Legistar #190398C

EMPLOYEES' PENSION FUND OF THE CITY OF GAINESVILLE, FLORIDA

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2018

EMPLOYEES' PENSION FUND OF THE
CITY OF GAINESVILLE, FLORIDA

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AND
INDEPENDENT AUDITORS' REPORT

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Purvis Gray & Company

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Commission
City of Gainesville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Employees' Pension Plan (the Employees' Plan), a fiduciary fund of the City of Gainesville, Florida, which comprise the statement of fiduciary net position as of September 30, 2018, 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.

Auditors' 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Employees' Plan as of September 30, 2018, and its changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Mayor and City Commission
City of Gainesville, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Emphasis of Matters
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 financial position of the City of Gainesville, Florida, as of September 30, 2018, the changes in its financial position, or where applicable, its cash flows 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.

Purvis, Gray and Company, LLP

August 1, 2019
Gainesville, Florida

FINANCIAL STATEMENTS

EMPLOYEES' PENSION FUND OF
THE CITY OF GAINESVILLE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2018

Assets		
Cash and cash equivalents	$	6,880,232
Investments, at fair value		426,084,471
Total Assets		432,964,703
Liabilities		
Accounts payable and accrued liabilities		456,565
Net Position Restricted for Pension Benefits	$	432,508,138

See accompanying notes to financial statements.

EMPLOYEES' PENSION FUND OF
THE CITY OF GAINESVILLE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SEPTEMBER 30, 2018

Additions		
Contributions		
Employer contributions	$	16,372,691
Employee contributions		4,406,703
Total Contributions		20,779,394
Investment income		
Net appreciation in fair value of investments		46,305,668
Dividends and interest		5,339,000
Net Position Restricted for Pension Benefits		51,644,668
(Less investment expense)		(2,424,875)
Net investment income		49,219,793
Total Additions		69,999,187
Deductions		
Benefit payments		32,754,401
Refunds of contributions		352,326
Administrative expenses		697,884
Total Deductions		33,804,611
Change in Net Position		36,194,576
Net Position, Beginning		396,313,562
Net Position, Ending	$	432,508,138

See accompanying notes to financial statements.

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Employees' Plan is a contributory defined benefit single-employer pension plan that covers all permanent employees of 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. Benefits and refunds of the Employees' Plan are recognized when due and payable in accordance with the terms of the plan. The costs of administering the Employees' Plan, like other plan costs, are captured within the Employees' Plan itself and financed through contribution and investment income, as appropriate.

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.

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, 2018, the following employees were covered by the Plan:

Active employees	1,514
Inactive employees:	
Retirees and beneficiaries currently receiving benefits	1,316
Terminated members and survivors of deceased members entitled to benefits but not yet receiving benefits	441
Total	3,271

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.

Note 2 - **<u>Plan Description</u>** ***(Continued)***

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 ender 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 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 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.

Note 2 - <u>Plan Description</u> *(Continued)*

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.

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. The City is required to contribute at an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City contributes the difference between the actuarially determined rate and the contribution rate of employees. Plan members are required to contribute 5% of their annual covered salary. The rate for fiscal year 2018 was 18.41% 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. Differences between the required contribution and actual contribution are due to actual payroll experiences varying from the estimated total payroll used in the generation of the actuarially required contribution rate. Administrative costs are financed through investment earnings.

Note 2 - **Plan Description** ***(Concluded)***

Reserves

The Employees' Plan had $4,887,049 in reserves for members participating in DROP.

Deferred Retirement Option Program (DROP)

Employees hired on or before 10/01/2012 are eligible to participate in the deferred retirement option plan (DROP) when they have completed 27 years of credited service and are still employed by the City. Such employees retire from the Employees' Plan but continue to work for the City. The retirement benefit is calculated as if the employee had terminated employment and is paid to a DROP account held within the pension plan until the employee actually leaves the employment of the City. While in DROP, these payments earn a guaranteed rate of annual interest, compounded monthly. For employees who entered DROP on or before 10/01/2012, DROP balances earn 6% annual interest. For employees who entered DROP on or after 10/02/2012, DROP balances earn 2.25% annual interest. Employees may continue in the DROP for a maximum of 5 years or until reaching 35 years of service, whichever occurs earlier. Upon actual separation from employment, the monthly retirement benefits begin being paid directly to the retiree and the retiree must take their DROP balance plus interest as a lump-sum cash disbursement, roll into a retirement account or choose a combination of the two options.

Note 3 - **Deposits with Financial Institutions and Investments**

Cash Deposits

Deposits in financial institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, F.S., no public depositor shall be liable for any loss thereof. The City's operating and Component Units cash deposits are placed with qualified financial institutions and are fully insured or collateralized.

Equity in Pooled Cash and Investments

The City, for accounting and investment purposes, maintains an internal investment pool that includes all of the City's cash deposits and investments, except for those monies which are legally restricted to separate administration or are administered by other agencies. This provides the City the ability to invest large amounts of idle cash for short periods of time and maximize earning potential.

