CITY OF GAINESVILLE
GENERAL EMPLOYEES' PENSION PLAN

2014 ACTUARIAL VALUATION REPORT

MAY 2015

ACTUARIAL VALUATION AS OF OCTOBER 1, 2014
TO DETERMINE CONTRIBUTIONS TO BE PAID
IN THE FISCAL YEAR BEGINNING OCTOBER 1, 2015

Actuarial Concepts

Management Advisors

Benefits Specialists

May 8, 2015

Honorable Mayor and
Members of the City Commission
City of Gainesville
P.O. Box 490
Gainesville, Florida 32602

Members of the Commission:

CITY OF GAINESVILLE GENERAL EMPLOYEES' PENSION PLAN
2014 ACTUARIAL VALUATION REPORT

This report presents the results of the 2014 actuarial valuation of the City of Gainesville General Employees' Pension Plan. Actuarial Concepts was retained by the City to perform the actuarial valuation and prepare this report. This actuarial valuation was prepared and completed by us or under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate and, in our opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112 Florida Statutes. There is no benefit or expense to be provided by the Plan and/or paid from the Plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends that require a material increase in Plan costs or required contribution rates have been taken into account in the valuation.

The use of the valuation results for financial or administrative purposes other than those outlined in the report is not recommended without an advance review by Actuarial Concepts of the appropriateness of such application.

Members of our staff are available to discuss this report and related issues.

Very truly yours,

ACTUARIAL CONCEPTS

Michael Tierney

By: ________________________________
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SECTION 1

KEY VALUATION RESULTS SUMMARY

The 2014 valuation of the General Employees' Pension Plan presents a statement of the estimated financial position of the Plan as of October 1, 2014. Information in the report provides bases for determining contribution requirements and current funded status.

Key Results Synopsis

The major conclusions of the report are:

- The Plan experienced an overall actuarial gain over the last 12 months of approximately $11.5 million, due to investment returns (based on actuarial value of assets) that were more than those projected by the actuarial assumptions and salary increases less than assumed.
- The City contribution rates have increased from the 2013 valuation rates due to the lowering of the investment return assumption from 8.4% to 8.3%, as well as adding future disability benefits for current active members.
- The Plan's actuarial accrued liabilities are 66% funded based on the funding assumptions and the actuarial value of assets (72% funded based on market value).

Changes Since Last Valuation

There have been no changes to the actuarial cost method since the last valuation. However, future disability benefit provisions have been transferred from the disability plan to this Plan effective February 19, 2015. Also, several actuarial assumptions have been changed.

The Plan assumed investment return rate has been lowered to 8.3%. This reduction is part of a plan to reduce the assumed return to 7.9% over the next four years.

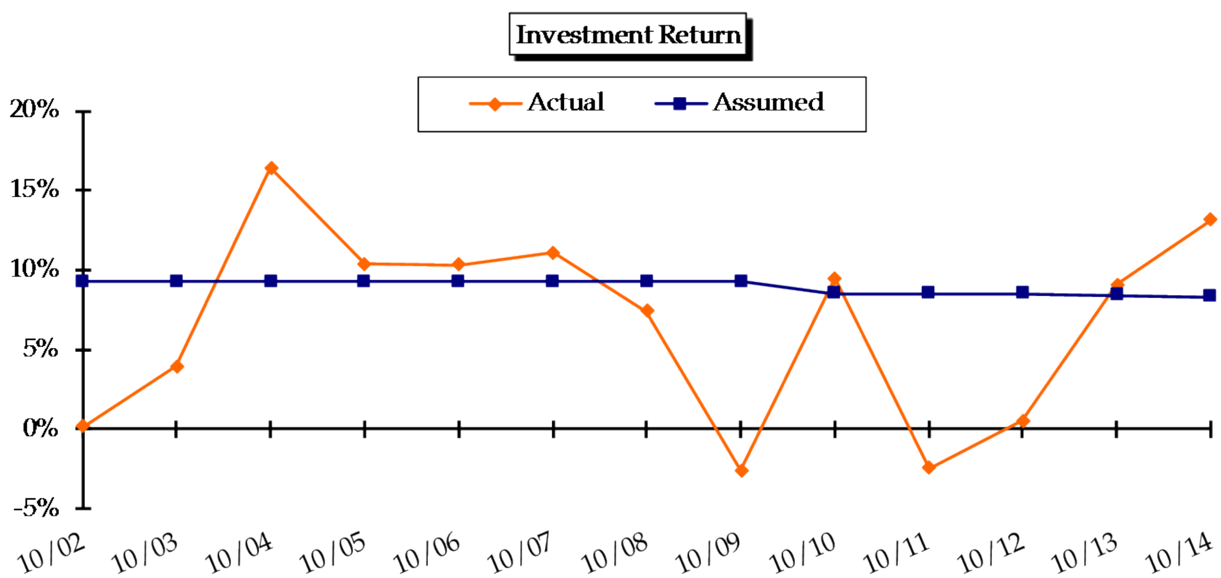
The mortality assumptions were revised to include projections of future mortality improvement.

