

Consolidated Police Officers and
Firefighters Retirement Plan of
the City of Gainesville, Florida

Financial Statements and Independent
Auditor's Report

September 30, 2014

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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 Consolidated Police Officers and Firefighters Retirement Plan of the City of Gainesville, Florida (the "Plan"), which comprise the statement of fiduciary net position as of September 30, 2014, 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, 2014, 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 Consolidated Police Officers and Firefighters Retirement Plan 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, 2014, 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.

Change in Accounting Principle

As discussed In Note 1 to the financial statements, the Plan implemented GASB Statement No. 67, *Financial Reporting for Pension Plans*. 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.

Carri Riggs & Ingram, L.L.C.

Gainesville, Florida
March 25, 2015

**Consolidated Police Officers and Firefighters Retirement Plan
of the City of Gainesville, Florida
Statement of Fiduciary Net Position
September 30, 2014**

ASSETS	
Cash and Equivalents	\$ 4,926,942
Investments, at Fair Value	211,904,343
Receivables	<u>223,022</u>
 TOTAL ASSETS	 217,054,307
 LIABILITIES	
Accounts Payable and Accrued Liabilities	<u>6,397</u>
 NET POSITION RESTRICTED FOR PENSION BENEFITS	 <u><u>\$ 217,047,910</u></u>

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

**Consolidated Police Officers and Firefighters Retirement Plan
of the City of Gainesville, Florida
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended September 30, 2014**

ADDITIONS	
Contributions:	
Employer Contributions	\$ 3,855,020
Employee Contributions	2,067,685
State Contributions	<u>1,259,995</u>
Total Contributions	<u>7,182,700</u>
Investment Income:	
Net Appreciation in Fair Value of Investments	20,632,438
Dividends and Interest	<u>2,465,205</u>
Total	23,097,643
Less Investment Expense	<u>1,186,108</u>
Net Investment Income	<u>21,911,535</u>
TOTAL ADDITIONS	<u>29,094,235</u>
DEDUCTIONS	
Benefit Payments	12,665,810
Refunds of Contributions	232,972
Administrative Expenses	<u>609,264</u>
TOTAL DEDUCTIONS	<u>13,508,046</u>
NET INCREASE IN NET POSITION	15,586,189
NET POSITION RESTRICTED FOR PENSION BENEFITS, October 1, 2013	<u>201,461,721</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS, September 30, 2014	<u><u>\$ 217,047,910</u></u>

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

**Consolidated Police Officers and Firefighters Retirement Plan
of the City of Gainesville, Florida
Notes to Financial Statements
September 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Plan is a contributory defined benefit single-employer pension plan that covers City sworn police officers and firefighters. The Plan is established under City of Gainesville Code of Ordinances, Article 7, Chapter 2, Division 8. It complies with the provisions of Chapter 112, Part VII, Florida Statutes; Chapter 22D-1 of the Florida Administrative Code; Chapters 175 and 185, Florida Statutes; and Article X, Section 14 of the Florida Constitution, governing the establishment, operation and administration of plans.

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

The accompanying financial statements include only the Consolidated Plan, which is reported as a trust fund in the City's comprehensive annual financial report.

Change in Accounting Principle

During the year the plan implemented 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 Consolidated Plan is composed of five individuals. Two are appointed by the City Commission, one police officer is elected by active police members, one firefighter is elected by active fire members and a fifth member selected by the other four trustees and confirmed by the City Commission through a ministerial function. This plan and any amendments were adopted through a City Ordinance by the Commission of the City of Gainesville in accordance with State Statute. The Board of Trustees approves Plan amendments.

**Consolidated Police Officers and Firefighters Retirement Plan
of the City of Gainesville, Florida
Notes to Financial Statements
September 30, 2014**

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

Plan Membership. As of October 1, 2013, retirement plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	402
Inactive plan members entitled to but not yet receiving benefits	17
Active plan members	389
Total	808

In order to become a member of the Plan, a person must be employed by the City on a full-time basis as a certified firefighter or law enforcement officer. An otherwise eligible employee may elect to have future City contributions made to ICMA’s defined contribution plan in lieu of continuing active membership in the Plan.

