant Program	37.052	28128	50,509
Florida Springs Grant Program	37.052	27656	1,263,286
Total Florida Springs Grant Program			1,313,795
Total Florida Department of Environmental Protection			**2,101,540**
Florida Housing Finance Corporation:			
Direct Programs:			
State Housing Initiatives Partnership Program	52.901	SHIP	97,179
Total Florida Housing Finance Corporation			**97,179**
Florida Department of Transportation:			
Direct Programs:			
Commission for the Transportation Disadvantaged Planning Grant Program			
FM# 432029-1-14-01	55.002	ARH89	14,560
Highway Beautification Grants			
FM# 435701-1-74-01	55.003	ARE55	98
Aviation Development Grants			
FM# 436048-1-94-01	55.004	AR159	40,325
Aviation Development Grants			
FM# 431585-1-94-01	55.004	AR104	399,515
Aviation Development Grants			
FM# 420837-1-94-01	55.004	ARI58	96,886
Aviation Development Grants			
FM# 414447-1-94-01	55.004	ARI60	56,525
Total Aviation Development Grants			593,251
Public Transit Block Grant Program			
FM# 404615-1-84-01	55.010	AOZ45	247,177
Public Transit Block Grant Program			
FM# 416366-2	55.010	AQN79	182,416
Public Transit Block Grant Program			
FM# 424123-1-84-01	55.010	ARP19	149,841
Total Public Transit Block Grant Program			579,434
Rail Development Grants			
FM# 432118-1-94-01	55.021	AQN56	1,051
Total Rail Development Grants			1,051
Total Florida Department of Transportation			**1,188,394**
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE:			**3,387,113**
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE:			**6,472,964**

Notes:
(1) The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Ocala, Florida and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and Chapter 10.550, Rules of the Auditor General. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

Purvis Gray & Company

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Ocala, Florida (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 6, 2016.

Internal Control over Financial Reporting

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

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

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

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

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

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

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain other matters that we have reported to management in a separate letter dated May 6, 2016.

The City's responses to the Management Letter Comments identified in our audit are described in the accompanying schedule. We did not audit the City's response and, accordingly, we express no opinion on it.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis, Gray and Company, LLP

May 6, 2016
Ocala, Florida

Purvis Gray & Company

INDEPEDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*

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

Report on Compliance for Each Major Federal Program and State Project
We have audited City of Ocala, Florida's (the City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, and the requirements described in the Department of Financial Services, *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal award programs and state projects for the year ended September 30, 2015. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state projects. However, our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program and State Project
In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2015.

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

INDEPEDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*
(Concluded)

Report on Internal Control Over Compliance
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project, and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Purvis, Gray and Company, LLP

May 6, 2016
Ocala, Florida

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
CITY OF OCALA, FLORIDA

PART A - SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the basic financial statements of the City of Ocala, Florida (the City).

2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of the basic financial statements of the City.

3. No instances of noncompliance material to the basic financial statements of the City are reported in the independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of the basic financial statements of the City.

4. No significant deficiencies or material weaknesses relating to the audit of the major federal programs and state projects are reported in the report on compliance with requirements applicable to each major federal programs' and state projects' internal control over compliance in accordance with the Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, and Chapter 10.550, *Rules of the Auditor General*.

5. The independent auditors' report on compliance with requirements applicable to each major federal programs' and state projects' internal control over compliance in accordance with OMB Circular A-133, *Compliance Supplement*, and Chapter 10.550, *Rules of the Auditor General* expresses an unmodified opinion for the major federal award programs and state projects for the City.

6. The audit disclosed no findings required to be reported under Section 510(a) of OMB Circular A-133 and Chapter 10.557, *Rules of the Auditor General* relative to the major federal programs and state projects for the City.

7. The program/projects tested as major program/projects included the following:

   - **Federal Program**
     - U.S. Department of Federal Transportation Federal Transit Administration:
       - ► Federal Transit Formula Grants, CFDA No. 20.507

   - **State Projects**
     - Florida Department of Environmental Protection:
       - ► Florida Springs Initiative Grant Program, CFSA No. 37.052
       - ► Statewide Surface Water Restoration and Wastewater Projects, CFSA No. 37.039

8. The threshold for distinguishing Type A and Type B programs was $300,000 for major federal award programs and $300,000 for major state projects.

9. The City qualified as a low-risk auditee pursuant to OMB Circular A-133.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
CITY OF OCALA, FLORIDA
(Concluded)

PART B - FINDINGS - FINANCIAL STATEMENTS

No findings and questioned costs related to financial statements were disclosed during the audit**.**

PART C - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

No findings and questioned costs related to major federal award programs were disclosed during the audit.

PART D - FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECTS

No findings and questioned costs related to major state projects were disclosed during the audit.

