

**CITY OF OCALA, FLORIDA**

***Comprehensive Annual Financial Report***

***Fiscal Year ended September 30, 2018***



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

# CITY OF OCALA, FLORIDA

## COMPREHENSIVE ANNUAL

### FINANCIAL REPORT

For the fiscal year ended

September 30, 2018



*New Ocala First Responder Campus*



Prepared by:

**Finance Department**

Emory Roberts Jr., CIA, CISA, CGAP

**Finance Director**



**CITY OF OCALA, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2018**

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

March 26, 2019

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, 2018. 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, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;



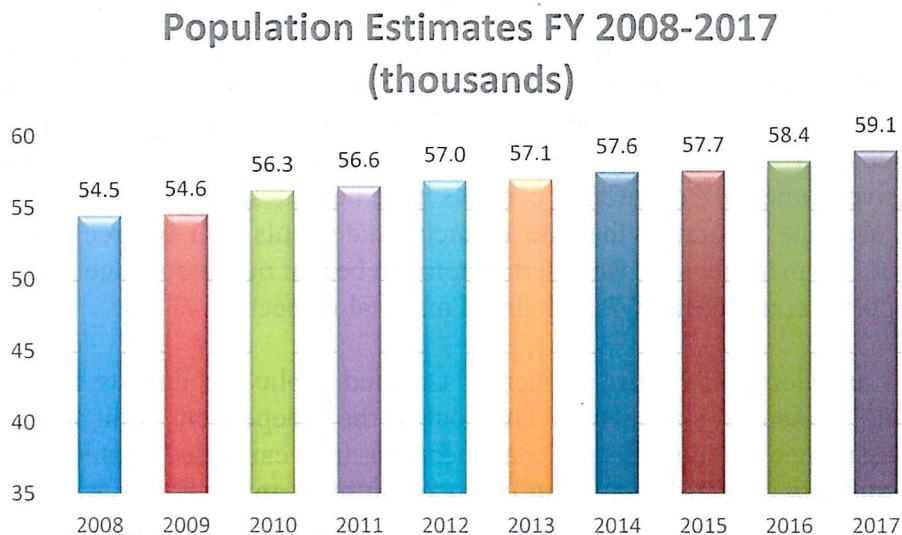
assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the City’s financial statements for the fiscal year ended September 30, 2018, 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 16<sup>th</sup> century. The City takes its name from the historical village, the name of which is believed to mean “Big Hammock” in the Timucua language. There are approximately 47 square miles of land included within the corporate boundaries of the City. The City’s population has been trending upwards for the last ten years and as of July 1, 2017, the official population estimate was 59,110.



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
- ✓ Fiber Network
- ✓ Water and Wastewater

Internal support services include the following:

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

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

In addition to the above activities, the City exercises oversight responsibility for the Community Redevelopment Agency. Accordingly, these activities are included in the

reporting entity and reflected in this report. Note 1 in the *Notes to Financial Statements* lists specific criteria used for establishing oversight responsibility.

The City also maintains budgetary controls. The objective is to ensure compliance with legal provisions contained in the annual budget approved by the City Council. Annual budgets are legally adopted for all funds including the *general funds, special revenue funds, enterprise funds, internal service funds, fiduciary funds, 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. Ocala's economy continues to show signs of strengthening, with a 8% increase in real property valuations, heightened building permit activity, a declining unemployment rate, and drops in the area's foreclosure rates. Growth pressures include annual pension contribution costs and inflationary pressures associated with day-to-day operations and capital expenses.

**Local Economy.** In recent years, Ocala has become a center for manufacturing, logistics, and distribution companies, and continues to market the Ocala International Airport Business Park. The tourist industry also has a significant impact on the economy, with the Silver Springs and Rainbow Springs attractions, and the Ocala National Forest nearby. The Ocala area is home to a \$2.6 billion equine industry and the World Equestrian Center under construction in western Ocala will continue to attract additional interest in the community.

The City's strategic investments in economic development made over the past five years are yielding meaningful results. This year McLane purchased the former GFS distribution center and began construction of a 355,000 square-foot addition which will quadruple the size of the facility. The City has also invested in a few smaller scale economic development projects that focused on business expansion and the reactivation of long-term vacant structures. RealTruck is renovating a space at Market Street at Heath Brook and Wells Pharmacy increased last year's commitment to include additional employees. Together these businesses have committed \$60.4 million in private investments in machinery, equipment and facility improvements and the creation of more than 209 new full-time jobs.

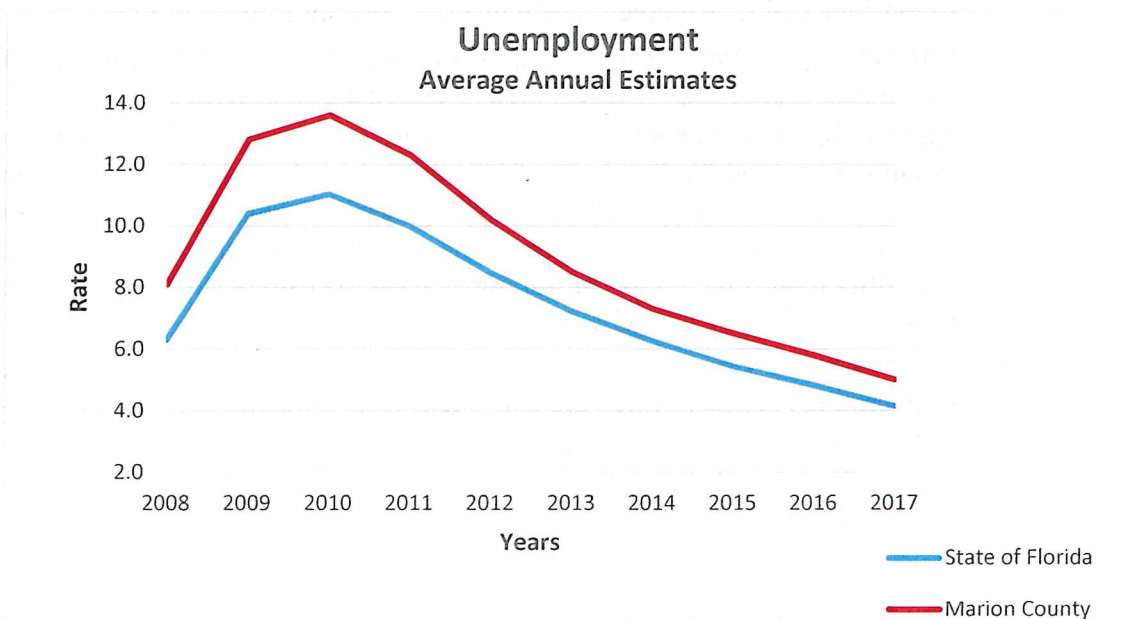
The West Ocala Facade Grant program was again successful in improving existing businesses such as Auto Mart of Ocala, Raney's Inc. and Tom Atsides Restaurant Supply by providing exterior improvements, elevating the surrounding areas, and spurring

additional economic investment. The program also assisted Estella Byrd Whitman Wellness Center in creating a neighborhood wellness center which opened in early 2018.

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. One clear example is the City's success in securing additional funding from the US Environmental Protection Agency and Florida Department of Environmental Protection to perform a Phase II Environmental Site Assessment of the former Royal Oak Charcoal Plant property. The city was successful in purchasing the site and removing the structures in anticipation of developing the site for mixed-use to include affordable housing.

The U.S. Environmental Protection Agency (EPA) has awarded the City of Ocala \$300,000 to carry out environmental assessments on properties within the city that are perceived to contain hazardous substances or petroleum in the soil or groundwater. The intent of the grant is to encourage redevelopment of these sites by determining whether or not contamination exists and if so, the extent of the anticipated cleanup. Activities under this grant will further the redevelopment of such properties, thereby creating economic development throughout the community.

The County's unemployment rate decreased from 4.4% at this time last year to 3.9%, which is slightly higher than the state average of 3.7% and a little lower than the national average of 4.1%.



**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:

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

**Key Management Practices.** The City has adopted 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.
- **Utilities Fund Transfers** – Transfers to the general fund are a percentage of operating revenues which are consistent with competitive markets and is applied to the following utilities:
  - Electric (11%)
  - Water Resources (7%)
  - Fiber (7%)
- **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, 2017. This was the thirty-third year the City has received this prestigious award.

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, 2017, making the twenty-seventh 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 Peter Brill, Assistant Finance Director, Raymond Bachik, Accounting Manager, Anthony Webber, Fiscal Operations Supervisor and Marie Brooks, Fiscal Operations Supervisor.

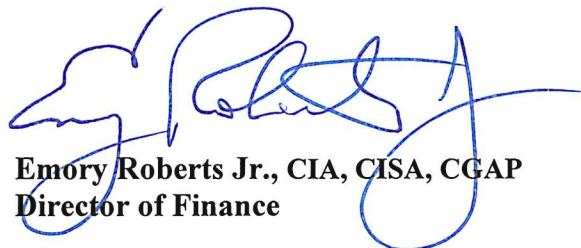
Special recognition is given to all of the employees of the Finance Department and Budget Department who worked diligently to ensure the timeliness and accuracy of the report.

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

Respectfully submitted,



**John Zobler**  
City Manager



**Emory Roberts Jr., CIA, CISA, CGAP**  
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, 2017**

*Christopher P. Morill*

Executive Director/CEO

**CITY OF OCALA, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2018**

**ELECTED OFFICIALS**

Kent Guinn, Mayor  
Brent Malever, Council President  
Mary Sue Rich, Council President Pro-Tem  
Jay A. Musleh, Councilman  
Justin Grabelle, Councilman  
Matthew Wardell, Councilman

**APPOINTED OFFICIALS**

City Manager  
City Attorney  
City Clerk  
Internal Auditor

John Zobler  
Patrick G. Gilligan  
Angel Jacobs  
Alice Garner

**EXECUTIVE STAFF**

Deputy City Manager  
Assistant City Manager  
Assistant City Manager

Sandra R. Wilson  
Ken Whitehead  
William Kauffman

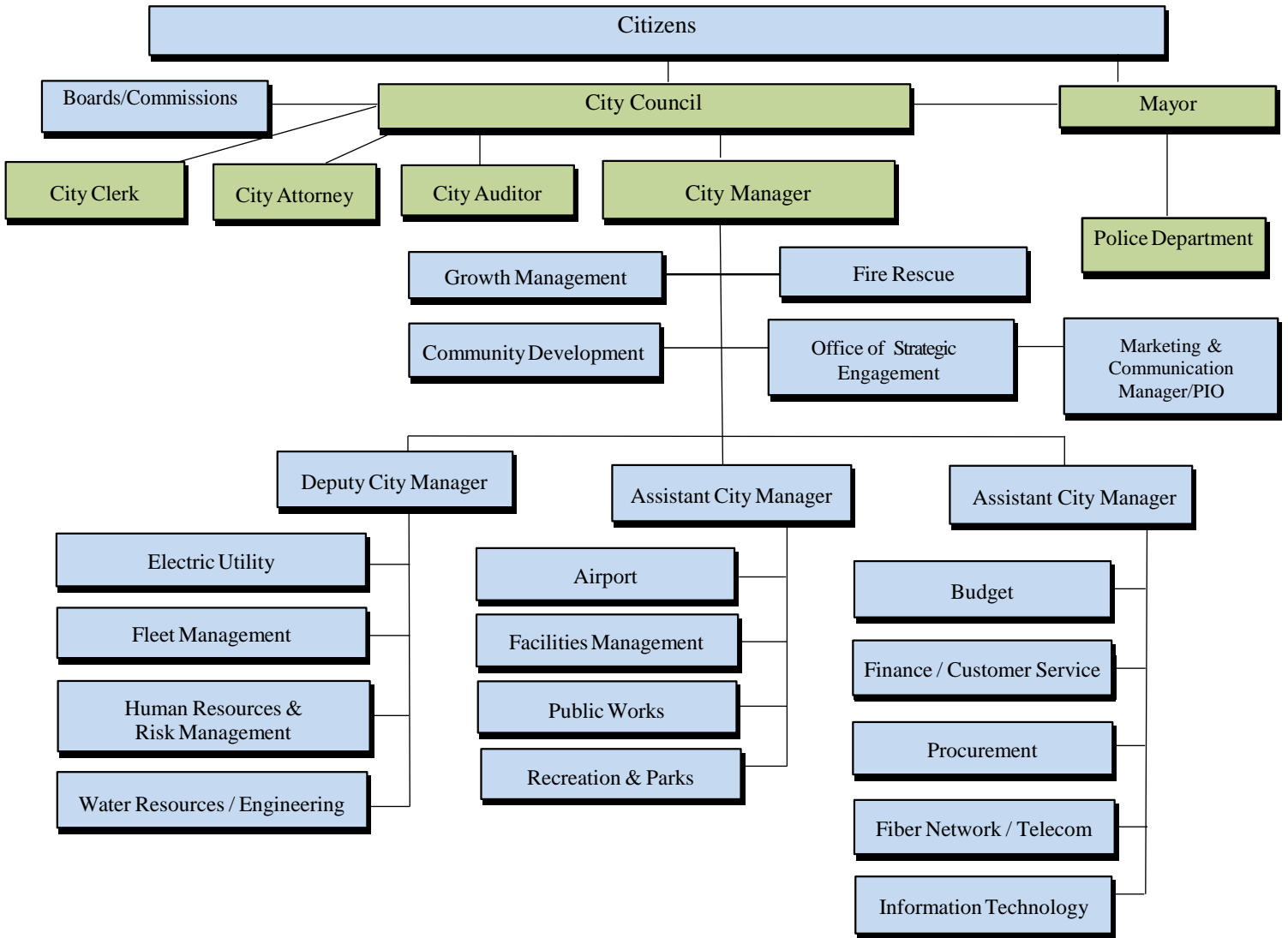
**Finance Staff**

Director of Finance & CSO  
Assistant Director of Finance & CSO  
Accounting Manager  
Fiscal Operations Supervisor  
Fiscal Operations Supervisor  
Accountant I  
Senior Accountant  
Accounts Payable  
Payroll Specialist II  
Payroll Specialist II  
Pension Benefits Coordinator  
Administrative Specialist II

Emory Roberts Jr.  
Peter Brill  
Raymond Bachik  
Marie Brooks  
Anthony Webber  
Maribel Lozada  
Cathy Larson  
Linda Wright  
Jennifer Bean  
Brian Clark  
Alicia Gaither  
Michelle Hansen



# CITY OF OCALA - Organizational Chart



## 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, 2018, 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.

### **Certified Public Accountants**

P.O. Box 141270 • 222 N.E 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350  
1560 N. Orange Ave., Suite #450 • Winter Park, Florida 32789  
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)*

**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, each major fund, and the aggregate remaining fund information of the City as of September 30, 2018, 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.

**Emphasis of a Matter**

As discussed in Note 13 of the financial statements, in 2018 the City adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. 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), budgetary comparison information, 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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A, budgetary comparison information, 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*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. The introductory section, combining and individual nonmajor fund financial statements, nonmajor fund budgetary comparison schedules, and statistical section, are presented for purposes of additional analysis, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state projects is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards, 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, nonmajor fund 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, nonmajor fund budgetary comparison schedule, 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 March 26, 2019, 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*

March 26, 2019  
Ocala, Florida



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**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

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, 2018. 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 \$435,036,296 (net position).
- Unrestricted net position totals \$29,912,915 and may be used to meet the government's ongoing obligations to citizens and creditors.
- Government general revenue and transfers-in totaled \$106,850,688 compared to \$99,257,146 in 2017, or an 7.6% increase from the prior year. Expenses totaled \$100,822,494 compared to \$92,457,740 in 2017 or a 9.0% increase from the prior year.
- At the close of the fiscal year, the City's governmental activities reported combined ending net position of \$152,780,415 as compared to \$146,752,221 an increase of \$6,028,194 in comparison with the prior year. Of the fiscal year ended net position, \$(3,874,746) was unrestricted. This change from last fiscal year's negative balance was due to increased program expenses.
- The business-type activities revenue totaled \$211,113,561 as compared to \$205,311,298 for a 2.8% increase over the prior year. Expenses and transfers-out totaled \$210,482,841 as compared to \$212,166,675 in 2017, for a 0.8% decrease from the prior year. The result produced an increase in business-type net assets of \$630,720 as compared to a decrease of \$(6,855,377) in the prior year.
- The City's prior year net position was restated due to the implementation of GASB 75. This resulted in a decrease of net position of \$6,841,111 for Governmental Activities and \$3,369,503 for Business-Type Activities.
- The City is committed to providing the Citizens of Ocala with the highest quality services while maintaining efficiency and cost effectiveness.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

**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, public transportation and fiber network.

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

**Fund financial statements.** A *fund* is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All 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 thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the CRA funds, which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation.

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

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

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

**Proprietary funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City maintains seven enterprise funds to account for the following operations: electric, water and sewer, sanitation, golf course, airport, fiber and transit. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. 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 41-104 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 105-117 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 126-148 of this report.



**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

**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 2018 as compared to 2017.

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 \$435,036,296 at the close of the most recent fiscal year.

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

**Statement of Net Position  
As of September 30**

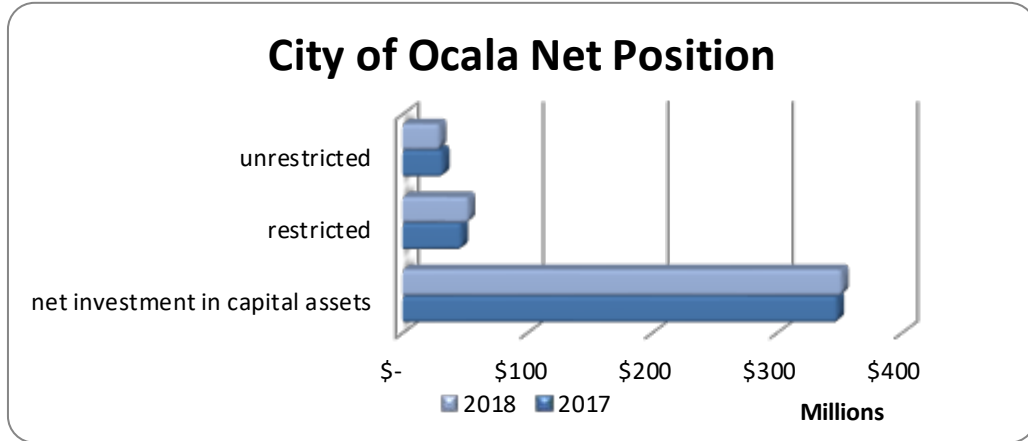
	<b>Governmental Activities</b>		<b>Business -type Activities</b>		<b>Total Primary Government</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Current and other assets	\$ 92,313,830	\$ 93,080,752	\$ 169,119,163	\$ 176,993,608	\$ 261,432,993	\$ 270,074,360
Capital assets (net)	169,810,959	170,677,490	331,420,557	335,362,117	501,231,516	506,039,607
Total Assets	262,124,789	263,758,242	500,539,720	512,355,725	762,664,509	776,113,967
Total deferred outflows of resources	28,904,088	27,505,293	17,208,006	19,022,467	46,112,094	46,527,760
Long-term liabilities outstanding	121,946,580	130,244,788	175,106,034	185,805,183	297,052,614	316,049,971
Other liabilities	7,303,293	8,604,681	31,386,066	29,200,361	38,689,359	37,805,042
Total Liabilities	129,249,873	138,849,469	206,492,100	215,005,544	335,741,973	353,855,013
Total deferred inflows of resources	8,998,589	5,661,845	28,999,745	34,747,487	37,998,334	40,409,332
Net Position:						
Net investment in capital assets	144,116,288	142,579,197	208,016,157	205,989,676	352,132,445	348,568,873
Restricted	12,538,873	13,711,945	40,452,063	33,647,458	52,990,936	47,359,403
Unrestricted	(3,874,746)	(9,538,921)	33,787,661	41,988,027	29,912,915	32,449,106
(1) Total Net Position	\$ 152,780,415	\$ 146,752,221	\$ 282,255,881	\$ 281,625,161	\$ 435,036,296	\$ 428,377,382

(1) Net position of Governmental and Business-type Activities was restated for 2017

By far, the largest portion of the City's net position 80.9% 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.

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

An additional portion of the City's net position equal to 12.2% represents resources that are subject to external restrictions on how they may be used. The remaining 6.9% 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 \$6,028,194 from the prior fiscal year for an ending balance of \$152,780,415. Most of the increase in the overall net position is the result of a decrease in total liabilities.

**Business-type Activities.** For the City's business-type activities, the results for the current fiscal year were negative in that overall net position increased to an ending balance of \$282,255,881. The total net position for the business-type activities increased by \$630,720 as compared to a decrease of \$(6,855,377) in the prior year. The increase is attributed to an increase in revenues from \$205,311,298 in 2017 to \$211,113,561 in 2018, as a result of an increase in charges for services. Electric operating expenses decreased \$5,448,327 however this was offset by \$1,633,700 restatement of net position due to GASB 75. Capital assets for all enterprises are aging resulting in a decreasing net position.

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

**Statement of Activities.** The City's net position for governmental activities increased by \$6,028,194 during the current fiscal year and business-type activity net position increased by \$630,720. The city's operations for the past two fiscal years are summarized as follows:

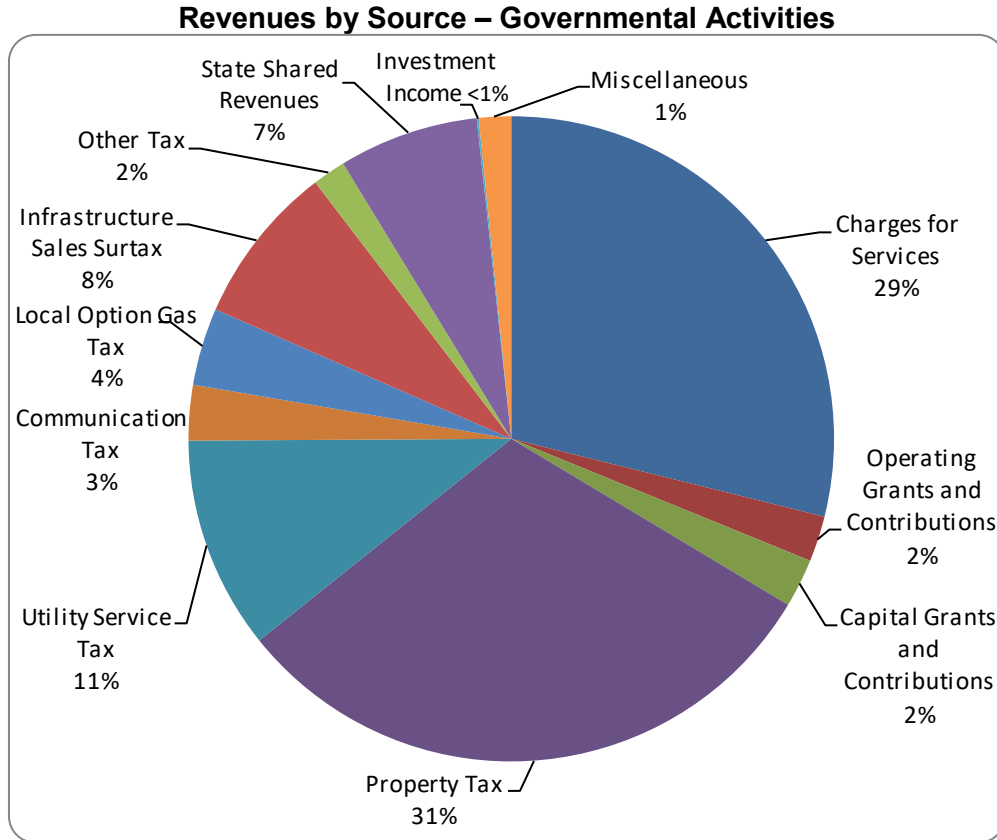
**Changes in Net Position  
For the Year Ended September 30**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Program revenues:</b>						
Charges for services	\$ 26,470,062	\$ 23,689,175	\$ 201,577,286	\$ 196,515,300	\$ 228,047,348.00	\$ 220,204,475
Operating grants and contributions	2,093,493	3,941,191	2,964,470	2,739,807	5,057,963.00	6,680,998
Capital grants and contributions	2,231,867	1,707,662	6,509,675	5,390,271	8,741,542.00	7,097,933
<b>General revenues:</b>						
Property taxes	28,086,252	26,579,539	-	-	28,086,252.00	26,579,539
Other taxes	24,763,752	21,247,088	-	-	24,763,752.00	21,247,088
State shared revenues	6,428,967	6,194,657	-	-	6,428,967.00	6,194,657
Other	1,571,059	1,093,341	62,130	665,920	1,633,189.00	1,759,261
<b>Total Revenues</b>	<b>91,645,452</b>	<b>84,452,653</b>	<b>211,113,561</b>	<b>205,311,298</b>	<b>302,759,013.00</b>	<b>289,763,951</b>
<b>Program expenses:</b>						
General government	16,541,510	15,103,102	-	-	16,541,510	15,103,102
Public safety	45,582,373	42,095,725	-	-	45,582,373	42,095,725
Physical environment	7,012,507	6,413,857	-	-	7,012,507	6,413,857
Transportation	19,400,855	18,046,664	-	-	19,400,855	18,046,664
Economic Environment	1,595,196	1,182,204	-	-	1,595,196	1,182,204
Human services	17,021	5,113	-	-	17,021	5,113
Culture and recreation	9,856,771	8,747,638	-	-	9,856,771	8,747,638
Interest on long term debt	816,261	863,436	-	-	816,261	863,436
Electric	-	-	139,377,776	144,857,424	139,377,776	144,857,424
Water and sewer	-	-	34,326,111	32,970,648	34,326,111	32,970,648
Sanitation	-	-	10,932,803	9,271,356	10,932,803	9,271,356
Municipal golf courses	-	-	2,139,314	1,999,735	2,139,314	1,999,735
International airport	-	-	1,752,284	1,829,899	1,752,284	1,829,899
Fiber Network	-	-	3,819,983	3,315,091	3,819,983	3,315,091
Suntran	-	-	2,929,334	3,118,029	2,929,334	3,118,029
<b>Total Expenses</b>	<b>100,822,494</b>	<b>92,457,740</b>	<b>195,277,605</b>	<b>197,362,182</b>	<b>296,100,099</b>	<b>289,819,922</b>
Change in net position before transfers	(9,177,042)	(8,005,087)	15,835,956	7,949,116	6,658,914	(55,971)
Transfers	15,205,236	14,804,493	(15,205,236)	(14,804,493)	-	-
Increase (Decrease) in net position	\$ 6,028,194	\$ 6,799,406	\$ 630,720	\$ (6,855,377)	6,658,914	\$ (55,971)
(1) Net position - beginning	146,752,221	146,793,926	281,625,161	291,850,041	428,377,382	438,643,967
Net position - ending	<b>\$ 152,780,415</b>	<b>\$ 153,593,332</b>	<b>\$ 282,255,881</b>	<b>\$ 284,994,664</b>	<b>\$ 435,036,296</b>	<b>\$ 438,587,996</b>
(1) Restated						

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.

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

The City's overall net position increased \$6,658,914 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.



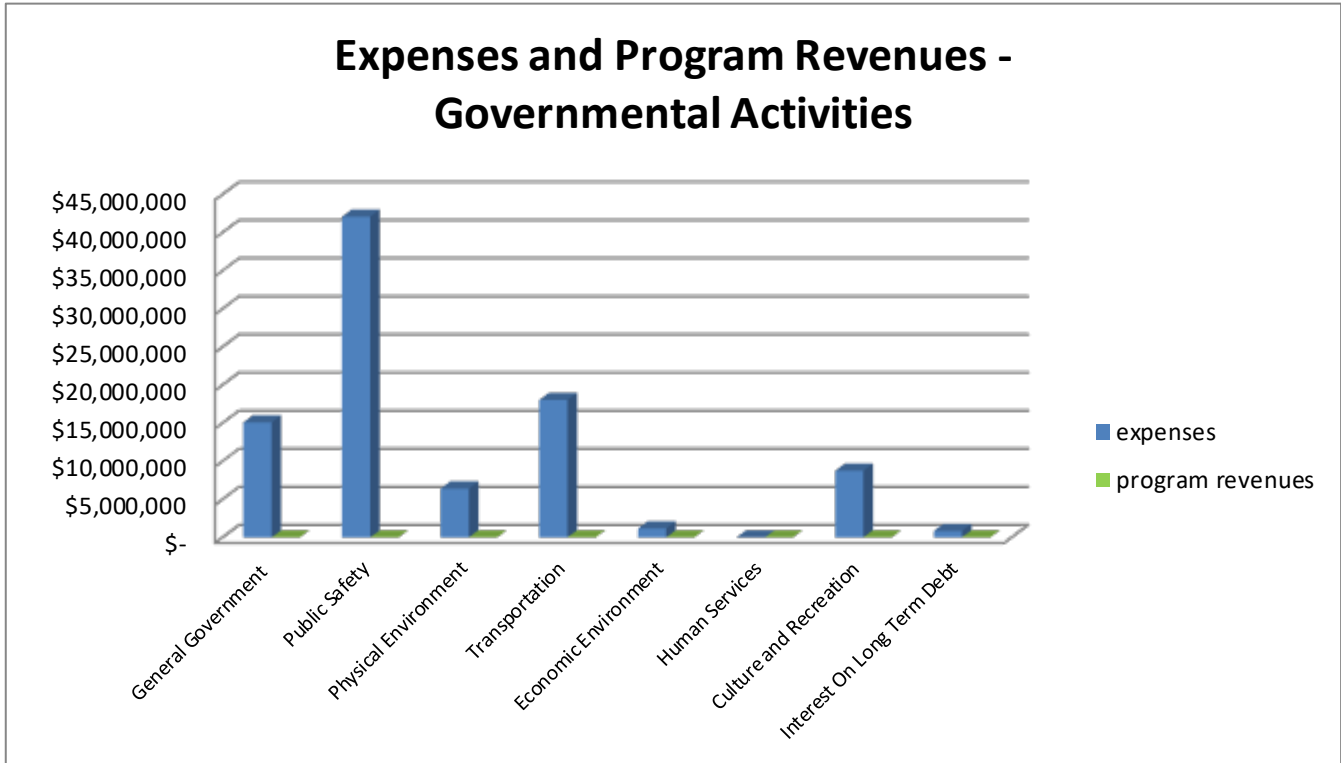
**Key Elements of Revenues of Governmental Activities:**

- Property taxes, which provided 31% of governmental revenues, increased by \$1,506,713. In FY 2018, the City's millage rate was 6.6177 per \$1,000 of taxable property. This was the same rate for FY 2017.
- Charges for services provided 29% of governmental revenues. Charges for services increased \$2,780,887 an increase of 11.74%.
- Utility services taxes provided 11.0% of governmental revenues and totaled \$9,767,251 for FY 2018. This was an increase of \$683,520, from prior year, a 7.52% increase.
- Operating and capital grants and contributions accounts for 2.0% of governmental revenues.