Plan Benefit Terms. The Consolidated Plan provides retirement, disability, termination and death benefits to plan members and beneficiaries.

Monthly Accrued Benefit:

- Prior to July 9, 2007, 2.5% of final average earning multiplied by credited service.
- On and after July 9, 2007, 2.5% of final average earnings multiplied by credited service prior to October 1, 2005 plus 2.625% of final average earnings multiplied by credited service on or after October 1, 2005.
- The multiplier applied to credited service earned after July 1, 2013 for police officers, or January 1, 2014 for firefighters was changed to 2.5%.

Final Average Earnings:

- Average earnings for the highest 36 consecutive months, or highest 48 consecutive months for police officers who became members on or after July 1, 2013.
- For members who joined the plan on or after October 1, 1996, earnings are limited to \$150,000 per year (as indexed).

Normal Retirement Age and Benefit:

Age – Age 55 with at least 10 years of credited service or at any age with at least 20 years of credited service, or any age if combined age and credited service is at least 70. For police officers who become participants on or after July 1, 2013, and firefighters who become participants on or after January 1, 2014, the normal retirement date is age 55 with at least 10 years of credited service or any age with at least 25 years of credited service, or any age if combined age and credited service is at least 70.

Amount – Monthly accrued benefit as described above.

**Consolidated Police Officers and Firefighters Retirement Plan
of the City of Gainesville, Florida
Notes to Financial Statements
September 30, 2014**

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

Form of Payment:

- Life annuity with ten years certain (normal form of payment)
- Life annuity
- Actuarially reduced by 66^{2/3}% joint and contingent annuity (optional)
- Actuarially reduced by 50% joint and last survivor annuity (optional)
- Actuarially reduced by 66^{2/3}% joint and last survivor annuity (optional)
- Actuarially reduced by 75% joint and last survivor annuity (optional)
- Actuarially reduced by 100% joint and last survivor annuity (optional)

All forms of payment guarantee at least the return of member contributions. In addition, the member may change the joint annuitant after retirement under the conditions set forth in the Plan.

Early Retirement Age and Benefit:

Age – Age 50 with at least 10 years of credited service

Amount – Monthly accrued benefit actuarially reduced by no more than 3% per year for each year that age at retirement precedes age 55.

Form of Payment – Same as for Normal Retirement.

Disability Retirement Eligibility and Benefit:

Eligibility – Active members are eligible for a disability benefit provided that they either: (1) become totally and permanently disabled in the line of duty, or (2) have earned at least 5 years of credited service and become totally and permanently disabled not in the line of duty.

Amount – A monthly benefit equal to the largest of (a), (b), or (c), as follows:

- (a) Monthly Accrued Benefit;
- (b) 42% of final average earnings (for disabilities incurred in the line of duty); or
- (c) 25% of final average earnings (for all other disabilities)

Form of Payment – Same as for normal retirement, but in no event will payments be made after the member's recovery from such disability.

Termination Benefit:

Age – Age 55 with early commencement available as early as age 50 with at least 10 years of credited service.

Amount – Monthly accrued benefit actuarially reduced, but not to exceed 3% per year, for each year that age at retirement precedes age 55.

Form of Payment – Same as for normal retirement. (Note: Members with less than 10 years of credited service who terminate employment will receive a refund of their membership contributions. Members with at least 10 years of credited service who terminate employment may elect to receive a refund of their member contributions in lieu of any other Plan benefit.)

Cost of Living Adjustments (COLA):

- A retired member on or before October 1, 1999 will receive an annual 2% COLA beginning at the later of November 1, 1999 and the October 1 following the member's 62nd birthday.