Deposits and investments as of September 30, 2018, are classified in the accompanying financial statements as follows:

Statement of Net Position		
Cash and Cash Equivalents	$	5,057,825
Equity in Pooled Cash and Investments		1,822,407
Investments		426,084,471
Total Cash and Investments	$	432,964,703

Note 3 - Deposits with Financial Institutions and Investments *(Continued)*

Deposits and investments as of September 30, 2018 consist of the following:

Deposits with Financial Institutions	$ 6,880,232
Investments	426,084,471
Total Cash and Investments	$ 432,964,703

Rate of Return

For the year ended September 30, 2018, the annual money-weighted rate of return on the Plan investments, net of pension plan investment expense was 12.63%. 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
Equities	$ 260,826,448	$ 260,826,448	$ -	$ -	$ -	$ -
Limited partnerships	22,201,633	22,201,633	-	-	-	-
Real estate	3,144,742	3,144,742	-	-	-	-
Mutual funds	119,687,856	119,687,856	-	-	-	-
U.S. Government bonds	6,463,524	-	4,348,659	254,663	434,349	1,425,853
Corporate bonds	5,288,522	-	3,558,117	208,368	355,389	1,166,648
Mortgage and asset backed	8,471,746	-	5,699,791	333,787	569,301	1,868,867
Totals	$ 426,084,471	$ 405,860,679	$ 13,606,567	$ 796,818	$ 1,359,039	$ 4,461,368

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 Employees' 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 Employees' Plan's investments to market interest rate fluctuations is provided below, using the segmented time distribution method:

Investment Type	Fair Value	Exempt from Disclosure	< 2 Years	2-5 Years	5-10 Years	> 10 Years
Equities *	$ 260,826,448	$ 260,826,448	$ -	$ -	$ -	$ -
Limited partnerships *	22,201,633	22,201,633	-	-	-	-
Real estate *	3,144,742	3,144,742	-	-	-	-
Mutual funds *	119,687,856	119,687,856	-	-	-	-
U.S. government bonds	6,463,524	-	629,741	2,266,552	2,532,461	1,034,770
Corporate bonds	5,288,522	-	515,261	1,854,516	2,072,086	846,659
Mortgage and asset backed	8,471,746	-	825,401	2,970,772	3,319,299	1,356,274
Totals	$ 426,084,471	$ 405,860,679	$ 1,970,403	$ 7,091,840	$ 7,923,846	$ 3,237,703

*Included but not required to be presented by maturity date.

Note 3 - <u>Deposits with Financial Institutions and Investments</u> *(Concluded)*

Investment Policy

The investment policy of the Employees' Plan is established and amended by the Board of Trustees. There were no significant changes to the investment policy during fiscal year 2018.

The primary investment objective of the Employees' Plan is to ensure 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 Employees' 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 Employees' 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 Employees' Plan are:

- Long-term growth of capital—In the absence of contributions and withdrawals, the asset value of the Employees' 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.

Note 4 - <u>Fair Value Measurements</u>

The Employees' 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 Employees' Plan has the following recurring fair value measurements as of September 30, 2018.

- Equities—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.
- U.S. Government Bonds—Valued using quoted market prices.
- Corporate Bonds—Valued using a matrix pricing model.
- Mortgage and Asset Backed Securities—Valued using interest rate curves and credit spreads applied to the terms of the instrument and consider the counterparty credit rating.

Note 4 - <u>Fair Value Measurements</u> *(Concluded)*

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

Investment Type	September 30, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	$ 260,826,448	$ 219,886,611	$ -	$ 40,939,837
Limited partnerships	22,201,633	22,201,633	-	-
Real estate	3,144,742	3,144,742	-	-
Mutual funds	119,687,856	119,687,856	-	-
U.S. government bonds	6,463,524	6,463,524	-	-
Corporate bonds	5,288,522	-	5,288,522	-
Mortgage and asset backed	8,471,746	-	8,471,746	-
Totals	$ 426,084,471	$ 371,384,366	$ 13,760,268	$ 40,939,837

Note 5 - <u>Net Pension Liability</u>

The components of the net pension liability at September 30, 2018, were as follows:

Total Pension Liability	$ 556,402,274
Plan Fiduciary Net Position	(432,508,135)
Net Pension Liability	$ 123,894,139

Plan Fiduciary Net Position as Percentage of the Total Pension Liability 77.73%

Significant Actuarial Assumptions

The total pension liability as of September 30, 2018, was determined based on a roll-forward of entry age normal liabilities from the October 1, 2017 actuarial valuation, to the pension plan's fiscal year-end of September 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.75%
Salary Increases	Service Based
Discount Rate	8.00%
Investment Rate of Return	8.00%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table projected generationally with Mortality Improvement Scale BB.

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. 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.

