

Employees' Pension Fund of the City of Gainesville, Florida

Financial Statements and
Independent Auditor's Report

September 30, 2017



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Employees' Pension Fund of the City of Gainesville, Florida

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commissioners
City of Gainesville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Employees' Pension Fund of the City of Gainesville, Florida (the "Plan"), which comprise the statement of fiduciary net position as of September 30, 2017, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan 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.

Auditor's Responsibility

Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's 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 Plan'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 Plan'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position restricted for pension benefits of the Plan as of September 30, 2017, and the changes in its net position restricted for pension benefits for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed In Note 1 to the financial statements, the accompanying financial statements present only the Employees' Pension Fund and do not purport to, and do not, present fairly the net position restricted for pension benefits of the City of Gainesville, Florida, as of September 30, 2017, or the City's changes in net position restricted for pension benefits for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules identified in the table of contents as "required supplementary information" 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 appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Cary Riggs & Ingram, L.L.C.

Gainesville, Florida

June 5, 2018

**Employees' Pension Fund of the
City of Gainesville, Florida****Statement of Fiduciary Net Position
September 30, 2017****Assets**

Cash and cash equivalents	\$ 4,098,480
Investments, at fair value	395,134,083
Investment adjustment	29,688

Total assets 399,262,251

Liabilities

Accounts payable	2,948,689
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Net position restricted for pension benefits \$ 396,313,562

*The accompanying "Notes to Financial Statements"
form an integral part of this statement.*

**Employees' Pension Fund of the
City of Gainesville, Florida**

**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended September 30, 2017**

Additions

Contributions:	
Employer contributions	\$ 14,654,934
Employee contributions	4,829,122
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Total contributions	19,484,056
<hr/>	
Investment income:	
Net appreciation in fair value of investments	54,149,414
Dividends and interest	6,005,207
<hr/>	
Total	60,154,621
Less investment expense	1,549,319
<hr/>	
Net investment income	58,605,302
<hr/>	
Total additions	78,089,358
<hr/>	
Deductions	
Benefit payments	38,104,186
Refunds of contributions	364,976
Administrative expenses	604,905
<hr/>	
Total deductions	39,074,067
<hr/>	
Net increase in net position	39,015,291
<hr/>	
Net position restricted for pension benefits, October 1, 2016	357,298,271
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Net position restricted for pension benefits, September 30, 2017	\$ 396,313,562
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*The accompanying "Notes to Financial Statements"
form an integral part of this statement.*

Employees' Pension Fund of the City of Gainesville, Florida

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Employees' Plan is a contributory defined benefit single-employer pension plan that covers all permanent employees of the City of Gainesville, Florida (the "City"), except certain personnel who elected to participate in the Defined Contribution Plan and who were grandfathered into that plan, and police officers and firefighters who participate in the Consolidated Plan.

Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable.

Pension Trust Fund

These financial statements include only the Employees' Pension Fund, which is reported as a trust fund in the City's comprehensive annual financial report.

Financial Reporting Principles

The Plan follows the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

NOTE 2 – PLAN DESCRIPTION

Plan Board

The Board of Trustees of the Employees' Plan is composed of all seven members of the City Commission who sit as a separate body to approve Plan provisions and changes.

Plan Membership

At September 30, 2017 the following employees were covered by the Plan:

Employees' Pension Fund of the City of Gainesville, Florida

Notes to Financial Statements

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

Inactive plan members or beneficiaries currently receiving benefits	1,266
Inactive plan members entitled to but not yet receiving benefits	428
Active plan members	1,519
Total	3,213

Benefit Terms

The Employees' Plan provides retirement and death benefits to plan members and beneficiaries. This plan and any amendments were adopted through a City Ordinance by the Commission of the City of Gainesville. Benefit terms are established and may be amended by approval of the Board of Trustees. In October 2002, the Board of Trustees approved allowing participants to buy back City years of service at its actuarial valuation.