**Consolidated Police Officers and Firefighters Retirement Plan
of the City of Gainesville, Florida
Notes to Financial Statements
September 30, 2014**

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

- A member who retires after October 1, 1999 (including DROP participants) with 25 or more years of service will receive an annual 2% adjustment beginning at the later of November 1, 1999 and the October 1 following the member's 55th birthday.
- A member who retires after October 1, 1999 (including DROP participants) with 20 or more years of service but less than 25 years of service or who retires on or after July 9, 2007 under the Rule of 70 with less than 20 years of service will receive an annual 2% adjustment beginning at the later of November 1, 1999 and the October 1 following the member's 62nd birthday.
- A member who receives a disability retirement after October 1, 1999, shall upon attainment of age 62 on or before October 1 have the next monthly retirement benefit adjusted by 2% beginning the benefit for the month of October next coincident with the retiree's attainment of age 62.
- Members who are police officers with less than 20 years of service as of July 1, 2013 are required to have 25 years of service to receive a COLA of 1% beginning at age 55, increasing to 2% at age 62. Such members who retire with less than 25 years of service will receive no COLA.

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 in accordance with Part V11, Chapter 112, Florida Statutes.

Firefighters contribute 9.0% of gross pay and police officers contribute 7.5% of gross pay. The City is required to contribute at an actuarially determined rate; the rate for fiscal year 2014 was 15.20% of covered payroll for police personnel and 17.00% for fire personnel. This rate was influenced by the issuance of the Taxable Pension Obligation Bonds, Series 2003B. In addition, State contributions are also made to the plan on behalf of the City under Chapters 175/185, Florida Statutes. Administrative costs are financed through investment earnings.

Reserves. The Plan receives annual contributions from the State of Florida under Chapter 175-185, Florida Statutes. State Premium Tax contributions received annually in excess of \$558,361 for police officers and \$580,919 for firefighters are held in reserve for future plan improvements. All reserve balances allocated to the police officers were distributed to the Supplemental Retirement Program for Police Officers as of September 30, 2014. As of September 30, 2014, the accumulated balance available for firefighters was \$934,516.

Deferred Retirement Option Program (DROP). Effective October 1, 1999, a deferred retirement option plan (DROP) has been established. A member is eligible for participation in the DROP after completing 25 years of service or provided combined age and Credited Service is at least 70. Members of the DROP continue as active employees but no longer contribute or accrue benefits. The accrued benefit is calculated at entry into the DROP and is paid into an account within the Plan designated by the member for investment. The maximum period of participation is 60 months. At termination of employment, participant is paid balance of account in the form elected. The balance due to DROP participants at September 30, 2014 is \$7,245,407 and is held by the Plan pursuant to the DROP.

**Consolidated Police Officers and Firefighters Retirement Plan
of the City of Gainesville, Florida
Notes to Financial Statements
September 30, 2014**

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

Effective July 10, 2007, a reverse deferred retirement option program (reverse DROP) has been established. A member is eligible for participation in the reverse DROP if eligibility for the DROP has been met as of the effective date of commencement in the DROP. Participation in the reverse DROP allows the participant to select a date in the past (the effective date of commencement) for participation in the DROP.

NOTE 3 – INVESTMENTS

Rate of Return. For the year ended September 30, 2014, the annual money-weighted rate of return on the Plan investments, net of pension plan investment expense was 11.01%. The money-weighted rate of return expresses investments performance, net of 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	\$ 79,039,032	\$ 79,039,032	\$ -	\$ -	\$ -	\$ -
Mutual Funds	118,358,346	118,358,346	-	-	-	-
Real Estate Inv Trust	1,944,543	1,944,543	-	-	-	-
US Government Bonds	1,814,003	1,814,003	-	-	-	-
Corporate Bonds	9,493,367	-	135,710	1,415,758	5,980,204	1,961,695
Mortgage & Asset Backed	1,255,052	499,436	755,616	-	-	-
Totals	<u>\$ 211,904,343</u>	<u>\$ 201,655,360</u>	<u>\$ 891,326</u>	<u>\$ 1,415,758</u>	<u>\$ 5,980,204</u>	<u>\$ 1,961,695</u>

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:

**Consolidated Police Officers and Firefighters Retirement Plan
of the City of Gainesville, Florida
Notes to Financial Statements
September 30, 2014**

NOTE 3 – INVESTMENTS (CONTINUED)