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

**Key Element of Expenses of Governmental Activities**

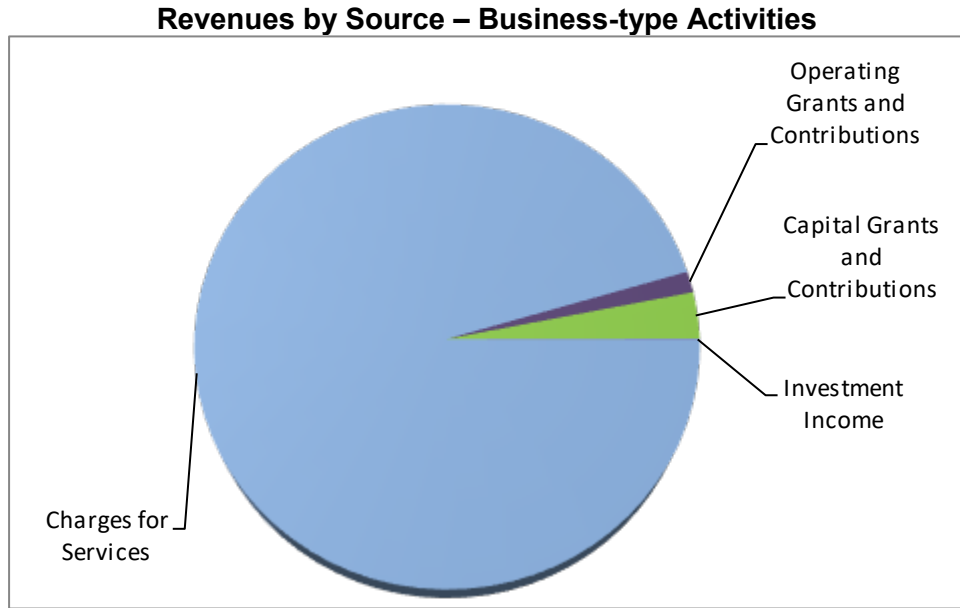
In FY 2018, expenses for Governmental Activities increased 9.0% to \$100,822,494. Total expenses increased \$8,364,754, mostly due to increased Public safety costs. The expenses for interest on long term debt decreased \$47,175. As seen in the graph, the majority of governmental activities are not supported by program revenues.



**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

**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 96% of the revenue generated in the enterprise funds as seen below. Rates should be established to ensure operating expenses are covered.



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 (\$6,855,377) in FY 2017 to a positive amount of \$630,720 in FY 2018.

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

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	
	2018	2017	2018	2017	2018	2017
Operating Revenues	\$ 151,400,553	\$ 149,362,971	\$ 29,574,011	\$ 28,841,424	\$ 12,507,267	\$ 11,235,445
Operating Expenses	137,601,327	143,049,654	31,637,543	30,065,590	10,932,803	9,271,356
Operating Income(Loss)	\$ 13,799,226	\$ 6,313,317	\$ (2,063,532)	\$ (1,224,166)	\$ 1,574,464	\$ 1,964,089

	Municipal Golf Course		Ocala International Airport		Ocala Fiber Network	
	2018	2017	2018	2017	2018	2017
Operating Revenues	\$ 1,442,187	\$ 1,456,241	\$ 1,107,269	\$ 1,103,267	\$ 5,203,224	\$ 4,095,942
Operating Expenses	2,139,314	1,999,735	1,752,284	1,829,899	3,819,983	3,315,091
Operating Income(Loss)	\$ (697,127)	\$ (543,494)	\$ (645,015)	\$ (726,632)	\$ 1,383,241	\$ 780,851

	SunTran		TOTALS	
	2018	2017	2018	2017
Operating Revenues	\$ 342,775	\$ 420,010	\$ 201,577,286	\$ 196,515,300
Operating Expenses	2,929,334	3,118,029	190,812,588	192,649,354
Operating Income(Loss)	\$ (2,586,559)	\$ (2,698,019)	\$ 10,764,698	\$ 3,865,946

Key elements of the City's business-type activities for FY 2018 are as follows:

Business-type activities had an operating income of \$10,764,698 a 178.4% increase from the prior year.

The City's Electric Utility Fund accounted for the majority of the increase. While operating revenues increased \$2,037,582, operating expenses for the fund decreased \$5,448,327 due mainly to lower costs for administration expense and the purchase of electricity.

The Water and Sewer Fund had a decrease in operating income of \$839,366. Operating revenues increased 2.5% while operating expenses increased 5.2% due to increased water and sewer treatment costs combined with higher sewer collection costs.

The Sanitation Fund had a decrease in operating income of \$389,625 in FY 2018. This was due to an increase in residential collection fees and administration costs.

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 2018, operating loss was \$697,127 as compared to prior years' loss of \$543,494. This is primarily due to increased operating expenses.

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

The Ocala International Airport had a decrease in operating loss of \$81,617 as compared to \$46,059 in FY 2017. Most of the decrease was due to lower operation and maintenance costs.

The Fiber Network Fund had an increase in operating income of \$602,390. This is primarily due to a \$1,107,282 increase in operation revenues which was offset by an increase in administration expenses.

The City's public mass transit system, SunTran had an operating loss of \$2,586,559. This number, however, does not reflect non-operating revenue of \$2,964,470. 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:

<b>Fund</b>	<b>Unrestricted Net Position</b>
Electric	\$ 12,854,158
Water and Sewer	14,248,400
Sanitation	2,352,675
Municipal Golf Course	224,141
Ocala International Airport	971,551
Ocala Fiber Network	3,325,824
SunTran	(189,088)
Total	\$ 33,787,661

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**

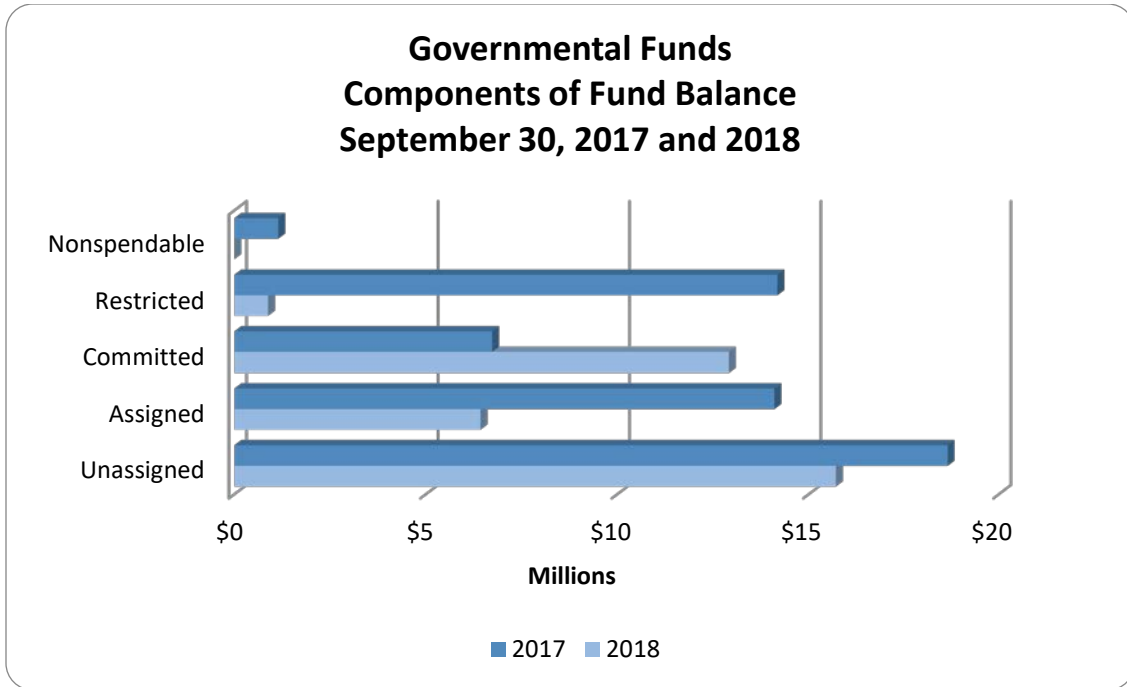
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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, 2018, the City's governmental funds reported combined fund balances of \$55,005,096, an increase of \$190,841 in comparison with the prior year. Approximately 34.7% of this amount (\$19,067,511) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either non-spendable, restricted, committed or assigned to indicate that it is 1) not in spendable form (\$881,066), 2) restricted for particular purposes (\$12,914,943), 3) committed for particular purposes (\$6,428,883), or 4) assigned for particular purposes (\$15,712,693).



**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**



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 23.4% of total general fund expenditures, while total fund balance represents approximately 48.4% of that same amount. The fund balance of the City’s general fund increased by \$2,405,568 during the current fiscal year.

The operating information for the other major governmental fund is as follows:

	Community Redevelopment Agency	
	2018	2017
Revenues and other sources	\$ 1,733,884	\$ 840,661
Expenses and other uses	1,164,099	695,031
Increase (decrease) in Net Position	<u>\$ 569,785</u>	<u>\$ 145,630</u>

The increase in net position in FY 2018 is due to a \$888,422 increase in property taxes and transfers which was offset by an increase in capital expenditures for the purchase of land.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original General Fund budget, not including reserves, totaled \$79,660,717. Various budget amendments were approved by City Council. During the year, appropriations increased \$15,438,393 from the original to the final budget in the General Fund. Actual expenditures were \$9,354,587 lower than the final budget. The following are the main components of the increase in the final budget:

- Total allocation for Capital Improvement Program is \$30,514,049
- Information Technology upgrades \$665,600

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

- Replacement vehicles for Ocala Police Department \$1,275,201
- Transportation Rehabilitation and Improvements \$3,320,000

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, 2018 totaled \$501,231,516 (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 \$4,808,091. This represents a 0.95% decrease from FY 2017.

**CAPITAL ASSETS  
(NET OF DEPRECIATION)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Land	\$ 24,501,780	\$ 23,379,801	\$ 22,799,375	\$ 22,756,939	\$ 47,301,155	\$ 46,136,740
Intangible (Easement, ROW)	1,935,359	1,922,794	1,158,855	1,158,855	3,094,214	3,081,649
Buildings	10,876,154	11,326,262	9,726,196	10,409,091	20,602,350	21,735,353
Impv Other Than Bldgs	20,937,187	19,643,001	280,602,424	281,570,449	301,539,611	301,213,450
Equipment	20,976,647	21,338,725	10,420,642	6,247,326	31,397,289	27,586,051
Intangible (Software)	1,160,084	1,562,214	1,356,208	1,592,524	2,516,292	3,154,738
Infrastructure	81,389,002	88,355,731	-	-	81,389,002	88,355,731
Construction in Progress	8,034,746	3,148,962	5,356,857	11,626,933	13,391,603	14,775,895
<b>Total</b>	<b>\$ 169,810,959</b>	<b>\$ 170,677,490</b>	<b>\$ 331,420,557</b>	<b>\$ 335,362,117</b>	<b>\$ 501,231,516</b>	<b>\$ 506,039,607</b>

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

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

**Governmental Activities:**

- FDOT ITS Deployment project was completed at a cost of \$1,523,252.

**Business-type Activities:**

- Airfield Perimeter Wildlife Fence project was completed at a cost of \$430,410.99.
- Osceola Linear Park -Underground Electric project was completed at a cost of \$1,845,445.
- Ergle Substation Upgrade project was completed at a cost of \$2,576,967.
- Silver Springs Substation Rebuild project was completed at a cost of \$1,030,701.
- Marion County School Board Fiber Network project was completed at a cost of \$1,293,841.

Additional information on the City's capital assets can be found in the Notes to Financial Statements on pages 69-70.

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$155,820,000. That was a decrease of \$8,845,084 or 5.4% from outstanding long-term debt of \$164,665,084 at the end of FY 2017. 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	
	2018	2017	2018	2017	2018	2017
Capital Improvement bonds	\$ 27,415,000	\$ 29,820,000	\$ -	\$ -	\$ 27,415,000	\$ 29,820,000
Utility system bonds	-	-	128,405,000	134,780,000	128,405,000	134,780,000
Capital leases	-	65,084	-	-	-	65,084
<b>Total</b>	<b>\$ 27,415,000</b>	<b>\$ 29,885,084</b>	<b>\$ 128,405,000</b>	<b>\$ 134,780,000</b>	<b>\$ 155,820,000</b>	<b>\$ 164,665,084</b>

The City had no outstanding general obligation debt at the close of FY 2018. 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 94-98 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 2019 budget:

- The FY 2019 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

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

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 continues to strengthen, with an 8% increase in real property valuations. The City has aggressively, but strategically, continued sowing the seeds for tomorrow's economic recovery. The City's investments in economic development made over the past three to four years are beginning to yield meaningful results. The FY 2019 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 valuations and transfers to cover the cost of service delivery. The General Fund Budget for FY 2019 totals \$109,205,149.
- The Citywide Comprehensive FY 2019 Budget totals \$786,496,054.
- The FY 2019 Budget was prepared by utilizing available resources in the most efficient manner to ensure that the City can provide services that have been established as priorities for the current fiscal year. The City continues to monitor growth pressures in annual pension contribution costs and inflationary pressures associated with day-to-day operations and capital expenses.

**CITY OF OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

- Each department reviewed its operations and recommended strategies to reduce expenditures without significantly impacting services. These efficiencies to date include: reorganization of some department and/or divisions, consolidation of service functions, re-assignment of staff to critical tasks, and better utilization of technology. Each department will continue to focus on all areas of their operation to reduce costs while maintaining operational efficiency.
- A rate study for electric was concluded in August 2018. In addition to adjustments to customer charges, City Council approved increases to electric base rates, averaging 6%, over a three- year period beginning October 2018.
- Water rates will increase another 1.5% in FY 2019. This is the final year in a five-year plan to increase rates a total of 15%.

During the current fiscal year, the unassigned fund balance in the general fund was \$19,067,511. The City has appropriated \$10,839,966 of this amount for spending in the 2018-2019 fiscal year budgeted. This action was taken as an additional measure to mitigate the impact of the slow economic recovery on the 2018-2019 fiscal year budget.

**REQUESTS FOR INFORMATION**

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

**CITY OF OCALA, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**

<b>Assets</b>	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
Cash and investments	\$ 448,124	\$ 42,217	\$ 490,341
Equity In pooled cash and investment fund	83,077,063	126,368,857	209,445,920
Receivables-net of allowance for uncollectibles	2,812,385	27,276,720	30,089,105
Accrued interest receivable	338,066	390,274	728,340
Internal balances	(771,302)	771,302	-
Due from other governments	5,508,429	5,140,642	10,649,071
Prepays	761,718	357,321	1,119,039
Inventories	139,347	8,771,830	8,911,177
Capital assets not being depreciated:			
Land	26,437,139	23,958,230	50,395,369
Construction in progress	8,034,746	5,356,857	13,391,603
Capital assets, net of accumulated depreciation:			
Buildings	10,876,154	9,726,196	20,602,350
Improvements other than buildings	20,937,187	280,602,424	301,539,611
Machinery and equipment	20,976,647	10,420,642	31,397,289
Intangibles	1,160,084	1,356,208	2,516,292
Infrastructure	81,389,002	-	81,389,002
<b>Total assets</b>	<b>262,124,789</b>	<b>500,539,720</b>	<b>762,664,509</b>
<b>Deferred outflows of resources</b>			
Deferred outflows pension related	26,672,225	11,676,390	38,348,615
Deferred outflows from debt refunding	1,720,329	5,279,666	6,999,995
Deferred outflows from OPEB	511,534	251,950	763,484
<b>Total deferred outflows of resources</b>	<b>28,904,088</b>	<b>17,208,006</b>	<b>46,112,094</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	4,799,189	18,614,531	23,413,720
Contract retainage	298,183	201,734	499,917
Accrued interest payable	376,070	2,083,736	2,459,806
Unearned revenue	370,911	1,356,217	1,727,128
Escrow and deposits	1,458,940	-	1,458,940
Other liabilities	-	9,129,848	9,129,848
Noncurrent liabilities:			
Net pension liability	71,756,175	39,066,434	110,822,609
OPEB Liability	10,038,974	4,904,026	14,943,000
Due within one year	7,673,699	8,794,292	16,467,991
Due in more than one year	32,477,732	122,341,282	154,819,014
<b>Total liabilities</b>	<b>129,249,873</b>	<b>206,492,100</b>	<b>335,741,973</b>
<b>Deferred inflows of resources</b>			
Deferred inflows from debt refunding	-	279,066	279,066
Deferred inflows pension related	8,998,589	2,882,212	11,880,801
Regulatory liability-rate stabilization	-	25,838,467	25,838,467
<b>Total deferred inflows of resources</b>	<b>8,998,589</b>	<b>28,999,745</b>	<b>37,998,334</b>
<b>Net Position</b>			
Net invested in capital assets	144,116,288	208,016,157	352,132,445
Restricted for:			
Transportation	2,031,610	-	2,031,610
Capital projects	2,886,177	33,722,063	36,608,240
Debt service	2,625,000	6,730,000	9,355,000
Development district improvements	2,608,706	-	2,608,706
Public safety	1,681,267	-	1,681,267
Grants	706,113	-	706,113
Unrestricted	(3,874,746)	33,787,661	29,912,915
<b>Total net position</b>	<b>\$ 152,780,415</b>	<b>\$ 282,255,881</b>	<b>\$ 435,036,296</b>

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, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 16,541,510	\$ 15,323,733	\$ 261,394	\$ 569,969
Public safety	45,582,373	10,339,923	41,073	-
Physical environment	7,012,507	135,074	-	-
Transportation	19,400,855	-	1,204,612	1,661,898
Economic environment	1,595,196	-	582,297	-
Human services	17,021	-	-	-
Culture and recreation	9,856,771	671,332	4,117	-
Interest on long term debt	816,261	-	-	-
<b>Total governmental activities</b>	<b>100,822,494</b>	<b>26,470,062</b>	<b>2,093,493</b>	<b>2,231,867</b>
<b>Business-type activities:</b>				
Electric	139,377,776	151,400,553	-	521,302
Water and sewer	34,326,111	29,574,011	-	5,257,742
Sanitation	10,932,803	12,507,267	-	1,844
Municipal golf courses	2,139,314	1,442,187	-	-
International airport	1,752,284	1,107,269	-	728,787
Fiber Network	3,819,983	5,203,224	-	-
Suntran	2,929,334	342,775	2,964,470	-
<b>Total business-type activities</b>	<b>\$ 195,277,605</b>	<b>\$ 201,577,286</b>	<b>\$ 2,964,470</b>	<b>\$ 6,509,675</b>

**General Revenues:**

Property tax  
Utility service tax  
Communication tax  
Local option gas tax  
Infrastructure sales 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.

<b>Net (Expense) Revenue and Change In Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (386,414)	\$ -	\$ (386,414)
(35,201,377)	-	(35,201,377)
(6,877,433)	-	(6,877,433)
(16,534,345)	-	(16,534,345)
(1,012,899)	-	(1,012,899)
(17,021)	-	(17,021)
(9,181,322)	-	(9,181,322)
(816,261)	-	(816,261)
<u>(70,027,072)</u>	<u>-</u>	<u>(70,027,072)</u>
-	12,544,079	12,544,079
-	505,642	505,642
-	1,576,308	1,576,308
-	(697,127)	(697,127)
-	83,772	83,772
-	1,383,241	1,383,241
-	377,911	377,911
<u>-</u>	<u>15,773,826</u>	<u>15,773,826</u>
28,086,252	-	28,086,252
9,767,251	-	9,767,251
2,543,312	-	2,543,312
3,557,305	-	3,557,305
7,376,128	-	7,376,128
1,519,756	-	1,519,756
6,428,967	-	6,428,967
86,514	62,130	148,644
1,484,545	-	1,484,545
<u>15,205,236</u>	<u>(15,205,236)</u>	<u>-</u>
<u>76,055,266</u>	<u>(15,143,106)</u>	<u>60,912,160</u>
6,028,194	630,720	6,658,914
<u>146,752,221</u>	<u>281,625,161</u>	<u>428,377,382</u>
<u>\$ 152,780,415</u>	<u>\$ 282,255,881</u>	<u>\$ 435,036,296</u>



**CITY OF OCALA, FLORIDA  
BALANCE SHEET  
ALL GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018**

	<u>General Fund</u>	<u>Community Redevelopment Agency (CRA) Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and investments	\$ 448,124	\$ -	\$ -	\$ 448,124
Equity In pooled cash and investment fund	35,761,747	2,432,545	13,623,951	51,818,243
Receivables-net of				
allowance for uncollectibles	988,049	-	713,883	1,701,932
Accrued interest receivable	150,595	10,377	44,454	205,426
Due from other funds	1,328,698	-	-	1,328,698
Due from other governments	2,523,216	-	2,985,213	5,508,429
Prepays	679,425	-	62,293	741,718
Inventories	139,348	-	-	139,348
Accrued unbilled revenues	1,110,453	-	-	1,110,453
<b>Total assets</b>	<u>43,129,655</u>	<u>2,442,922</u>	<u>17,429,794</u>	<u>63,002,371</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	2,757,061	48,674	804,307	3,610,042
Interfund loans payable	-	-	2,100,000	2,100,000
Unearned revenue	369,534	-	-	369,534
Retainage on contracts	35,353	-	262,828	298,181
Escrow and deposits	450,875	-	1,008,065	1,458,940
<b>Total liabilities</b>	<u>3,612,823</u>	<u>48,674</u>	<u>4,175,200</u>	<u>7,836,697</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows from future revenues	93,037	-	67,541	160,578
<b>Total deferred inflows of resources</b>	<u>93,037</u>	<u>-</u>	<u>67,541</u>	<u>160,578</u>
<b>Fund Balances:</b>				
Nonspendable	818,773	-	62,293	881,066
Restricted	1,999,031	2,394,248	8,521,664	12,914,943
Committed	1,825,787	-	4,603,096	6,428,883
Assigned	15,712,693	-	-	15,712,693
Unassigned	19,067,511	-	-	19,067,511
<b>Total fund balances</b>	<u>39,423,795</u>	<u>2,394,248</u>	<u>13,187,053</u>	<u>55,005,096</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 43,129,655</u>	<u>\$ 2,442,922</u>	<u>\$ 17,429,794</u>	<u>\$ 63,002,371</u>

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, 2018**

Total fund balances of governmental funds \$ 55,005,096

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 \$468,610,175 and the accumulated depreciation is \$298,799,216. 155,719,161

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	(41,401,267)
Net Pension Liability Police Plan	(17,551,738)
Net Pension Liability Fire Plan	(12,803,170)
Deferred outflows of resources related to pensions	26,672,225
Deferred inflows of resources related to pensions	(8,998,589)

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. 36,608,884

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. 160,578

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	(27,415,000)
Unamortized (gain)loss on refunding (to be amortized as interest expense).	1,720,329
Accrued interest payable	(376,070)
Compensated absences	(5,032,584)
OPEB liability payable	(10,038,974)
Deferred outflows related to OPEB	511,534

Net position of governmental activities \$ 152,780,415

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, 2018**

	<b>General Fund</b>	<b>CRA Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Property tax	\$ 27,589,980	\$ 418,603	\$ 77,669	\$ 28,086,252
Utility service tax	9,767,251	-	-	9,767,251
Communication service tax	2,543,312	-	-	2,543,312
Local option gas tax	-	-	3,557,305	3,557,305
Infrastructure sales surtax	-	-	7,376,128	7,376,128
Other tax	1,519,756	-	-	1,519,756
State shared revenues	6,428,967	-	-	6,428,967
Other intergovernmental revenues	1,915,239	-	2,512,477	4,427,716
Permits and fees	3,828,575	-	-	3,828,575
Fines and forfeitures	1,212,005	-	-	1,212,005
Charges for services	15,272,294	-	6,054,831	21,327,125
Investment income	36,399	252	22,630	59,281
Miscellaneous	1,662,747	-	42,804	1,705,551
<b>Total revenues</b>	<u>71,776,525</u>	<u>418,855</u>	<u>19,643,844</u>	<u>91,839,224</u>
<b>Expenditures</b>				
Current:				
General government	16,494,605	-	-	16,494,605
Public safety	47,376,895	-	-	47,376,895
Physical environment	-	-	5,920,590	5,920,590
Transportation	4,079,815	-	7,962,170	12,041,985
Economic environment	803,047	459,867	235,624	1,498,538
Culture and recreation	9,206,055	-	-	9,206,055
Capital outlay	3,436,457	704,232	8,480,429	12,621,118
Debt service:				
Principal payments	-	-	2,405,000	2,405,000
Interest and fees	-	-	755,634	755,634
<b>Total expenditures</b>	<u>81,396,874</u>	<u>1,164,099</u>	<u>25,759,447</u>	<u>108,320,420</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(9,620,349)</u>	<u>(745,244)</u>	<u>(6,115,603)</u>	<u>(16,481,196)</u>
<b>Other financing sources (uses)</b>				
Transfers in	16,314,844	1,315,029	3,375,081	21,004,954
Transfers out	(4,288,927)	-	(43,990)	(4,332,917)
<b>Total other financing sources (uses)</b>	<u>12,025,917</u>	<u>1,315,029</u>	<u>3,331,091</u>	<u>16,672,037</u>
<b>Net change in fund balances</b>	2,405,568	569,785	(2,784,512)	190,841
<b>Fund balances - October 1</b>	37,018,227	1,824,463	15,971,565	54,814,255
<b>Fund balances - September 30</b>	<u>\$ 39,423,795</u>	<u>\$ 2,394,248</u>	<u>\$ 13,187,053</u>	<u>\$ 55,005,096</u>

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, 2018**

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

Net change in fund balances - total governmental funds	\$ 190,841
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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 capital purchases of \$12,621,118 (net of disposals \$156,228) exceeded depreciation expense of \$10,686,462.	2,060,884
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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:

Principal repayments	
Bonds and Certificates	2,405,000
Amortization of bond discount, premium, and deferred amounts on refundings	(66,462)

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	290,798
Accrued interest on long term debt	7,737
OPEB liability payable	(152,436)

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.	4,046,213
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(8,172)
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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.	<u>(2,746,209)</u>
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Change in net position of governmental activities	<u>\$ 6,028,194</u>
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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, 2018**

	BUSINESS-TYPE ACTIVITIES -			
	Electric System Revenue	Water and Sewer	Non-Major Funds	
			Sanitation	Municipal Golf Course
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and investments	\$ 2,900	\$ -	\$ -	\$ 39,317
Equity in pooled cash and investment fund	29,006,879	16,530,145	7,232,501	327,019
Restricted assets available for current liabilities	3,583,010	6,305,118	-	-
Receivables (net, where applicable, of allowances for uncollectibles):				
Accounts and notes	11,698,954	3,363,737	694,714	518,557
Accrued interest	234,970	69,713	30,855	1,395
Unbilled revenues	8,353,968	1,463,842	650,904	-
Due from other funds	761,178	-	-	-
Prepays	316,661	-	14,374	19,789
Inventories	6,938,042	1,332,927	-	50,832
Due from other governments	2,089,054	628,693	29,271	-
<b>Total current assets</b>	<b>62,985,616</b>	<b>29,694,175</b>	<b>8,652,619</b>	<b>956,909</b>
<b>Noncurrent Assets:</b>				
Restricted Assets:				
Equity in pooled cash and investment fund:				
Construction accounts	5,350,689	17,037,710	-	-
Debt service accounts	3,520,434	5,293,302	-	-
Impact fee accounts	2,418,140	7,435,143	-	-
Rate stabilization	25,838,467	-	-	-
Renewal and replacement	-	1,448,662	-	-
Accrued interest receivable:				
Impact fee accounts	-	31,719	-	-
Less: Portion classified as current	(3,583,010)	(6,305,118)	-	-
Non restricted assets:				
Interfund Receivable	1,480,983	-	-	-
Total restricted assets	35,025,703	24,941,418	-	-
Capital assets, net:				
Land	6,481,665	11,208,821	-	357,343
Buildings	3,384,612	1,341,493	370,352	211,479
Improvements other than buildings	99,890,523	162,148,033	-	620,979
Machinery and equipment	3,596,015	1,019,136	2,542,599	27,328
Intangible assets	1,162,993	160,188	15,507	-
Construction in process	262,700	4,167,013	-	-
Total capital assets (net)	114,778,508	180,044,684	2,928,458	1,217,129
<b>Total noncurrent assets</b>	<b>149,804,211</b>	<b>204,986,102</b>	<b>2,928,458</b>	<b>1,217,129</b>
<b>Total assets</b>	<b>\$ 212,789,827</b>	<b>\$ 234,680,277</b>	<b>\$ 11,581,077</b>	<b>\$ 2,174,038</b>
<b>Deferred outflows of resources:</b>				
Deferred amount on debt refunding	1,909,766	3,369,900	-	-
Deferred amount pension related	7,694,534	1,877,025	1,675,680	-
Deferred amount OPEB related	122,157	68,714	38,174	-
<b>Total deferred outflows of resources</b>	<b>\$ 9,726,457</b>	<b>\$ 5,315,639</b>	<b>\$ 1,713,854</b>	<b>\$ -</b>

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

<b>ENTERPRISE FUNDS</b>				<b>GOVERNMENTAL</b>
<b>Non-Major Funds</b>				
<b>Ocala International Airport</b>	<b>Ocala Fiber Network</b>	<b>SunTran</b>	<b>Total</b>	<b>ACTIVITIES Internal Service Funds</b>
\$ -	\$ -	\$ -	\$ 42,217	\$ -
1,282,946	3,646,820	-	58,026,310	31,258,820
-	-	-	9,888,128	-
67,227	202,846	-	16,546,035	-
6,064	15,558	-	358,555	132,640
-	261,971	-	10,730,685	-
-	-	-	761,178	-
220	6,277	-	357,321	20,000
-	450,029	-	8,771,830	-
67,539	70,186	2,255,899	5,140,642	-
<u>1,423,996</u>	<u>4,653,687</u>	<u>2,255,899</u>	<u>110,622,901</u>	<u>31,411,460</u>
-	-	-	22,388,399	-
-	-	-	8,813,736	-
-	-	-	9,853,283	-
-	-	-	25,838,467	-
-	-	-	1,448,662	-
-	-	-	31,719	-
-	-	-	(9,888,128)	-
-	-	-	1,480,983	-
-	-	-	59,967,121	-
5,910,401	-	-	23,958,230	-
3,277,300	-	1,140,960	9,726,196	103,903
11,719,267	6,223,622	-	280,602,424	190,570
62,165	792,437	2,380,962	10,420,642	13,480,792
-	17,520	-	1,356,208	316,533
791,154	135,990	-	5,356,857	-
<u>21,760,287</u>	<u>7,169,569</u>	<u>3,521,922</u>	<u>331,420,557</u>	<u>14,091,798</u>
<u>21,760,287</u>	<u>7,169,569</u>	<u>3,521,922</u>	<u>391,387,678</u>	<u>14,091,798</u>
\$ 23,184,283	\$ 11,823,256	\$ 5,777,821	\$ 502,010,579	\$ 45,503,258
-	-	-	5,279,666	-
43,550	385,601	-	11,676,390	-
7,635	15,270	-	251,950	-
<u>\$ 51,185</u>	<u>\$ 400,871</u>	<u>\$ -</u>	<u>\$ 17,208,006</u>	<u>\$ -</u>

(Continued)

**CITY OF OCALA, FLORIDA**  
**STATEMENT OF NET POSITION (Continued)**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2018**

	<b>BUSINESS-TYPE ACTIVITIES -</b>			
	<b>Electric System Revenue</b>	<b>Water and Sewer</b>	<b>Non-Major Funds</b>	
			<b>Sanitation</b>	<b>Municipal Golf Course</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Payable from unrestricted assets:				
Accounts payable and accrued liabilities	\$ 14,782,007	\$ 326,945	\$ 557,012	\$ 686,716
Contract retainage	10,283	191,451	-	-
Claims payable	-	-	-	-
Compensated absences payable	1,347,666	353,005	226,263	-
Due to other funds	-	-	-	-
Customer deposits	9,024,950	-	-	6,923
Capital lease payable	-	-	-	-
Unearned revenue	1,183,207	128,881	-	39,129
Total current liabilities payable from unrestricted assets	<u>26,348,113</u>	<u>1,000,282</u>	<u>783,275</u>	<u>732,768</u>
Payable from restricted assets:				
Accounts payable and accrued liabilities	62,576	1,011,816	-	-
Accrued interest payable	831,034	1,252,702	-	-
Revenue bonds payable within one year	2,689,400	4,040,600	-	-
Total current liabilities payable from restricted assets	<u>3,583,010</u>	<u>6,305,118</u>	<u>-</u>	<u>-</u>
<b>Total current liabilities</b>	<u>29,931,123</u>	<u>7,305,400</u>	<u>783,275</u>	<u>732,768</u>
<b>Noncurrent Liabilities:</b>				
Claims payable	-	-	-	-
Interfund Loan Payable	-	-	-	-
Compensated absences payable	290,869	169,835	178,850	-
OPEB obligation payable	2,401,756	1,301,906	810,152	-
Net pension liability	24,797,008	7,217,831	5,828,011	-
Revenue bonds and notes payable after one year	49,168,300	72,506,700	-	-
<b>Total noncurrent liabilities</b>	<u>76,657,933</u>	<u>81,196,272</u>	<u>6,817,013</u>	<u>-</u>
<b>Deferred Inflows of Resources:</b>				
Deferred amount on debt refunding	-	279,066	-	-
Deferred inflows pension related	1,945,800	384,726	413,510	-
Regulatory liability-rate stabilization	25,838,467	-	-	-
<b>Total deferred inflows of resources</b>	<u>27,784,267</u>	<u>663,792</u>	<u>413,510</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	64,830,574	106,588,218	2,928,458	1,217,129
Restricted for debt service	2,689,400	4,040,600	-	-
Restricted for capital projects	7,768,829	25,953,234	-	-
Unrestricted (accumulated deficit)	12,854,158	14,248,400	2,352,675	224,141
<b>Total net position</b>	<u>\$ 88,142,961</u>	<u>\$ 150,830,452</u>	<u>\$ 5,281,133</u>	<u>\$ 1,441,270</u>