Monthly Accrued Benefit

- For City employees with hire dates on or before October 1, 2012 a monthly benefit payable for life, starting at normal retirement age, equal to 2% of final average earnings times credited service.
- For City employees with hire dates on or after October 2, 2012 a monthly benefit payable for life, starting at normal retirement age, equal to 1.8% of final average earnings times credited service.
- For Gainesville Gas Company employees, a monthly benefit payable for life starting at normal retirement age, equal to, (i) the accrued benefit earned under the Gainesville Gas Company Employees' Pension Plan ("predecessor plan") as of January 10, 1990; plus (ii) 2% of final average earnings times credited service earned after January 10, 1990; plus (iii) for each year of service earned after January 10, 1990, an additional 2% of final average earnings will be credited, not to exceed the service years earned under the accrued benefit formula under the predecessor plan; less (iv) for each year of predecessor plan service credited under (iii) above, the portion of the accrued benefit determined under (i) above based on such years.

Final Average Earnings

- For members with hire dates on or before October 1, 2007, the average of the member's monthly earnings for the 36 consecutive months that produce the highest average at the date of benefit determination.

Employees' Pension Fund of the City of Gainesville, Florida

Notes to Financial Statements

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

- For members with hire dates on or after October 2, 2007 but on or before October 1, 2012, the average of the member's monthly earnings for the 48 consecutive months that produce the highest average at the date of benefit determination.
- For members with hire dates on or after October 2, 2012, the average of the member's monthly earnings for the 60 consecutive months that produce the highest average at the date of benefit determination.

Normal Retirement Age and Benefits

Age – For members with hire dates on or before October 1, 2007, the eligibility date is the earlier of age 65 and 10 years of credited service or 20 years of credited service at any age. For members with hire dates on or after October 2, 2007 and on or before October 1, 2012, the eligibility date is the earlier of age 65 and 10 years of credited service or 25 years of credited service at any age. For members with hire dates on or after October 2, 2012, the eligibility date is the earlier of age 65 and 10 years of credited service or 30 years of credited service at any age.

Amount – Monthly accrued benefit as detailed above.

Form of Payment

- Life annuity option pays the member 100% of normal retirement benefit for life. This option does not provide for a continuing pension to a beneficiary upon the member's death.
- Joint and survivor option pays a reduced pension benefit for the life of the member and continues to pay the beneficiary 2/3 of the reduced benefit for rest of the beneficiary's life.
- Joint and last survivor option pays a reduced pension benefit for the life of the member. Upon death of either the member or beneficiary, the monthly benefit is reduced to 2/3 of the original benefit.
- Social security option pays an increased benefit before social security benefits begin and then decreases when the member becomes eligible for social security benefits

Early Retirement Age and Benefits

Age – For members with hire dates on or before October 1, 2012, the eligibility date is the attainment of age 55 and 15 years of credited service. For members with hire dates on or after October 2, 2012, the eligibility date is the attainment of age 60 and 20 years of credited service.

Amount – Monthly accrued benefit actuarially reduced by 5/12% for each month by which the early retirement date precedes the date on which the member would have reached age 65.

Form of Payment – Same as for Normal Retirement.

Employees' Pension Fund of the City of Gainesville, Florida

Notes to Financial Statements

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

Termination Benefit

If a member should terminate prior to completing five years of credited service, no benefits are payable except the return of member contributions, without interest. After the completion of five years but less than normal or early retirement eligibility, a member is entitled to a benefit equal to the accrued benefit payable at age 65 for life.

Cost of Living Adjustments (COLA)

A 2% cost of living adjustment (COLA) will be applied to retirement benefits annually if the retiree reaches eligibility for the COLA prior to that date:

- At least 20 years of credited service on or before October 1, 2012 AND at least 20 years but less than 25 years of credited service upon retirement; COLA will begin on the October payment after reaching age 62.
- At least 20 years of credited service on or before October 1, 2012 AND at least 25 years of credited service upon retirement; COLA will begin on the October payment after reaching age 60.
- At least 25 years of credited service upon retirement AND a hire date on or before October 1, 2012, but less than 20 years of credited service on or before October 1, 2012; COLA will begin with the October payment after reaching age 65.
- At least 30 years of credited service upon retirement AND a hire date on or after October 2, 2012; COLA will begin with the October payment after reaching age 65.

Contribution Requirements

The contribution requirements of plan members and the City are established and may be amended by City Ordinance approved by the City Commission. Plan members are required to contribute 5% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the rate for fiscal year 2017 for retirement and death benefits was 17.45% of covered payroll. This rate was influenced by the issuance of the Taxable Pension Obligation Bonds, Series 2003A. The proceeds from this issue were utilized to retire the unfunded actuarial accrued liability at that time in the Employees' Plan. Administrative costs are financed through investment earnings.