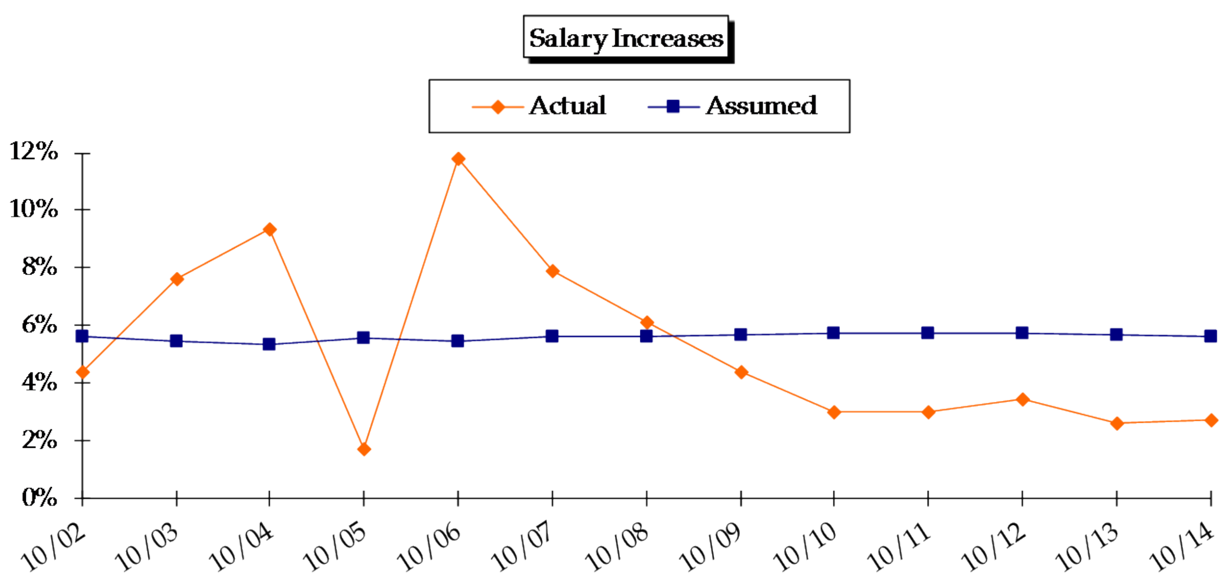
The current future payroll growth assumption is 4.5%; with the recent payroll growth experience less than the assumed growth, and likely expected to continue due to non-increasing employment levels and dampened individual salary increase experience, a lowering of this assumed growth rate is recommended. Note the net effect of a significant payroll growth assumption is to "back load" the repayment of the unfunded actuarial accrued liability, and even if not met, transfers the repayment well into the future. See page 3-7 for the current repayment schedule.

A summary of current Plan provisions is included in Appendix A. Actuarial assumptions and cost method are summarized in Appendix B, along with explanations of other valuation procedures.