PART E - SUMMARY SCHEDULE OF PRIOR FINDINGS

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to federal programs and state projects.

No Corrective Action Plan is required because there were no findings required to be reported under the *Federal* or State *Single Audit Acts*.

Purvis Gray & Company

INDEPENDENT ACCOUNTANT'S REPORT

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

Report on Compliance
We have examined City of Ocala, Florida's (the City) compliance with requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2015, as required by Section 10.556(10)(a), *Rules of the Auditor General*.

Management's Responsibility
Management is responsible for the City's compliance with those requirements.

Auditors' Responsibility
Our responsibility is to express an opinion on the City's compliance based on our examination. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, including examining on a test basis evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specific requirements.

Opinion
In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

Restriction on Use
This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Council Members, and applicable management, and is not intended to be and should not be used by anyone other than those specified parties.

Purvis, Gray and Company, LLP

May 6, 2016
Ocala, Florida

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CITY OF OCALA
GOD BE WITH US
MARION COUNTY, FLORIDA

Purvis Gray & Company

MANAGEMENT LETTER

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

Report on the Financial Statements
We have audited the financial statements of the City of Ocala, Florida (the City) as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated May 6, 2016.

Auditors' Responsibility
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*.

Other Reports and Schedule
We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for each Major Federal Program and State Project and Report on Internal Control Over Compliance required by OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General;* Independent Auditors' Report on Compliance with Section 218.415, Florida Statutes; and Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated May 6, 2016, should be considered in conjunction with this Management Letter.

Prior Audit Findings
Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report; however, see Management Letter Comments 2014-04 Airport Commission Revenues and 2014-08 Purchasing/Contract Policies still remaining.

Official Title and Legal Authority
Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government be disclosed in the Management Letter, unless disclosed in the notes to the financial statements (see Note 1 of the City's basic financial statements as of and for the year ended September 30, 2015, for this information).

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

MANAGEMENT LETTER
(Concluded)

Financial Condition
Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report
Sections 10.554(1)(i)5.b. and 10.556(7) *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

Other Matters
Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the Management Letter any recommendations to improve financial management. Current year findings are included in the Management Letter Comments as reference numbers 2015-01 through 2015-04.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter
Our Management Letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Honorable Mayor and City Council, and management, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, accompanying reports, or other matters.

Purvis, Gray and Company, LLP

May 6, 2016
Ocala, Florida

Purvis Gray & Company

MANAGEMENT LETTER COMMENTS

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

During the course of our audit, the following items came to our attention. These items involve primarily operational matters, which, if improved, will result in more efficient and effective operations:

Prior Year Comments and Recommendations Remaining (Updated For Current Year)

While much progress has been made in items below, they are not yet complete and we recommend that the City continue its efforts:

2014-04—Airport Commission Revenues
During our audit, we noted that the City receives commission revenues from seven different vendors at the airport. The City has corporate agreements that have financial terms, which include a percentage of monthly gross receipt and fuel sales be remitted to the City each month. Based on our review, we noted that the City currently does not have a system in place to test and confirm these monthly sales balances being reported by the tenants. As a result, there is a risk that commission revenue may be understated due to inaccurate monthly summary sales being reported to the City. This condition can lead to incorrect billings and the potential for lost revenues.

2015 Evaluation – The City is now writing vendor contracts that would give it the right to review the books and financial records for these entities. Accordingly, we suggest that the City take steps to develop a plan to perform attestation procedures for monthly gross receipt and fuel sales being reported by tenants. It is our understanding the City's Internal Auditor plans to perform audit procedures in this area in the near future.

Current Year Comments and Recommendations

2015-01—Ocala Golf Club
The City owns the Ocala Municipal Golf Course, providing a banquet hall, restaurant with full bar, golf shop, and an 18-hole course. The City has entered into a contractual relationship with a vendor to operate the facilities. The City and the vendor formed a subsidiary entity, Ocala Golf Management, LLC for the vendor to conduct the operations in.

It was noted that the vendor has their own accounting team that accounts for the daily deposits in the operating account maintained by vendor. They have a point of sale system to track the daily deposit. At the end of the month, the vendor provides the City on the twentieth of each month with a full profit/loss statement, balance sheet, prior year comparison, and cash forecast for the prior month. The City's Finance Department reviews and records this information in the City's Golf Fund general ledger, with an annual year-end review and update.

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

MANAGEMENT LETTER COMMENTS
(Continued)

Current Year Comments and Recommendations ***(Concluded)***

2015-01—Ocala Golf Club ***(Concluded)***
There is over $1million of revenue and expense data flowing through this account that is maintained by the vendor. Accordingly, we recommend that the City periodically audit the transactional data and internal controls over this operation that were developed and implemented by the vendor. Special attention should be given segregation of duties over cash collections, operating disbursements, and inventory controls.