Reserves

The Plan had \$4,028,092 in reserves for members participating in DROP.

Employees' Pension Fund of the City of Gainesville, Florida

Notes to Financial Statements

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

Deferred Retirement Option Program (DROP)

Members with 27 but less than 35 years of credited service may elect to participate in the deferred retirement option program (DROP), for a maximum of 60 months or until the conclusion of 35 years of credited service if less. The member's accrued benefit is calculated as of the date of entry into DROP, deposited in the DROP account and paid to the members at termination.

For members whose DROP participation begins on or before October 1, 2012, interest shall accrue at 6%. For members whose DROP participation begins on or after October 2, 2012, interest shall accrue at 2.25%. The balance of the amounts held by the pension plan pursuant to the DROP is \$4,028,092 as of September 30, 2017.

NOTE 3 – INVESTMENTS

Rate of Return

For the year ended September 30, 2017, the annual money-weighted rate of return on the Plan investments, net of pension plan investment expense was 16.65%. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment policies described below provide guidelines for the credit ratings of specific types of investments. Presented below is the rating as of year-end for each investment type.

Investment Type	Fair Value	Unrated/ Exempt	AAA	AA	A	BBB
Common stock	\$ 199,340,207	\$ 199,340,207	\$ -	\$ -	\$ -	\$ -
Limited partnerships	17,130,431	17,130,431	-	-	-	-
Mutual funds	176,497,450	176,497,450	-	-	-	-
Real estate investment trust	2,165,995	2,165,995	-	-	-	-
Totals	\$ 395,134,083	\$ 395,134,083	\$ -	\$ -	\$ -	\$ -

Employees' Pension Fund of the City of Gainesville, Florida

Notes to Financial Statements

NOTE 3 – INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates. The Plan's investment policies do not provide specific restrictions as to maturity length of investments. Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided below, using the segmented time distribution method:

Investment Type	Fair Value	*	< 2 years	2-5 years	5-10 yrs	> 10 years
Common stock*	\$ 199,340,207	\$ 199,340,207	\$ -	\$ -	\$ -	\$ -
Limited partnerships*	17,130,431	17,130,431	-	-	-	-
Mutual funds*	176,497,450	176,497,450	-	-	-	-
Real estate investment trust*	2,165,995	2,165,995	-	-	-	-
Totals	\$ 395,134,083	\$ 395,134,083	\$ -	\$ -	\$ -	\$ -

* Included but not required to be presented by maturity date

Investment Policy

The investment policy of the Plan is established and amended by the Board of Trustees. There were no significant changes to the investment policy during fiscal year 2017.

The primary investment objective of the Plan is to ensure over the long-term of the Plan, an adequate level of assets are available to fund the benefits guaranteed to City employees (except for police and firefighters) and their beneficiaries at the time they are payable. In meeting this objective, the Board seeks to achieve a high level of investment return consistent with a prudent level of risk.

A secondary objective is to earn total rate of return after expenses that equals or exceeds the actuarial investment return assumption. The Trustees, with the help from actuary and investment consultant, will use the Plan's asset allocation as the primary tool to achieve this objective. As this is a long-term projection and investments are subject to short-term volatility, this main investment focus of the Trustee towards the total Plan and each investment manager will be on performance relative to the appropriate asset class, mix of asset classes, and peer performance over relevant time periods. Each manager is expected to maintain consistent philosophy and style, perform well versus other utilizing the same style, and add incremental value after costs.

Employees' Pension Fund of the City of Gainesville, Florida

Notes to Financial Statements

NOTE 3 – INVESTMENTS (CONTINUED)

Other general investment objectives for the Plan are:

- Long-term growth of capital – In the absence of contributions and withdrawals, the asset value of the Plan should grow in the long run and earn rates of return greater than those of its Policy Index while avoiding excessive risk.
- Preservation of purchasing power – Asset growth, exclusive of contributions and withdrawals, should exceed the rate of inflation (as measured by annual CPI) in order to preserve purchasing power.
- Maintain sufficient funding – Funding should be sufficient to cover unexpected developments, possible future benefit increases and reduction of expected investment returns.