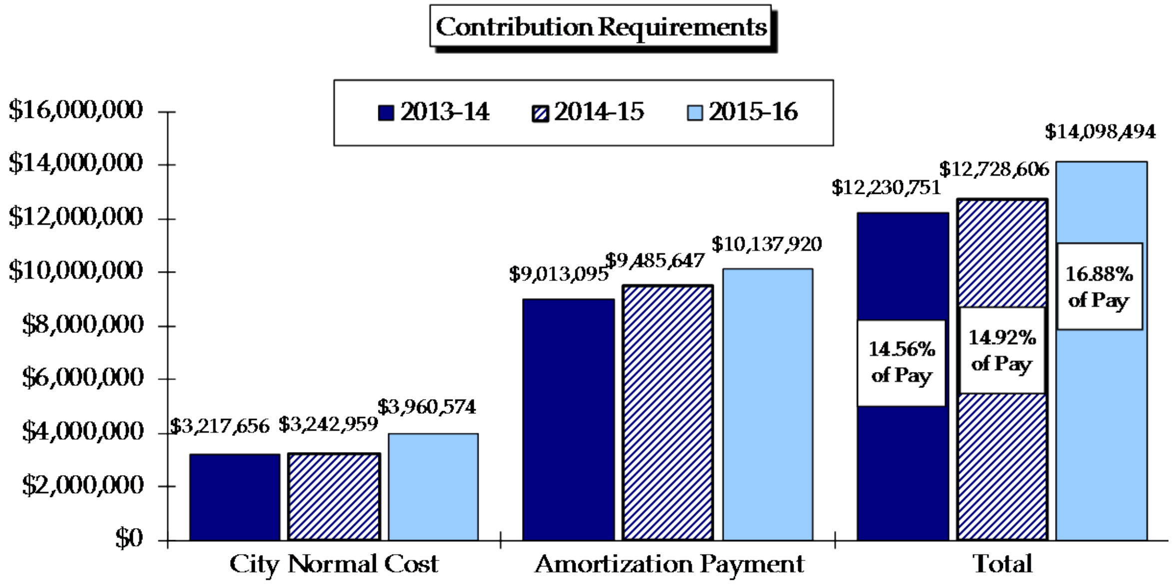
Plan Experience

For the 12 months ended September 30, 2014, the actual experience under the Plan, in aggregate, was better than expected, resulting in a net actuarial gain of approximately $11.5 million. This gain is the result of investment returns (based on actuarial value of assets) that were greater than those projected by the actuarial assumptions and salary increases less than assumed.