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

<b>ENTERPRISE FUNDS</b>				<b>GOVERNMENTAL</b>
<b>Non-Major Funds</b>				
<b>Ocala International Airport</b>	<b>Ocala Fiber Network</b>	<b>SunTran</b>	<b>Total</b>	<b>ACTIVITIES Internal Service Funds</b>
\$ 17,639	\$ 58,531	\$ 1,111,289	\$ 17,540,139	\$ 1,189,147
-	-	-	201,734	-
-	-	-	-	1,753,209
43,751	93,607	-	2,064,292	-
70,601	-	1,328,698	1,399,299	-
97,975	-	-	9,129,848	-
-	-	-	-	-
-	-	5,000	1,356,217	1,380
<u>229,966</u>	<u>152,138</u>	<u>2,444,987</u>	<u>31,691,529</u>	<u>2,943,736</u>
-	-	-	1,074,392	-
-	-	-	2,083,736	-
-	-	-	6,730,000	-
-	-	-	9,888,128	-
<u>229,966</u>	<u>152,138</u>	<u>2,444,987</u>	<u>41,579,657</u>	<u>2,943,736</u>
-	-	-	-	5,950,638
71,560	-	-	71,560	-
12,885	13,843	-	666,282	-
134,051	256,161	-	4,904,026	-
44,683	1,178,901	-	39,066,434	-
-	-	-	121,675,000	-
<u>263,179</u>	<u>1,448,905</u>	<u>-</u>	<u>166,383,302</u>	<u>5,950,638</u>
-	-	-	279,066	-
10,485	127,691	-	2,882,212	-
-	-	-	25,838,467	-
<u>10,485</u>	<u>127,691</u>	<u>-</u>	<u>28,999,745</u>	<u>-</u>
21,760,287	7,169,569	3,521,922	208,016,157	14,091,798
-	-	-	6,730,000	-
-	-	-	33,722,063	-
971,551	3,325,824	(189,088)	33,787,661	22,517,086
<u>\$ 22,731,838</u>	<u>\$ 10,495,393</u>	<u>\$ 3,332,834</u>	<u>\$ 282,255,881</u>	<u>\$ 36,608,884</u>



**CITY OF OCALA, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>BUSINESS-TYPE ACTIVITIES -</b>			
	<b>Electric System Revenue</b>	<b>Water and Sewer</b>	<b>Non- Major Funds</b>	
			<b>Sanitation</b>	<b>Municipal Golf Course</b>
<b>Operating Revenues:</b>				
Charges for services	\$ 142,470,472	\$ 29,455,113	\$ 12,482,226	\$ 1,440,563
Other	8,930,081	118,898	25,041	1,624
Total operating revenues	<u>151,400,553</u>	<u>29,574,011</u>	<u>12,507,267</u>	<u>1,442,187</u>
<b>Operating Expenses:</b>				
Purchase of electricity	97,606,008	-	-	-
Distribution	15,819,058	4,999,124	-	-
Operation and maintenance	4,905,732	-	6,356,093	298,158
Water and sewer treatment	-	8,161,030	-	-
Sewer collection	-	4,031,529	-	-
Internal service	-	-	-	-
Administration	10,917,996	3,802,881	4,398,926	1,494,297
Depreciation	8,352,533	10,642,979	177,784	346,859
Other	-	-	-	-
Total operating expenses	<u>137,601,327</u>	<u>31,637,543</u>	<u>10,932,803</u>	<u>2,139,314</u>
<b>Operating income (loss)</b>	<u>13,799,226</u>	<u>(2,063,532)</u>	<u>1,574,464</u>	<u>(697,127)</u>
<b>Non-Operating Revenues (Expenses):</b>				
Investment income	37,990	6,199	7,546	2,942
Interest expense	(1,776,449)	(2,688,568)	-	-
Other non-operating revenue	-	-	-	-
Total non-operating revenues (expenses)	<u>(1,738,459)</u>	<u>(2,682,369)</u>	<u>7,546</u>	<u>2,942</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>12,060,767</u>	<u>(4,745,901)</u>	<u>1,582,010</u>	<u>(694,185)</u>
<b>Capital Contributions</b>	<u>521,302</u>	<u>5,257,742</u>	<u>1,844</u>	<u>-</u>
<b>Transfers:</b>				
Transfers in	183,342	131,379	96,775	662,795
Transfers out	(13,792,598)	(2,287,102)	(151,402)	(173,000)
Total transfers	<u>(13,609,256)</u>	<u>(2,155,723)</u>	<u>(54,627)</u>	<u>489,795</u>
<b>Change in net position</b>	<u>(1,027,187)</u>	<u>(1,643,882)</u>	<u>1,529,227</u>	<u>(204,390)</u>
<b>Net position - October 1, restated</b>	<u>\$ 89,170,148</u>	<u>\$ 152,474,334</u>	<u>\$ 3,751,906</u>	<u>\$ 1,645,660</u>
<b>Net position - September 30</b>	<u>\$ 88,142,961</u>	<u>\$ 150,830,452</u>	<u>\$ 5,281,133</u>	<u>\$ 1,441,270</u>

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

<b>ENTERPRISE FUNDS</b>				<b>GOVERNMENTAL</b>
<b>Non-Major Funds</b>				<b>ACTIVITIES</b>
<b>Ocala International Airport</b>	<b>Ocala Fiber Network</b>	<b>SunTran</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ 1,101,168	\$ 5,194,360	\$ 342,775	\$ 192,486,677	\$ 13,119,700
6,101	8,864	-	9,090,609	911,386
<u>1,107,269</u>	<u>5,203,224</u>	<u>342,775</u>	<u>201,577,286</u>	<u>14,031,086</u>
-	-	-	97,606,008	-
-	-	-	20,818,182	-
245,523	1,279,566	2,630,322	15,715,394	-
-	-	-	8,161,030	-
-	-	-	4,031,529	-
-	-	-	-	12,408,410
524,001	1,938,728	-	23,076,829	-
982,760	601,689	299,012	21,403,616	2,714,581
-	-	-	-	-
<u>1,752,284</u>	<u>3,819,983</u>	<u>2,929,334</u>	<u>190,812,588</u>	<u>15,122,991</u>
<u>(645,015)</u>	<u>1,383,241</u>	<u>(2,586,559)</u>	<u>10,764,698</u>	<u>(1,091,905)</u>
3,398	4,055	-	62,130	27,233
-	-	-	(4,465,017)	(1,902)
-	-	2,964,470	2,964,470	(212,834)
<u>3,398</u>	<u>4,055</u>	<u>2,964,470</u>	<u>(1,438,417)</u>	<u>(187,503)</u>
<u>(641,617)</u>	<u>1,387,296</u>	<u>377,911</u>	<u>9,326,281</u>	<u>(1,279,408)</u>
<u>728,787</u>	<u>-</u>	<u>-</u>	<u>6,509,675</u>	<u>-</u>
-	32,194	283,338	1,389,823	-
-	(190,957)	-	(16,595,059)	(1,466,801)
-	(158,763)	283,338	(15,205,236)	(1,466,801)
87,170	1,228,533	661,249	630,720	(2,746,209)
<u>\$ 22,644,668</u>	<u>\$ 9,266,860</u>	<u>\$ 2,671,585</u>	<u>\$ 281,625,161</u>	<u>\$ 39,355,093</u>
<u>\$ 22,731,838</u>	<u>\$ 10,495,393</u>	<u>\$ 3,332,834</u>	<u>\$ 282,255,881</u>	<u>\$ 36,608,884</u>

**CITY OF OCALA, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>BUSINESS-TYPE ACTIVITIES -</b>			
	<b>Non- Major Funds</b>			
	<b>Electric System Revenue</b>	<b>Water and Sewer</b>	<b>Sanitation</b>	<b>Municipal Golf Course</b>
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 143,366,033	\$ 28,456,211	\$ 12,402,042	\$ 1,449,079
Cash paid to suppliers for goods and services	(112,121,375)	(14,354,352)	(6,542,305)	(1,781,974)
Cash received from other funds	-	-	-	-
Cash received from employees				
Cash paid to other funds	(2,242,161)	-	-	-
Cash paid for insurance claims	-	-	-	-
Cash paid to employees for services	(17,908,065)	(6,651,025)	(4,631,369)	-
Net cash provided by (used in) operating activities	<u>11,094,432</u>	<u>7,450,834</u>	<u>1,228,368</u>	<u>(332,895)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Transfers in	183,342	131,379	96,775	662,795
Transfers out	(13,792,598)	(2,287,102)	(151,402)	(173,000)
Cash receipts from other funds	-	-	-	-
Operating grants	-	-	-	-
Net cash provided by (used in) non-capital financing activities	<u>(13,609,256)</u>	<u>(2,155,723)</u>	<u>(54,627)</u>	<u>489,795</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Principal paid on bonds and notes	(2,518,150)	(3,856,850)	-	-
Interest paid on bonds and notes	(1,651,094)	(2,230,784)	-	-
Proceeds of loans from other funds	-	-	-	-
Acquisition and construction of capital assets	(7,326,449)	(4,583,693)	(1,846,136)	(8,750)
Contributions received from other governments and developers	521,302	5,257,742	1,844	-
Net cash provided by (used in) capital and related financing activities	<u>(10,974,391)</u>	<u>(5,413,585)</u>	<u>(1,844,292)</u>	<u>(8,750)</u>
<b>Cash Flows from Investing Activities:</b>				
Investment income	22,459	5,322	2,551	2,554
Net cash provided by investing activities	<u>22,459</u>	<u>5,322</u>	<u>2,551</u>	<u>2,554</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(13,466,756)</b>	<b>(113,152)</b>	<b>(668,000)</b>	<b>150,704</b>
<b>Cash and cash equivalents, beginning</b>	<b>\$ 79,604,265</b>	<b>\$ 47,858,114</b>	<b>\$ 7,900,501</b>	<b>\$ 215,632</b>
<b>Cash and cash equivalents, ending</b>	<b>\$ 66,137,509</b>	<b>\$ 47,744,962</b>	<b>\$ 7,232,501</b>	<b>\$ 366,336</b>

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

<b>ENTERPRISE FUNDS</b>				<b>GOVERNMENTAL</b>
<b>Non-Major Funds</b>				<b>ACTIVITIES</b>
<b>Ocala International Airport</b>	<b>Ocala Fiber Network</b>	<b>SunTran</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ 1,221,962	\$ 5,032,029	\$ (29,390)	\$ 191,897,966	\$ 911,386
(303,118)	(1,373,924)	(1,834,115)	(138,311,163)	(610,445)
-	-	-	-	10,437,177
-	-	-	(2,242,161)	2,682,523
-	-	-	-	-
(526,756)	(2,011,742)	(64,680)	(31,793,637)	(11,287,834)
<u>392,088</u>	<u>1,646,363</u>	<u>(1,928,185)</u>	<u>19,551,005</u>	<u>2,132,807</u>
-	32,194	283,338	1,389,823	-
-	(190,957)	-	(16,595,059)	(1,466,801)
-	-	(359,537)	(359,537)	-
-	-	2,964,470	2,964,470	-
<u>-</u>	<u>(158,763)</u>	<u>2,888,271</u>	<u>(12,600,303)</u>	<u>(1,466,801)</u>
-	-	-	(6,375,000)	(65,084)
-	-	-	(3,881,878)	(1,902)
142,161	-	-	142,161	-
(914,128)	(2,048,833)	(960,086)	(17,688,075)	-
<u>728,787</u>	<u>-</u>	<u>-</u>	<u>6,509,675</u>	<u>-</u>
<u>(43,180)</u>	<u>(2,048,833)</u>	<u>(960,086)</u>	<u>(21,293,117)</u>	<u>(66,986)</u>
799	2,337	-	36,022	(303)
<u>799</u>	<u>2,337</u>	<u>-</u>	<u>36,022</u>	<u>(303)</u>
349,707	(558,896)	-	(14,306,393)	598,717
<u>\$ 933,239</u>	<u>\$ 4,205,716</u>	<u>\$ -</u>	<u>\$ 140,717,467</u>	<u>\$ 30,660,103</u>
<u>\$ 1,282,946</u>	<u>\$ 3,646,820</u>	<u>\$ -</u>	<u>\$ 126,411,074</u>	<u>\$ 31,258,820</u>

(Continued)

**CITY OF OCALA, FLORIDA**  
**STATEMENT OF CASH FLOWS (Continued)**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>BUSINESS-TYPE ACTIVITIES -</b>			
	<b>Electric System Revenue</b>	<b>Water and Sewer</b>	<b>Non- Major Funds</b>	
<b>Sanitation</b>			<b>Municipal Golf Course</b>	
<b>Reconciliation of Cash and Cash Equivalents to Balance Sheet:</b>				
Total current cash and investments per the balance sheet	\$ 29,009,779	\$ 16,530,145	\$ 7,232,501	\$ 366,336
Total noncurrent cash and investments per the balance sheet	<u>37,127,730</u>	<u>31,214,817</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year	<u><u>66,137,509</u></u>	<u><u>47,744,962</u></u>	<u><u>7,232,501</u></u>	<u><u>366,336</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>				
Operating income (loss)	13,799,226	(2,063,532)	1,574,464	(697,127)
Adjustments to reconcile operating income (loss) to cash provided by operating activities:				
Depreciation & amortization	8,352,533	10,642,979	177,784	346,859
(Increase) decrease in assets and deferred outflow of resources:				
Accounts and notes receivable	(669,703)	(1,838,762)	(102,967)	2,709
Accrued unbilled revenue	(892,986)	(119,883)	(50,196)	-
Due from other funds	(2,242,161)	-	-	-
Inventories	(799,923)	(60,658)	-	3,465
Due from other governments	151,142	840,845	47,938	-
Other current assets	(93,629)	1,111	(14,374)	(5,009)
Deferred Outflows Pension	967,840	137,330	205,997	-
Deferred outflow OPEB	(122,157)	(68,714)	(38,174)	-
Increase (decrease) in liabilities and deferred inflow of resources:				
Accounts payable	1,318,016	199,799	(171,838)	12,025
Compensated absences payable	(126,237)	(13,941)	(5,449)	-
OPEB obligation payable	158,559	89,190	49,550	-
Net pension liability	(2,969,035)	(420,360)	(633,351)	-
Deferred inflow of resources	(6,114,079)	125,430	188,984	-
Customer deposits	371,832	-	-	4,183
Unearned revenue	5,194	-	-	-
Net cash provided by (used in) operating activities	<u><u>\$ 11,094,432</u></u>	<u><u>\$ 7,450,834</u></u>	<u><u>\$ 1,228,368</u></u>	<u><u>\$ (332,895)</u></u>
<b>Noncash Capital and Related Financing Activities:</b>				
Plant and equipment contributed by developers	<u>\$ 521,302</u>	<u>\$ 5,257,742</u>	<u>\$ 1,844</u>	<u>\$ -</u>

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

ENTERPRISE FUNDS				GOVERNMENTAL
Non-Major Funds				ACTIVITIES
Ocala International Airport	Ocala Fiber Network	SunTran	Total	Internal Service Funds
\$ 1,282,946	\$ 3,646,820	\$ -	\$ 58,068,527	\$ 31,258,820
-	-	-	68,342,547	-
<u>1,282,946</u>	<u>3,646,820</u>	<u>-</u>	<u>126,411,074</u>	<u>31,258,820</u>
(645,015)	1,383,241	(2,586,559)	10,764,698	(1,091,905)
982,760	601,689	299,012	21,403,616	2,714,581
16,981	(33,573)	-	(2,625,315)	-
-	(137,621)	-	(1,200,686)	-
-	-	-	(2,242,161)	-
-	82,362	-	(774,754)	-
95,237	-	(372,165)	762,997	-
-	3,356	-	(108,545)	54,608
7,057	72,926	-	1,391,150	-
(7,635)	(15,270)	-	(251,950)	-
(57,595)	(180,076)	731,527	1,851,858	455,523
3,139	6,841	-	(135,647)	-
9,910	19,821	-	327,030	-
(21,701)	(224,245)	-	(4,268,692)	-
6,475	66,912	-	(5,726,278)	-
2,475	-	-	378,490	-
-	-	-	5,194	-
<u>\$ 392,088</u>	<u>\$ 1,646,363</u>	<u>\$ (1,928,185)</u>	<u>\$ 19,551,005</u>	<u>\$ 2,132,807</u>
\$ -	\$ -	\$ -	\$ 5,780,888	\$ -

**CITY OF OCALA, FLORIDA  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2018**

	<b>PENSION TRUST FUNDS</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 10,198,076
Receivables:	
Interest and dividends receivable	236,233
Accounts receivable	109,787
Total receivables	346,020
Investments, at fair value	280,613,470
Total investments	280,613,470
<b>Total assets</b>	<b>291,157,566</b>
<b>Liabilities</b>	
Accounts payable	485,274
<b>Total liabilities</b>	<b>485,274</b>
<b>Net Position</b>	
<b>Restricted for pensions</b>	<b>\$ 290,672,292</b>

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, 2018**

	<b>PENSION TRUST FUNDS</b>
<b>Additions</b>	
Contributions:	
Employer	\$ 22,055,883
State	1,057,323
Employee	2,075,793
<b>Total contributions</b>	<b>25,188,999</b>
Investment income:	
Investment gain	14,067,065
Interest and dividend income	4,821,445
Less: Investment management fees	(1,355,290)
Net investment gain	17,533,220
<b>Total additions</b>	<b>42,722,219</b>
<b>Deductions</b>	
Pension payments	21,571,166
Refunds to employees	186,737
Administration	400,795
<b>Total deductions</b>	<b>22,158,698</b>
<b>Change in net position</b>	20,563,521
<b>Net position - beginning</b>	<b>270,108,771</b>
<b>Net position - ending</b>	<b>\$ 290,672,292</b>

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





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**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

**A. Reporting Entity**

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

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

**Blended Component Unit**

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

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

**CITY OF OCALA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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.

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

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

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

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

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

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

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

- Enterprise Funds
- Internal Service 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.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the period. Measurable refers to the ability to quantify in monetary terms the amount of the revenue and receivable. Available means collectible in the current period or soon enough thereafter to be used to pay liabilities at the balance sheet date. For this purpose, the City considers revenues to be available if they are collected within 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 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 Downtown CRA Fund** is the Community Redevelopment Agency Trust Fund. It is used to account for receipts and transfers of the tax increment fees collected for improving and redeveloping the downtown area including the magnolia area.

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

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

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

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

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

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

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

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

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

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

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

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

Additionally, the City reports the following fund types:

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

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

**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 1,400 units of fuel-driven vehicles and equipment, as well as approximately 100 facilities. Information technology management covers the entire City's operations.

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

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

**1. Cash & Cash Equivalents**

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

**2. Equity in Pooled Cash and Investments**

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

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

**3. Accounts Receivable**

Accounts 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.

**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, 2018 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.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

	<u>Inventory</u>	<u>Allowance for Obsolete</u>	<u>Adjusted Inventory</u>
Governmental:			
Fleet-bulk fuel	\$ 150,646	\$ (11,299)	\$ 139,347
<b>Total Governmental</b>	<b>\$ 150,646</b>	<b>\$ (11,299)</b>	<b>\$ 139,347</b>
Business-type:			
Electric	7,500,586	(562,544)	6,938,042
Water & Sewer	1,441,002	(108,075)	1,332,927
Golf	54,953	(4,121)	50,832
Communications	486,518	(36,489)	450,029
<b>Total Business-type</b>	<b>\$ 9,483,059</b>	<b>\$ (711,229)</b>	<b>\$ 8,771,830</b>

**6. Restricted Assets**

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

**7. Capital Assets**

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

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and capital assets received in a service concession arrangement, are reported at acquisition value rather than fair value. For intangible assets, the capital outlay must be greater than \$5,000. For software costs, the capital outlay must be greater than \$5,000 per user license. Other costs incurred for repairs and maintenance are expensed as incurred. Amortization of intangible assets including software costs is included with depreciation expense in the financial statements.

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

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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:

	<u># of Years</u>
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. See Note 10 -Long term debt for additional information.

**8. Self-Insurance Claims**

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

**9. Compensated Absences**

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

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



**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

***15. Rate Stabilization/Regulatory Operations***

A Rate Stabilization account was created by the City which allows current income to be deferred to a future time to stabilize electric rates. Accounting standards allow for the deferral of revenues and expenses to future periods in which the revenues are earned or the expenses are recovered through the rate-making process, which is a resolution approved by City Council. Unearned revenues are recorded as a Deferred Inflow titled Regulatory Liability-Rate Stabilization and as a Restricted Asset-Rate Stabilization. The funds are used to “stabilize” the customers’ utility bills and will be recognized as revenue when used. The targeted maximum funding level is 25% of projected annual fuel costs, while the minimum funding level is 15%. At the end of the fiscal year the rate stabilization fund balance was \$25,838,467 which is at 26% 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, 2018, the balance of \$3,962,811, which represents an over collection of power costs, was rolled forward to the following fiscal year.

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

The City receives on-behalf payments from the State of Florida to be used for Police and Fire Pension Plan enhancements. On-behalf payments to the City totaled \$1,057,323 for fiscal year 2018. 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.

***17. Cost Allocations***

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

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

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

**18. 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 represents amounts that have internally imposed restrictions mandated by formal action of the government’s highest level of decision-making authority. The specific purposes are determined by a formal action (resolution) of the City Council, the City’s highest level of decision making 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.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

	<u>GENERAL FUND</u>	<u>CRA FUND</u>	<u>OTHER GOVTL FUNDS</u>
<b><u>NONSPENDABLE:</u></b>			
Inventory	\$ 139,348	\$ -	\$ -
Prepays	679,425	-	62,293
<b>Total Nonspendable</b>	<b>818,773</b>	<b>-</b>	<b>62,293</b>
<b><u>RESTRICTED:</u></b>			
Transportation			
Parking Fees	83,606	-	-
Gas Tax Revenues from State	-	-	2,031,610
	<u>83,606</u>	<u>-</u>	<u>2,031,610</u>
Debt Service			
Capital Improvement Bonds 2007A	-	-	516,600
Capital Improvement Bonds 2002/2012	-	-	895,937
Capital Improvement Bonds 2003/2013	-	-	1,588,532
Capital Improvement Bonds 2007B	-	-	-
	<u>-</u>	<u>-</u>	<u>3,001,069</u>
Capital Projects			
Capital Road Projects	-	-	2,802,571
	<u>-</u>	<u>-</u>	<u>2,802,571</u>
Public Safety			
Fire Impact Fees	683,552	-	-
Police Automation	326,609	-	-
Police Education & Training	140,067	-	-
Local Confiscations	80,838	-	-
Federal Confiscations	220,459	-	-
Other Public Safety Programs	229,742	-	-
	<u>1,681,267</u>	<u>-</u>	<u>-</u>
Development District Improvements			
Downtown Development Board	-	-	214,458
Community Redevelopment Trust	-	2,394,248	-
	<u>-</u>	<u>2,394,248</u>	<u>214,458</u>
Grants			
State Housing Impv Project (SHIP)	-	-	471,955
Tree Mitigation	252,489	-	-
Transportation Planning Organization (TPO)	(10,363)	-	-
Community Devel Block Grant (CDBG)	(7,968)	-	-
	<u>234,158</u>	<u>-</u>	<u>471,955</u>
<b>Total Restricted</b>	<b>1,999,031</b>	<b>2,394,248</b>	<b>8,521,663</b>

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

<u>UNRESTRICTED:</u>	<u>GENERAL FUND</u>	<u>CRA FUND</u>	<u>OTHER GOVTL FUNDS</u>
<b>Committed</b>			
Stormwater Utility	-	-	4,603,096
Payroll	22,047	-	-
Economic Improvement Program	1,803,740	-	-
Total Committed	<u>1,825,787</u>	<u>-</u>	<u>4,603,096</u>
<b>Assigned</b>			
Subsequent year budget	10,839,966	-	-
Public safety-reserve for special investigations	64,019	-	-
Fire/Streets/Sidewalks	4,808,708	-	-
Total Assigned	<u>15,712,693</u>	<u>-</u>	<u>-</u>
<b>Unassigned</b>	<u>19,067,511</u>	<u>-</u>	<u>-</u>
<b>Total Unrestricted</b>	<u>36,605,991</u>	<u>-</u>	<u>4,603,096</u>
<b>Total Fund Balances</b>	<u>\$ 39,423,795</u>	<u>\$2,394,248</u>	<u>\$13,187,053</u>

**E. Revenues, Expenditures, and Expenses**

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

Operating revenues for proprietary operations generally result from providing services in connection with a proprietary fund's principal on-going operation (e.g., electric, water, sewer, sanitation). 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, 2018 was \$6.6177 per \$1,000 of assessed property value. Current tax collections (inclusive of legally available early payment discounts) for the City were approximately 95.2% of the total tax levy. The property tax calendar provides for the tax revenue to be billed and collected within the applicable fiscal year.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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, 2018 is shown as follows:

Lien Date	January 1, 2017
Certification of Taxable Value	July 1, 2017
Final public hearing to adopt proposed millage rate	September 26, 2017
Certification of final Taxable Value	October 11, 2017
Beginning of fiscal year for tax assessment	October 1, 2017
Tax bills rendered	November 1, 2017
Property Tax Payable:	
Maximum Discount by	November 30, 2017
Due Date	March 31, 2018
Delinquent on	April 1, 2018
Tax Certificates issued for delinquent taxes by	May 31, 2018

**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.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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, 2018.

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 2018, 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, 2018, no expenditures exceeded the budget at the fund level.

**B. Encumbrances**

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

**NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

**A. Pooling of Cash and Investments**

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

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

At September 30, 2018, the carrying amount of the City's deposits was \$25,665,569, not including \$45,952 in cash drawers or petty cash. 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 to meet its obligation needs. Funds not prohibited by bond covenants have pooled their cash balances to maximize investment earnings. The City's banking arrangement provides that the City's balances will be used to offset any monthly direct service charge with excess balances earning interest. During 2018, an interest rate floor was in place due to a low interest rate environment. As of September 30, 2018, 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 \$63,033 is reported at amortized cost. The Florida PRIME investment pool had weighted average days to maturity of 33 days as of September 30, 2018.
- 2) Amounts placed with the Florida Fixed Income Trust (FL-FIT) is a commingled pool designed to provide a high level of current income consistent with low volatility of net asset value and provide positive holding period returns for time horizons of 1-3 years or greater. The investment policy adheres to current Florida Investment Statutes under Chapter 218.415. Investments in this pool totaled \$114,243 as of September 30, 2018.

**B. Restricted Assets**

The balances in the restricted assets for the enterprise funds as of September 30, 2018 were \$69,855,249. Details of these balances can be found on the City's Statement of Net Position on page 28.



**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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, 2018. 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, state and/or local government taxable and/or tax exempt debt, money market mutual funds, intergovernmental investment pools, corporate obligations or corporate notes, collateralized mortgage obligations (CMOs), mortgage-backed securities (MBS), asset-backed securities (ABS), Yankee securities, Eurodollar securities money market mutual funds, bond funds and any investment security authorized by Florida Statutes 218.415.

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

Third Party Portfolio Managers

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

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

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

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

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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.

Security Type	Average Rating	Fair Value	Effective Duration (In Years)
Carrying Value of Cash	n/a	\$ 26,155,954	n/a
Treasury Investment Portfolio	AA+	183,603,031	2.42
SBA Florida PRIME	AAAm	63,033	33 days
Florida Fixed Income Trust	AAA	114,243	2.26
<b>Total</b>		<b>\$ 209,936,261</b>	<b>2.12</b>

The City utilizes “effective duration” as a measurement of interest rate risk and as of September 30, 2018 the Treasury investment portfolio had an overall effective duration of 2.12 years. The Treasury investment portfolio had the following investment types and effect duration presented in terms of years at September 30, 2018.

<b>Total Treasury Portfolio (Pools I, II, III)</b>			Weighted Average Maturity Years
Security Type	Average Rating	Fair Value	
U.S. Treasury Bond / Note	AA+	\$ 77,385,329	2.21
Federal Agency Bond / Note	AA	11,965,479	0.57
Mortgage Backed Pass-through Security	AA+	14,933,991	7.51
Corporate Notes	A+	64,999,639	2.07
ABS / CMBS	AAA	10,993,388	1.61
GSE Collateralized Mortgage Obligations	AA	998,761	0.00
Municipal Bond / Note	AA+	563,124	2.50
Money Market Mutual Fund	A-1	1,763,320	0.00
<b>Total Treasury Portfolio-Pools I, II, and III</b>		<b>\$ 183,603,031</b>	<b>2.42</b>

Interest Rate Risk

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

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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.

<b>POOL I - Short-Term Investments:</b>			Weighted Average Maturity Years
Security Type	Average Rating	Fair Value	
U.S. Treasury Bond / Note	AA+	\$ 15,287,121	1.73
Federal Agency Bond / Note	AA+	5,027,085	1.06
Mortgage Backed Pass-through Security	AA	1,290,160	13.67
Corporate Notes	A	19,948,155	1.72
Municipal Bond / Note	AA-	563,124	2.50
Asset Backed Securities	AAA	8,408,660	3.36
GSE Collateralized Mortgage Obligations	AA+	998,761	10.46
Money Market Mutual Fund	A+	473,237	2.28
<b>Sub-total Pool I</b>		<b>\$ 51,996,303</b>	<b>2.40</b>
<b>POOL II - Short Intermediate Investments:</b>			Weighted Average Maturity Years
Security Type	Average Rating	Fair Value	
U.S. Treasury Bond / Note	AA	\$ 30,150,781	0.94
Federal Agency Bond / Note	AA	6,938,394	0.22
Mortgage Backed Pass-through Security	AAA	86,299	0.00
Corporate Notes	A	37,545,077	1.34
Money Market Mutual Fund	AAA	1,186,538	0.00
<b>Sub-total Pool II</b>		<b>\$ 75,907,089</b>	<b>1.06</b>
<b>POOL III - Intermediate Investments</b>			Weighted Average Maturity Years
Security Type	Average Rating	Fair Value	
U.S. Treasury Bond / Note	AA+	\$ 31,947,427	3.65
Mortgage Backed Securities	AA+	13,557,532	6.97
Corporate Notes	A-	7,506,407	6.63
ABS / CMBS	AAA	2,584,728	6.85
Money Market Mutual Fund	A-1	103,545	0.00
<b>Sub-total Pool III</b>		<b>\$ 55,699,639</b>	<b>5.00</b>
<b>Total of Pools I, II, and III</b>		<b>\$ 183,603,031</b>	<b>2.39</b>

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**C. Investments (Continued)**

Credit Risk

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

Custodial Credit Risk

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

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

As of September 30, 2018, the City's investment portfolio was held with a third-party custodian as required by the City's investment policy.