Fair Value of Investments

Investments are reported at fair value, based on quoted market prices, when available.

NOTE 4 – FAIR VALUE MEASUREMENTS

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Plan has the following recurring fair value measurements as of September 30, 2017

- Common stock – Valued at the daily closing price.
- Limited Partnership – Valued at the daily closing price as reported by the partnership
- Mutual Funds – Valued at the daily closing price as reported by the fund.
- Real Estate Investment Trust – Value based on property appraisals.

Employees' Pension Fund of the City of Gainesville, Florida

Notes to Financial Statements

NOTE 4 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes the Plan's assets for which fair values are determined on a recurring basis:

Investment Type	Fair Value	Quoted Prices in		
		Active Markets For Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stock	\$199,340,207	\$ 199,340,207	\$ -	\$ -
Limited partnerships	17,130,431	17,130,431	-	-
Mutual funds	176,497,450	176,497,450	-	-
Reals estate investment trust	2,165,995	-	2,165,995	-
	\$395,134,083	\$ 392,968,088	\$ 2,165,995	\$ -

NOTE 5 – NET PENSION LIABILITY

The components of the net pension liability at September 30, 2017 were as follows:

Total pension liability	\$ 537,712,710
Plan fiduciary net position	(396,313,562)
Net pension liability	\$ 141,399,148

Plan fiduciary net position as a percentage of the total pension liability	73.70%
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Significant Actuarial Assumptions

The total pension liability as of September 30, 2017 was determined based on a roll-forward of entry age normal liabilities from the October 1, 2016 actuarial valuation to the pension plan's fiscal year end of September 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.75%
Salary increases	3.00% to 5.00%
Investment rate of return	8.10%, net of pension investment expense

Employees' Pension Fund of the City of Gainesville, Florida

Notes to Financial Statements

NOTE 5 – NET PENSION LIABILITY (CONTINUED)

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table-Dynamic with projection to valuation year.

Discount Rate

The discount rate used to measure the total pension liability was 8.10%. 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 City contributions will be made at rates equal to the actuarially determined contribution rates less the member contributions. 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 the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability, in accordance with the method prescribed by GASB Statement No. 67. We believe this assumption is reasonable for the purposes of the measurements required by the Statement. In the event that benefit payments are not covered by the Plan's fiduciary net position, a municipal bond rate would be used to discount the benefit payments not covered by the Plan's fiduciary net position.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These estimates 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 are summarized in the following table:

	Inflation	Real Risk Free Return	Risk Premium	Total Expected Return	Policy Allocation	Policy Return
Domestic equity	3.00%	2.00%	4.50%	9.50%	50.00%	4.75%
Intl equity	3.00%	2.00%	5.50%	10.50%	30.00%	3.15%
Domestic bonds	3.00%	2.00%	0.50%	5.50%	2.00%	0.11%
Intl bonds	3.00%	2.00%	1.50%	6.50%	0.00%	0.00%
Real estate	3.00%	2.00%	2.50%	7.50%	16.00%	1.20%
Alternatives	3.00%	2.00%	3.50%	7.50%	0.00%	0.00%
US Treasuries	3.00%	0.00%	0.00%	3.00%	0.00%	0.00%
Cash	3.00%	-2.00%	0.00%	1.00%	2.00%	0.02%
Total					100.00%	9.23%

**Employees' Pension Fund of the
City of Gainesville, Florida**

Notes to Financial Statements

NOTE 5 – NET PENSION LIABILITY (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 8.1%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (7.1%) or 1 percentage-point higher (9.1%) than the current rate:

	1% Decrease (7.1%)	Current Discount Rate (8.1%)	1% Increase (9.1%)
Net pension liability	\$ 202,787,977	\$ 141,399,148	\$ 89,907,875