City Contribution Requirements

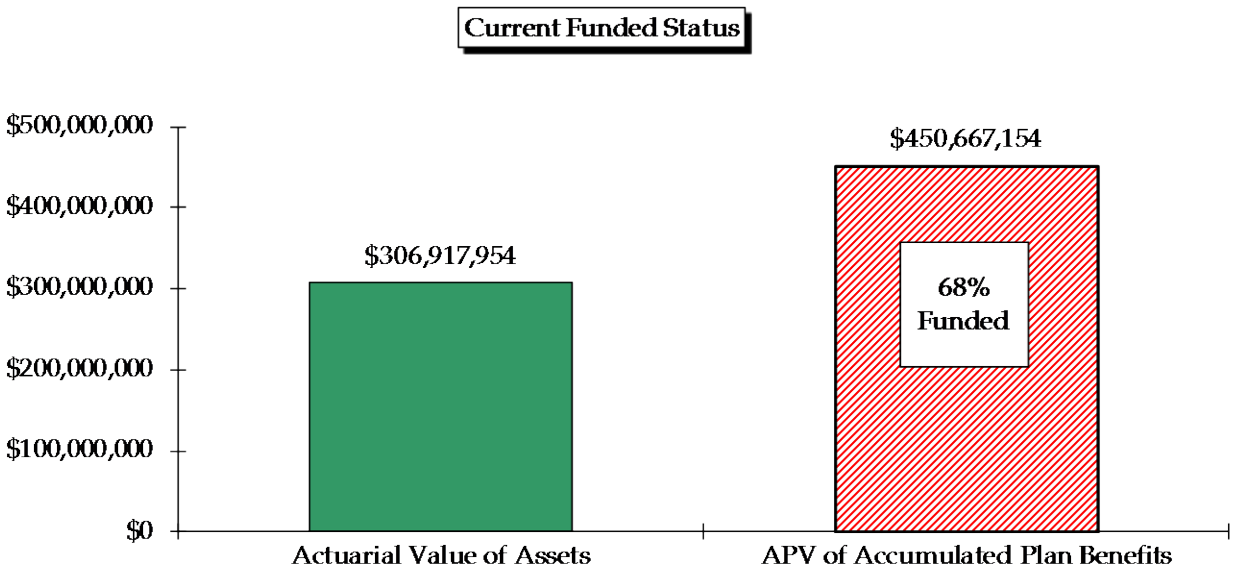


Contribution Type	2014-2015	2015-2016
Annual Required Contribution	$ 12,728,606	$ 14,098,494
Monthly Required Contribution	1,060,717	1,174,875

For the 2014-15 plan year, the required City contribution rate (assumed payable monthly) is 14.92% of expected 2014-15 total annual payroll, or $12,728,606. This required contribution is developed as the sum of the normal cost and amortization of each UAAL base over 30 years from inception. In addition to this contribution amount, members contribute 5% of gross pay to the Plan.

For the 2015-16 plan year, the required City contribution rate (assumed payable monthly) is 16.88% of expected 2015-16 total annual payroll, or $14,098,494. This required contribution is developed as the sum of the normal cost and amortization of each UAAL base over 30 years from inception. In addition to this contribution amount, members contribute 5% of gross pay to the Plan.

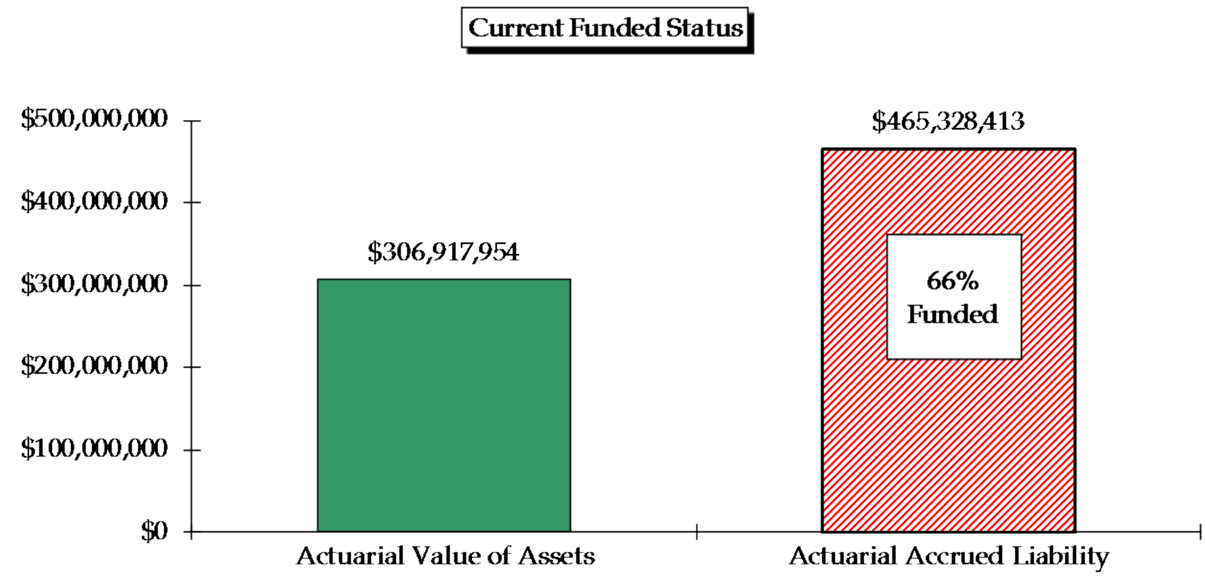
Florida Statutes, Chapter 112.63 Funded Status - Current Liabilities