Concentration of Credit Risk

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

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

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**C. Investments (Continued)**

	<u>Sector Allocations</u>		Individual Issue/ <u>Fund Limit</u>
	<u>Minimum</u>	<u>Maximum</u>	
U.S. Treasury & Federal Agencies	35%	None	None
Corporate Debt Obligations	None	50%	5%
Mortgage/Asset Backed Securities	None	30%	5%
Municipal Securities	None	20%	5%
Certificates of Deposit	None	20%	5%
Repurchase Agreements	None	25%	15%
Local Government Investment Pools	None	25%	25%
Participation in collateral or otherwise 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, 2018, the City's investment portfolio was in compliance with all diversification requirements of the City's investment policy.

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

Fair Value Measurement – The City measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. GASB defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- Level 1: Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the City has the ability to access;
- Level 2: Investments whose inputs – other than quoted market prices – are observable either directly or indirectly; and,
- Level 3: Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. The City does not have any investments that are measured using Level 3 inputs.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

The following table summarizes the City's investments, excluding the pension funds, with the fair value hierarchy at September 30, 2018:

	Fair Value	Level 1	Level 2
U.S. Treasury Bond / Note	\$ 77,385,329	\$ 77,385,329	\$ -
Federal Agency Bond / Note	11,965,479	-	11,965,479
Mortgage Backed Pass-through Security	14,933,991	-	14,933,991
Corporate Notes	64,999,639	-	64,999,639
ABS / CMBS	10,993,388	-	10,993,388
GSE Collateralized Mortgage Obligations	998,761	-	998,761
Municipal Bond / Note	563,124	-	563,124
Money Market Mutual Fund	1,763,320	1,763,320	-
Total investments at fair value	<u>\$ 183,603,031</u>	<u>\$ 79,148,649</u>	<u>\$ 104,454,382</u>

Debt securities categorized as Level 1 are valued based on prices quoted in active markets for those securities. Debt securities categorized as level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

**D. Pension Trust Funds – Cash and Investments**

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

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

The Florida Constitution requires local governments to make the actuarially determined contributions to their DB plans. The Florida Division of Retirement reviews and approves each local government's actuarial report to ensure its appropriateness for funding purposes. Additionally, the State collects two locally authorized insurance premium surcharges (one for the Police Pension Plan on casualty insurance policies and one for the Firefighter Pension Plan on certain real and personal property insurance policies within the corporate limits) which can only be distributed after the State has ascertained that the local government has met their actuarial funding requirements for the most recently complete fiscal year. 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 \$1,057,323 for the fiscal year ended September 30, 2018.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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, 2018, the cash carrying amounts of the City's pension plans' deposits were as follows:

General Employees' Retirement System	\$ 884,634
Police Officers' Retirement System	357,706
Firefighters' Retirement Plan	283,795
<b>Total Pension Trust Funds</b>	<b><u>\$ 1,526,135</u></b>

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

Investment Guidelines

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

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

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

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

As of September 30, 2018, the cash and investments of the City’s pension plans are as follows:

Investment Type		% of Portfolio	Credit Rating	Duration (In Years)
<u>General Employees Retirement System:</u>				
Cash Checking	\$ 884,634	n/a	n/a	n/a
Cash and Cash Equivalents	6,376,589	4.17%	n/a	n/a
Bonds & Notes	41,808,174	27.34%	A-	4.85
Common Stock	36,421,289	23.82%	n/a	n/a
Mutual Funds: Real Estate	17,637,020	11.53%	n/a	n/a
Mutual Funds: Equities	43,677,350	28.57%	n/a	n/a
Hedge Funds ( Mutual Fund)	6,983,106	4.57%	n/a	n/a
<b>Fund total</b>	<b>\$ 153,788,162</b>	<b>100.00%</b>		
<u>Police Officers Retirement System:</u>				
Cash Checking	\$ 357,706	n/a	n/a	n/a
Cash and Cash Equivalents	1,548,085	2.11%	n/a	n/a
Bonds & Notes	34,022,526	46.27%	Aa3	3.46
Common Stock	12,401,796	16.87%	n/a	n/a
Mutual Funds: Real Estate	3,706,411	5.04%	n/a	n/a
Mutual Funds: Equities	20,264,572	27.56%	n/a	n/a
Hedge Funds ( Mutual Fund)	1,585,452	2.16%	n/a	n/a
<b>Fund total</b>	<b>\$ 73,886,548</b>	<b>100.00%</b>		
<u>Firefighters Retirement Plan:</u>				
Cash Checking	\$ 283,795	n/a	n/a	n/a
Cash and Cash Equivalents	747,267	1.19%	n/a	n/a
Bonds & Notes	10,149,104	16.15%	AA-	4.50
Common Stock	26,301,237	41.85%	n/a	n/a
Mutual Funds: Real Estate	8,151,040	12.97%	n/a	n/a
Mutual Funds: Equities	17,504,393	27.85%	n/a	n/a
<b>Fund total</b>	<b>\$ 63,136,836</b>	<b>100.00%</b>		
<b>Total pension plan cash and investments</b>	<b>\$ 290,811,546</b>			

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment’s fair value. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair market value to changes in market interest rates. The pension plan investment policies provide specific limits for investment maturities. One method of measuring interest rate risk is “effective duration”. As of September 30, 2018, the securities in the City’s pension plans had the effective durations presented above and were in compliance with their respective investment policies.



**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

Credit Risk

Credit risk is the risk that an issuer of a debt security will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating to each debt security by a nationally recognized credit rating agency. Each of the plans provides guidelines for the credit ratings of specific types of investments. All the investment policies permit investment only in fully marketable securities rated at institutional investment grade quality or higher by Standard & Poor's or Moody's, with higher quality rating required for specific asset classes. As of September 30, 2018, 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, 2018, 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 22% as of September 30, 2018. 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 15% to international equities as of September 30, 2018. 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 14% to international equities as of September 30, 2018. According to F.S. 185.06, police pension plans may have up to 25% of assets allocated to international equities.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

Fair Value Measurement – The City measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. GASB defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- Level 1: Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the City has the ability to access;
- Level 2: Investments whose inputs – other than quoted market prices – are observable either directly or indirectly; and,
- Level 3: Investments whose inputs are unobservable.

The following tables summarize the Pension Plan's investments within the fair value hierarchy at September 30, 2018:

<b>General Employees:</b>	Fair Value	Level 1	Level 2	Level 3
Bonds & Notes	\$ 41,808,174	\$ 19,555,944	\$ 22,252,230	\$ -
Common Stock	36,421,289	36,421,289	-	-
Mutual Funds: Real Estate	17,637,020	-	-	17,637,020
Mutual Funds: Equities	43,677,350	18,816,269	24,861,081	-
Hedge Funds (Mutual Fund)	6,983,106	-	6,983,106	-
Total investments at fair value	<u>\$ 146,526,939</u>	<u>\$ 74,793,502</u>	<u>\$ 54,096,417</u>	<u>\$ 17,637,020</u>

<b>Police:</b>	Fair Value	Level 1	Level 2	Level 3
Bonds & Notes	\$ 34,022,526	\$ 5,046,795	\$ 28,975,731	\$ -
Common Stock	12,401,796	12,401,796	-	-
Mutual Funds: Real Estate	3,706,411	-	-	3,706,411
Mutual Funds: Equities	20,264,572	14,261,140	6,003,432	-
Hedge Funds (Mutual Fund)	1,585,452	1,275,834	309,618	-
Total investments at fair value	<u>\$ 71,980,757</u>	<u>\$ 32,985,565</u>	<u>\$ 35,288,781</u>	<u>\$ 3,706,411</u>

<b>Fire:</b>	Fair Value	Level 1	Level 2	Level 3
Bonds & Notes	\$ 10,149,104	\$ 1,192,430	\$ 8,956,674	\$ -
Common Stock	26,301,237	26,301,237	-	-
Mutual Funds: Real Estate	8,151,040	-	-	8,151,040
Mutual Funds: Equities	17,504,393	17,504,393	-	-
Total investments at fair value	<u>\$ 62,105,774</u>	<u>\$ 44,998,060</u>	<u>\$ 8,956,674</u>	<u>\$ 8,151,040</u>

Debt securities categorized as Level 1 are valued based on prices quoted in active markets for those securities. Debt securities categorized as level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices. Debt securities categorized as Level 3 are valued based upon unobservable inputs using the Trader Entered Price methodology under ASC Topic 820 reporting.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 5 – RECEIVABLES AND INTERFUND ACTIVITY**

**A. Due from Other Governments**

The following amounts were due from other governments as of September 30, 2018:

	General Government	Business- Type	Totals
Federal Government	\$ 2,537,906	\$ 4,132,424	\$ 6,670,330
State Government	2,926,503	367,694	3,294,197
Local Government	44,020	640,524	684,544
Total	\$ 5,508,429	\$ 5,140,642	\$ 10,649,071

**B. Interfund Transactions**

Interfund transfers for the year ended September 30, 2018 consisted of the following:

Transfers to General Fund from:

Electric System Revenue Fund	\$ 13,048,627
Water and Sewer Fund	2,014,442
Fiber Network Fund	190,957
Internal Service Fund	1,016,828
Non-major Funds	43,990
Total transfers to General Fund	16,314,844

Transfers to nonmajor governmental funds from:

Electric System Revenue Fund	363,971
Water and Sewer Fund	206,660
Sanitation Fund	151,402
Municipal Golf Course Fund	173,000
General Fund	2,473,765
Internal Service Fund	6,283
Total transfers to nonmajor governmental funds	3,375,081

Transfers to CRA Fund from:

General Fund	935,029
Electric Fund	380,000
Total transfers to CRA Fund	1,315,029

Transfers to SunTran Fund from:

General Fund	283,338
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Transfers to Electric Fund from:

Internal Service Fund	183,342
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Transfers to Fiber Network Fund from:

Internal Service Fund	32,194
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Transfers to Municipal Golf Course Fund from:

General Fund	596,795
Water and Sewer Fund	66,000
Total transfers to Municipal Golf Course Fund	662,795

Transfers to Water and Sewer Fund from:

Internal Service Fund	131,379
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Transfers to Sanitation Fund from:

Internal Service Fund	96,775
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Total transfers to Sanitation Fund

96,775

Total transfers at the fund level

\$ 22,394,777

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**B. Interfund Transactions (Continued)**

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

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

The composition of interfund balances as of September 30, 2018 is as follows:

	Interfund Receivables/ Payables
Due to General Fund from:	
SunTran Fund	\$ 1,328,698
Total due to General Fund from other funds	1,328,698
Totals at the fund level	\$ 1,328,698
Interfund payable to Electric Fund from:	
Airport Fund	\$ 71,560
Infrastructure Surtax Fund	1,409,423
Total interfund payable to Electric Fund from other funds	1,480,983
Due to Electric Fund from :	
Airport Fund	\$ 70,601
Infrastructure Surtax Fund	690,577
Total due to Electric Fund from other funds	\$ 761,178

During 2018, the City Council approved two interfund loans from the Electric Fund to Airport and Infrastructure Surtax Fund. The terms and amounts of the loans are as follows:

	<b>Amount</b>	<b>Interest Rate</b>	<b>Term</b>	<b>Final Payment Date</b>
Infrastructure Surtax Fund	\$ 2,100,000	1.35%	3 years	6/1/2021
Aiport Fund	142,161	1.35%	2 years	4/1/2020
Total loan receivable from Electric Fund	\$ 2,242,161			

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.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

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

	<b>In</b>	<b>Out</b>	
	<b><u>Governmental</u></b>	<b><u>Business-Type</u></b>	
General Fund	\$ 13,048,627	\$ (13,048,627)	Electric Fund
General Fund	2,014,442	(2,014,442)	Water & Sewer Fund
General Fund	190,957	(190,957)	Fiber Network Fund
General Fund	(596,795)	596,795	Golf Fund.
General Fund	(283,338)	283,338	SunTran Fund
CRA Fund	380,000	(380,000)	Electric Fund
Non-major Funds	363,971	(363,971)	Electric Fund
Non-major Funds	206,660	(206,660)	Water & Sewer Fund
Non-major Funds	151,402	(151,402)	Sanitation Fund
Non-major Funds	173,000	(173,000)	Golf Fund.
Internal Service Funds	(183,342)	183,342	Electric Fund
Internal Service Funds	(131,379)	131,379	Water & Sewer Fund
Internal Service Funds	(96,775)	96,775	Sanitation Fund
Internal Service Funds	(32,194)	32,194	Fiber Network Fund
<b>TOTAL TRANSFERS</b>	<b><u>\$ 15,205,236</u></b>	<b><u>\$ (15,205,236)</u></b>	

**C. Receivables**

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

	<b><u>Governmental</u></b>	<b><u>Business-type</u></b>	<b><u>Total</u></b>
	<b><u>Activities</u></b>	<b><u>Activities</u></b>	
Customers:			
Billed	\$ 843,496	\$ 13,932,572	\$ 14,776,068
Unbilled	1,446,479	10,730,684	12,177,163
Miscellaneous	586,718	3,570,948	4,157,666
Gross receivables	2,876,693	28,234,204	31,110,897
Less: allowance for uncollectibles	(64,308)	(957,484)	(1,021,792)
Net total receivables	<b><u>\$ 2,812,385</u></b>	<b><u>\$ 27,276,720</u></b>	<b><u>\$ 30,089,105</u></b>

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land and improvements	\$ 23,379,801	1,149,404	(27,425)	-	\$ 24,501,780
Intangible (easement, rights of way)	1,922,794	12,565	-	-	1,935,359
Construction In progress	3,148,962	8,023,297	-	(3,137,513)	8,034,746
Total capital assets not being depreciated	<u>28,451,557</u>	<u>9,185,266</u>	<u>(27,425)</u>	<u>(3,137,513)</u>	<u>34,471,885</u>
Capital assets being depreciated:					
Buildings and improvements	49,203,925	63,080	-	3,116,858	52,383,863
Equipment	58,366,573	3,625,349	(3,922,022)	-	58,069,900
Intangible (softw are)	3,995,294	-	-	-	3,995,294
Infrastructure (roads and streets)	319,668,578	-	-	20,655	319,689,233
Total capital assets being depreciated	<u>431,234,370</u>	<u>3,688,429</u>	<u>(3,922,022)</u>	<u>3,137,513</u>	<u>434,138,290</u>
Less accumulated depreciation:					
Buildings and improvements	(18,234,662)	(2,335,860)	-	-	(20,570,522)
Equipment	(37,027,848)	(3,675,669)	3,610,264	-	(37,093,253)
Intangible (Softw are)	(2,433,080)	(402,130)	-	-	(2,835,210)
Infrastructure (roads and streets)	(231,312,847)	(6,987,384)	-	-	(238,300,231)
Total accumulated depreciation	<u>(289,008,437)</u>	<u>(13,401,043)</u>	<u>3,610,264</u>	<u>-</u>	<u>(298,799,216)</u>
Total capital assets being depreciated-net	<u>142,225,933</u>	<u>(9,712,614)</u>	<u>(311,758)</u>	<u>3,137,513</u>	<u>135,339,074</u>
Governmental activities capital assets-net	<u>\$ 170,677,490</u>	<u>\$ (527,348)</u>	<u>\$ (339,183)</u>	<u>\$ -</u>	<u>\$ 169,810,959</u>
<b>Business Type Activities:</b>					
Capital assets not being depreciated:					
Land and improvements	\$ 22,756,939	42,436	-	-	\$ 22,799,375
Intangible (easement, rights of way)	1,158,855	-	-	-	1,158,855
Construction in progress	11,626,933	7,387,908	-	(13,657,984)	5,356,857
Total capital assets not being depreciated	<u>35,542,727</u>	<u>7,430,344</u>	<u>-</u>	<u>(13,657,984)</u>	<u>29,315,087</u>
Capital assets being depreciated:					
Buildings	28,666,794	7,772	-	-	28,674,566
Improvements other than buildings	577,579,711	4,786,277	(331,725)	13,638,769	595,673,032
Equipment	14,985,823	5,381,796	(291,649)	-	20,075,970
Intangible (softw are)	5,237,300	121,075	-	19,215	5,377,590
Total capital assets being depreciated	<u>626,469,628</u>	<u>10,296,920</u>	<u>(623,374)</u>	<u>13,657,984</u>	<u>649,801,158</u>
Less accumulated depreciation:					
Buildings	(18,257,703)	(690,667)	-	-	(18,948,370)
Improvements other than buildings	(296,009,262)	(19,277,037)	215,691	-	(315,070,608)
Equipment	(8,738,497)	(1,059,306)	142,475	-	(9,655,328)
Intangible (softw are)	(3,644,776)	(376,606)	-	-	(4,021,382)
Total accumulated depreciation	<u>(326,650,238)</u>	<u>(21,403,616)</u>	<u>358,166</u>	<u>-</u>	<u>(347,695,688)</u>
Total capital assets being depreciated-net	<u>299,819,390</u>	<u>(11,106,696)</u>	<u>(265,208)</u>	<u>13,657,984</u>	<u>302,105,470</u>
Business-type activities capital assets-net	<u>\$ 335,362,117</u>	<u>\$ (3,676,352)</u>	<u>\$ (265,208)</u>	<u>\$ -</u>	<u>\$ 331,420,557</u>

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

	Depreciation Expense
Governmental activities:	
General government	\$ 721,958
Public safety	784,921
Physical environment	752,385
Transportation	693,474
Economic environment	82,391
Infrastructure	6,987,384
Culture and recreation	663,949
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	2,714,581
Total depreciation expense - governmental activities	\$ 13,401,043
Business-type activities:	
Electric	\$ 8,352,533
Water and sewer	10,642,979
Sanitation	177,784
Golf Course	346,859
Airport	982,760
Fiber Network	601,689
SunTran	299,012
Total depreciation expense - business-type activities	\$ 21,403,616

**NOTE 7 – RISK MANAGEMENT**

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

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

The City has general liability insurance with a \$200,000 retention per claimant and \$300,000 retention per occurrence with a \$1,000,000 per occurrence limit. The City has workers' compensation insurance with \$500,000 retention per occurrence with statutory limits per F.S 440. The disability income replacement and auto liability programs are fully self-insured. The City's employee health insurance program was fully self-insured through February 1994, after which it is fully insured except for the prescription program which was fully self-insured through December 1997. Beginning October 1, 2010, the City's employee health insurance program was partially self-insured, with a pooling limit of \$150,000. The City had no significant reductions in insurance coverage during the fiscal year ended September 30, 2018.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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, 2018 the City obtained actuarially determined estimates of the total claims loss reserves for all self-insurance risks. The claims liability of \$7,703,847 reported in the Fund at September 30, 2018 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
2015-2016	\$8,541,383	\$ 780,117	\$1,654,015	\$7,667,485
2016-2017	7,667,485	245,460	437,036	7,475,909
2017-2018	7,475,909	682,751	454,813	7,703,847

**NOTE 8 – LEASES**

Operating

On December 7, 2016, the City entered into a lease agreement with Motorola Solutions to upgrade current radios to encrypted APX radios. The payments for this lease are as follows:

Fiscal Year	Payments
2019	\$ 725,189
2020	725,189
2021	725,190
Total	<u>\$ 2,175,568</u>



**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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).

At September 30, 2018 the Plan’s participants consisted of:

	General	
	2018	2017
Retirees and beneficiaries (Inactive members):		
Currently receiving benefits	732	721
DROP retirees	19	12
Disability Retirees	4	4
Terminated employees entitled to benefits, but not yet receiving them	303	312
	1,058	1,049
Current employees (Active members):		
Vested	167	187
Nonvested	27	27
Total	194	214

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

Pension Benefits:

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

Normal Retirement:

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

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

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

Minimum	1.00%
Maximum	2.55%
Current	1.30% as of 4/1/2016

Early Retirement:

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

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

Vesting:

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

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

Disability Retirement:

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

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

Death Benefits:

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

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

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.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

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, 2018:

Asset Class	Target Allocation	
	2018	2017
Equity Securities	20.00%	20.00%
Non US Equity	22.00%	22.00%
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.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

Rate of Return:

For the year ended September 30, 2018 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 4.41%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Deferred Retirement Option Program (DROP)

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

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

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

The DROP balance as of September 30, 2018 is \$2,564,996.

Annual Pension Cost

The contribution requirement for the General Employees' Retirement System for the 2018 fiscal year, established through and actuarial valuation performed as of October 1, 2016, was \$15,254,002 (129.22% of current covered payroll). Actual employee contributions to the General Employees Retirement System totaled \$608,459 (5.15% of current covered payroll); actual employer contributions to the General Employees' Retirement System amounted to \$15,482,762 (131.15% of current covered payroll).

Net Pension Liability

The City has used the alternate measurement date of September 30, 2017 to record the net pension liability, deferred inflows and outflows of resources, and pension expense in its September 30, 2018 financial statements.

	Measurement Date	
	9/30/18	9/30/17
Total Pension Liability	\$ 230,678,104	\$ 224,301,899
Plan Fiduciary Net Position	(153,679,672)	(143,834,198)
Sponsor's Net Pension Liability	\$ 76,998,432	\$ 80,467,701
Plan Fiduciary Net Position as a percentage of Total Pension Liability	66.62%	64.13%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2016 updated to September 30, 2018 using the following actuarial assumptions.

	2018	2017
Inflation	2.00%	2.00%
Salary Increases	(Service Based)	3.5% to 14% (Service Based)
Investment Rate of Return	7.00%	7.00%

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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, 2016 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, 2018, the City recognized pension expense of \$12,362,704 as the result of implementing GASB No. 68. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions based on a measurement date of September 30, 2017 from the following sources:

<u>Deferred outflows</u>	
Difference between expected and actual experience	\$ 2,154,362
Difference between expected and actual earnings on investments	4,305,979
Contributions subsequent to the measurement date	15,482,349
Total deferred outflows	\$ 21,942,690
 <u>Deferred inflows</u>	
Difference between expected and actual earnings on investments	\$ 5,556,885
Total deferred inflows	\$ 5,556,885

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

2019	\$	2,341,325
2020		793,991
2021		(1,358,998)
2022		(872,862)
Thereafter		-
	\$	903,456

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.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	
	<u>2018</u>	<u>2017</u>
Equity Securities	6.15%	6.70%
International Equity	7.11%	7.70%
Fixed Income Securities	1.68%	2.10%
Hedge Fund of Funds	3.94%	3.90%
Real Estate	4.90%	5.20%

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.

<u>Measurement Date</u>	<u>Current Discount</u>		
	<u>1% Decrease</u> 6.00%	<u>Rate</u> 7.00%	<u>1% Increase</u> 8.00%
Sponsor's Net Pension Liability 09/30/18 Measurement Date	\$ 105,587,500	\$ 76,998,432	\$ 53,375,411
Sponsor's Net Pension Liability 09/30/17 Measurement Date	\$ 108,724,054	\$ 80,467,701	\$ 57,141,426

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

Net Pension Liability

The following table shows the changes in net pension liability along with the breakdown detailing the changes since September 30, 2016.

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Beginning balances 9/30/16	\$ 217,061,514	\$ 128,556,359	\$ 88,505,155
Service Cost	1,567,489	-	1,567,489
Interest	14,832,634	-	14,832,634
Differences between Expected and Actual Experience	1,126,640	-	1,126,640
Changes in Assumptions	3,182,088	-	3,182,088
Contributions - Employer	-	14,802,319	(14,802,319)
Contributions - Employee	-	740,871	(740,871)
Net Investment Income	-	13,427,988	(13,427,988)
Benefit Payments	(13,468,466)	(13,468,466)	-
Administrative Expenses	-	(224,873)	224,873
Net Changes	<u>7,240,385</u>	<u>15,277,839</u>	<u>(8,037,454)</u>
Ending balance 9/30/17	<u>\$ 224,301,899</u>	<u>\$ 143,834,198</u>	<u>\$ 80,467,701</u>
Beginning balances 9/30/17	\$ 224,301,899	\$ 143,834,198	\$ 80,467,701
Service Cost	1,288,820	-	1,288,820
Interest	15,359,295	-	15,359,295
Differences between Expected and Actual Experience	2,072,529	-	2,072,529
Change in assumptions	-	-	-
Contributions - Employer	-	15,482,762	(15,482,762)
Contributions - Employee	-	608,171	(608,171)
Net Investment Income	-	6,324,077	(6,324,077)
Benefit Payments	(12,344,439)	(12,344,439)	-
Administrative Expenses	-	(225,097)	225,097
Net Changes	<u>6,376,205</u>	<u>9,845,474</u>	<u>(3,469,269)</u>
Ending balance 09/30/18	<u>\$ 230,678,104</u>	<u>\$ 153,679,672</u>	<u>\$ 76,998,432</u>

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**A. General Employees’ 401(a) Defined Contribution Plan**

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

**B. Police Officers’ Retirement System**

Plan Descriptions

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

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

At September 30, 2018 the Plan’s participants consisted of:

	Police	
	2018	2017
Retirees and beneficiaries (Inactive members):		
Currently receiving benefits	109	106
DROP retirees	11	14
Disability Retirees	5	5
Terminated employees entitled to benefits, but not yet receiving them	16	12
	141	137
Current employees (Active members):		
Vested	76	70
Nonvested	79	67
Total	155	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.



**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**B. Police Officers’ Retirement System (Continued)**

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

Vesting (Termination):

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

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

Disability Retirement:

*Eligibility:*

Service Incurred – Covered from Date of Employment

Non-Service Incurred – 10 years of Credited Service.

*Benefit:* Benefit accrued to date of disability, but not less than 42% of Average Final Compensation (Service Incurred), or 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 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 38.53% 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, 2018:

Asset Class	Target Allocation	
	2018	2017
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%

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**B. Police Officers' Retirement System (Continued)**

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, 2018 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 9.04%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Deferred Retirement Option Program (DROP):

*Eligibility:* Satisfaction of Normal Retirement requirements.

*Participation:* Not to exceed 60 months.

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

The DROP balance as of September 30, 2018 is \$3,024,969.

Annual Pension Cost

The contribution requirement for the Police Officers' Retirement System for the 2018 fiscal year, established through an actuarial valuation performed as of October 1, 2016, was \$4,076,359 (44.61% of current covered payroll). Actual employee contributions to the Police Officers' Retirement System totaled \$731,022 (8.00% of current covered payroll), actual City contributions were \$4,662,203 (51.02% of current covered payroll) plus state contributions deposited directly to the plan amounted to \$584,334 (6.39% 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, 2017 to record the net pension liability, deferred inflows and outflows of resources, and pension expense in its September 30, 2018 financial statements.

	Measurement Date	
	9/30/18	9/30/17
Total Pension Liability	\$ 89,558,317	\$ 85,879,573
Plan Fiduciary Net Position	(73,797,839)	(68,327,835)
Sponsor's Net Pension Liability	\$ 15,760,478	\$ 17,551,738
Plan Fiduciary Net Position as a percentage of Total Pension Liability	82.40%	79.56%

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**B. Police Officers’ Retirement System (Continued)**

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2018 updated to September 30, 2018 using the following actuarial assumptions applied to all measurement periods.

	<u>2018</u>	<u>2017</u>
Inflation	2.70%	2.70%
Salary Increases	(Service Based)	3.5% to 14% (Service Based)
Investment Rate of Return	7.85%	7.85%

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, 2018 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	
	<u>2018</u>	<u>2017</u>
Domestic Equity	8.10%	7.00%
International Equity	3.40%	3.70%
Bonds	3.60%	4.00%
Convertibles	6.70%	6.00%
Private Real Estate	4.90%	4.80%
Master Limited Partnerships	9.40%	9.70%

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**B. Police Officers’ Retirement System (Continued)**

Pension expense, Deferred Outflows and Deferred Inflows of Resources

For the year ended September 30, 2018, the City recognized pension expense of \$2,977,538 as the result of implementing GASB No. 68. At September 30, 2018, based on a measurement date of September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Police**

Deferred outflows

Difference between expected and actual earnings on investments	\$ 2,302,278
Contributions subsequent to the measurement date	4,664,074
Changes in assumptions about future economic or demographic factors	1,044,918
Total deferred outflows	<u>\$ 8,011,270</u>

Deferred inflows

Difference between expected and actual experience	\$ 1,055,461
Difference between expected and actual earnings on investments	2,002,745
Total deferred inflows	<u>\$ 3,058,206</u>

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

2019	\$ 354,864
2020	648,276
2021	(308,572)
2022	(405,578)
Thereafter	-
	<u>\$ 288,990</u>

Discount Rate:

The discount rate used to measure the total pension liability was 7.85 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.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**B. Police Officers' Retirement System (Continued)**

	1% Decrease	Current Discount Rate	1% Increase
	6.85%	7.85%	8.85%
Sponsor's Net Pension Liability 09/30/18 Measurement Date	\$ 26,551,830	\$ 15,760,478	\$ 8,187,410
Sponsor's Net Pension Liability 09/30/17 Measurement Date	\$ 27,874,414	\$ 17,551,738	\$ 10,260,970

Net Pension Liability

The following table shows the changes in net pension liability along with the breakdown detailing the changes since September 30, 2016.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning balances 9/30/16	\$ 83,876,123	\$ 62,806,327	\$ 21,069,796
Service Cost	1,579,043	-	1,579,043
Interest	6,600,886	-	6,600,886
Change in assumptions	(35,707)	-	(35,707)
Differences between Expected and Actual Experience	(252,579)	-	(252,579)
Contributions - Employer	-	3,582,817	(3,582,817)
Contributions - State	-	530,026	(530,026)
Contributions - Employee	-	669,044	(669,044)
Net Investment Income	-	6,716,321	(6,716,321)
Benefit Payments	(5,888,193)	(5,888,193)	-
Administrative Expenses	-	(88,507)	88,507
Net Changes	2,003,450	5,521,508	(3,518,058)
Ending balance 09/30/17	\$ 85,879,573	\$ 68,327,835	\$ 17,551,738
Beginning balances 9/30/17	\$ 85,879,573	\$ 68,327,835	\$ 17,551,738
Service Cost	1,558,052	-	1,558,052
Interest	6,630,559	-	6,630,559
Differences between Expected and Actual Experience	1,433,941	-	1,433,941
Contributions - Employer	-	4,077,869	(4,077,869)
Contributions- State	-	584,334	(584,334)
Contributions - Employee	-	731,022	(731,022)
Net Investment Income	-	6,110,450	(6,110,450)
Benefit Payments	(5,943,808)	(5,943,808)	-
Administrative Expenses	-	(89,863)	89,863
Net Changes	3,678,744	5,470,004	(1,791,260)
Ending balance 9/30/18	\$ 89,558,317	\$ 73,797,839	\$ 15,760,478

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**C. Firefighters' Retirement Plan**

Plan Descriptions

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

The plan is administered by a five-member Board of Trustees comprised of: two City residents appointed by the City Council, two Firefighters elected by 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, 2018 the Plan's participants consisted of:

	Fire	
	<u>2018</u>	<u>2017</u>
Retirees and beneficiaries (Inactive members):		
Currently receiving benefits	66	60
DROP retirees	10	15
Disability Retirees	10	12
Terminated employees entitled to benefits, but not yet receiving them	3	3
	89	90
Current employees (Active members):		
Vested	45	45
Nonvested	79	70
Total	124	115

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.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**C. 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 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 29.80% 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 2018 fiscal year the amount of these contributions totaled \$472,989; however, the amount available to the plan for the provision of benefits is frozen, in accordance with Chapter 175, Florida Statutes at \$240,401.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2018:

Asset Class	Target Allocation	
	2018	2017
Mutual Funds	0.00%	25.00%
Common Stock/Mutual Funds	0.00%	50.00%
Fixed Income	30.00%	15.00%
Domestic Equity/Mutual Funds	45.00%	10.00%
International Equity	15.00%	0.00%
Real Estate	10.00%	0.00%
Total	100.00%	100.00%

Concentrations:

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

Rate of Return:

For the year ended September 30, 2018 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 9.22%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Deferred Retirement Option Program (DROP):

*Eligibility:* Satisfaction of Normal Retirement requirements.

