

Employees' Pension Fund of the City of Gainesville, Florida

Financial Statements and Independent Auditor's Report

September 30, 2014

CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Statement of Fiduciary Net Position	3
Statement of Changes in Fiduciary Net Position	4
Notes to Financial Statements	5-11
Required Supplementary Information:	
Schedule of Changes in the Net Pension Liability and Related Ratios	12
Schedule of Employer Contributions	13
Schedule of Investment Returns	14



Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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, 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 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, 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.

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
March 25, 2015

Employees' Pension Fund of the City of Gainesville, Florida
Statement of Fiduciary Net Position
September 30, 2014

ASSETS	
Cash and Equivalents	\$ 9,284,067
Investments, at Fair Value	337,730,561
Receivables	<u>524,000</u>
TOTAL ASSETS	347,538,628
LIABILITIES	<u>58,063</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u><u>\$ 347,480,565</u></u>

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, 2014

ADDITIONS	
Contributions:	
Employer Contributions	\$ 11,519,431
Employee Contributions	4,160,662
Employee Contributions - Military Buyback	<u>99,814</u>
Total Contributions	<u>15,779,907</u>
Investment Income:	
Net Appreciation in Fair Value of Investments	32,367,007
Dividends and Interest	<u>3,506,593</u>
Total	35,873,600
Less Investment Expense	<u>1,696,708</u>
Net Investment Income	<u>34,176,892</u>
TOTAL ADDITIONS	<u>49,956,799</u>
DEDUCTIONS	
Benefit Payments	25,872,678
Refunds of Contributions	289,246
Administrative Expenses	<u>613,886</u>
TOTAL DEDUCTIONS	<u>26,775,810</u>
NET INCREASE IN NET POSITION	23,180,989
NET POSITION RESTRICTED FOR PENSION BENEFITS, October 1, 2013	<u>324,299,576</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS, September 30, 2014	<u><u>\$ 347,480,565</u></u>

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
September 30, 2014

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.

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 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. As of October 1, 2013, the Employees' Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	1,022
DROP retirees	98
Inactive plan members entitled to but not yet receiving benefits	279
Limited members	96
Pending refunds	9
Active plan members	1,474
Total	<u>2,978</u>

Plan 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

Employees' Pension Fund of the City of Gainesville, Florida
Notes to Financial Statements
September 30, 2014

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

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.
- 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.

Employees' Pension Fund of the City of Gainesville, Florida
Notes to Financial Statements
September 30, 2014

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

- 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.

Disability Retirement Eligibility and Benefit

None. Disability benefits are provided through the separately reported Disability Plan.

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 2014 for retirement and death benefits was 14.56% 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.

Employees' Pension Fund of the City of Gainesville, Florida
Notes to Financial Statements
September 30, 2014

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

Reserves. The Plan had \$11,311,721 in reserves for members participating in DROP (see below).

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 \$11,311,721 as of September 30, 2014.

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 10.61%. 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	\$ 191,535,814	\$ 191,535,814	\$ -	\$ -	\$ -	\$ -
Mutual Funds	140,617,135	140,617,135	-	-	-	-
Real Estate Investment Trust	684,872	684,872	-	-	-	-
US Government Bonds	604,823	604,823	-	-	-	-
Corporate Bonds	3,837,917	-	35,512	442,113	2,522,877	837,415
Mortgage & Asset Backed	450,000	190,196	259,804	-	-	-
Totals	<u>\$ 337,730,561</u>	<u>\$ 333,632,840</u>	<u>\$ 295,316</u>	<u>\$ 442,113</u>	<u>\$ 2,522,877</u>	<u>\$ 837,415</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:

Employees' Pension Fund 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 yrs	> 10 years
Common Stock *	\$ 191,535,814	\$ 191,535,814	\$ -	\$ -	\$ -	\$ -
Mutual Funds *	140,617,135	140,617,135	-	-	-	-
Real Estate Investment Trust*	684,872	684,872	-	-	-	-
US Government Bonds	604,823	-	-	-	173,355	431,468
Corporate Bonds	3,837,917	-	1,118,527	1,074,727	905,521	739,142
Mortgage & Asset Backed	450,000	-	-	-	190,196	259,804
Totals	<u>\$ 337,730,561</u>	<u>\$ 332,837,821</u>	<u>\$ 1,118,527</u>	<u>\$ 1,074,727</u>	<u>\$ 1,269,072</u>	<u>\$ 1,430,414</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 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.