2015-02—Pension Plan Minutes
Review of key financial data by the three pension Governing Boards to stay informed and ensure compliance with Board policies is a key financial control. During our audit of the City's three pension plans we noted that there are varying degrees of documentation in the minutes of each Board for approval of certain key financial items. These include, bills to be paid, approval of bills previously paid, (given quarterly meetings), new retiree benefit amounts, including those entering Deferred Retirement Option Program (DROP), DROP payouts and quarterly internal financial statements.

Accordingly, we recommend that each pension Board review its policies in these areas to determine which of these control items it deems significant and develop a routine for Board review and documentation of the review in the official minutes.

2015-3—Information Technology (IT) Controls
IT plays an integral role in the City financial reporting system and control environment. During our review of the City's use of IT in the financial reporting process, we noted opportunities to improve and strengthen the control environment and the quality and integrity of information generated by the IT systems. We recommend the following for management's consideration.

- Continue removal of unauthorized user accounts from active directory and the Eden application to maintain a proper separation of duties.

- Regularly review the systems environment for potentially stale network accounts. Accounts that are not used can present a security risk since they are easier to exploit.

- Complete development of the Disaster Recovery Plan and test application recovery capability. The test plan should contain measurable criteria to determine with reasonable assurance that the critical systems can be recovered to achieve the City's recovery time and recovery point objectives.

- Continue to evaluate (plan for) and implement a backup solution (e.g., redundancy) to eliminate any potential single points of failure within your backup infrastructure. It is important that critical backups are reliable.

- Develop a formal security awareness program (e.g., phishing, malware, social engineering, privacy risks, incident reporting, etc.) for users. This would also include maintaining a record of their training and having the user's confirm their understanding of the City's IT Security Policies, at least annually.

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

MANAGEMENT LETTER COMMENTS
(Concluded)

Current Year Comments and Recommendations ***(Concluded)***

2015-3—Information Technology (IT) Controls ***(Concluded)***

- Develop and/or update the Policies and Procedures to include, but not limited to, network monitoring, vulnerability assessments, security awareness, access monitoring, user access administration, access revalidations, remote access, incident management, backup, etc. Also, annual review and approval of these documents is a good practice.

2015-4—Interim Financial Reporting
The City Council and key management currently review special "budget to actual" revenue and expenditure reports monthly; however, this provides limited information to decision makers because the information is provided only at the detailed level, without appropriate summarization and the related balance sheet to present the funds financial position and results of operations. Additionally, these reports must be extracted from the financial management software by a special report writing program because the current financial management system does not have built in reporting capabilities.

Accordingly, we recommend that the City develop a quarterly financial reporting format and methodology that would provide summarized balance sheet and income statements for each major utility and governmental funds that would provide a more complete and big picture view for decision makers. We also recommend that the City consider the possible replacement of the existing financial management software to one that has the ability to automatically present summarized financial statements for all major funds.

Our Management Letter Comments is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management**,** and is not intended to be and should not be used by anyone other than these specified parties.

We would like to take this opportunity to express our appreciation for the courtesies, which have been extended to our staff. If you have any questions or comments about the contents of this letter, or the information accompanying this letter, please do not hesitate to contact us.

Purvis, Gray and Company, LLP

May 6, 2016
Ocala, Florida

OFFICE OF BUSINESS AND FINANCIAL SERVICES
110 SE WATULA AVENUE
OCALA, FLORIDA 34471

City's Response to Auditor's Recommendations

Prior Year Comments:

2014-04: Staff concurs that accurately reporting revenues is vital to Airport operations. The City's Internal Audit staff is in process of performing audit procedures in this area to assure accuracy.

Current Year Comments:

2015-01: Staff agrees that a review of transactional data and internal controls should be performed. The City's Internal Audit staff is in process of developing and performing an audit plan to review operational transactions, internal control and segregation of duties.

2015-02: Staff has no control over the Boards activities or decisions. Staff does agree that the three pension Boards should review their policies as to what is documented in the minutes. Staff will discuss with the pension Boards.

2015-03: Staff agrees with the need for continuing development and implementation of Information Technology (IT) Controls. The City brought the consulting IT services back into the organization to provide better controls and outcomes. Additional staff were hired to accommodate this need including the hiring of an IT Security Officer. The items listed under this Audit comment are either completed and/or in progress to be completed or established as an ongoing procedure.

2015-04: Staff concurs that timely quarterly financial reporting to include summarized balance sheet and income statements in addition to the monthly "budget to actual" reports would be an added tool for the financial and operational management of the City. Staff will evaluate the options and resources on how to obtain the data to prepare the requested reports and provide an implementation plan to meet this audit recommendation.