*Participation:* Not to exceed 60 months.

*Rate of Return:* A member shall earn 100 basis points less than the plan's assumed investment rate of return, which would currently be 7.50%.

The DROP balance as of September 30, 2018 is \$2,497,664.

Annual Pension Cost

The contribution requirement for the Firefighters' Retirement Plan for the 2018 fiscal year, established through an actuarial valuation performed as of October 1, 2016, was \$2,318,136 (28.99% of current covered payroll). Actual employee contributions to the Firefighters' Retirement Plan totaled \$736,600 (9.21% of current covered payroll), actual City contributions were \$2,495,113 (31.20% of current covered payroll) plus state contributions deposited directly to the plan amounted to \$472,989. Accumulated excess contributions in the Accrued (Prepaid) Position Account were available to assist in funding the City's contribution requirement for the year.



**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

Net Pension Liability

The City has used the alternate measurement date of September 30, 2017 to record the net pension liability, deferred inflows and outflows of resources, and pension expense in its September 30, 2018 financial statements.

	Measurement Date	
	9/30/18	9/30/17
Total Pension Liability	\$ 73,101,503	\$ 70,757,455
Plan Fiduciary Net Position	(63,211,016)	(57,954,285)
Sponsor's Net Pension Liability	\$ 9,890,487	\$ 12,803,170
Plan Fiduciary Net Position as a percentage of Total Pension Liability	86.47%	81.91%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2016 updated to September 30, 2018 using the following actuarial assumptions.

	2018	2017
Inflation	3.25%	3.25%
Salary Increases	0.0%-4.0%	0.0%-4.0%
Investment Rate of Return	7.50%	7.50%

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, 2016 valuation were based on the results of an actuarial experience study for the period 1997-2010.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

Pension expense, Deferred Outflows and Deferred Inflows of Resources

For the year ended September 30, 2018, the City recognized pension expense of \$2,130,832 as the result of implementing GASB No. 68. At September 30, 2018, based on a measurement date of September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows

Changes of assumptions	\$ 2,167,605
Difference between expected and actual experience	1,852,003
Difference between expected and actual earnings on investments	1,406,945
Contributions subsequent to the measurement date	2,968,102
Total deferred outflows	<u>\$ 8,394,655</u>

Deferred inflows

Difference between expected and actual experience	\$ 516,578
Difference between expected and actual earnings on investments	2,749,132
Total deferred inflows	<u>\$ 3,265,710</u>

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

2019	\$ 407,556
2020	543,716
2021	(159,756)
2022	77,724
Thereafter	(560,400)
	<u>\$ 308,840</u>

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.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

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, 2018 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	
	2018	2017
Fixed Income	2.67%	6.50%
Domestic Equity	7.50%	4.70%
Common Stock	N/A	5.80%
International Equity	8.50%	0.00%
Real Estate	4.50%	0.00%

Discount Rate:

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.50%	7.50%	8.50%
Sponsor's Net Pension Liability 09/30/18 Measurement Date	\$ 19,059,546	\$ 9,890,487	\$ 2,307,096
Sponsor's Net Pension Liability 09/30/17 Measurement Date	\$ 21,283,712	\$ 12,803,170	\$ 5,230,268

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

Net Pension Liability

The following table shows the changes in net pension liability along with the breakdown detailing the changes since September 30, 2016.

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Beginning balances 9/30/16	\$ 63,079,708	\$ 51,635,284	\$ 11,444,424
Service Cost	1,317,786	-	1,317,786
Interest	4,878,081	-	4,878,081
Differences between Expected and Actual Experience	1,862,026	-	1,862,026
Change in assumptions about future economic or demographic factors or other inputs	2,528,873	-	2,528,873
Contributions - Employer	-	1,945,055	(1,945,055)
Contributions- State	-	434,616	(434,616)
Contributions - Employee	-	664,806	(664,806)
Net Investment Income	-	6,250,958	(6,250,958)
Benefit Payments	(2,909,019)	(2,909,019)	-
Administrative Expenses	-	(67,415)	67,415
Net Changes	<u>7,677,747</u>	<u>6,319,001</u>	<u>1,358,746</u>
Ending balance 09/30/17	<u>\$ 70,757,455</u>	<u>\$ 57,954,285</u>	<u>\$ 12,803,170</u>
Beginning balances 9/30/17	\$ 70,757,455	\$ 57,954,285	\$ 12,803,170
Service Cost	1,326,905	-	1,326,905
Interest	5,276,956	-	5,276,956
Differences between Expected and Actual Experience	(809,914)	-	(809,914)
Contributions - Employer	-	2,495,113	(2,495,113)
Contributions- State	-	472,989	(472,989)
Contributions - Employee	-	736,600	(736,600)
Net Investment Income	-	5,087,763	(5,087,763)
Benefit Payments	(3,449,899)	(3,449,899)	-
Administrative Expenses	-	(85,835)	85,835
Net Changes	<u>2,344,048</u>	<u>5,256,731</u>	<u>(2,912,683)</u>
Ending balance 9/30/18	<u>\$ 73,101,503</u>	<u>\$ 63,211,016</u>	<u>\$ 9,890,487</u>

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**D. Other Pension Plan Information**

Summary of Pension Plan Information

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

	General Employees	Police Plan	Firefighters' Plan	Total
Deferred outflows of resources	\$ 21,942,690	\$ 8,011,270	\$ 8,394,655	\$ 38,348,615
Deferred inflows of resources	5,556,885	3,058,206	3,265,710	11,880,801
Net pension liability	80,467,701	17,551,738	12,803,170	110,822,609
Pension expense	12,362,704	2,977,538	2,130,832	17,471,074

The following is the net position for each pension trust fund at September 30, 2018:

	General Employees' Retirement System	Police Officers' Retirement System	Firefighters' Retirement Plan	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 7,261,223	\$ 1,905,791	\$ 1,031,062	\$ 10,198,076
Receivables:				
Accrued interest receivable	14,980	126,342	94,911	236,233
Accounts receivable	7,210	82,877	19,700	109,787
Total receivables	<u>22,190</u>	<u>209,219</u>	<u>114,611</u>	<u>346,020</u>
Investments, at fair value	<u>146,526,939</u>	<u>71,980,757</u>	<u>62,105,774</u>	<u>280,613,470</u>
Total investments	<u>146,526,939</u>	<u>71,980,757</u>	<u>62,105,774</u>	<u>280,613,470</u>
Total Assets	<u>153,810,352</u>	<u>74,095,767</u>	<u>63,251,447</u>	<u>291,157,566</u>
<b>Liabilities</b>				
Accounts payable	<u>150,213</u>	<u>294,164</u>	<u>40,897</u>	<u>485,274</u>
Total liabilities	<u>150,213</u>	<u>294,164</u>	<u>40,897</u>	<u>485,274</u>
<b>Net Position</b>				
<b>Net Position Restricted for Pensions</b>	<u>\$ 153,660,139</u>	<u>\$ 73,801,603</u>	<u>\$ 63,210,550</u>	<u>\$ 290,672,292</u>

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**D. Other Pension Plan Information (Continued)**

The following is the statement of changes in net position for each pension trust fund for the fiscal year ended September 30, 2018:

	<u>General Employees' Retirement System</u>	<u>Police Officers' Retirement System</u>	<u>Firefighters' Retirement Plan</u>	<u>Total</u>
Additions:				
Contributions:				
Employer	\$ 15,482,901	\$ 4,077,869	\$ 2,495,113	\$ 22,055,883
State	-	584,334	472,989	1,057,323
Employee	608,171	731,022	736,600	2,075,793
Total contributions	<u>16,091,072</u>	<u>5,393,225</u>	<u>3,704,702</u>	<u>25,188,999</u>
Investment income:				
Investment income (loss)	7,060,342	6,514,613	5,313,555	18,888,510
Less: Investment management fees	<u>(732,235)</u>	<u>(396,796)</u>	<u>(226,259)</u>	<u>(1,355,290)</u>
Net investment income (loss)	<u>6,328,107</u>	<u>6,117,817</u>	<u>5,087,296</u>	<u>17,533,220</u>
Total additions (reductions)	<u>22,419,179</u>	<u>11,511,042</u>	<u>8,791,998</u>	<u>42,722,219</u>
Deductions:				
Pension payments	12,346,033	5,889,901	3,335,232	21,571,166
Refunds to employees	-	72,070	114,667	186,737
Administration	<u>225,097</u>	<u>89,863</u>	<u>85,835</u>	<u>400,795</u>
Total deductions	<u>12,571,130</u>	<u>6,051,834</u>	<u>3,535,734</u>	<u>22,158,698</u>
Net Increase (Decrease)	9,848,049	5,459,208	5,256,264	20,563,521
Net Assets Reserved for Employees'				
Pension Benefits:				
Beginning of year	<u>143,812,090</u>	<u>68,342,395</u>	<u>57,954,286</u>	<u>270,108,771</u>
End of year	<u>\$ 153,660,139</u>	<u>\$ 73,801,603</u>	<u>\$ 63,210,550</u>	<u>\$ 290,672,292</u>

**NOTE 10 – LONG-TERM OBLIGATIONS**

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

**CITY OF OCALA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 10 – LONG-TERM OBLIGATIONS (Continued)**

**Schedule Of Long-Term Debt**

Long-term liability activity for the year ended September 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Revenue Bonds and Certificates					
2007B Capital Improvement Certificates	\$ 15,000	\$ -	\$ (15,000)	\$ -	\$ -
2012 Refdgd Capital Improvement Certif	5,230,000	-	(835,000)	4,395,000	850,000
2013 Capital Improvement Certificates	3,135,000	-	(1,555,000)	1,580,000	1,580,000
2015 Capital Improvement Certificates	21,440,000	-	-	21,440,000	195,000
Total Revenue Bonds and Certificates	<u>29,820,000</u>	<u>-</u>	<u>(2,405,000)</u>	<u>27,415,000</u>	<u>2,625,000</u>
Other liabilities:					
Capital Lease Contract Payable	65,084	-	(65,084)	-	-
Net Pension Liability	77,684,249	1,358,746	(7,286,820)	71,756,175	-
Compensated Absences	5,323,382	4,439,894	(4,730,692)	5,032,584	3,090,171
OPEB Liability	9,876,164	162,810	-	10,038,974	-
Claims and Judgments	7,475,909	227,938	-	7,703,847	1,958,528
Total other liabilities	<u>100,424,788</u>	<u>6,189,388</u>	<u>(12,082,596)</u>	<u>94,531,580</u>	<u>5,048,699</u>
Total Governmental Activities	<u>\$ 130,244,788</u>	<u>\$ 6,189,388</u>	<u>\$ (14,487,596)</u>	<u>\$ 121,946,580</u>	<u>\$ 7,673,699</u>
<b>Business-type Activities:</b>					
Revenue Bonds					
2007A Utility Systems Bonds	\$ 2,100,000	\$ -	\$ (2,100,000)	\$ -	\$ -
2014A Utility Systems Bonds	22,240,000	-	(1,990,000)	20,250,000	2,050,000
2014B Utility Systems Bonds	26,760,000	-	(1,750,000)	25,010,000	1,795,000
2015 Utility Systems Bonds	65,115,000	-	(535,000)	64,580,000	2,885,000
2017 Utility Systems Bonds	18,565,000	-	-	18,565,000	-
Total Revenue Bonds and Certificates	<u>134,780,000</u>	<u>-</u>	<u>(6,375,000)</u>	<u>128,405,000</u>	<u>6,730,000</u>
Other liabilities:					
Net Pension Liability	43,335,126	-	(4,268,692)	39,066,434	-
Compensated Absences	2,866,221	2,256,274	(2,391,921)	2,730,574	2,064,292
OPEB Liability	4,823,836	80,190	-	4,904,026	-
Total other liabilities	<u>51,025,183</u>	<u>2,336,464</u>	<u>(6,660,613)</u>	<u>46,701,034</u>	<u>2,064,292</u>
Total Business-type Activities	<u>\$ 185,805,183</u>	<u>\$ 2,336,464</u>	<u>\$ (13,035,613)</u>	<u>\$ 175,106,034</u>	<u>\$ 8,794,292</u>

\* Beginning balances have been restated- see note 13

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

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 10 – LONG-TERM OBLIGATIONS (Continued)**

Capital Leases:

As of September 30, 2018, the City has no capital obligation leases.

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, 2018. 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, 2018 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.



**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 10 – LONG-TERM OBLIGATIONS (Continued)**

The following is a schedule of bonds outstanding at September 30, 2018:

<u>Description Of Bonds</u>	<u>Purpose Of Issue</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	
<b>Governmental Activities:</b>					
2012	Refdg Capital Improvement Certif	Refunding	8,405,000	\$ 4,395,000	1.72%
2013	Refdg Capital Improvement Certif	Refunding	7,700,000	1,580,000	1.08%
2015	Capital Improvement Certificate	Refunding	21,440,000	<u>21,440,000</u>	3.00%
Total Governmental Activities				<u>\$ 27,415,000</u>	
<b>Business-Type Activities:</b>					
2014A	Utility Systems Bonds	Refunding	24,165,000	\$ 20,250,000	3.18%
2014B	Utility Systems Bonds	Refunding	28,465,000	25,010,000	2.66%
2015	Utility Systems Bonds	Refunding	65,635,000	64,580,000	3.18%
2017	Utility Systems Bonds	Refunding	18,565,000	<u>18,565,000</u>	2.705%
Total Business-Type Activities				<u>\$ 128,405,000</u>	

For the year ended September 30, 2018, principal and interest payments were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Interest Paid	\$ 755,634	\$ 3,839,465
Principal Paid	<u>2,405,000</u>	<u>6,375,000</u>
	<u>\$ 3,160,634</u>	<u>\$ 10,214,465</u>

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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:

<u>Fiscal Year</u>	<u>Governmental Activities</u>	
	<u>Capital Improvement Certificates</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 2,625,000	\$ 717,091
2020	1,910,000	675,210
2021	1,955,000	628,371
2022	2,005,000	580,299
2023	2,055,000	530,951
2024-2028	7,810,000	1,957,950
2029-2033	9,055,000	695,025
Total	<u>\$ 27,415,000</u>	<u>\$ 5,784,897</u>

Pledged revenue description

Local government half-cent sales tax, franchise fees, business tax receipts, fines and forfeitures, communications services tax, guaranteed entitlement portion of state revenue sharing, mobile home licenses.

Fiscal year 2018 pledged revenues	\$ 8,682,982
Fiscal year 2018 principal and interest paid	\$ 3,160,634
Outstanding principal and interest	\$ 33,199,897
Pledged through fiscal year	2033
Estimated percentage pledged	25.49%

<u>Fiscal Year</u>	<u>Business-Type Activities</u>	
	<u>Utility Systems Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 6,730,000	\$ 3,762,703
2020	7,030,000	3,553,597
2021	7,235,000	3,336,934
2022	7,460,000	3,119,192
2023	7,675,000	2,900,379
2024-2028	41,825,000	10,992,045
2029-2033	50,450,000	4,120,365
Total	<u>\$ 128,405,000</u>	<u>\$ 31,785,216</u>

Pledged revenue description

Net revenues of the combined Electric Revenue System and the Water and Sewer System (as defined in bond resolutions)

Fiscal year 2018 pledged revenues	\$ 19,436,210
Fiscal year 2018 principal and interest paid	\$ 10,214,465
Outstanding principal and interest	\$ 160,190,216
Pledged through fiscal year	2033
Estimated percentage pledged	51.51%

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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, 2018, the City had no arbitrage rebate liability.

Disclosure of Legal Debt Margin

The City has no legal debt margin requirements set forth by State Statute however; the City's charter limits the aggregate amount of general obligation bonds outstanding to 20% of the assessed valuation of the taxable real and personal property in the City. At September 30, 2018, 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, 2018 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 \$7.9 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. On February 13, 2016, the circuit court dismissed in its entirety this lawsuit against the City. The plaintiff has since filed an appeal of this order of dismissal. In January 2018, the court reversed that decision so the matter is headed back to the trial court.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 11 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)**

Other Commitments

The City has outstanding commitments on various contracts for construction and other projects. These commitments, as of September 30, 2018, in the respective funds are as follows:

General Fund	\$ 1,081,507
Electric	950,312
Water and Sewer	9,321,397
Sanitation Fund	1,620
Airport Fund	6,216
Nonmajor Governmental Funds	1,153,801
CRA Fund	43,493
Total	\$12,558,346

FMPA All Requirements Project (ARP)

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

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

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

Post-employment benefits extended to retirees include the continued coverage for the retiree and 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 241 retirees participating in the plan. Premiums for insurances other than health insurance are fully paid by the retiree.

Plan Description

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

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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.

Plan Membership

At October 1, 2016 (the valuation date) the following employees were covered by the benefit terms:

	Count	Total OPEB Liability
Inactive employees or beneficiaries currently receiving benefits	241	\$ 7,759,000
Inactive employees entitled to but not yet receiving benefits	-	
Active employees	937	6,941,000
<b>Total</b>	<b>1,178</b>	<b>\$ 14,700,000</b>

Net OPEB Liability

The employer’s net OPEB liability is reported herein as of September 30, 2018 for the employer fiscal year and reporting period of October 1, 2017 to September 30, 2018. The values shown for this fiscal year and reporting period are based on a measurement date of October 1, 2017 and the corresponding measurement period of October 1, 2016 to October 1, 2017. The measurement of the total OPEB liability is based on a valuation date of October 1, 2016.

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

Actuarial Assumptions and Actuarial Methods

The total OPEB liability in the October 1, 2017 actuarial valuation was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

Expected Return on Assets:	None
Discount Rate:	3.50%
Salary Scale:	5.35%
Healthcare Cost Trend Rates:	0.00% for fiscal year ended 2017 (to reflect actual experience). 7.00% for fiscal year ended 2018, decreasing 0.50% per year to an ultimate rate of 5.00%

Mortality rates for General employees were based on the RP-2000 Fully Generational Mortality Table for males with 50% annuitant white collar adjustment and females with 100% annuitant white collar adjustment, using improvement scale BB.

Mortality rates for Police and Firefighters were based on the RP-2000 Fully Generational Mortality Table for females with 100% white collar adjustment and males with 10% white collar adjustment and 90% blue collar adjustment using improvement scale BB.

Actuarial Cost Method: Entry Age Actuarial Cost Method

Discount rate

The discount rate has been set equal to 3.50% and represents the Municipal GO AA 20-year yield curve rate as of September 29, 2017.

Net OPEB liability

The following table shows the changes in net OPEB liability along with the breakdown detailing the changes in the current fiscal year.

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Beginning balances 09/30/17	\$ 14,700,000	\$ -	\$ 14,700,000
Service Cost	473,000	-	473,000
Interest	518,000	-	518,000
Contributions-Buyback			-
Differences between Expected and Actual Experience	-	-	-
Benefit Payments	(748,000)	-	(748,000)
Net Changes	243,000	-	243,000
Ending balance 09/30/18	<u>\$ 14,943,000</u>	<u>\$ -</u>	<u>\$ 14,943,000</u>

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City calculated using the discount rate of 3.50% as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower and 1% higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	2.50%	3.50%	4.50%
Employer's Net OPEB Liability	\$ 17,326,000	\$ 14,943,000	\$ 13,066,000

Sensitivity of the total OPEB liability to changes in the trend rate:

The following presents the total OPEB liability of the City calculated using the trend rate of 3.50% as what the City's total OPEB liability would be if it were calculated using a trend rate that is 1% lower and 1% higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	2.50%	3.50%	4.50%
Employer's Net OPEB Liability	\$ 12,865,000	\$ 14,943,000	\$ 17,642,000

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2018, the City recognized OPEB expense of \$991,000 as the result of implementing GASB No.75. The deferred outflows of resources and deferred inflows of resources related to OPEB as of September 30, 2018 from various sources are as follows:

Deferred outflows

Contributions subsequent to the measurement date	\$ 763,484
Total deferred outflows	\$ 763,484

Deferred inflows

none

**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 13 – CHANGES IN ACCOUNTING STANDARDS**

**A. Adoption of New Accounting Standards**

The City implemented GASB Statement No. 75, Accounting and Reporting for Post-Employment Benefits Other Than Pensions, for certain post-employment healthcare benefits provided by the City. This statement requires the 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. This pronouncement required the restatement of the September 30, 2017 net position in governmental activities and business-type activities. The following shows the breakdown of adjustments by fund:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
OPEB Liability as previously reported	\$ 2,533,893	\$ 1,207,493	\$ 3,741,386
OPEB Liability restated, 09/30/2017	7,342,271	3,616,343	10,958,614
Deferred Outflows of Resources:			
Previously reported, 9/30/2017	-	-	-
Restated, 9/30/2017	(501,160)	(246,840)	(748,000)
Total restatement of beginning net position	<u>\$ 6,841,111</u>	<u>\$ 3,369,503</u>	<u>\$ 10,210,614</u>

**Governmental Activities**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Beginning Net Position as Previously Reported	\$ 153,593,332	\$ 284,994,664	\$ 438,587,996
Restatement Amount	(6,841,111)	(3,369,503)	(10,210,614)
Beginning Net Position as Restated	<u>\$ 146,752,221</u>	<u>\$ 281,625,161</u>	<u>\$ 428,377,382</u>

**Business-type Activities**

	<u>Electric System Revenue</u>	<u>Water and Sewer</u>	<u>Sanitation</u>
Beginning Net Position as Previously Reported	\$ 90,803,848	\$ 153,393,289	\$ 4,262,437
Restatement Amount	(1,633,700)	(918,955)	(510,531)
Beginning Net Position as Restated	<u>\$ 89,170,148</u>	<u>\$ 152,474,334</u>	<u>\$ 3,751,906</u>

	<u>Ocala International Airport</u>	<u>Fiber Network</u>	<u>Total</u>
Beginning Net Position as Previously Reported	\$ 22,746,774	\$ 9,471,071	\$ 280,677,419
Restatement Amount	(102,106)	(204,211)	(3,369,503)
Beginning Net Position as Restated	<u>\$ 22,644,668</u>	<u>\$ 9,266,860</u>	<u>\$ 277,307,916</u>



**CITY OF OCALA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 13 – CHANGES IN ACCOUNTING STANDARDS (Continued)**

**B. Future Adoption of New Accounting Standards**

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

GASB Statement No. 83, Certain Asset Retirement Obligations. This statement establishes criteria for determining the timing and pattern of the recognition of a liability and a corresponding deferred outflow of resources for certain asset retirement obligations. The provisions of GASB 83 are effective for periods beginning June 15, 2018.

GASB Statement No. 84, Fiduciary Activities. Issued January 2017, this statement improves guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB 84 are effective for periods beginning after December 15, 2018.

GASB Statement No. 86, Certain Debt Extinguishment Issues. This statement issued May 2017, is to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The provisions of this statement will be effective for the City beginning with its year ending September 30, 2018.

GASB Statement No. 87, Leases, issued June 2017. GASB 87 aims to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The provisions in GASB 87 are effective for periods beginning after December 15, 2019.

GASB Statement No. 88, Certain Disclosures Related to Debt. This statement requires additional information related to debt be disclosed in notes to financial statements, including unused lines of credit; and terms specified in debt agreements related to significant events of default. The provisions in GASB 88 are effective for periods beginning June 15, 2018.

**NOTE 14- TAX ABATEMENTS**

The City currently administers 24 Economic Investment Program agreements with city investments to be paid over a number of years based on company performance. As of September 30, 2018, the City provided tax abatements through one program, the Florida Enterprise Zone, established under Florida Statute 290.00725.

**Florida Enterprise Zone (FEZ)**

The Florida Enterprise Zone Tax Incentive Program was established by the State of Florida in 1982. This program offers tax incentives to businesses located in designated FEZ areas of urban and rural communities to encourage private investment and increase employment opportunities for the area's residents.

In 2018, three agreements were put in place that provided a 50% public service (municipal utility) tax exemption as provided by the State of Florida's FEZ program. As of September 30, 2018, the amount of municipal utility tax exempted under this program was \$47,736.

As of September 30, 2018, there are no other agreements in place that would have an impact on abatements of taxes as required by GASB 77.

**NOTE 15- FEMA REIMBURSEMENT**

The City has incurred \$7.6 million in expenses related to Hurricane Irma and have requested reimbursement for \$3,622,575 from FEMA. Funds have not been received as of September 30, 2018.

**CITY OF OCALA, FLORIDA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Budgeted Amounts (GAAP Basis)</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Property tax	\$ 27,525,316	\$ 27,525,316	\$ 27,589,980	\$ 64,664
Utility service tax	9,050,000	9,050,000	9,767,251	717,251
Communication service tax	2,651,896	2,651,896	2,543,312	(108,584)
Other tax	1,266,031	1,266,031	1,519,756	253,725
State shared revenues	6,876,830	6,878,830	6,428,967	(449,863)
Permits and fees	2,668,350	2,668,350	3,828,575	1,160,225
Intergovernmental revenues	4,000	3,494,769	1,915,239	(1,579,530)
Charges for services	13,953,228	13,965,228	15,272,294	1,307,066
Fines and forfeitures	440,800	911,744	1,212,005	300,261
Investment income	523,500	523,500	36,399	(487,101)
Miscellaneous	384,050	445,981	1,662,747	1,216,766
<b>Total revenues</b>	<b>65,344,001</b>	<b>69,381,645</b>	<b>71,776,525</b>	<b>2,394,880</b>
<b>Expenditures</b>				
Current:				
General government	13,249,402	18,520,221	16,494,605	2,025,616
Public safety	49,345,956	49,715,621	47,376,895	2,338,726
Physical Environment	10,154	314,000	-	314,000
Transportation	2,599,361	3,659,656	4,079,815	(420,159)
Economic environment	621,337	1,895,263	803,047	1,092,216
Culture and recreation	9,208,700	9,709,153	9,206,055	503,098
Capital outlay	1,279,928	6,937,547	3,436,457	3,501,090
<b>Total expenditures</b>	<b>76,314,838</b>	<b>90,751,461</b>	<b>81,396,874</b>	<b>9,354,587</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(10,970,837)</b>	<b>(21,369,816)</b>	<b>(9,620,349)</b>	<b>11,749,467</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	15,307,196	16,324,024	16,314,844	(9,180)
Transfers out	(3,345,879)	(4,347,649)	(4,288,927)	58,722
<b>Total other financing sources (uses)</b>	<b>11,961,317</b>	<b>11,976,375</b>	<b>12,025,917</b>	<b>49,542</b>
<b>Net change in fund balance</b>	<b>990,480</b>	<b>(9,393,441)</b>	<b>2,405,568</b>	<b>11,799,009</b>
<b>Fund balance - beginning</b>	<b>37,018,227</b>	<b>37,018,227</b>	<b>37,018,227</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 38,008,707</b>	<b>\$ 27,624,786</b>	<b>\$ 39,423,795</b>	<b>\$ 11,799,009</b>

CITY OF OCALA, FLORIDA  
COMMUNITY REDEVELOPMENT AGENCY (CRA) FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	(GAAP Basis)			
	Original	Final		
<b>Revenues</b>				
Property tax	\$ 421,198	\$ 418,603	\$ 418,603	\$ -
Investment income	36,000	36,000	252	(35,748)
<b>Total revenues</b>	<u>457,198</u>	<u>454,603</u>	<u>418,855</u>	<u>(35,748)</u>
<b>Expenditures</b>				
Current:				
Economic Environment	-	1,114,774	459,867	654,907
Capital outlay	831,878	831,878	704,232	127,646
<b>Total expenditures</b>	<u>831,878</u>	<u>1,946,652</u>	<u>1,164,099</u>	<u>782,553</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(374,680)</u>	<u>(1,492,049)</u>	<u>(745,244)</u>	<u>746,805</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	698,586	1,315,029	1,315,029	-
<b>Total other financing sources (uses)</b>	<u>698,586</u>	<u>1,315,029</u>	<u>1,315,029</u>	<u>-</u>
<b>Net change in fund balance</b>	323,906	(177,020)	569,785	746,805
<b>Fund balance - beginning</b>	<u>1,824,463</u>	<u>1,824,463</u>	<u>1,824,463</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 2,148,369</u>	<u>\$ 1,647,443</u>	<u>\$ 2,394,248</u>	<u>\$ 746,805</u>

**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)**

	Measurement Date				
	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
<b>Total pension liability</b>					
Service cost	\$ 1,288,820	\$ 1,567,489	\$ 1,852,029	\$ 1,955,680	\$ 2,122,184
Interest	15,359,295	14,832,634	14,160,117	13,857,718	13,643,262
Changes of benefit terms	-	-	-	-	(1,321,935)
Differences between expected and actual experience	2,072,529	1,126,640	1,198,983	1,329,173	-
Changes of assumptions	-	3,182,088	5,202,901	-	-
Contributions - buy back	-	-	-	-	114,387
Benefit payments, including refunds of employee contributions	(12,344,439)	(13,468,466)	(11,575,745)	(13,862,112)	(11,437,247)
Net change in total pension liability	6,376,205	7,240,385	10,838,285	3,280,459	3,120,651
Total pension liability - beginning	224,301,899	217,061,514	206,223,229	202,942,770	199,822,119
Total pension liability- ending	<u>\$ 230,678,104</u>	<u>\$ 224,301,899</u>	<u>\$ 217,061,514</u>	<u>\$ 206,223,229</u>	<u>\$202,942,770</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	15,482,762	14,802,319	14,187,965	13,053,609	10,253,005
Contributions - employee	608,171	740,871	574,059	584,624	675,791
Contributions - buy back	-	-	-	-	114,387
Net investment income	6,324,077	13,427,988	10,585,043	(2,523,690)	10,569,771
Benefit payments, including refunds of employee contributions	(12,344,439)	(13,468,466)	(11,575,745)	(13,862,112)	(11,437,247)
Administrative expense	(225,097)	(224,873)	(225,101)	(172,861)	(159,258)
Net change in plan fiduciary net position	9,845,474	15,277,839	13,546,221	(2,920,430)	10,016,449
Plan fiduciary net position - beginning	143,834,198	128,556,359	115,010,138	117,930,568	107,914,119
Plan fiduciary net position - ending	<u>153,679,672</u>	<u>143,834,198</u>	<u>128,556,359</u>	<u>115,010,138</u>	<u>117,930,568</u>
Net pension liability - ending	<u>\$ 76,998,432</u>	<u>\$ 80,467,701</u>	<u>\$ 88,505,155</u>	<u>\$ 91,213,091</u>	<u>\$ 85,012,202</u>
Plan fiduciary net position as a percentage of the total pension liability	66.62%	64.13%	59.23%	55.77%	58.11%
Covered payroll	\$ 11,804,951	\$ 13,747,075	\$ 14,722,210	\$ 21,970,446	\$ 15,593,924
Net pension liability as a percentage of covered payroll	652.26%	585.34%	601.17%	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)

	Measurement Date				
	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially determined contribution	\$ 15,254,002	\$ 14,802,319	\$ 14,186,322	\$ 13,053,609	\$ 10,253,005
Contributions in relation to the					
Actuarially determined contribution	15,482,762	14,802,319	14,187,965	13,053,609	10,253,005
Contribution Deficiency (Excess)	<u>\$ (228,760)</u>	<u>\$ -</u>	<u>\$ (1,643)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 11,804,951	\$ 13,747,075	\$ 14,722,210	\$ 21,970,446	\$ 15,593,924
Contributions as a percentage of covered payroll	131.15%	107.68%	96.37%	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)**

	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Annual Money - Weighted Rate of Return					
Net of Investment Expense	4.41%	10.46%	9.08%	(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)**