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.

Employees' Pension Fund of the City of Gainesville, Florida
Notes to Financial Statements
September 30, 2014

NOTE 3 - INVESTMENTS (CONTINUED)

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:

- 8.3% Baillie Gifford EAFE Mutual Fund - \$28,720,719
- 13.7% Principal US Property Mutual Fund - \$47,675,574
- 18.3% Silchester International Mutual Fund - \$63,553,613

NOTE 4 – NET PENSION LIABILITY

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

Total pension liability	\$ 436,067,871
Plan fiduciary net position	(347,480,565)
Net pension liability	\$ 88,587,306

Plan fiduciary net position as a percentage of the total pension liability 79.68%

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 to the pension plan's fiscal year end of September 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.75%
Salary Increases	7.00% to 3.75%
Investment Rate of Return	8.40%, net of pension investment expenses

Mortality Rate

Mortality rates were based on the RP-2000 Table.

Discount Rate

The discount rate used to measure the total pension liability was 8.40%. 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. We believe this assumption is reasonable for the purposes of the measurements required by the Statement. In the event that benefit payments

Employees' Pension Fund of the City of Gainesville, Florida
Notes to Financial Statements
September 30, 2014

NOTE 4 – NET PENSION LIABILITY (CONTINUED)

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 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%	47.00%	4.47%
Intl Equity	3.00%	2.00%	5.50%	10.50%	28.00%	2.94%
Domestic Bonds	3.00%	2.00%	0.50%	5.50%	8.00%	0.44%
Intl Bonds	3.00%	2.00%	1.50%	6.50%	0.00%	0.00%
Real Estate	3.00%	2.00%	2.50%	7.50%	17.00%	1.28%
US Treasuries	3.00%	2.00%	-2.00%	3.00%	0.00%	0.00%
Cash	3.00%	0.00%	-1.00%	2.00%	0.00%	0.00%
Total					100.00%	9.12%

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 8.4%, 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 (7.4%) or 1 percentage-point higher (9.4%) than the current rate:

	1% Decrease (7.4%)	Current Discount Rate (8.4%)	1% Increase (9.4%)
Net pension liability	\$ 134,888,950	\$ 88,587,306	\$ 49,367,707

REQUIRED SUPPLEMENTARY INFORMATION

**EMPLOYEES' PENSION FUND OF THE CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

	2014
Total pension liability	
Service costs	\$ 6,612,646
Interest	36,171,225
Differences between expected and actual experience	1,105,967
Benefit payments, including refunds of employee contributions	(31,819,142)
Net Change in total pension liability	12,070,696
Total pension liability-beginning	423,997,175
Total pension liability-ending (a)	\$ 436,067,871
 Plan fiduciary net position	
Employer contributions	\$ 11,519,431
Employee contributions	4,260,476
Net investment income	34,176,892
Benefit payments, including refunds of employee contributions	(26,161,924)
Administrative expense	(613,886)
Net change in plan fiduciary net position	23,180,989
Plan fiduciary net position-beginning	324,299,576
Plan fiduciary net position-ending (b)	\$ 347,480,565
 Net pension liability-ending (a)-(b)	 \$ 88,587,306
 Plan fiduciary net position as a percentage of the total pension liability	79.68%
 Annual covered payroll	\$ 81,654,532
 Net pension liability as a percentage of covered employee payroll	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 changes in Plan fiduciary net position. 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**

	2014	2013
Actuarially determined contribution	\$ 12,700,223	\$ 10,927,391
Contributions in relation to the actuarially determined contribution	<u>11,519,431</u>	<u>10,206,334</u>
Contribution deficiency (excess)	<u>1,180,792</u>	<u>721,057</u>
Covered payroll	81,654,532	80,365,984
Contributions as percentage of covered payroll	14.11%	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 inceptions
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	8.40%
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 mortality table

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
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.