Note 5 - Net Pension Liability *(Concluded)*

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:

	Target Allocation	Long-term Expected Rate of Return
Domestic Equity	47.00%	7.50%
International Equity	28.00%	8.50%
Broad Market Fixed Income	8.00%	2.50%
Real Estate	12.00%	4.50%
Alternative	5.00%	7.00%
Total	100.00%	

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 8.00%, 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 (7.00%) or 1 percentage-point higher (9.00%) than the current rate:

	1% Increase (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Net Pension Liability	$186,848,559	$123,894,139	$ 71,089,691

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

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

	2018	2017	2016	2015	2014
Total Pension Liability					
Cash and cash equivalents	$ 8,196,544	$ 8,355,553	$ 7,789,638	$ 7,153,541	$ 6,612,646
Investments, at fair value	42,877,827	39,934,706	38,189,162	35,741,289	36,171,225
Differences between expected and actual experience	(5,088,593)	7,646,058	1,125,190	1,954,558	1,105,967
Transfer from Disability Plan	-	-	-	2,455,848	-
Changes of assumptions	5,721,214	21,041,875	4,860,706	15,880,346	-
One time adjustment for DROP account balances	-	10,038,916	-	-	-
Contributions - buy back	89,300	-	-	-	-
Benefit payments, including refunds of employee contributions	(33,106,728)	(34,963,352)	(37,252,988)	(28,306,207)	(31,819,142)
Net position restricted for pension benefits	18,689,564	52,053,756	14,711,708	34,879,375	12,070,696
Total pension liability-beginning	537,712,710	485,658,954	470,947,246	436,067,871	423,997,175
Total pension liability-ending (a)	$ 556,402,274	$ 537,712,710	$ 485,658,954	$ 470,947,246	$ 436,067,871
Plan Fiduciary Net Position					
Employer contributions	16,372,689	14,654,934	13,481,032	11,746,935	11,519,431
Employee contributions	4,317,403	4,829,122	7,947,069	4,429,289	4,260,476
Contributions - buy back	89,300				
Net investment income	49,219,793	58,605,302	39,190,078	(2,486,089)	34,176,892
Transfer from Disability Plan	-	-	-	2,320,442	-
Benefit payments, including refunds of employee contributions	(33,106,728)	(38,469,162)	(37,252,988)	(28,306,207)	(26,161,924)
Administrative expense	(697,884)	(604,905)	(670,867)	(580,988)	(613,886)
net change in plan fiduciary net position	36,194,573	39,015,291	22,694,324	(12,876,618)	23,180,989
Plan fiduciary net position-beginning	396,313,562	357,298,271	334,603,947	347,480,565	324,299,576
Plan fiduciary net position-ending (b)	$ 432,508,135	$ 396,313,562	$ 357,298,271	$ 334,603,947	$ 347,480,565
City's net pension liability-ending (a)-(b)	$ 123,894,139	$ 141,399,148	$ 128,360,683	$ 136,343,299	$ 88,587,306
Plan fiduciary net position as a percentage of the total pension liability	77.73%	73.70%	73.57%	71.05%	79.68%
Annual covered payroll	$ 89,976,976	$ 91,143,976	$ 80,223,575	$ 79,930,261	$ 81,654,532
Net pension liability as a percentage of covered payroll	137.70%	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 changes in Plan Fiduciary Net Position.

Changes to assumptions resulted from reducing the investment return rate from 8.10% to 8.00% in 2018.
The schedule will present ten years comparative data in the future.

REQUIRED SUPPLEMENTARY INFORMATION

EMPLOYEES' PENSION FUND OF THE
CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF CITY CONTRIBUTIONS

	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	$ 16,777,348	$ 14,654,934	$ 13,481,032	$ 13,211,521	$ 12,700,223	$ 10,927,391
Cash and cash equivalents						
Investments, at fair value	16,372,689	14,654,934	13,481,032	12,224,716	11,995,271	10,206,334
Contribution deficiency (excess)	$ 404,659	$ -	$ -	$ 986,805	$ 704,952	$ 721,057
Covered payroll	$ 89,976,976	$ 91,143,976	$ 80,223,575	$ 79,930,261	$ 81,654,532	$ 80,365,984
Contributions as percentage of covered payroll	18.20%	16.08%	16.80%	15.29%	14.69%	12.70%

Notes to Schedule

Net Position Restricted for Pension Benefits:

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%
Investment return rate	8%, net of pension investment expense
Salary increase rate	3.00%-5.00%
Mortality rates	Mortality rates were based on the RP-2000 Combined Healthy Mortality Table projected generationally with Mortality Improvement Scale BB

The schedule will present ten years comparative data in the future.

REQUIRED SUPPLEMENTARY INFORMATION

EMPLOYEES' PENSION FUND OF THE CITY OF GAINESVILLE, FLORIDA SCHEDULE OF INVESTMENT RETURNS

FY	Annual Money-Weighted Rate of Return on Pension Plan Investments
2018	12.63%
2017	16.65%
2016	11.84%
2015	-0.74%
2014	10.61%

Note to Schedule

The schedule will present ten years comparative data in the future.