	Measurement Date				
	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
<b>Total pension liability</b>					
Service cost	\$ 1,558,052	\$ 1,579,043	\$ 1,629,468	\$ 1,639,535	\$ 1,688,742
Interest	6,630,559	6,600,886	6,316,211	6,207,407	5,940,330
Changes of benefit terms	-	-	(1,150,613)	-	-
Change in Funding Standard Account	-	-	-	-	56,039
Differences between expected and actual experience	1,433,941	(252,579)	(727,086)	(971,456)	-
Changes of assumptions	-	(35,707)	1,741,528	-	-
Contributions - buy back	-	-	-	83,865	-
Benefit payments, including refunds of employee contributions	(5,943,808)	(5,888,193)	(4,814,327)	(4,062,918)	(4,531,980)
Net change in total pension liability	3,678,744	2,003,450	2,995,181	2,896,433	3,153,131
Total pension liability - beginning	\$ 85,879,573	\$ 83,876,123	\$ 80,880,942	77,984,509	74,831,378
Total pension liability- ending	<u>\$ 89,558,317</u>	<u>\$ 85,879,573</u>	<u>\$ 83,876,123</u>	<u>\$ 80,880,942</u>	<u>\$ 77,984,509</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	4,077,869	3,582,817	3,469,395	3,111,881	2,961,297
Contributions - State	584,334	530,026	516,594	471,520	440,294
Contributions - employee	731,022	669,044	672,201	629,554	632,728
Contributions - buy back	-	-	-	83,865	-
Net investment income	6,110,450	6,716,321	5,151,384	(1,046,879)	5,733,534
Benefit payments, including refunds of employee contributions	(5,943,808)	(5,888,193)	(4,814,327)	(4,062,918)	(4,531,980)
Administrative expense	(89,863)	(88,507)	(83,196)	(72,024)	(72,694)
Net change in plan fiduciary net position	5,470,004	5,521,508	4,912,051	(885,001)	5,163,179
Plan fiduciary net position - beginning	68,327,835	62,806,327	57,894,276	58,779,277	53,616,098
Plan fiduciary net position - ending	<u>73,797,839</u>	<u>68,327,835</u>	<u>62,806,327</u>	<u>57,894,276</u>	<u>58,779,277</u>
Net pension liability - ending	<u>\$ 15,760,478</u>	<u>\$ 17,551,738</u>	<u>\$ 21,069,796</u>	<u>\$ 22,986,666</u>	<u>\$ 19,205,232</u>
Plan fiduciary net position as a percentage of the total pension liability	82.40%	79.56%	74.88%	71.58%	75.37%
Covered payroll	\$ 9,137,770	\$ 8,363,052	\$ 8,402,515	\$ 9,288,611	\$ 7,909,106
Net pension liability as a percentage of covered payroll	172.48%	209.87%	250.76%	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)**

	Measurement Date				
	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially determined contribution	\$ 4,076,359	\$ 3,582,731	\$ 3,762,646	\$ 3,505,831	\$ 3,345,551
Contributions in relation to the					
Actuarially determined contribution	4,662,203	4,112,843	3,985,989	3,583,401	3,345,551
Contribution Deficiency (Excess)	<u>\$ (585,844)</u>	<u>\$ (530,112)</u>	<u>\$ (223,343)</u>	<u>\$ (77,570)</u>	<u>\$ -</u>
Covered payroll	\$ 9,137,770	\$ 8,363,052	\$ 8,402,515	\$ 9,288,611	\$ 7,909,106
Contributions as a percentage of covered payroll	51.02%	49.18%	47.44%	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)**

	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Annual Money - Weighted Rate of Return Net of Investment Expense	9.04%	8.35%	9.78%	(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)

	Measurement Date				
	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
<b>Total pension liability</b>					
Service cost	\$ 1,326,905	\$ 1,317,786	\$ 1,227,874	\$ 1,121,980	\$ 1,163,818
Interest	5,276,956	4,878,081	4,637,901	4,471,685	4,274,720
Changes of benefit terms	-	-	(556,590)	-	-
Differences between expected and actual experience	(809,914)	1,862,026	258,882	(904,013)	142,133
Changes of assumptions	-	2,528,873	-	-	-
Benefit payments, including refunds of employee contributions	(3,449,899)	(2,909,019)	(2,208,735)	(3,092,921)	(2,901,757)
Net change in total pension liability	2,344,048	7,677,747	3,359,332	1,596,731	2,678,914
Total pension liability - beginning	70,757,455	63,079,708	59,720,376	58,123,645	55,444,731
Total pension liability- ending	<u>\$ 73,101,503</u>	<u>\$ 70,757,455</u>	<u>\$ 63,079,708</u>	<u>\$ 59,720,376</u>	<u>\$ 58,123,645</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	2,495,113	1,945,055	2,490,684	2,180,098	2,117,780
Contributions - State	472,989	434,616	434,473	467,838	553,787
Contributions - employee	736,600	664,806	643,628	554,915	450,140
Net investment income	5,087,763	6,250,958	4,770,021	13,508	3,792,085
Benefit payments, including refunds of employee contributions	(3,449,899)	(2,909,019)	(2,208,735)	(3,092,921)	(2,901,757)
Administrative expense	(85,835)	(67,415)	(84,143)	(77,503)	(67,517)
Net change in plan fiduciary net position	5,256,731	6,319,001	6,045,928	45,935	3,944,518
Plan fiduciary net position - beginning	57,954,285	51,635,284	45,589,356	45,543,421	41,598,903
Plan fiduciary net position - ending	63,211,016	57,954,285	51,635,284	45,589,356	45,543,421
Net pension liability - ending	<u>\$ 9,890,487</u>	<u>\$ 12,803,170</u>	<u>\$ 11,444,424</u>	<u>\$ 14,131,020</u>	<u>\$ 12,580,224</u>
Plan fiduciary net position as a percentage of the total pension liability	86.47%	81.91%	81.86%	76.34%	78.36%
Covered payroll	\$ 7,657,531	\$ 6,886,009	\$ 7,333,107	\$ 6,311,053	\$ 6,392,458
Net pension liability as a percentage of covered payroll	129.16%	185.93%	156.07%	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)**

	Measurement Date				
	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially determined contribution	\$ 2,881,523	\$ 2,236,606	\$ 2,370,353	\$ 2,355,312	\$ 2,482,131
Contributions in relation to the Actuarially determined contribution	2,968,102	2,185,456	2,731,085	2,420,499	2,358,181
Contribution Deficiency (Excess)	<u>\$ (86,579)</u>	<u>\$ 51,150</u>	<u>\$ (360,732)</u>	<u>\$ (65,187)</u>	<u>\$ 123,950</u>
Covered payroll	\$ 7,657,531	\$ 6,886,009	\$ 7,333,107	\$ 6,507,660	\$ 6,311,053
Contributions as a percentage of Covered payroll	38.76%	31.74%	37.24%	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)**

	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Annual Money - Weighted Rate of Return Net of Investment Expense	9.22%	12.80%	10.88%	0.06%	9.31%

\* Information prior to fiscal year 2014 is not available.

**CITY OF OCALA, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
SEPTEMBER 30, 2018**

**Last 10 Fiscal Years \*  
(Dollar amounts in thousands)**

	<u><b>9/30/2018</b></u>
<b>Total OPEB liability</b>	\$ 473,000
Service cost	518,000
Interest	-
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(748,000)
Net change in total OPEB liability	<u>\$ 243,000</u>
Total OPEB liability - beginning	\$ 14,700,000
Total OPEB liability - ending	14,943,000
<b>Plan fiduciary net position</b>	
Contributions- employer	748,000
Contributions - employee	-
Net investment income	-
Benefit payments, including refunds of employee contributions	(748,000)
Net change in plan fiduciary net position	\$ -
Plan fiduciary net position- beginning	\$ -
Plan fiduciary net position- ending	-
Employer's net OPEB liability ending	<u><u>\$ 14,943,000</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%
Covered payroll	\$ 50,556,000
Employer's net OPEB liability as a percentage of covered-employee payroll	29.56%

\*10 years of data will be presented as it becomes available

**CITY OF OCALA, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 OPEB PLAN**

**Last 10 Fiscal Years \*  
 (Dollar amounts in thousands)**

	2018
Actuarially determined contribution	\$ 748,000
Contributions in relation to the Actuarially determined contribution	748,000
Contribution Deficiency (Excess)	\$ -
 Covered payroll	 \$ 50,556,000
Contributions as a percentage of Covered payroll	 1.48%

\* Information prior to fiscal year 2018 is not available.

**CITY OF OCALA, FLORIDA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**SEPTEMBER 30, 2018**

**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, 2018.

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 2018, 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, 2018, 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, 2016

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method (level percentage of pay).

Amortization Method: Layered 10-year periods.

Remaining Amortization Period: 21 Years (as of 10/01/2016 valuation).

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

**CITY OF OCALA, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
SEPTEMBER 30, 2018**

**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

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

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

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

Members with at least 30 years of Credited Service are assumed to retire immediately.

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

Termination Rates: See Table Below.

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

Mortality: RP-2000 Combined Healthy with generational projection by AA- Sex Distinct. This assumption is mandated by Ordinance 2013-48. Disabled lives are valued using the RP-2000 Combined Healthy projected to 2012 with Schedule AA – Sex Distinct set forward 5 years.

Other Information: Termination and Disability Rate Table.

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



**CITY OF OCALA, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
SEPTEMBER 30, 2018**

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

**POLICE OFFICERS' RETIREMENT SYSTEM**

Valuation Date: October 1, 2016

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost

Amortization Method: Level percentage of pay, closed.

Remaining Amortization Period: 28 Years (as of 10/01/2016 valuation).

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% per year.

Salary Increases:	<u>Years of Credited Service</u>	<u>Salary Scale</u>
	<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: 1.3% (previously 2.0%)

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).

**CITY OF OCALA, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
SEPTEMBER 30, 2018**

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

**POLICE OFFICERS' RETIREMENT SYSTEM (Continued)**

Other Information: Termination and Disability Rate Table.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
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, 2016

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: 21 Years (as of 10/01/2016 valuation).

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.

<u>Salary Increases:</u>	<u>Age</u>	<u>Salary scale</u>
	<30	4.0%
	35	3.0%
	40	2.0%
	45	1.0%
	50 & greater	0%

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

Payroll Increase: 1.9% (previously 3.25%).

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.

**CITY OF OCALA, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
SEPTEMBER 30, 2018**

**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.

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



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**CITY OF OCALA, FLORIDA  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018**

**SPECIAL REVENUE FUNDS:**

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

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

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

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

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

**Infrastructure Sales Surtax Fund** – This fund accounts for Public Safety capital needs and road projects.

**DEBT SERVICE FUNDS:**

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

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

**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.



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**CITY OF OCALA, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>			
Equity in pooled cash fund	\$ 10,622,882	\$ 3,001,069	\$ 13,623,951
Accounts and notes receivables	713,883	-	713,883
Accrued interest receivable	44,454	-	44,454
Due from other funds	-	-	-
Prepaid Expenses	62,293	-	62,293
Due from other governments	2,985,213	-	2,985,213
<b>Total assets</b>	<u>14,428,725</u>	<u>3,001,069</u>	<u>17,429,794</u>
<b>Liabilities and fund balances</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	804,307	-	804,307
Interfund loan payable	2,100,000	-	2,100,000
Retainage on contracts	262,828	-	262,828
Escrow/Deposits	1,008,065	-	1,008,065
<b>Total liabilities</b>	<u>4,175,200</u>	<u>-</u>	<u>4,175,200</u>
<b>Deferred inflows of resources</b>			
Deferred inflows from future revenues	67,541	-	67,541
<b>Total deferred inflows of resources</b>	<u>67,541</u>	<u>-</u>	<u>67,541</u>
<b>Fund Balances:</b>			
Nonspendable	62,293	-	62,293
Restricted	5,520,595	3,001,069	8,521,664
Committed	4,603,096	-	4,603,096
<b>Total fund balances</b>	<u>10,185,984</u>	<u>3,001,069</u>	<u>13,187,053</u>
<b>Total liabilities and fund balances</b>	<u>\$ 14,428,725</u>	<u>\$ 3,001,069</u>	<u>\$ 17,429,794</u>

**CITY OF OCALA, FLORIDA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>			
Property tax	\$ 77,669	\$ -	\$ 77,669
Local option gas tax	3,557,305	-	3,557,305
Infrastructure Sales Surtax	7,376,128	-	7,376,128
Intergovernmental revenues	2,512,477	-	2,512,477
Charges for services	6,054,831	-	6,054,831
Investment income	9,542	13,088	22,630
Miscellaneous	42,804	-	42,804
<b>Total revenues</b>	<u>19,630,756</u>	<u>13,088</u>	<u>19,643,844</u>
<b>Expenditures</b>			
<b>Current:</b>			
Physical environment	5,920,590	-	5,920,590
Transportation	7,962,170	-	7,962,170
Economic environment	235,624	-	235,624
<b>Capital outlay</b>	8,480,429	-	8,480,429
<b>Debt service:</b>			
Principal payments	-	2,405,000	2,405,000
Interest and fees	-	755,634	755,634
<b>Total expenditures</b>	<u>22,598,813</u>	<u>3,160,634</u>	<u>25,759,447</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,968,057)</u>	<u>(3,147,546)</u>	<u>(6,115,603)</u>
<b>Other financing sources (uses)</b>			
Transfers in	6,283	3,368,798	3,375,081
Transfers out	(35,000)	(8,990)	(43,990)
<b>Total other financing sources (uses)</b>	<u>(28,717)</u>	<u>3,359,808</u>	<u>3,331,091</u>
<b>Net change in fund balances</b>	(2,996,774)	212,262	(2,784,512)
<b>Fund balances - beginning</b>	13,182,758	2,788,807	15,971,565
<b>Fund balances - ending</b>	<u>\$ 10,185,984</u>	<u>\$ 3,001,069</u>	<u>\$ 13,187,053</u>



**CITY OF OCALA, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2018**

	<u>Downtown Development</u>	<u>Local Gasoline Tax</u>
<b>Assets</b>		
Equity in pooled cash and investment fund	\$ 216,183	\$ 1,842,444
Accrued interest receivable	922	7,860
Accounts and notes receivable	-	-
Prepaid Expenses	-	14,473
Due from other governments	-	1,708,080
<b>Total assets</b>	<u>217,105</u>	<u>3,572,857</u>
<b>Liabilities and fund balances</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	2,647	518,708
Interfund payable	-	-
Retainage on contracts	-	-
Escrow	-	1,008,065
<b>Total liabilities</b>	<u>2,647</u>	<u>1,526,773</u>
<b>Deferred inflows of resources</b>		
Deferred inflows from future revenues	-	-
<b>Total deferred inflows from resources</b>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>		
Nonspendable	-	14,473
Restricted	214,458	2,031,611
Committed	-	-
<b>Total fund balances</b>	<u>214,458</u>	<u>2,046,084</u>
<b>Total liabilities and fund balances</b>	<u>\$ 217,105</u>	<u>\$ 3,572,857</u>

<b>Stormwater Utility</b>	<b>SHIP Local Housing Assistance</b>	<b>Infrastructure Sales Surtax</b>	<b>Total</b>
\$ 3,367,996	\$ 464,189	\$ 4,732,070	\$ 10,622,882
13,505	1,980	20,187	44,454
639,487	74,396	-	713,883
47,820	-	-	62,293
763,209	-	513,924	2,985,213
<u>4,832,017</u>	<u>540,565</u>	<u>5,266,181</u>	<u>14,428,725</u>
130,357	131	152,464	804,307
50,744	937	2,100,000	2,100,000
-	-	211,147	262,828
-	-	-	1,008,065
<u>181,101</u>	<u>1,068</u>	<u>2,463,611</u>	<u>4,175,200</u>
-	67,541	-	67,541
-	67,541	-	67,541
47,820	-	-	62,293
-	471,956	2,802,570	5,520,595
4,603,096	-	-	4,603,096
<u>4,650,916</u>	<u>471,956</u>	<u>2,802,570</u>	<u>10,185,984</u>
<u>\$ 4,832,017</u>	<u>\$ 540,565</u>	<u>\$ 5,266,181</u>	<u>\$ 14,428,725</u>

**CITY OF OCALA, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Downtown Development</u>	<u>Local Gasoline Tax</u>
<b>Revenues</b>		
Property taxes	\$ 77,669	\$ -
Local option gas tax	-	3,557,305
Infrastructure sales surtax	-	-
Intergovernmental revenues	-	1,674,933
Charges for services	-	-
Investment income	159	(7,878)
Miscellaneous	-	31,409
<b>Total revenues</b>	<u>77,828</u>	<u>5,255,769</u>
<b>Expenditures</b>		
Current:		
Physical environment	-	-
Transportation	-	4,531,646
Economic environment	41,104	-
Capital outlay	-	1,676,663
<b>Total expenditures</b>	<u>41,104</u>	<u>6,208,309</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>36,724</u>	<u>(952,540)</u>
<b>Other financing sources (uses)</b>		
Transfers in	-	-
Transfers out	(35,000)	-
<b>Total other financing sources (uses)</b>	<u>(35,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	1,724	(952,540)
<b>Fund balances - beginning</b>	<u>212,734</u>	<u>2,998,624</u>
<b>Fund balances - ending</b>	<u>\$ 214,458</u>	<u>\$ 2,046,084</u>

<u>Stormwater Utility</u>	<u>SHIP Local Housing Assistance</u>	<u>Infrastructure Sales Surtax</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 77,669
-	-	-	3,557,305
-	-	7,376,128	7,376,128
577,706	259,838	-	2,512,477
6,054,831	-	-	6,054,831
(569)	1,280	16,550	9,542
526	10,869	-	42,804
<u>6,632,494</u>	<u>271,987</u>	<u>7,392,678</u>	<u>19,630,756</u>
5,920,590	-	-	5,920,590
-	-	3,430,524	7,962,170
-	194,520	-	235,624
1,255,133	-	5,548,633	8,480,429
<u>7,175,723</u>	<u>194,520</u>	<u>8,979,157</u>	<u>22,598,813</u>
<u>(543,229)</u>	<u>77,467</u>	<u>(1,586,479)</u>	<u>(2,968,057)</u>
6,283	-	-	6,283
-	-	-	(35,000)
<u>6,283</u>	<u>-</u>	<u>-</u>	<u>(28,717)</u>
(536,946)	77,467	(1,586,479)	(2,996,774)
<u>5,187,862</u>	<u>394,489</u>	<u>4,389,049</u>	<u>13,182,758</u>
<u>\$ 4,650,916</u>	<u>\$ 471,956</u>	<u>\$ 2,802,570</u>	<u>\$ 10,185,984</u>

**CITY OF OCALA, FLORIDA  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
DOWNTOWN DEVELOPMENT FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Property taxes	\$ 77,669	\$ 77,243	\$ 426
Investment income	159	2,800	(2,641)
<b>Total revenues</b>	<u>77,828</u>	<u>80,043</u>	<u>(2,215)</u>
<b>Expenditures</b>			
Current:			
Economic Environment	41,104	87,168	46,064
Capital outlay	-	21,000	21,000
<b>Total expenditures</b>	<u>41,104</u>	<u>108,168</u>	<u>67,064</u>
<b>Excess of revenues over expenditures</b>	<u>36,724</u>	<u>(28,125)</u>	<u>64,849</u>
<b>Other financing (uses)</b>			
Transfers out	(35,000)	(35,000)	-
<b>Total other financing (uses)</b>	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
<b>Net change in fund balance</b>	1,724	(63,125)	64,849
<b>Fund balance - beginning</b>	<u>212,734</u>	<u>212,734</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 214,458</u>	<u>\$ 149,609</u>	<u>\$ 64,849</u>

**CITY OF OCALA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**LOCAL GASOLINE TAX FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Local option gas tax	\$ 3,557,305	\$ 3,531,687	\$ 25,618
Intergovernmental revenues	1,674,933	1,695,575	(20,642)
Investment income	(7,878)	68,000	(75,878)
Miscellaneous	31,409	-	31,409
<b>Total revenues</b>	<u>5,255,769</u>	<u>5,295,262</u>	<u>(39,493)</u>
<b>Expenditures</b>			
Current:			
Transportation	4,531,646	4,796,647	265,001
Capital outlay	1,676,663	2,362,068	685,405
<b>Total expenditures</b>	<u>6,208,309</u>	<u>7,158,715</u>	<u>950,406</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(952,540)</u>	<u>(1,863,453)</u>	<u>910,913</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	(952,540.00)	(1,863,453)	910,913
<b>Fund balance - beginning</b>	<u>2,998,624</u>	<u>2,998,624</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 2,046,084</u>	<u>\$ 1,135,171</u>	<u>\$ 910,913</u>

**CITY OF OCALA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**STORMWATER UTILITY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental revenues	\$ 577,706	\$ -	\$ 577,706
Charges for services	6,054,831	6,279,826	(224,995)
Investment income	(569)	60,000	(60,569)
Other	526	-	526
<b>Total revenues</b>	<u>6,632,494</u>	<u>6,339,826</u>	<u>292,668</u>
<b>Expenditures</b>			
Current:			
Physical environment	5,920,590	6,715,064	794,474
Capital outlay	1,255,133	2,410,705	1,155,572
<b>Total expenditures</b>	<u>7,175,723</u>	<u>9,125,769</u>	<u>1,950,046</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(543,229)</u>	<u>(2,785,943)</u>	<u>2,242,714</u>
<b>Other financing (uses)</b>			
Transfers in	6,283	6,283	-
Transfers out	-	-	-
<b>Total other financing (uses)</b>	<u>6,283</u>	<u>6,283</u>	<u>-</u>
<b>Net change In fund balance</b>	(536,946)	(2,779,660)	2,242,714
<b>Fund balance - beginning</b>	<u>5,187,862</u>	<u>5,187,862</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 4,650,916</u>	<u>\$ 2,408,202</u>	<u>\$ 2,242,714</u>

**CITY OF OCALA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**SHIP LOCAL HOUSING ASSISTANCE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental revenues	\$ 259,838	\$ 259,838	\$ -
Investment income	1,280	-	1,280
Other	10,869	-	10,869
<b>Total revenues</b>	<u>271,987</u>	<u>259,838</u>	<u>12,149</u>
<b>Expenditures</b>			
Current:			
Economic environment	194,520	649,227	454,707
<b>Total expenditures</b>	<u>194,520</u>	<u>649,227</u>	<u>454,707</u>
<b>Net change in fund balance</b>	77,467	(389,389)	466,856
<b>Fund balance - beginning</b>	<u>394,489</u>	<u>394,489</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 471,956</u>	<u>\$ 5,100</u>	<u>\$ 466,856</u>



**CITY OF OCALA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**INFRASTRUCTURE SALES SURTAX FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental revenues	\$ 7,376,128	\$ 6,544,529	\$ 831,599
Investment income	16,550	60,000	(43,450)
<b>Total revenues</b>	<u>7,392,678</u>	<u>6,604,529</u>	<u>788,149</u>
<b>Expenditures</b>			
Current:			
Transportation	3,430,524	4,688,505	1,257,981
Capital outlay	5,548,633	6,715,265	1,166,632
<b>Total expenditures</b>	<u>8,979,157</u>	<u>11,403,770</u>	<u>2,424,613</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,586,479)</u>	<u>(4,799,241)</u>	<u>3,212,762</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	2,100,000	(2,100,000)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>2,100,000</u>	<u>(2,100,000)</u>
<b>Net change in fund balance</b>	(1,586,479)	(2,699,241)	1,112,762
<b>Fund balance - beginning</b>	<u>4,389,049</u>	<u>4,389,049</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 2,802,570</u>	<u>\$ 1,689,808</u>	<u>\$ 1,112,762</u>

**CITY OF OCALA, FLORIDA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS  
 SEPTEMBER 30, 2018**

	<u>2007A/2015 Improvement Certificates</u>	<u>2007B Improvement Certificates</u>	<u>2012 Refunded Improvement Certificates</u>	<u>2013 Refunded Improvement Certificates</u>	<u>Total</u>
<b>Assets</b>					
Equity in pooled cash and investment fund	\$ 516,600	\$ -	\$ 895,937	\$ 1,588,532	\$ 3,001,069
<b>Total restricted assets</b>	<u>516,600</u>	<u>-</u>	<u>895,937</u>	<u>1,588,532</u>	<u>3,001,069</u>
<b>Fund Balances</b>					
Fund Balances: Restricted	<u>516,600</u>	<u>-</u>	<u>895,937</u>	<u>1,588,532</u>	<u>3,001,069</u>
<b>Total fund balances</b>	<u>\$ 516,600</u>	<u>\$ -</u>	<u>\$ 895,937</u>	<u>\$ 1,588,532</u>	<u>\$ 3,001,069</u>

**CITY OF OCALA, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>2007A/2015 Improvement Certificates</u>	<u>2007B Improvement Certificates</u>	<u>2012 Refunded Improvement Certificates</u>	<u>2013 Refunded Improvement Certificates</u>	<u>Total</u>
<b>Revenues</b>					
Investment income	\$ 1,203	\$ -	\$ 4,191	\$ 7,694	\$ 13,088
<b>Total Revenues</b>	<u>1,203</u>	<u>-</u>	<u>4,191</u>	<u>7,694</u>	<u>13,088</u>
<b>Expenditures</b>					
Debt service:					
Principal payments	-	15,000	835,000	1,555,000	2,405,000
Interest and paying agents' fees	643,200	300	86,766	25,368	755,634
<b>Total expenditures</b>	<u>643,200</u>	<u>15,300</u>	<u>921,766</u>	<u>1,580,368</u>	<u>3,160,634</u>
<b>(Deficiency) of revenues over expenditures</b>	<u>(641,997)</u>	<u>(15,300)</u>	<u>(917,575)</u>	<u>(1,572,674)</u>	<u>(3,147,546)</u>
<b>Other financing sources (uses)</b>					
Transfers in	838,200	-	933,534	1,597,064	3,368,798
Transfers out	(1,203)	-	-	(7,787)	(8,990)
<b>Total other financing sources (uses)</b>	<u>836,997</u>	<u>-</u>	<u>933,534</u>	<u>1,589,277</u>	<u>3,359,808</u>
<b>Net change In fund balances</b>	195,000	(15,300)	15,959	16,603	212,262
<b>Fund balances - beginning</b>	<u>321,600</u>	<u>15,300</u>	<u>879,978</u>	<u>1,571,929</u>	<u>2,788,807</u>
<b>Fund balances - ending</b>	<u>\$ 516,600</u>	<u>\$ -</u>	<u>\$ 895,937</u>	<u>\$ 1,588,532</u>	<u>\$ 3,001,069</u>

**CITY OF OCALA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**2007A/2015 IMPROVEMENT CERTIFICATES FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Investment income	\$ 1,203	\$ 4,120	\$ (2,917)
<b>Total revenues</b>	<u>1,203</u>	<u>4,120</u>	<u>(2,917)</u>
<b>Expenditures</b>			
Debt service:			
Interest and paying agents' fees	643,200	643,800	600
<b>Total expenditures</b>	<u>643,200</u>	<u>643,800</u>	<u>600</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(641,997)</u>	<u>(639,680)</u>	<u>(2,317)</u>
<b>Other financing sources (uses)</b>			
Transfers in	838,200	838,200	-
Transfers out	(1,203)	(3,520)	2,317
<b>Total other financing sources (uses)</b>	<u>836,997</u>	<u>834,680</u>	<u>2,317</u>
<b>Net change in fund balance</b>	195,000	195,000	-
<b>Fund balance - beginning</b>	<u>321,600</u>	<u>321,600</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 516,600</u>	<u>\$ 516,600</u>	<u>\$ -</u>

**CITY OF OCALA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**2007B IMPROVEMENT CERTIFICATES FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Investment income	\$ -	\$ 1,250	\$ (1,250)
<b>Total revenues</b>	<u>-</u>	<u>1,250</u>	<u>(1,250)</u>
<b>Expenditures</b>			
Debt service:			
Principal payments	15,000	15,000	-
Interest and paying agents' fees	300	900	600
<b>Total expenditures</b>	<u>15,300</u>	<u>15,900</u>	<u>600</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(15,300)</u>	<u>(14,650)</u>	<u>(650)</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	(650)	650
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(650)</u>	<u>650</u>
<b>Net change in fund balance</b>	(15,300)	(15,300)	-
<b>Fund balance - beginning</b>	<u>15,300</u>	<u>15,300</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF OCALA, FLORIDA  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
2012 IMPROVEMENT CERTIFICATES FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Investment income	\$ 4,191	\$ 5,000	\$ (809)
<b>Total revenues</b>	<u>4,191</u>	<u>5,000</u>	<u>(809)</u>
<b>Expenditures</b>			
Debt service:			
Principal payments	835,000	835,000	-
Interest and paying agents' fees	86,766	82,775	(3,991)
<b>Total expenditures</b>	<u>921,766</u>	<u>917,775</u>	<u>(3,991)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(917,575)</u>	<u>(912,775)</u>	<u>(4,800)</u>
<b>Other financing sources (uses)</b>			
Transfers in	933,534	925,594	7,940
Transfers out	-	(5,000)	5,000
<b>Total other financing sources (uses)</b>	<u>933,534</u>	<u>920,594</u>	<u>12,940</u>
<b>Net change In fund balance</b>	15,959	7,819	8,140
<b>Fund balance - beginning</b>	<u>879,978</u>	<u>879,978</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 895,937</u>	<u>\$ 887,797</u>	<u>\$ 8,140</u>

**CITY OF OCALA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**2013 IMPROVEMENT CERTIFICATES FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Investment income	\$ 7,694	\$ 9,000	\$ (1,306)
<b>Total revenues</b>	<u>7,694</u>	<u>9,000</u>	<u>(1,306)</u>
<b>Expenditures</b>			
Debt service:			
Principal payments	1,555,000	1,555,000	-
Interest and paying agents' fees	25,368	25,461	93
<b>Total expenditures</b>	<u>1,580,368</u>	<u>1,580,461</u>	<u>93</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,572,674)</u>	<u>(1,571,461)</u>	<u>(1,213)</u>
<b>Other financing sources (uses)</b>			
Transfers in	1,597,064	1,597,064	-
Transfers out	(7,787)	(9,000)	1,213
<b>Total other financing sources (uses)</b>	<u>1,589,277</u>	<u>1,588,064</u>	<u>1,213</u>
<b>Net change in fund balance</b>	16,603	16,603	-
<b>Fund balance - beginning</b>	<u>1,571,929</u>	<u>1,571,929</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 1,588,532</u>	<u>\$ 1,588,532</u>	<u>\$ -</u>



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**CITY OF OCALA, FLORIDA  
INTERNAL SERVICE FUNDS  
SEPTEMBER 30, 2018**

**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 1,400 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, 2018**

	<b>Fleet, Facilities and Information Technology Management</b>	<b>Self- Insurance</b>	<b>Total</b>
<b>Assets</b>			
<b>Current Assets:</b>			
Equity in pooled cash and investment fund	\$ 1,072,019	\$ 30,186,801	\$ 31,258,820
Accrued interest receivable	4,573	128,067	132,640
Prepays	-	20,000	20,000
<b>Total current assets</b>	<u>1,076,592</u>	<u>30,334,868</u>	<u>31,411,460</u>
<b>Capital Assets, Net</b>	<u>14,091,798</u>	<u>-</u>	<u>14,091,798</u>
<b>Total assets</b>	<u>15,168,390</u>	<u>30,334,868</u>	<u>45,503,258</u>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued liabilities	-	1,189,147	1,189,147
Claims payable	-	1,753,209	1,753,209
Unearned revenue	-	1,380	1,380
<b>Total current liabilities</b>	<u>-</u>	<u>2,943,736</u>	<u>2,943,736</u>
<b>Noncurrent Liabilities:</b>			
Claims payable	-	5,950,638	5,950,638
<b>Total noncurrent liabilities</b>	<u>-</u>	<u>5,950,638</u>	<u>5,950,638</u>
<b>Total liabilities</b>	<u>-</u>	<u>8,894,374</u>	<u>8,894,374</u>
<b>Net Position</b>			
Net invested in capital assets	14,091,798	-	14,091,798
Unrestricted	1,076,592	21,440,494	22,517,086
<b>Total net position</b>	<u>\$ 15,168,390</u>	<u>\$ 21,440,494</u>	<u>\$ 36,608,884</u>