Investment Type	Fair Value	*	< 2 years	2-5 years	5-10 years	> 10 yrs
Common Stock *	\$ 79,039,032	\$ 79,039,032	\$ -	\$ -	\$ -	\$ -
Mutual Funds *	118,358,346	118,358,346	-	-	-	-
Real Estate Inv Trust *	1,944,543	1,944,543	-	-	-	-
US Government Bonds	1,814,003	-	-	241,655	490,868	1,081,480
Corporate Bonds	9,493,367	-	2,087,776	3,482,703	1,844,173	2,078,715
Mortgage & Asset Backed	1,255,052	-	-	-	499,436	755,616
Totals	<u>\$ 211,904,343</u>	<u>\$ 199,341,921</u>	<u>\$ 2,087,776</u>	<u>\$ 3,724,358</u>	<u>\$ 2,834,477</u>	<u>\$ 3,915,811</u>

* 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 2014.

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 Police and Fire employees 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.

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.

**Consolidated Police Officers and Firefighters Retirement Plan
of the City of Gainesville, Florida
Notes to Financial Statements
September 30, 2014**

NOTE 3 – INVESTMENTS (CONTINUED)

- Maintain sufficient funding – Funding should be sufficient to cover unexpected developments, possible future benefit increases and reduction of expected investment returns.

The investment managers may exercise full investment discretion within the prescribed investment policy guidelines and must adhere with Chapters 175/185, Florida Statutes and Section 112.661, Florida Statutes.

Fair Value of Investments: Investments are reported at fair value, based on quoted market prices.

Concentration of Investments:

The following represent investments in organizations that represent 5% or more of the Plan’s fiduciary net position at September 30, 2014:

- 14.67% Blackstone Partners - \$31,820,373
- 6.1% Principal US Property Mutual Fund - \$13,228,783
- 15.4% Vanguard Institutional Index Fund - \$33,480,312
- 18.1% Walter Scott Group Trust - \$39,263,061

NOTE 4 – NET PENSION LIABILITY

The components of the net pension liability at September 30, 2014 were as follows:

Total pension liability	\$ 245,915,632
Plan fiduciary net position	(217,047,910)
Net pension liability	\$ 28,867,722
Plan fiduciary net position as a percentage of the total pension liability	88.26%

Significant Actuarial Assumptions. The total pension liability as of September 30, 2014 was determined based on a roll-forward of entry age normal liabilities from the October 1, 2013 actuarial valuation, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.00%
Salary Increases for employees age less than 30	7.00%
Salary Increases for employees age 30 to 34	6.00%
Salary Increases for employees age 35 to 39	5.00%
Salary Increases for employees age 40 and older	4.00%
Investment Rate of Return	8.30%, net of pension investment expenses

**Consolidated Police Officers and Firefighters Retirement Plan
of the City of Gainesville, Florida
Notes to Financial Statements
September 30, 2014**

NOTE 4 – NET PENSION LIABILITY (CONTINUED)

Mortality Rate

Mortality rates were based on the RP-2000 Combined Fully Generational Mortality Table with Blue Collar adjustment. 50% of deaths among active members are assumed to be service incurred, and 50% are assumed to be non-service incurred. Disabled mortality is based on the RP-2000 Disability Retiree Mortality Table.

Other Assumptions

The actuarial assumptions used as of September 30, 2014 were based on the assumptions approved by the Board in conjunction with an experience study covering the 5 year period ending on September 30, 2010. Due to plan changes first valued in the October 1, 2012 actuarial valuation, changes to the assumed retirement rates and the valuation methodology for the assumed increase in benefit service for accumulated sick leave and accumulated vacation paid upon termination were made. Payroll growth assumptions were updated in 2012 and investments was reviewed by the Board in February of 2015 based on an asset liability study reflecting the current investment policy.

Discount Rate

The discount rate used to measure the total pension liability was 8.3%. 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 and State 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. In the event that benefit payments are not covered by the Plan's fiduciary net position, a municipal bond rate of 3.51% would be used to discount the benefit payments not covered by the Plan's fiduciary net position. The 3.51% rate equals the S&P Municipal Bond 20-Year High Grade Rate Index at September 30, 2014.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined over a 30 year time horizon based on the allocation of assets as shown in the current investment policy using the expected geometric return, expected arithmetic return and the standard deviation arithmetic return. The analysis represented investment rates of return net of investment expenses. The return is expected to be above 8.75% for 60% of market simulations and below 8.75% for 40% of the market simulations. The current discount rate meets the requirements of GASB Statement No. 67.

