

June 21, 2017

VIA EMAIL

Ms. Alicia Gaither  
City of Ocala  
110 SE Watula Ave  
Ocala, FL 34471

Re: City of Ocala General Employees' Retirement System  
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Alicia:

Please find enclosed the annual disclosures that satisfy the October 1, 2016 financial reporting requirements made under Section 112.664.

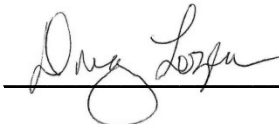
Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made clear in the law.

In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should contact its Investment Consultant for this information.

If there are any questions, concerns, or comments about any of the items contained in this report, please feel free to contact me.

Respectfully submitted,

Foster & Foster, Inc.

By: 

Douglas H. Lozen, EA, MAAA  
Enrolled Actuary #17-7778

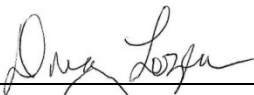
DHL/lke  
Enclosures

cc via email: H. Lee Dehner, Board Attorney

CITY OF OCALA  
GENERAL EMPLOYEES' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES  
COMPLIANCE

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, meet the requirements of Section 112.664(1), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.

By:  Date: 6/21/2017  
Douglas H. Lozen, EA, MAAA  
Enrolled Actuary #17-7778



When reviewing the following schedules, please note the following:

- 1) The purpose of producing this report is solely to satisfy the requirements set forth by Section 112.664, Florida Statutes, and is mandatory for every Florida public pension fund, excluding the Florida Retirement System (FRS).
- 2) None of the schedules shown have any impact on the funding requirements of the Plan. These schedules are for statutory compliance purposes only.
- 3) In the schedules that follow, the columns labeled “ACTUAL” represent the final recorded GASB 67/68 results. The columns labeled “HYPOTHETICAL” illustrate what the results would have been if different assumptions were used.
- 4) It is our opinion that the Plan’s actual assumptions utilized in the October 1, 2016 Actuarial Valuation Report, as adopted by the Board of Trustees, are reasonable individually and in the aggregate, and represent our best estimate of future Plan experience.
- 5) The “Number of Years Expected Benefit Payments Sustained” calculated in Section II: Asset Sustainability should not be interpreted as the number of years the Plan has left until it is insolvent. This calculation is required by 112.664, Florida Statutes, but the numeric result is irrelevant, since in its calculation we are to assume there will be no further contributions to the Fund. As long as the Actuarially Determined Contribution is made each year the Plan will never become insolvent.

**GASB 67: SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.00% RP-2000 Generational	5.00% RP-2000 Generational	9.00% RP-2000 Generational
<b>Total Pension Liability</b>			
Service Cost	1,852,029	3,018,344	1,192,793
Interest	14,160,117	13,048,020	14,606,308
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	1,198,983	1,448,779	987,973
Changes of Assumptions	5,202,901	9,262,226	2,955,358
Contributions - Buy Back	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(11,575,745)	(11,575,745)	(11,575,745)
Net Change in Total Pension Liability	10,838,285	15,201,624	8,166,687
Total Pension Liability - Beginning	206,223,229	263,729,930	166,887,387
Total Pension Liability - Ending (a)	<u>\$ 217,061,514</u>	<u>\$ 278,931,554</u>	<u>\$ 175,054,074</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	14,187,965	14,187,965	14,187,965
Contributions - Employee	574,059	574,059	574,059
Net Investment Income	10,585,043	10,585,043	10,585,043
Benefit Payments, Including Refunds of Employee Contributions	(11,575,745)	(11,575,745)	(11,575,745)
Administrative Expenses	(225,101)	(225,101)	(225,101)
Net Change in Plan Fiduciary Net Position	13,546,221	13,546,221	13,546,221
Plan Fiduciary Net Position - Beginning	115,010,138	115,010,138	115,010,138
Plan Fiduciary Net Position - Ending (b)	<u>\$ 128,556,359</u>	<u>\$ 128,556,359</u>	<u>\$ 128,556,359</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 88,505,155</u>	<u>\$ 150,375,195</u>	<u>\$ 46,497,715</u>

**GASB 68: PENSION EXPENSE**  
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.00%	5.00%	9.00%
Pension Expense	<u>\$ 9,370,925</u>	<u>\$ 11,238,523</u>	<u>\$ 7,489,029</u>

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 7.00% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2016	128,556,178	-	13,832,770	-	8,514,786	123,238,194
2017	123,238,194	-	12,236,540	-	8,198,395	119,200,049
2018	119,200,049	-	12,784,257	-	7,896,554	114,312,346
2019	114,312,346	-	13,356,098	-	7,534,401	108,490,649
2020	108,490,649	-	13,799,805	-	7,111,352	101,802,196
2021	101,802,196	-	14,381,602	-	6,622,798	94,043,392
2022	94,043,392	-	14,789,510	-	6,065,405	85,319,287
2023	85,319,287	-	15,349,889	-	5,435,104	75,404,502
2024	75,404,502	-	15,868,329	-	4,722,924	64,259,097
2025	64,259,097	-	16,250,769	-	3,929,360	51,937,688
2026	51,937,688	-	16,556,676	-	3,056,155	38,437,167
2027	38,437,167	-	16,877,448	-	2,099,891	23,659,610
2028	23,659,610	-	17,103,780	-	1,057,540	7,613,370
2029	7,613,370	-	17,354,213	-	-	-

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 13.44

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.00% interest.