**CITY OF OCALA, FLORIDA  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Fleet, Facilities and Information Technology Management</u>	<u>Self- Insurance</u>	<u>Total</u>
<b>Operating Revenues:</b>			
City insurance contributions	\$ -	\$ 10,437,177	\$ 10,437,177
Employee insurance contributions	-	2,682,523	2,682,523
Other	-	911,386	911,386
Total operating revenues	<u>-</u>	<u>14,031,086</u>	<u>14,031,086</u>
<b>Operating Expenses:</b>			
Insurance, administration and other	-	12,408,410	12,408,410
Depreciation	2,714,581	-	2,714,581
Other	-	-	-
Total operating expenses	<u>2,714,581</u>	<u>12,408,410</u>	<u>15,122,991</u>
<b>Operating income (loss)</b>	<u>(2,714,581)</u>	<u>1,622,676</u>	<u>(1,091,905)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Investment income	(10,793)	38,026	27,233
Interest expense	(1,902)	-	(1,902)
Other non-operating revenue	(212,834)	-	(212,834)
Total non-operating revenues	<u>(225,529)</u>	<u>38,026</u>	<u>(187,503)</u>
<b>Income before operating transfers</b>	<u>(2,940,110)</u>	<u>1,660,702</u>	<u>(1,279,408)</u>
<b>Transfers:</b>			
Transfers out	(1,361,904)	(104,897)	(1,466,801)
Total transfers	<u>(1,361,904)</u>	<u>(104,897)</u>	<u>(1,466,801)</u>
<b>Change in net position</b>	<u>(4,302,014)</u>	<u>1,555,805</u>	<u>(2,746,209)</u>
<b>Net position - October 1</b>	<u>19,470,404</u>	<u>19,884,689</u>	<u>39,355,093</u>
<b>Net position - September 30</b>	<u>\$ 15,168,390</u>	<u>\$ 21,440,494</u>	<u>\$ 36,608,884</u>

**CITY OF OCALA, FLORIDA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Fleet, Facilities and Information Technology Management</b>	<b>Self- Insurance</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>			
Cash received from employees	\$ -	\$ 2,682,523	\$ 2,682,523
Cash received from customers		911,386	911,386
Cash paid to suppliers for goods and services	(164,670)	(445,775)	(610,445)
Cash received from other funds	-	10,437,177	10,437,177
Cash paid for insurance claims	-	(11,287,834)	(11,287,834)
Net cash provided by operating activities	<u>(164,670)</u>	<u>2,297,477</u>	<u>2,132,807</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Transfers out	<u>(1,361,904)</u>	<u>(104,897)</u>	<u>(1,466,801)</u>
Net cash used in non-capital financing activities	<u>(1,361,904)</u>	<u>(104,897)</u>	<u>(1,466,801)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Principal paid on capital lease and notes payable	(65,084)	-	(65,084)
Interest paid on capital lease and notes payable	<u>(1,902)</u>	<u>-</u>	<u>(1,902)</u>
Net cash used in capital and related financing activities	<u>(66,986)</u>	<u>-</u>	<u>(66,986)</u>
<b>Cash Flows from Investing Activities:</b>			
Investment income	<u>(1,892)</u>	<u>1,589</u>	<u>(303)</u>
Net cash provided by investing activities	<u>(1,892)</u>	<u>1,589</u>	<u>(303)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,595,452)</b>	<b>2,194,169</b>	<b>598,717</b>
<b>Cash and cash equivalents, beginning</b>	<u>2,667,471</u>	<u>27,992,632</u>	<u>30,660,103</u>
<b>Cash and cash equivalents, ending</b>	<u>\$ 1,072,019</u>	<u>\$ 30,186,801</u>	<u>\$ 31,258,820</u>

(Continued)

**CITY OF OCALA, FLORIDA  
COMBINING STATEMENT OF CASH FLOWS (Continued)  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Fleet, Facilities and Information Technology Management</b>	<b>Self- Insurance</b>	<b>Total</b>
<b>Reconciliation of Operating Income (Loss) to Cash Provided by Operating Activities:</b>			
Operating income (loss)	\$ (2,714,581)	\$ 1,622,676	\$ (1,091,905)
Adjustment to reconcile operating income to cash flows provided by operating activities:			
Depreciation	2,714,581	-	2,714,581
(Increase) decrease in assets:			
Other current assets	-	54,608	54,608
Increase (decrease) in liabilities:			
Accounts payable	(164,670)	392,255	227,585
Compensated absences payable	-		-
Claims payable	-	227,938	227,938
Net cash provided by operating activities	<u>\$ (164,670)</u>	<u>\$ 2,297,477</u>	<u>\$ 2,132,807</u>

**CITY OF OCALA, FLORIDA  
STATISTICAL SECTION  
Description of Schedules**

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

<b>Contents</b>	<b><u>Pages</u></b>
<p><b>Financial Trends</b> .....</p> <p style="padding-left: 20px;">These tables contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</p>	<p><b>150-159</b></p>
<p><b>Revenue Capacity</b>.....</p> <p style="padding-left: 20px;">These tables contain information to help the reader assess the City’s most significant local revenue source, the property tax.</p>	<p><b>160-164</b></p>
<p><b>Debt Capacity</b>.....</p> <p style="padding-left: 20px;">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.</p>	<p><b>165-171</b></p>
<p><b>Demographic and Economic Information</b> .....</p> <p style="padding-left: 20px;">These tables offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.</p>	<p><b>172-177</b></p>
<p><b>Operating Information</b>.....</p> <p style="padding-left: 20px;">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.</p>	<p><b>178-181</b></p>

**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)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities					
Net invested in capital assets	\$ 146,661,774	\$ 141,149,863	\$ 139,025,810	\$ 143,798,547	\$ 141,311,511
Restricted	10,589,689	19,911,292	21,083,016	15,804,304	14,389,998
Unrestricted	63,224,481	70,447,522	66,879,269	61,671,543	64,263,573
Total governmental activities net position	<u>220,475,944</u>	<u>231,508,677</u>	<u>226,988,095</u>	<u>221,274,394</u>	<u>219,965,082</u>
Business-type activities					
Net invested in capital assets	250,066,606	257,326,336	252,616,203	238,797,203	232,258,907
Restricted	32,252,690	38,519,090	23,487,318	18,151,713	16,814,430
Unrestricted	65,557,333	48,567,143	58,444,825	76,551,821	80,593,174
Total business-type activities net position	<u>347,876,629</u>	<u>344,412,569</u>	<u>334,548,346</u>	<u>333,500,737</u>	<u>329,666,511</u>
Primary government					
Net invested in capital assets (1) (2)	396,728,380	398,476,199	391,642,013	382,595,750	373,570,418
Restricted (4)	42,842,379	58,430,382	44,570,334	33,956,017	31,204,428
Unrestricted (3) (5)	128,781,814	119,014,665	125,324,094	138,223,364	144,856,747
Total primary government net position	<u>\$ 568,352,573</u>	<u>\$ 575,921,246</u>	<u>\$ 561,536,441</u>	<u>\$ 554,775,131</u>	<u>\$ 549,631,593</u>

(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.

(4) Fiscal year 2016 unrestricted net position has been restated due to change in accrued interest payable.

(5) Fiscal year 2018 unrestricted net position has been restated due to the implementation of GASB 75.

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$ 138,868,835	\$ 136,345,185	\$ 142,447,242	\$ 142,579,197	\$ 144,116,288
16,443,002	14,253,874	8,975,960	13,711,945	12,538,873
(11,486,172)	(6,091,460)	(4,629,276)	(9,538,921)	(3,874,746)
<u>143,825,665</u>	<u>144,507,599</u>	<u>146,793,926</u>	<u>146,752,221</u>	<u>152,780,415</u>
217,624,156	226,332,226	228,909,169	205,989,676	208,016,157
14,661,259	12,975,219	12,966,465	33,647,458	40,452,063
54,698,310	56,262,159	49,974,407	41,988,027	33,787,661
<u>286,983,725</u>	<u>295,569,604</u>	<u>291,850,041</u>	<u>281,625,161</u>	<u>282,255,881</u>
356,492,991	362,677,411	371,356,411	348,568,873	352,132,445
31,104,261	27,229,093	21,942,425	47,359,403	52,990,936
43,212,138	50,170,699	45,345,131	32,449,106	29,912,915
<u>\$ 430,809,390</u>	<u>\$ 440,077,203</u>	<u>\$ 438,643,967</u>	<u>\$ 428,377,382</u>	<u>\$ 435,036,296</u>



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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Expenses</b>					
Governmental Activities:					
General government	\$ 10,239,676	\$ 16,752,242	\$ 24,264,441	\$ 21,121,585	\$ 19,281,318
Public safety	37,143,770	34,749,900	38,347,627	38,601,843	37,679,867
Public works	13,839,479	16,158,833	-	-	-
Physical environment	51,956	95,797	2,926,147	3,371,441	3,360,975
Transportation	583,024	544,636	15,289,841	16,209,344	13,965,893
Economic environment	1,391,668	1,141,505	1,693,471	1,421,490	1,307,330
Human services	202,033	210,689	344,194	295,471	24,280
Culture and recreation	4,937,571	4,459,167	5,688,221	5,532,341	5,277,119
Interest on long-term debt	2,219,848	2,130,575	1,973,381	1,901,112	1,539,021
<b>Total Governmental Activities</b>	<u>70,609,025</u>	<u>76,243,344</u>	<u>90,527,323</u>	<u>88,454,627</u>	<u>82,435,803</u>
Business-type Activities:					
Electric	167,299,569	159,685,595	141,265,888	131,739,257	138,811,204
Water and sewer	25,677,661	24,979,015	26,910,448	27,502,689	28,609,880
Sanitation	9,490,485	9,226,066	8,300,874	8,403,943	7,882,244
Municipal golf courses	2,835,780	2,750,571	1,864,304	1,838,581	1,677,306
Municipal trailer park	313,027	1,585	-	-	-
International airport	1,152,341	1,065,738	1,319,583	2,133,709	2,118,046
Adult athletic complex	321,388	-	-	-	-
Fiber Network	1,326,462	1,692,881	1,918,905	1,718,074	1,920,583
SunTran	2,279,470	2,424,357	2,552,321	2,723,710	3,218,583
<b>Total Business-type Activities</b>	<u>210,696,183</u>	<u>201,825,808</u>	<u>184,132,323</u>	<u>176,059,963</u>	<u>184,237,846</u>
<b>Total Expenses</b>	<u>281,305,208</u>	<u>278,069,152</u>	<u>274,659,646</u>	<u>264,514,590</u>	<u>266,673,649</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for services:					
General government	2,640,352	6,188,395	11,554,007	11,756,605	12,120,493
Public safety	8,223,438	8,195,210	8,132,401	8,180,181	8,633,327
Physical environment	-	-	-	-	-
Public works	4,642,705	4,614,709	-	-	-
Economic environment	-	-	29,006	30,604	63,899
Human services	-	-	-	-	-
Culture and recreation	494,433	493,733	393,910	387,020	391,944
Housing and urban development	18,502	43,933	-	-	-
Operating grants and contributions	3,914,934	4,274,901	4,768,303	4,531,360	3,576,996
Capital grants and contributions	4,105,649	3,540,911	1,474,530	290,385	2,453,222
<b>Total governmental activities</b>	<u>24,040,013</u>	<u>27,351,792</u>	<u>26,352,157</u>	<u>25,176,155</u>	<u>27,239,881</u>
Business-type Activities:					
Charges for services:					
Electric	177,960,026	173,550,081	139,919,007	139,183,371	150,344,736
Water and sewer	26,352,644	26,212,019	26,417,073	26,575,860	26,228,504
Sanitation	10,367,214	10,227,176	10,143,158	10,049,016	10,035,141
Municipal golf courses	1,423,620	1,813,360	1,167,391	1,113,876	1,141,808
Municipal trailer park	46,646	-	-	-	-
International airport	874,514	693,157	727,728	674,507	767,090
Adult athletic complex	140,640	-	-	-	-
Fiber Network	1,890,773	2,178,868	2,297,997	2,437,730	2,530,414
SunTran	298,481	312,821	357,467	371,062	361,693
Operating grants and contributions	4,157,687	2,124,323	2,084,740	2,039,616	2,936,061
Capital grants and contributions	6,734,016	2,042,164	2,582,497	738,514	1,479,180
<b>Total Business-type Activities</b>	<u>230,246,261</u>	<u>219,153,969</u>	<u>185,697,058</u>	<u>183,183,552</u>	<u>195,824,627</u>
<b>Total Program Revenues</b>	<u>\$ 254,286,274</u>	<u>\$ 246,505,761</u>	<u>\$ 212,049,215</u>	<u>\$ 208,359,707</u>	<u>\$ 223,064,508</u>

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$	19,534,066	\$ 12,098,361	\$ 11,597,693	\$ 15,103,102	\$ 16,541,510
	40,478,307	39,867,780	42,665,312	42,095,725	45,582,373
	-	-	-	-	-
	3,237,167	4,827,696	6,154,252	6,413,857	7,012,507
	13,795,747	16,251,420	17,375,706	18,046,664	19,400,855
	1,161,368	2,145,278	3,778,358	1,182,204	1,595,196
	16,097	2,825	5,247	5,113	17,021
	6,344,312	5,982,171	7,159,916	8,747,638	9,856,771
	1,081,931	768,408	2,417,186	863,436	816,261
	<u>85,648,995</u>	<u>81,943,939</u>	<u>91,153,670</u>	<u>92,457,740</u>	<u>100,822,494</u>
	139,883,927	131,540,076	136,853,553	144,857,424	139,377,776
	29,073,065	29,444,099	30,830,593	32,970,648	34,326,111
	8,500,528	8,218,564	8,933,087	9,271,356	10,932,803
	1,713,929	1,791,935	1,938,067	1,999,735	2,139,314
	-	-	-	-	-
	1,559,991	1,718,391	1,838,267	1,829,899	1,752,284
	-	-	-	-	-
	1,867,882	2,472,288	2,695,714	3,315,091	3,819,983
	3,064,160	3,213,971	3,059,382	3,118,029	2,929,334
	<u>185,663,482</u>	<u>178,399,324</u>	<u>186,148,663</u>	<u>197,362,182</u>	<u>195,277,605</u>
	<u>271,312,477</u>	<u>260,343,263</u>	<u>277,302,333</u>	<u>289,819,922</u>	<u>296,100,099</u>
	12,573,121	11,976,789	12,961,644	13,247,342	15,323,733
	9,222,433	9,316,289	9,401,196	9,790,569	10,339,923
	-	6,621	128	442	135,074
	-	-	-	-	-
	73,697	33,269	61,865	103,597	-
	-	-	-	-	-
	615,502	625,997	585,640	547,225	671,332
	-	-	-	-	-
	1,730,087	2,080,103	2,429,040	3,941,191	2,093,493
	2,055,142	101,321	1,867,635	1,707,662	2,231,867
	<u>26,269,982</u>	<u>24,140,389</u>	<u>27,307,148</u>	<u>29,338,028</u>	<u>30,795,422</u>
	149,081,307	143,366,578	143,790,825	149,362,971	151,400,553
	26,343,265	26,665,395	28,267,876	28,841,424	29,574,011
	10,226,021	10,212,366	10,598,109	11,235,445	12,507,267
	1,162,307	1,014,454	1,227,082	1,456,241	1,442,187
	-	-	-	-	-
	771,685	988,125	1,065,576	1,103,267	1,107,269
	-	-	-	-	-
	2,709,641	3,100,306	3,588,651	4,095,942	5,203,224
	381,085	430,559	365,528	420,010	342,775
	2,096,501	2,495,443	2,027,718	2,739,807	2,964,470
	3,105,852	7,548,606	2,879,731	5,390,271	6,509,675
	<u>195,877,664</u>	<u>195,821,832</u>	<u>193,811,096</u>	<u>204,645,378</u>	<u>211,051,431</u>
\$	<u>222,147,646</u>	<u>\$ 219,962,221</u>	<u>\$ 221,118,244</u>	<u>\$ 233,983,406</u>	<u>\$ 241,846,853</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net (Expense)/Revenue:					
Governmental Activities	\$ (46,569,012)	\$ (48,891,552)	\$ (64,175,166)	\$ (63,278,472)	\$ (55,195,922)
Business-type Activities	19,550,078	17,328,161	1,564,735	7,123,589	11,586,781
Total net expense	<u>(27,018,934)</u>	<u>(31,563,391)</u>	<u>(62,610,431)</u>	<u>(56,154,883)</u>	<u>(43,609,141)</u>
<b>General Revenues</b>					
Governmental Activities:					
Property taxes	20,978,586	21,677,666	21,631,286	21,480,323	21,305,973
Utility service tax	13,209,971	13,327,736	10,866,057	11,406,395	8,599,445
Other taxes	4,504,911	5,718,242	5,808,190	5,582,859	8,972,446
Unrestricted revenues	4,752,300	4,341,188	4,250,585	4,624,982	4,840,855
Investment income	5,898,766	3,149,151	1,504,673	2,069,520	82,061
Miscellaneous	1,241,128	677,770	1,521,444	1,226,162	1,009,236
Transfers	<u>7,011,653</u>	<u>11,032,532</u>	<u>14,072,349</u>	<u>11,174,530</u>	<u>11,232,009</u>
Total governmental revenues and transfers	<u>57,597,315</u>	<u>59,924,285</u>	<u>59,654,584</u>	<u>57,564,771</u>	<u>56,042,025</u>
Business-type Activities:					
Investment income	7,297,091	3,217,987	2,643,391	3,003,332	762,696
Transfers	<u>(7,011,653)</u>	<u>(11,032,532)</u>	<u>(14,072,349)</u>	<u>(11,174,530)</u>	<u>(11,232,009)</u>
Total business-type activities	<u>285,438</u>	<u>(7,814,545)</u>	<u>(11,428,958)</u>	<u>(8,171,198)</u>	<u>(10,469,313)</u>
Total primary government	<u><u>57,882,753</u></u>	<u><u>52,109,740</u></u>	<u><u>48,225,626</u></u>	<u><u>49,393,573</u></u>	<u><u>45,572,712</u></u>
<b>Change in Net Position</b>					
Governmental Activities	11,028,303	11,032,733	(4,520,582)	(5,713,701)	846,103
Business-type Activities	<u>19,835,516</u>	<u>9,513,616</u>	<u>(9,864,223)</u>	<u>(1,047,609)</u>	<u>1,117,468</u>
Total Change in Net Position	<u><u>\$ 30,863,819</u></u>	<u><u>\$ 20,546,349</u></u>	<u><u>\$ (14,384,805)</u></u>	<u><u>\$ (6,761,310)</u></u>	<u><u>\$ 1,963,571</u></u>

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$ (59,379,013)	\$ (57,803,550)	\$ (63,846,522)	\$ (63,119,712)	\$ (70,027,072)
10,214,182	17,422,508	7,662,433	7,283,196	15,773,826
<u>(49,164,831)</u>	<u>(40,381,042)</u>	<u>(56,184,089)</u>	<u>(55,836,516)</u>	<u>(54,253,246)</u>
21,894,229	22,160,053	25,500,381	26,579,539	28,086,252
8,664,000	9,786,858	9,144,899	9,083,731	9,767,251
7,689,252	7,494,498	7,470,991	12,163,357	14,996,501
5,163,266	5,465,229	5,917,854	6,194,657	6,428,967
1,061,063	1,424,026	1,760,743	438,878	86,514
375,033	1,339,232	853,394	654,463	1,484,545
14,789,361	10,815,588	13,914,315	14,804,493	15,205,236
<u>59,636,204</u>	<u>58,485,484</u>	<u>64,562,577</u>	<u>69,919,118</u>	<u>76,055,266</u>
1,507,101	1,978,959	2,532,319	665,920	62,130
<u>(14,789,361)</u>	<u>(10,815,588)</u>	<u>(13,914,315)</u>	<u>(14,804,493)</u>	<u>(15,205,236)</u>
<u>(13,282,260)</u>	<u>(8,836,629)</u>	<u>(11,381,996)</u>	<u>(14,138,573)</u>	<u>(15,143,106)</u>
<u>46,353,944</u>	<u>49,648,855</u>	<u>53,180,581</u>	<u>55,780,545</u>	<u>60,912,160</u>
257,191	681,934	716,055	6,799,406	6,028,194
<u>(3,068,078)</u>	<u>8,585,879</u>	<u>(3,719,563)</u>	<u>(6,855,377)</u>	<u>630,720</u>
<u>\$ (2,810,887)</u>	<u>\$ 9,267,813</u>	<u>\$ (3,003,508)</u>	<u>\$ (55,971)</u>	<u>\$ 6,658,914</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General fund					
Nonspendable	\$ -	\$ -	\$ 296,457	\$ 357,305	\$ 312,239
Reserved	-	233,683	-	-	-
Restricted	-	-	2,623,303	2,698,762	2,250,114
Committed	-	-	2,757,930	2,231,685	2,075,156
Assigned	-	-	20,392,709	18,439,496	19,470,337
Unassigned	-	-	15,065,839	15,196,270	17,366,628
Unreserved	<u>31,278,522</u>	<u>38,771,465</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general fund	<u><u>31,278,522</u></u>	<u><u>39,005,148</u></u>	<u><u>41,136,238</u></u>	<u><u>38,923,518</u></u>	<u><u>41,474,474</u></u>
CRA fund					
Restricted	-	-	-	3,685,413	3,854,480
Total CRA fund	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>3,685,413</u></u>	<u><u>3,854,480</u></u>
All other governmental funds					
Nonspendable	-	-	-	-	-
Restricted	-	-	19,147,131	13,856,726	11,466,604
Committed	-	-	5,398,490	5,344,244	5,825,062
Reserved	22,914,895	22,065,677	-	-	-
Unreserved, reported in:					
Special revenue funds	<u>4,337,328</u>	<u>4,697,335</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u><u>\$ 27,252,223</u></u>	<u><u>\$ 26,763,012</u></u>	<u><u>\$ 24,545,621</u></u>	<u><u>\$ 19,200,970</u></u>	<u><u>\$ 17,291,666</u></u>

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

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 356,272	\$ 269,708	\$ 545,193	\$ 1,147,780	\$ 818,773
-	-	-	-	-
2,244,478	2,247,645	1,097,701	1,573,949	1,999,031
2,111,603	2,150,167	1,521,527	1,545,781	1,825,787
21,092,119	25,530,135	20,553,148	14,105,173	15,712,693
17,566,179	15,535,866	17,096,287	18,645,544	19,067,511
-	-	-	-	-
<u>43,370,651</u>	<u>45,733,521</u>	<u>40,813,856</u>	<u>37,018,227</u>	<u>39,423,795</u>
4,054,507	4,251,696	1,678,833	1,824,463	2,394,248
<u>4,054,507</u>	<u>4,251,696</u>	<u>1,678,833</u>	<u>1,824,463</u>	<u>2,394,248</u>
-	-	-	-	62,293
12,696,455	8,789,576	6,574,272	10,783,703	8,521,664
5,235,565	5,830,170	5,397,900	5,187,862	4,603,096
-	-	-	-	-
-	-	-	-	-
<u>\$ 17,932,020</u>	<u>\$ 14,619,746</u>	<u>\$ 11,972,172</u>	<u>\$ 15,971,565</u>	<u>\$ 13,187,053</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Revenues:</b>					
Property tax	\$ 20,978,586	\$ 21,677,666	\$ 21,631,286	\$ 21,480,323	\$ 21,305,973
Utility service tax	13,209,971	13,327,736	10,866,057	11,406,395	8,599,445
Communication service tax					3,284,777
Local option gas tax	4,504,911	5,718,242	5,808,190	5,582,859	4,742,861
Other tax	-	-	-	-	944,808
Infrastructure Sales Surtax	-	-	-	-	-
State revenue sharing	4,752,300	4,341,188	4,250,585	4,624,982	4,840,855
Other intergovernmental revenue	5,475,893	7,602,864	6,242,833	3,617,375	4,721,562
Parking meters and facilities	59,354	-	-	-	-
Licenses, permits and fees	948,981	2,063,405	2,127,999	1,968,607	1,961,915
Fines and forfeitures	582,352	495,370	493,956	551,217	525,780
Charges for services	14,637,036	16,977,204	17,487,369	17,834,586	18,721,968
Investment income	4,199,163	2,152,552	1,028,367	1,451,612	15,094
Gifts	1,840,756	212,949	137,589	1,204,370	70,747
Miscellaneous	1,241,128	677,770	1,383,855	1,226,162	917,713
Total revenues	<u>72,430,431</u>	<u>75,246,946</u>	<u>71,458,086</u>	<u>70,948,488</u>	<u>70,653,498</u>
<b>Expenditures:</b>					
General government	10,170,481	16,052,937	19,524,363	18,349,850	17,510,262
Public safety	37,118,704	34,806,006	35,713,344	36,171,183	36,209,453
Public works	8,979,723	9,643,723	-	-	-
Physical environment	22,228	-	2,540,183	2,954,633	2,959,543
Transportation	630,474	552,731	7,841,187	8,169,030	5,901,177
Economic environment	1,389,402	1,144,566	1,623,516	1,293,888	1,172,458
Human services	197,435	205,492	252,015	284,499	18,507
Culture and recreation	5,144,054	4,395,486	5,122,702	5,002,921	4,791,829
Capital outlay	11,171,184	10,348,794	7,033,957	7,764,972	5,498,520
Debt service					
Principal payments	3,368,600	3,318,601	3,135,000	3,905,000	5,280,000
Issuance Costs	-	-	-	-	-
Interest and fees	2,204,915	2,117,452	2,023,321	2,139,000	1,768,039
Total expenditures	<u>80,397,200</u>	<u>82,585,788</u>	<u>84,809,588</u>	<u>86,034,976</u>	<u>81,109,788</u>
Excess of revenues over (under) expenditures	<u>(7,966,769)</u>	<u>(7,338,842)</u>	<u>(13,351,502)</u>	<u>(15,086,488)</u>	<u>(10,456,290)</u>
<b>Other financing sources (uses):</b>					
Transfers in	18,677,751	21,747,904	19,144,620	16,776,990	15,802,925
Transfers out	(11,582,098)	(7,171,647)	(5,879,419)	(5,602,460)	(4,570,916)
Loan proceeds	-	-	-	-	-
Issuance of debt	-	-	-	8,405,000	7,700,000
Bond premium (discount)	-	-	-	-	-
Payment to bond escrow agent	-	-	-	(8,365,000)	(7,665,000)
Total other financing sources (uses)	<u>7,095,653</u>	<u>14,576,257</u>	<u>13,265,201</u>	<u>11,214,530</u>	<u>11,267,009</u>
Net change in fund balances	<u>\$ (871,116)</u>	<u>\$ 7,237,415</u>	<u>\$ (86,301)</u>	<u>\$ (3,871,958)</u>	<u>\$ 810,719</u>
Debt service as a percentage of noncapital expenditures	8.05%	7.53%	6.63%	7.72%	9.32%

2014	2015	2016	2017	2018
\$ 21,894,229	\$ 22,160,053	\$ 25,500,381	\$ 26,579,539	\$ 28,086,252
8,664,000	9,786,858	9,144,899	9,083,731	9,767,251
2,950,539	2,695,896	2,643,849	2,467,314	2,543,312
3,848,278	3,866,844	3,453,019	3,523,965	3,557,305
890,435	931,758	1,374,123	1,391,683	1,519,756
-	-	-	4,780,395	7,376,128
5,163,266	5,465,229	5,917,854	6,194,657	6,428,967
4,015,546	2,485,782	4,286,325	5,648,852	4,427,716
-	-	-	-	-
2,322,118	2,263,047	2,306,800	2,860,444	3,828,575
662,904	795,029	544,354	790,722	1,212,005
19,269,414	18,462,867	20,169,669	20,038,009	21,327,125
745,075	939,000	1,223,380	275,234	59,281
113,672	72,643	-	-	-
258,860	1,304,467	789,782	737,810	1,705,551
<u>70,798,336</u>	<u>71,229,473</u>	<u>77,354,435</u>	<u>84,372,355</u>	<u>91,839,224</u>
17,883,219	12,551,399	11,709,642	14,998,495	16,494,605
39,180,970	41,668,300	43,252,530	43,692,227	47,376,895
-	-	-	-	-
3,142,876	4,181,600	4,992,613	5,065,131	5,920,590
5,897,941	8,652,943	9,853,517	10,307,913	12,041,985
1,162,813	2,149,273	3,746,782	1,225,350	1,498,538
10,119	-	-	-	-
5,301,046	5,744,114	6,659,803	8,112,809	9,206,055
5,426,673	4,590,914	12,397,566	7,189,104	12,621,118
765,000	2,300,000	2,340,000	2,380,000	2,405,000
-	143,920	-	-	-
1,043,746	1,051,611	640,869	783,863	755,634
<u>79,814,403</u>	<u>83,034,074</u>	<u>95,593,322</u>	<u>93,754,892</u>	<u>108,320,420</u>
<u>(9,016,067)</u>	<u>(11,804,601)</u>	<u>(18,238,887)</u>	<u>(9,382,537)</u>	<u>(16,481,196)</u>
16,020,763	15,532,524	14,284,779	19,091,037	21,004,954
(4,268,138)	(4,595,045)	(6,185,994)	(9,359,106)	(4,332,917)
-	-	-	-	-
-	21,440,000	-	-	-
-	-	-	-	-
-	(21,325,093)	-	-	-
11,752,625	11,052,386	8,098,785	9,731,931	16,672,037
<u>\$ 2,736,558</u>	<u>\$ (752,215)</u>	<u>\$ (10,140,102)</u>	<u>\$ 349,394</u>	<u>\$ 190,841</u>
2.43%	4.27%	3.58%	3.65%	3.30%



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

<b>Fiscal Year Ended Sept. 30, <sup>(2)</sup></b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Agricultural Property</b>	<b>Institutional Property</b>	<b>Governmental Property</b>
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	93,983,936	317,163,590	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
2016	1,936,663,122	1,258,421,706	425,141,543	80,989,470	459,505,926	433,974,369
2017	2,075,318,777	1,300,793,552	429,896,092	71,907,136	466,059,673	425,331,897
2018	2,226,552,442	1,341,027,871	479,805,999	75,645,866	502,373,632	453,292,378

Source: Marion County, Florida, Property Appraiser

Notes:

<sup>(1)</sup> Property in the City of Ocala is reassessed each year by the Marion County Property Appraiser.

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

<sup>(2)</sup> All property assessed value for the specified fiscal year-end are obtained from the previous year's tax roll.

<sup>(3)</sup> Includes tax-exempt property

Vacant Land/Other	Total Real Estate Property	Tangible Personal Property	Total Tax Exempt	Total Assessed Value	Direct 2017 Rate <sup>(1)</sup>	Estimated Actual Taxable Value	Assessed Value <sup>(3)</sup> as a Percentage of Actual Value
\$ 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%
141,256,751	4,735,952,887	586,397,669	1,388,167,060	3,934,183,496	6.617	4,154,364,832	94.70%
139,970,995	4,909,278,122	588,586,529	1,408,960,525	4,088,904,126	6.618	4,322,308,801	94.60%
145,751,903	5,224,450,091	645,347,634	1,517,867,206	4,351,930,519	6.618	4,600,349,386	94.60%

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

(rate per \$1,000 of assessed value)

**MILLAGE RATES**

<b>Fiscal Year <sup>(1)</sup></b>	<b>Direct</b>	<b>Overlapping</b>			<b>Water Mgmt Districts</b>	<b>Total</b>
	<b>City</b>	<b>County</b>	<b>School</b>			
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	6.25	3.90	7.30		0.32	17.76
2016	6.16	3.90	8.17		0.30	18.53
2017	6.62	3.89	7.90		0.29	18.70
2018	6.62	4.02	7.56		0.27	18.47

Source: Marion County, Florida, Property Appraiser.