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:

**Consolidated Police Officers and Firefighters Retirement Plan
of the City of Gainesville, Florida
Notes to Financial Statements
September 30, 2014**

NOTE 4 – NET PENSION LIABILITY (CONTINUED)

	Inflation	Total Expected Return	Policy Allocation	30-Year Policy Return
US Large Cap	3.01%	11.23%	35.00%	3.93%
US Small Cap	3.01%	13.99%	15.00%	2.10%
Global Equity ex US	3.01%	11.58%	10.00%	1.16%
Private Equity	3.01%	16.03%	10.00%	1.60%
US Govt Credit	3.01%	5.34%	7.50%	0.40%
NCREIF	3.01%	8.81%	7.50%	0.66%
Hedge Funds	3.01%	7.93%	15.00%	1.19%
Total			100.00%	11.04%

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 8.3%, 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 (7.3%) or 1 percentage-point higher (9.3%) than the current rate:

	1% Decrease (7.3%)	Current Discount Rate (8.3%)	1% Increase (9.3%)
Net pension liability	\$ 56,835,618	\$ 28,867,722	\$ 5,548,250

REQUIRED SUPPLEMENTARY INFORMATION

**CONSOLIDATED POLICE OFFICERS AND FIREFIGHTERS RETIREMENT PLAN
OF THE CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

	2014
Total pension liability	
Service costs	\$ 3,730,365
Interest	19,299,422
Changes of assumptions	2,523,158
Benefit payments, including refunds of employee contributions	(12,898,782)
Net change in total pension liability	12,654,163
Total pension liability-beginning	233,261,469
Total pension liability-ending (a)	\$ 245,915,632
 Plan fiduciary net position	
Employer contributions	\$ 3,855,020
Employee contributions	2,067,685
State contributions	1,259,995
Net investment income	21,911,535
Benefit payments, including refunds of employee contributions	(12,898,782)
Administrative expense	(609,264)
Net change in plan fiduciary net position	15,586,189
Plan fiduciary net position-beginning	201,461,721
Plan fiduciary net position-ending (b)	\$ 217,047,910
Net pension liability-ending (a)-(b)	\$ 28,867,722
 Plan fiduciary net position as a percentage of the total pension liability	
	88.26%
 Annual covered payroll	
	\$ 24,364,333
 Net pension liability as a percentage of covered employee payroll	
	118.48%

Notes to Schedule:

Changes of Assumptions: The investment rate of return was changed from 8.4% to 8.3% for 2014. The schedule will present ten years comparative data in the future. GASB 67 was implemented in FY 2014.

**CONSOLIDATED POLICE OFFICERS AND FIREFIGHTERS RETIREMENT PLAN
OF THE CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

	2014
Actuarially determined contribution	\$ 3,855,020
Contributions in relation to the actuarially determined contribution	3,855,020
Contribution deficiency (excess)	-
Covered payroll	24,364,333
Contributions as percentage of covered payroll	15.82%

Notes to Schedule:

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry age normal
Amortization method	Level percentage, closed
Remaining amortization period	30 years
Asset valuation method	Actuarial value
Inflation rate	3.00%
Future rate of growth in valuation payroll	3.22%
Investment return rate	8.50%, net of investment expenses
Salary increase rate	4.00% to 7.00%
Retirement rates	Schedule of probabilities based on age and service, increasing as age and service increase
Mortality rates	RP-2000 combined fully generational mortality table with blue collar adjustment

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

**CONSOLIDATED POLICE OFFICERS AND FIREFIGHTERS RETIREMENT PLAN
OF THE CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF INVESTMENT RETURNS**

FY	Annual Money-Weighted Rate of Return on Pension Plan Investments
2014	11.01%

Note to Schedule:

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