**It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.**

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2  
Hypothetical Assumptions: 5.00% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2016	128,556,178	-	13,832,770	-	6,081,990	120,805,398
2017	120,805,398	-	12,236,540	-	5,734,356	114,303,214
2018	114,303,214	-	12,784,257	-	5,395,554	106,914,511
2019	106,914,511	-	13,356,098	-	5,011,823	98,570,236
2020	98,570,236	-	13,799,805	-	4,583,517	89,353,948
2021	89,353,948	-	14,381,602	-	4,108,157	79,080,503
2022	79,080,503	-	14,789,510	-	3,584,287	67,875,280
2023	67,875,280	-	15,349,889	-	3,010,017	55,535,408
2024	55,535,408	-	15,868,329	-	2,380,062	42,047,141
2025	42,047,141	-	16,250,769	-	1,696,088	27,492,460
2026	27,492,460	-	16,556,676	-	960,706	11,896,490
2027	11,896,490	-	16,877,448	-	-	-

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 11.70

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.00% interest.

**It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.**

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3  
Hypothetical Assumptions: 9.00% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2016	128,556,178	-	13,832,770	-	10,947,581	125,670,989
2017	125,670,989	-	12,236,540	-	10,759,745	124,194,194
2018	124,194,194	-	12,784,257	-	10,602,186	122,012,123
2019	122,012,123	-	13,356,098	-	10,380,067	119,036,092
2020	119,036,092	-	13,799,805	-	10,092,257	115,328,544
2021	115,328,544	-	14,381,602	-	9,732,397	110,679,339
2022	110,679,339	-	14,789,510	-	9,295,613	105,185,442
2023	105,185,442	-	15,349,889	-	8,775,945	98,611,498
2024	98,611,498	-	15,868,329	-	8,160,960	90,904,129
2025	90,904,129	-	16,250,769	-	7,450,087	82,103,447
2026	82,103,447	-	16,556,676	-	6,644,260	72,191,031
2027	72,191,031	-	16,877,448	-	5,737,708	61,051,291
2028	61,051,291	-	17,103,780	-	4,724,946	48,672,457
2029	48,672,457	-	17,354,213	-	3,599,582	34,917,826
2030	34,917,826	-	17,508,204	-	2,354,735	19,764,357
2031	19,764,357	-	17,577,733	-	987,794	3,174,418
2032	3,174,418	-	17,648,798	-	-	-

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 16.18

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.00% interest.

**It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.**

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.00% RP-2000 Generational	5.00% RP-2000 Generational	9.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$16,084,707	\$20,161,898	\$12,516,738
Total Required Contribution (% of Payroll)	110.2%	138.2%	85.8%
Expected Member Contribution	830,705	822,679	838,731
Expected Sponsor Contribution (Fixed \$)	\$15,254,002	\$19,339,219	\$11,678,007
Expected Sponsor Contribution (% of Payroll)	104.5%	132.5%	80.0%

**ASSETS**

Actuarial Value <sup>1</sup>	130,321,459	130,321,459	130,321,459
Market Value <sup>1</sup>	128,556,178	128,556,178	128,556,178

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	50,129,474	69,982,343	37,503,128
Disability Benefits	1,453,719	1,868,471	1,161,701
Death Benefits	675,703	800,623	577,396
Vested Benefits	4,000,619	6,408,172	2,646,821
Refund of Contributions	64,454	64,454	64,454
Service Retirees	133,554,572	166,692,540	110,464,392
DROP Retirees <sup>1</sup>	6,024,079	6,925,182	5,383,209
Beneficiaries	10,278,299	12,666,373	8,614,228
Disability Retirees	284,022	373,954	226,594
Terminated Vested	20,436,763	30,227,988	14,508,808
Total:	226,901,704	296,010,100	181,150,731
Present Value of Future Salaries	88,443,422	96,637,501	81,604,120
Present Value of Future Member Contributions	4,516,082	4,926,895	4,173,062
Total Normal Cost	1,345,057	2,238,861	849,214
Present Value of Future Normal Costs (Entry Age Normal)	6,424,669	11,619,500	3,749,555
Total Actuarial Accrued Liability <sup>1</sup>	220,477,035	284,390,600	177,401,176
Unfunded Actuarial Accrued Liability (UAAL)	90,155,576	154,069,141	47,079,717



ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.00% RP-2000 Generational	5.00% RP-2000 Generational	9.00% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost <sup>2</sup>	1,464,525	2,414,164	933,575
Administrative Expenses <sup>2</sup>	245,094	242,726	247,463
Payment Required To Amortize UAAL <sup>2</sup>	14,375,088	17,505,008	11,335,700
Total Required Contribution	\$16,084,707	\$20,161,898	\$12,516,738

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2016.

<sup>2</sup> Contributions developed as of 10/1/2016 displayed above have been adjusted to account for assumed salary increase and interest components.