Note:

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

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

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

Taxpayer	2018			2009		
	Taxable Assessed Valuation Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percent of Total Taxable Assessed Value
Marion County Hospital District	\$ 121,694,578	1	3.22%	\$ -	-	-
Embarq	-	-	-	79,401,750	1	1.92%
Closetmaid Corporation	-	-	-	39,760,440	4	0.96%
Highlands Appartments LLC	-	-	-	21,255,051	8	0.51%
Fedex Ground package System Inc	92,189,427	2	2.44%	-	-	-
Cheney Brothers Inc.	-	-	-	20,833,186	9	0.50%
Marion Community Hospital	65,676,835	3	1.74%	52,533,178	3	1.27%
Breof TC Deerwood	-	-	-	19,762,533	10	0.48%
K-Mart Corporation	50,260,452	4	1.33%	61,270,444	2	1.48%
Paddock Mall Associates	45,347,030	5	1.20%	35,754,395	5	0.86%
Northland Heathbrook LLC	44,275,730	6	1.17%	-	-	-
Carlton Arms Apartments	34,440,694	7	0.91%	37,421,066	6	0.90%
AGM Paddock Park	29,049,120	8	0.77%	-	-	-
Ocala FL Apartment Partners	28,029,635	9	0.74%	-	-	-
Wal-Mart	27,355,250	10	0.72%	34,300,384	7	0.83%
<b>Total</b>	<b>\$ 538,318,751</b>		<b>14.23%</b>	<b>\$ 402,292,427</b>		<b>9.71%</b>

Source: Marion County Property Appraiser

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

Only the City levy is shown here.

Excludes property tax levies of the Downtown Development Districts.

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

<b>Fiscal Year Ended September 30</b>	<b>Taxes Levied For Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collection to Date</b>	
		<b>Amount</b>	<b>Percent of Levy</b>		<b>Amount</b>	<b>Percent of Levy</b>
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%
2016	26,103,617	25,107,454	96.18%	122,978	25,230,432	96.65%
2017	27,099,003	25,794,595	95.19%	140,037	25,934,632	95.70%
2018	28,825,142	27,468,775	95.29%	121,204	27,589,979	95.71%

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

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

Excludes property tax levies of the Downtown Development Commission.

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

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Capital Improvement Certificates	Optional Gas Tax Bonds	Capital Lease	Total	Utility Systems Revenue Bonds	Water and Sewer Revenue Bonds	Total			
2009	\$ 43,215	\$ 7,780	\$ -	\$ 50,995	\$ 143,520	\$ 24,165	\$ 167,685	\$ 218,680	13.61%	\$ 3,991
2010	41,805	6,145	-	47,950	142,860	20,575	163,435	211,385	12.37%	3,754
2011	40,355	4,460	3,150,982	3,195,797	139,220	16,830	156,050	3,351,847	195.31%	59,278
2012	38,230	2,720	3,150,982	3,191,932	154,380	-	154,380	3,346,312	186.76%	58,665
2013	35,427	-	2,406,665	2,442,092	153,137	-	153,137	2,595,229	143.97%	45,223
2014	34,940	-	1,296,196	1,331,136	145,795	-	145,795	1,476,931	78.26%	25,688
2015	34,540	-	175,226	209,766	146,545	-	146,545	356,311	17.80%	6,106
2016	32,200	-	120,948	153,148	141,060	-	141,060	294,208	13.74%	4,926
2017	29,820	-	65,084	94,904	134,780	-	134,780	229,684	10.28%	3,849
2018	27,415	-	-	27,415	128,405	-	128,405	155,820	6.67%	2,611

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

Per Capita Income - Florida Research and Economic Database.

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

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

The City of Ocala had no outstanding general obligation debt during the fiscal years ending September 30, 2009-2018.

**CITY OF OCALA, FLORIDA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1)  
SEPTEMBER 30, 2018**

<u>Governmental Unit</u>	<u>Bonds Outstanding</u>	<u>Applicable to City of Ocala</u>	
		<u>Percent <sup>(2)</sup></u>	<u>Amount</u>
Marion County			
Limited Ad Valorem Refunding Tax Bonds, Series 1998	\$ -	26.38%	\$ -
Total Overlapping Debt			-
The City's total direct debt			<u>27,415,000</u>
Total direct and overlapping debt			<u>\$ 27,415,000</u>

(1) The City of Ocala had no outstanding general obligation debt during the fiscal year ended September 30, 2018.

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



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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Assessed Value (100% at market as of January 1, 2017)	<u>\$ 4,726,489,052</u>	<u>\$ 4,416,494,782</u>	<u>\$ 3,905,845,141</u>	<u>\$ 3,689,722,224</u>	<u>\$ 3,543,221,693</u>
Debt Limit: 20% of Assessed Value	945,297,810	883,298,956	781,169,028	737,944,445	708,644,339
Amount of General Obligation Debt Outstanding	-	-	-	-	-
Legal Debt Margin	<u>\$ 945,297,810</u>	<u>\$ 883,298,956</u>	<u>\$ 781,169,028</u>	<u>\$ 737,944,445</u>	<u>\$ 708,644,339</u>

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

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>\$ 3,565,587,027</u>	<u>\$ 3,671,502,621</u>	<u>\$ 3,944,515,628</u>	<u>\$ 4,094,928,360</u>	<u>\$ 4,355,765,086</u>
713,117,405	734,300,524	788,903,126	818,985,672	871,153,017
-	-	-	-	-
<u>\$ 713,117,405</u>	<u>\$ 734,300,524</u>	<u>\$ 788,903,126</u>	<u>\$ 818,985,672</u>	<u>\$ 871,153,017</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Capital Improvement Bonds and Certificates:					
Net revenue available for debt service	\$ 9,907,154	\$ 8,463,599	\$ 8,223,166	\$ 8,241,933	\$ 8,167,557
Debt Service payments:					
Principal	1,360,000	1,410,000	1,450,000	1,490,000	2,560,000
Interest	1,915,464	1,878,711	1,837,357	1,791,234	1,701,799
Total debt service payments	<u>\$ 3,275,464</u>	<u>\$ 3,288,711</u>	<u>\$ 3,287,357</u>	<u>\$ 3,281,234</u>	<u>\$ 4,261,799</u>
Coverage (times)	3.02	2.57	2.50	2.51	1.92
Optional Gas Tax Bonds:					
Net revenue available for debt service	\$ 2,900,317	\$ 2,840,703	\$ 2,664,586	\$ 2,547,557	\$ 2,471,488
Debt Service payments:					
Principal	1,555,000	1,600,000	1,650,000	1,740,000	2,720,000
Interest	281,365	231,779	179,724	123,105	63,290
Total debt service payments	<u>\$ 1,836,365</u>	<u>\$ 1,831,779</u>	<u>\$ 1,829,724</u>	<u>\$ 1,863,105</u>	<u>\$ 2,783,290</u>
Coverage (times)	1.58	1.55	1.46	1.37	0.89
Electric System Bonds:					
Gross revenues	\$ 177,960,026	\$ 174,289,475	\$ 141,324,385	\$ 140,511,811	\$ 150,413,508
Less: operating expenses	161,634,774	152,595,345	131,538,100	122,286,613	128,161,245
Net revenue available for debt service	<u>16,325,252</u>	<u>21,694,130</u>	<u>9,786,285</u>	<u>18,225,198</u>	<u>22,252,263</u>
Water & Sewer Bonds:					
Gross revenues	\$ 26,352,644	\$ 27,855,619	\$ 27,109,092	\$ 27,994,759	\$ 26,291,964
Less: operating expenses	13,015,589	12,100,557	13,963,526	13,708,115	14,441,410
Net revenue available for debt service	<u>13,337,055</u>	<u>15,755,062</u>	<u>13,145,566</u>	<u>14,286,644</u>	<u>11,850,554</u>
Debt Service payments:					
Principal	3,440,000	3,590,000	3,745,000	-	-
Interest	1,120,591	969,335	807,685	145,495	-
Total debt service payments	<u>\$ 4,560,591</u>	<u>\$ 4,559,335</u>	<u>\$ 4,552,685</u>	<u>\$ 145,495</u>	<u>\$ -</u>
Coverage (times)	2.92	3.46	2.89	98.19	N/A
Utility System Bonds:					
Net revenue available for debt service	\$ 25,101,716	\$ 32,889,857	\$ 18,379,166	\$ 32,366,347	\$ 34,102,817
Debt Service payments:					
Principal	650,000	660,000	685,000	1,670,000	5,095,000
Interest	6,835,339	6,818,629	6,799,444	6,758,853	6,880,763
Total debt service payments	<u>\$ 7,485,339</u>	<u>\$ 7,478,629</u>	<u>\$ 7,484,444</u>	<u>\$ 8,428,853</u>	<u>\$ 11,975,763</u>
Coverage (times)	3.35	4.40	2.46	3.84	2.85

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.

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$ 8,261,105	\$ 8,333,770	\$ 8,359,167	\$ 8,271,340	\$ 8,682,982
765,000	2,300,000	2,340,000	2,380,000	2,405,000
1,043,246	1,088,305	639,269	783,309	755,634
<u>\$ 1,808,246</u>	<u>\$ 3,388,305</u>	<u>\$ 2,979,269</u>	<u>\$ 3,163,309</u>	<u>\$ 3,160,634</u>
4.57	2.46	2.81	2.61	2.75
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
N/A	N/A	N/A	N/A	N/A
\$ 149,817,925	\$ 144,341,225	\$ 145,415,283	\$ 149,789,455	\$ 151,438,543
129,528,370	121,428,949	126,925,324	134,847,261	129,248,794
<u>20,289,555</u>	<u>22,912,276</u>	<u>18,489,959</u>	<u>14,942,194</u>	<u>22,189,749</u>
\$ 26,974,511	\$ 27,477,111	\$ 28,907,441	\$ 29,008,377	\$ 29,580,210
14,908,787	15,383,110	17,069,840	19,278,182	20,994,564
<u>12,065,724</u>	<u>12,094,001</u>	<u>11,837,601</u>	<u>9,730,195</u>	<u>8,585,646</u>
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
N/A	N/A	N/A	N/A	N/A
\$ 32,355,279	\$ 35,006,277	\$ 30,327,560	\$ 24,672,389	\$ 30,775,395
5,245,000	5,360,000	5,485,000	6,265,000	6,375,000
6,763,874	6,146,150	3,787,146	4,507,063	3,839,465
<u>\$ 12,008,874</u>	<u>\$ 11,506,150</u>	<u>\$ 9,272,146</u>	<u>\$ 10,772,063</u>	<u>\$ 10,214,465</u>
2.69	3.04	3.27	2.29	3.01

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

<b>Fiscal Year</b>	<b>Population <sup>1</sup></b>	<b>Personal Income <sup>2</sup></b>	<b>Per Capita Personal Income <sup>4</sup></b>	<b>Median Household Income <sup>3,4</sup></b>	<b>County Unemployment Rate <sup>3</sup></b>
2009	54,800	\$ 1,658,625,128	\$ 30,267	\$ 43,727	8.6%
2010	56,315	1,747,091,441	30,267	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%
2016	59,720	2,221,667,745	37,201	54,543	6.7%
2017	59,668	2,319,621,270	38,875	55,907	4.9%
2018	60,042	2,439,197,925	40,625	57,305	3.6%

<sup>1</sup> The City of Ocala Office of Business and Financial Services, Bureau of Economic and Business Research, University of Florida.

<sup>2</sup> Amount computed from population and per capita personal income statistics for Marion County, Florida.

<sup>3</sup> Bureau of Labor Statistics. Amounts indicated are for Marion County, Florida.

<sup>4</sup> Estimated Per Capita and Median Household Income.

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

<b>Employer</b>	<b>September 30, 2018</b>			<b>September 30, 2009</b>		
	<b>Total Employees</b>	<b>Rank</b>	<b>Percent of Total City/County Employment</b>	<b>Total Employees</b>	<b>Rank</b>	<b>Percent of Total City/County Employment</b>
Marion County School Board	6,650	1	5.32%	6,000	1	4.68%
Munroe Regional Medical Center	2,648	2	2.12%	2,500	3	1.95%
State of Florida	2,600	3	2.08%	4,187	2	3.27%
Wal-Mart	2,370	4	1.89%	2,456	4	1.92%
Ocala Regional Medical Center and West Marion Community Hospital	2,166	5	1.73%	1,301	8	1.01%
US Government	-		-	2,011	5	1.57%
Publix Supermarkets	1,488	6	1.19%	1,467	6	1.14%
Marion County Board of Commissioners	1,368	7	1.09%	1,400	7	1.09%
Lockheed Martin	1,200	8	0.96%	-		0.00%
City of Ocala	1,093	9	0.87%	1,111	9	0.87%
AT&T	1,000	10	0.80%	1,000	10	0.78%
<b>Total</b>	<b>22,583</b>		<b>18.06%</b>	<b>23,433</b>		<b>18.28%</b>
Ocala MSA Labor Force			<b>125,078</b>			<b>128,220</b>

Source: Ocala/Marion County Chamber & Economic Partnership.

**CITY OF OCALA, FLORIDA  
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES  
BY FUNCTION  
LAST TEN FISCAL YEARS**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Legislative.....	6.00	6.00	6.00	6.00	6.00
Executive.....	25.00	23.00	19.00	16.00	13.75
Business and Financial Services.....	21.00	23.00	19.00	21.00	23.50
Purchasing.....	14.00	-	-	-	-
Human Resources and Risk.....	7.00	5.00	9.00	10.00	9.00
Development Services.....				38.00	40.25
Planning.....	10.00	32.00	33.00	-	-
Building.....	30.00	-	-	-	-
Police					
Officers.....	171.00	159.00	170.00	161.00	164.00
Civilians.....	85.50	84.00	88.00	95.00	89.50
Fire					
Firefighters and Officers.....	133.00	131.00	130.00	127.00	129.00
Civilians.....	12.00	15.00	17.00	21.00	15.00
Engineering.....	62.00	59.00	27.00	26.00	22.00
Recreation.....	30.50	53.00	58.00	66.00	64.00
Public Works.....	154.50	97.00	101.00	115.00	99.00
Fleet/Facilities.....	31.00	38.00	39.00	37.00	31.75
Airport.....	5.00	5.00	5.00	5.00	5.00
Golf.....	27.50	13.00	8.00	8.00	-
Water & Sewer.....	76.75	72.00	79.00	78.00	77.25
Telecommunications.....	6.00	6.00	6.00	6.00	7.00
Electric.....	173.00	161.00	165.00	165.00	155.75
Stormwater.....	8.00	8.00	18.00	-	-
Information & Technology.....	17.00	16.00	17.00	17.00	17.00
Community Programs.....	5.00	2.00	2.00	1.00	1.00
Total	<u>1,110.75</u>	<u>1,008.00</u>	<u>1,016.00</u>	<u>1,019.00</u>	<u>969.75</u>

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

Note: All numbers are assumed to be FTEs for all reporting categories

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
6.00	6.00	6.00	6.00	8.00
14.00	14.00	18.00	23.00	16.00
23.63	26.63	28.00	30.00	25.60
-	-	-	-	-
7.00	8.00	9.00	9.00	12.00
35.25	36.38	40.68	44.55	47.36
-	-	-	1.00	2.13
-	-	-	-	-
164.00	151.64	147.19	155.00	157.00
81.50	96.00	103.00	103.19	106.00
125.00	129.63	128.88	130.00	130.00
6.00	4.00	4.00	4.00	4.00
19.00	19.00	19.00	30.00	41.00
53.41	63.41	58.25	71.66	81.70
107.00	101.25	102.00	110.00	102.00
28.56	22.04	36.43	39.43	38.14
5.00	5.00	5.00	5.38	5.50
-	-	-	-	-
89.30	84.70	85.40	91.10	94.15
7.00	7.00	11.00	15.00	20.00
153.25	150.55	159.80	159.00	167.29
-	-	-	-	-
15.00	14.00	12.00	21.00	19.00
1.25	1.50	1.55	2.50	2.40
<u>941.15</u>	<u>940.73</u>	<u>975.18</u>	<u>1,050.81</u>	<u>1,079.27</u>



**CITY OF OCALA, FLORIDA  
SCHEDULE OF AIRPORT SUBSIDY CASH FLOW ANALYSIS  
FOR THE LAST SEVEN FISCAL YEARS**

	<u>2012</u>	<u>2013</u>	<u>2014</u>
City Leases at Airport:			
Sports Complex Lease	\$ 132,512	\$ 132,512	\$ 132,512
Water & Sewer Lease	-	-	-
Total Value of City Leases	<u>132,512</u>	<u>132,512</u>	<u>132,512</u>
City Payment For Leases at Airport:			
Water & Sewer Lease	-	-	-
Total Payments For City Leases	<u>-</u>	<u>-</u>	<u>-</u>
City Leases - Less Payments made:	<u>(132,512)</u>	<u>(132,512)</u>	<u>(132,512)</u>
City Funds Expended on Behalf of Airport:			
Grant Match	-	-	-
Total City Funds Expended on Behalf of Airport	<u>-</u>	<u>-</u>	<u>-</u>
Net Subsidy	<u>\$ (132,512)</u>	<u>\$ (132,512)</u>	<u>\$ (132,512)</u>

Pursuant to an agreement with the Federal Aviation Administration (FAA), the City has agreed to include a schedule of the subsidy to the Airport Fund annually in the CAFR.

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>TOTAL</u>
\$ 160,960	\$ 165,760	\$ 165,788	\$ 165,788	\$ 1,055,832
-	-	-	-	-
<u>160,960</u>	<u>165,760</u>	<u>165,788</u>	<u>165,788</u>	<u>1,055,832</u>
-	-	-	-	-
-	-	-	-	-
<u>(160,960)</u>	<u>(165,760)</u>	<u>(165,788)</u>	<u>(27,705)</u>	<u>(1,055,832)</u>
-	-	-	-	-
-	-	-	-	-
<u>\$ (160,960)</u>	<u>\$ (165,760)</u>	<u>\$ (165,788)</u>	<u>\$ (27,705)</u>	<u>\$ (1,055,832)</u>

**CITY OF OCALA, FLORIDA  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS\***

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Police</b>				
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
<b>Fire</b>				
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
<b>Building Permits</b>				
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
<b>New Construction - Units and Value:</b>				
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
<b>Streets and Drainage</b>				
Street Resurfacing (miles)	-	2.50	4.60	9.77
Potholes repaired	463	566	745	1,345
<b>Parks and Recreation</b>				
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
<b>Fleet Maintenance</b>				
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
<b>Solid Waste</b>				
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
<b>Electric</b>				
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
<b>Water</b>				
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
<b>Wastewater</b>				
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

2016	2017	2018
249,085	251,326	233,126
12,306	13,139	9,926
5,672	4,756	16,351
3,398	4,028	2,905
24,358	21,369	17,519
337	306	296
2,416	2,565	2,430
1,840	2,030	2,431
\$ 82,956,019	\$ 285,787,964	\$ 329,979,238
28	54	56
\$ 14,365,711	\$ 98,543,017	\$ 116,455,447
91	208	257
\$ 17,725,394	\$ 56,686,440	\$ 80,145,118
19	11	6
731	394	626
95	81	105
28,109	25,066	24,867
81,846	83,786	75,060
1,447	1,462	1,458
99	99	99
1,268	1,274	1,302
15,668	15,928	15,861
13,484	13,927	14,547
3,804	3,481	3,320
39,187	40,032	42,299
49,975	50,541	50,902
2,140	2,064	2,084
23,696	24,052	24,298
24,420	24,420	24,420
11,230	10,726	11,402
28,463	27,948	28,476
25,992	28,072	52,461

**CITY OF OCALA, FLORIDA  
CAPITAL ASSETS STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

<b>FUNCTION:</b>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Area: Land (square miles)	44.48	44.48	44.72	44.72	44.72
Miles of Streets, Sidewalks and Bike Paths					
Streets - Paved	296.10	296.10	297.12	335.00	338.00
Streets - Unpaved	4.81	4.81	4.81	3.38	3.38
Sidewalks	225.58	228.38	233.28	233.30	223.30
Bike Paths	33.21	36.46	36.46	18.62	18.62
Miles of Sewers					
Storm	264.60	380.05	281.80	285.36	277.20
Sanitary	340.00	341.30	343.10	349.76	353.45
Force Main	79.60	80.00	81.20	89.00	91.50
Water Lines	530.0	534.0	536.0	555.5	562.5
Number of Lift Stations	118	119	121	122	123
Building Permits: (includes plumbing, gas, (electric, water , heating & air conditioning)					
Permits Issued	1,826	1,676	1,524		
Permit Value	\$ 77,215,703	\$ 82,992,944	\$ 66,223,835		
New Construction - Units and Value:					
Commercial - Number of Units	52	38	52		
Commercial - Value	\$ 26,693,633	\$ 23,428,680	\$ 33,214,686		
Residential - Number of Units	67	106	39		
Residential - Value	\$ 10,916,289	\$ 18,038,057	\$ 7,753,050		
Fire Protection					
Stations	6	6	6	5	5
Employees - Sworn	133	131	130	127	129
Employees - Civilian	12	15	17	21	3
Fire and rescue response time (minutes)	6.7	6.8	6.8	5.8	6.3
Police Protection					
Stations	6	5	5	4	4
Employees - Sworn	158	159	170	161	164
Employees - Civilian	86	84	88	95	96
Vehicular Patrol Units - Marked Vehicles	113	119	119	114	124
Vehicular Patrol Units - Motorcycles	9	8	8	7	6
Vehicular Patrol Units - Other Vehicles	78	82	82	81	80
Recreation					
Land area (acres)	693	424	424	795	805
Activity centers	6	6	9	5	5
Pools	2	2	2	2	2
Playgrounds (not reported prior to 2004)	17	17	19	18	18

2014	2015	2016	2017	2018
44.79	44.79	44.79	46.95	46.95
339.35	339.70	398.73	374.19	357.47
3.38	3.38	2.30	2.30	1.49
242.20	242.20	242.20	242.20	244.12
27.30	27.30	27.30	53.33	55.03
277.20	280.00	283.00	283.83	290.49
352.68	360.30	379.12	373.90	380.00
90.00	90.00	96.82	96.97	97.63
568.2	575.5	589.16	539.85	589.00
129	129	132.00	132.00	134.00

Moved to Operating Indicators

Moved to Operating Indicators

6	6	6	6	6
129	129	130	130	130
4	4	4	4	4
6.3	6.7	6	5	6
4	4	4	4	4
164	165	165	165	157
96	100	100	102	106
124	126	125	135	133
6	6	4	9	9
80	78	78	78	78
837	837	837	837	839
5	5	6	6	6
2	2	2	2	2
20	23	24	24	25



**ADDITIONAL ELEMENTS OF REPORT PREPARED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,  
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED  
STATES; THE PROVISIONS OF OFFICE OF MANAGEMENT AND  
BUDGET (OMB) UNIFORM GUIDANCE; AND THE *RULES OF THE  
AUDITOR GENERAL OF THE STATE OF FLORIDA***



**CITY OF OCALA, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR 2018**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures
<b>FEDERAL AWARDS</b>			
<b><u>U.S. Department of Housing and Urban Development:</u></b>			
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-12-0029	4,660
Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-12-0029	143,048
Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-12-0029	205,181
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-12-0029	202,050
<i>Total CDBG-Entitlement Grants</i>			<u>554,939</u>
<i>Passed through Marion County, Florida:</i>			
HOME Investment Partnership Program	14.239	MC-14-DC-14-0232	9,324
HOME Investment Partnership Program	14.239	MC-16-DC-16-0232	2,820
HOME Investment Partnership Program	14.239	MC-17-DC-16-0232	10,297
<i>Total HOME Investment Partnership Program Grants</i>			<u>22,441</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>577,380</u></b>
<b><u>U.S. Department of Justice:</u></b>			
<i>Passed through State Office of Attorney General:</i>			
Crime Victim Assistance	16.575	VOCA-2017-Ocala Police Department-000081	22,864
<i>Total Crime Victim Assistance</i>			<u>22,864</u>
<i>Passed through Florida Council Against Sexual Violence:</i>			
STOP Violence Against Women Formula Grant	16.588	17STO65	581
<i>Total STOP Violence Against Women Formula Grant</i>			<u>581</u>
Bulletproof Vest Partnership Program	16.607	2016-BUBX-16081100	5,906
<i>Total Bulletproof Vest Partnership Program Grants</i>			<u>5,906</u>
<i>Passed through Florida Department of Law Enforcement</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-JAGC-MARI-1-F9-019	7,045
<i>Total Edward Byrne Memorial Justice Assistance Grant Program</i>			<u>7,045</u>
Equitable Sharing Program	16.922	FL0420100	231,668
<i>Total Equitable Sharing Program</i>			<u>231,668</u>
<b>Total U.S. Department of Justice</b>			<b><u>268,064</u></b>
<b><u>U.S. Department of Transportation:</u></b>			
Airport Improvement Program	20.106	3-12-0055-025-2016	97,356
Airport Improvement Program	20.106	3-12-0055-026-2017	355,089
<i>Total Airport Improvement Program</i>			<u>452,445</u>
<i>Passed through Florida Department of Transportation:</i>			
Highway Planning & Construction			
FM #430252-1-54-01	20.205	ARG51	1,337,900
FM #439331-1-14-01	20.205	G0A96	653,571
FM #439331-2-14-01	20.205	G0W40	159,575
<i>Total Highway Planning &amp; Construction</i>			<u>2,151,046</u>
<i>Passed through Florida Department of Transportation:</i>			
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research			
FM# 422440-1-14-23	20.505	AQN78	1,412
FM# 431401-1-14-26	20.505	GOV18	28,077
<i>Total Metropolitan Planning Program</i>			<u>29,489</u>
Federal Transit Formula Grants	20.507	FL-90-X892	2,538
Federal Transit Formula Grants	20.507	FL-2016-053-01-00	1,126,124
Federal Transit Formula Grants	20.507	FL-2018-036-01-00	206,623
Federal Transit Formula Grants	20.507	FL-2018-121-01-00	955,587
<i>Total Federal Transit Formula Grants</i>			<u>2,290,872</u>
<i>Passed through Florida Department of Transportation:</i>			
National Highway Safety Program	20.600	GOP33	3,677
<i>Total State and Community Highway Safety</i>			<u>3,677</u>
<b>Total U.S. Department of Transportation</b>			<b><u>4,927,529</u></b>
<b><u>U.S. Environmental Protection Agency</u></b>			
Brownfields Assessment and Cleanup Cooperative Agreement	66.818	00D71118	1,556
<i>Total Brownfields Assessment and Cleanup Cooperative Agreement</i>			<u>1,556</u>
<b>Total U.S. Environmental Protection Agency</b>			<b><u>1,556</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS:</b>			<b><u>5,774,529</u></b>

**CITY OF OCALA, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR 2018  
(CONTINUED)**

State Grantor/ Pass-Through Grantor/Program Title	State CSFA Number	Pass-Through Grantor Number	State Expenditures
<b>STATE FINANCIAL ASSISTANCE</b>			
<b><u>Florida Department of Environmental Protection:</u></b>			
Statewide Surface Water Restoration and Wastewater Projects	37.039	NS004	542,729
Statewide Surface Water Restoration and Wastewater Projects	37.039	S0860	392,771
Statewide Surface Water Restoration and Wastewater Projects	37.039	S0870	15,930
Statewide Surface Water Restoration and Wastewater Projects	37.039	S0915	4,843
Statewide Surface Water Restoration and Wastewater Projects	37.039	G0428	6,467
<i>Total Statewide Surface Water Restoration and Wastewater Projects</i>			<u>962,740</u>
<i>Passed through St. Johns River Water Management District</i>			
Florida Springs Grant Program	37.052	28128	441,044
Florida Springs Grant Program	37.052	LP4211G	257,458
<i>Total Florida Springs Grant Program</i>			<u>698,502</u>
<b>Total Florida Department of Environmental Protection</b>			<b><u>1,661,242</u></b>
<b><u>Florida Housing Finance Corporation:</u></b>			
State Housing Initiatives Partnership Program	40.901	SHIP	194,520
<b>Total Florida Housing Finance Corporation</b>			<b><u>194,520</u></b>
<b><u>Florida Department of State:</u></b>			
Acquisition, Restoration of Historic Properties	45.032	SC623	4,918
<b>Total Florida Department of State</b>			<b><u>4,918</u></b>
<b><u>Florida Department of Transportation:</u></b>			
Florida Commission for the Transportation Disadvantaged (CTD) Planning Grant Program FM# 432029-1-14-01	55.002	G0N66	6,705
<i>Total Commission for the Transportation Disadvantaged Planning Grant</i>			<u>6,705</u>
Aviation Grant Programs FM# 440778-1-94-01	55.004	G0S25	67,392
Aviation Grant Programs FM# 414447-1-94-01	55.004	AR160	53,728
Aviation Grant Programs FM# 437609-1-94-01	55.004	G0101	2,664
Aviation Grant Programs FM# 431586-1-94-01	55.004	G0102	124,179
<i>Total Aviation Grant Programs</i>			<u>247,963</u>
Public Transit Block Grant Program FM# 424123-1-84-01	55.010	ARP19	472,437
<i>Total Public Transit Block Grant Program</i>			<u>472,437</u>
<b>Total Florida Department of Transportation</b>			<b><u>727,105</u></b>
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE:</b>			<b><u>2,587,785</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE:</b>			<b><u>\$ 8,362,314</u></b>

**Notes:**

(1) The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Ocala, Florida and is presented on the accrual basis of accounting. The City has elected not to apply the 10% de minimis indirect cost rate. There are no outstanding loan balances at the end of the audit period. The information in this schedule is presented in accordance with the requirements of Federal OMB Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations and Chapter 10.550, Rules of the Auditor General. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

**INDEPENDENT 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, 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 26, 2019.

**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.

**Certified Public Accountants**

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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 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*.

**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*  
March 26, 2019  
Ocala, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND  
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

**Report on Compliance for Each Major Federal Program and State Project**

We have audited City of Ocala, Florida's (the City) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the requirements described in the Department of Financial Services, *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal award programs and state projects for the year ended September 30, 2018. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, *Rules of the Auditor General*. Those standards, the Uniform Guidance, 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, 2018.

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND  
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL  
(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 the Uniform Guidance 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

*Purvis, Gray and Company, LLP*

March 26, 2019  
Ocala, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD PROGRAMS AND STATE PROJECTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
CITY OF OCALA, FLORIDA**

**SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of Auditors' Report Issued:	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards and State Projects**

Internal Control over Major Programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of Auditors' Report Issued on Compliance for Major Programs:	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance with CFR 200.516(a), or Chapter 10.557 for Local Government Entities	No
Identification of Major Programs:	
<b>Federal Program or Cluster</b>	
U.S. Department of Transportation:	
Highway Planning and Construction	CFDA No. 20.205
<b>State Projects</b>	
Florida Department of Environmental Protection:	
Florida Springs Grant Program	CFSA No. 37.052
Statewide Surface Water Restoration and Wastewater Projects	CFSA No. 37.039
Dollar Threshold Used to Distinguish Between Type A and Type B Programs – Federal Programs	\$750,000
Dollar threshold used to distinguish between Type A and Type B programs – State Projects	\$300,000
Auditee Qualified as Low-Risk Auditee Pursuant to the Uniform Guidance?	Yes

**Other Issues**

- No summary schedule of prior audit findings is required because there were no prior audit findings related to Federal Programs or State projects.

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE  
WITH SECTION 218.415, FLORIDA STATUTES**

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

We have examined the City of Ocala, Florida's (the City) compliance with requirements of Section 218.415, Florida Statutes as of and for the year ended September 30, 2018, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with the 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.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

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*

March 26, 2019  
Ocala, Florida

**Certified Public Accountants**

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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



## 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, 2018, and have issued our report thereon dated March, 26, 2019.

### 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

### Other Reports Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for each Major Federal Program and State Project and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 26, 2019, 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.

### 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, 2018, for this information).

#### Certified Public Accountants

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

**MANAGEMENT LETTER**  
*(Concluded)*

**Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. We have no such recommendations.

**Additional Matters**

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.

*Purvis, Gray and Company, LLP*

March 26, 2019  
Ocala, Florida