Required Supplementary Information

**Employees' Pension Fund of the
City of Gainesville, Florida**

Schedule of Changes in the Net Pension Liability and Related Ratios

	2017	2016	2015	2014
Total pension liability				
Service costs	\$ 8,355,553	\$ 7,789,638	\$ 7,153,541	\$ 6,612,646
Interest	39,934,706	38,189,162	35,741,289	36,171,225
Differences between expected and actual experience	7,646,058	1,125,190	1,954,558	1,105,967
Transfer from the Disability Plan	-	-	2,455,848	-
Changes of assumptions	21,041,875	4,860,706	15,880,346	-
One time adjustment for DROP account balances	10,038,916	-	-	-
Benefit payments, including refunds of employee contributions	(34,963,352)	(37,252,988)	(28,306,207)	(31,819,142)
Net change in total pension liability	52,053,756	14,711,708	34,879,375	12,070,696
Total pension liability-beginning	485,658,954	470,947,246	436,067,871	423,997,175
Total pension liability-ending (a)	\$ 537,712,710	\$ 485,658,954	\$ 470,947,246	\$ 436,067,871
Plan fiduciary net position				
Employer contributions	\$ 14,654,934	\$ 13,481,032	\$ 11,746,935	\$ 11,519,431
Employee contributions	4,829,122	4,441,258	4,429,289	4,260,476
Net investment income	58,605,302	39,190,078	(2,486,089)	34,176,892
Transfer from the Disability Plan	-	-	2,320,442	-
Benefit payments, including refunds of employee contributions	(38,469,162)	(33,747,177)	(28,306,207)	(26,161,924)
Administrative expense	(604,905)	(670,867)	(580,988)	(613,886)
Net change in plan fiduciary net position	39,015,291	22,694,324	(12,876,618)	23,180,989
Plan fiduciary net position-beginning	357,298,271	334,603,947	347,480,565	324,299,576
Plan fiduciary net position-ending (b)	\$ 396,313,562	\$ 357,298,271	\$ 334,603,947	\$ 347,480,565
Net pension liability-ending (a)-(b)	\$ 141,399,148	\$ 128,360,683	\$ 136,343,299	\$ 88,587,306
Plan fiduciary net position as a percentage of the total pension liability	73.70%	73.57%	71.05%	79.68%
Annual covered payroll	\$ 91,143,976	\$ 80,223,575	\$ 79,930,261	\$ 81,654,532
Net pension liability as a percentage of covered employee payroll	155.14%	160.00%	170.58%	108.49%

Notes to Schedule:

Benefit Payments in Total Pension Liability include an interest calculation. This amount does not represent actual Benefit Payments as shown in the statement of changes in Plan fiduciary net position.

Changes to assumptions resulted from reducing the investment rate of return from 8.2% to 8.1%. The schedule will present ten years of comparative data in the future. GASB 67 was implemented in FY 2014.

**Employees' Pension Fund of the
City of Gainesville, Florida**

Schedule of Employer Contributions

	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 14,654,934	\$ 13,481,032	\$ 13,211,521	\$ 12,700,223	\$ 10,927,391
Contributions in relation to the actuarially determined contribution	14,654,934	13,481,032	12,224,716	11,995,271	10,206,334
Contribution deficiency (excess)	\$ -	\$ -	\$ 986,805	\$ 704,952	\$ 721,057
Covered payroll	\$ 91,143,976	\$ 80,223,575	\$ 79,930,261	\$ 81,654,532	\$ 80,365,984
Contributions as percentage of covered payroll	16.08%	16.80%	15.29%	14.69%	12.70%

Notes to Schedule:

Methods and assumptions used to determine contribution rates

Actuarial cost method	Individual entry age, level percent of pay
Amortization method	Level percentage, closed
Remaining amortization period	21 to 30 years based on year established; gains/losses, assumption plan changes over 30 years from inception
Asset valuation method	Actuarial value, based on 5-year recognition of returns greater or less than the assumed investment return
Inflation rate	3.75%
Future rate of growth in valuation payroll	4.50%
Investment return rate	8.10%
Salary increase rate	3.75% to 7.00%
Retirement rates	Schedule of probabilities based on age and service, increasing as age and service increase
Mortality rates	RP-2000 Combined Healthy Mortality Table - Dynamic with projection to valuation year

The schedule will present ten years of comparative data in the future. GASB 67 was implemented in FY 2014.



Employees' Pension Fund of the City of Gainesville, Florida

Schedule of Investment Returns

FY	Annual Money-Weighted Rate of Return on Pension Plan Investments
2017	16.65%
2016	11.84%
2015	-0.74%
2014	10.61%

Note to Schedule:

The schedule will present ten years of comparative data in the future. GASB 67 was implemented in FY 2014.