A comparison of current actuarial value of assets of the fund with the current actuarial present value (APV) of benefits accrued based on credited service and salary to date is now a required disclosure under Florida Statutes, Chapter 112.63. This measurement is often used as a surrogate for the liability if the Plan were to stop future benefit accruals. It is called "current liability" since it is based only on current earned benefits, even though the actual payment of those benefits extends many years into the future. The accumulated benefit liability APVs were developed using the statute required assumed rate of future investment return of 7.75%.

The current liability is normally expected to be more than 100% funded for an ongoing plan since the plan will ultimately be liable for a greater accrued benefit (the credited-projected benefit). The current liability funded level is 68% (based on actuarial value of assets). If market value of assets were used to determine funded status, the funded percentage would be 75%.

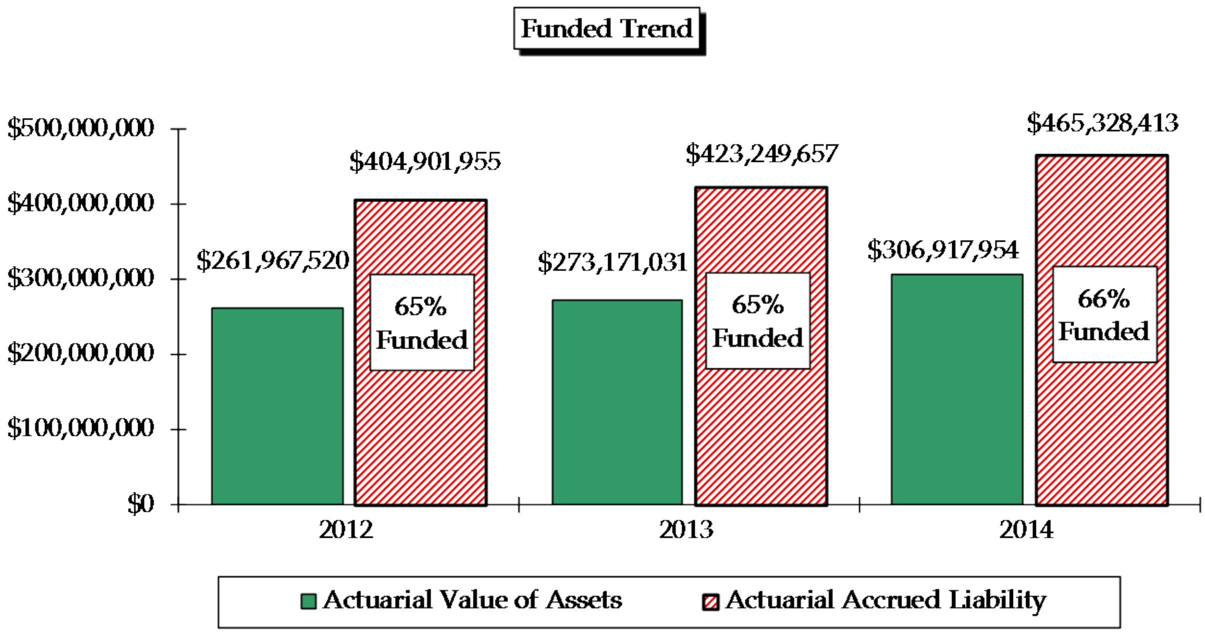
GASB Funded Status - Projected Liabilities



A comparison of assets with the actuarial present value (APV) of benefit liabilities projected per the GASB 27 guidelines, actuarial accrued liability (AAL), is used to judge the progress to date of funding the "ultimate" liability associated with benefits recognized per GASB 27. AAL is not normally expected to be 100% funded, but a maturing plan's funded ratio should increase over time. The AAL APVs were developed using an assumed rate of interest discount of 8.3%.

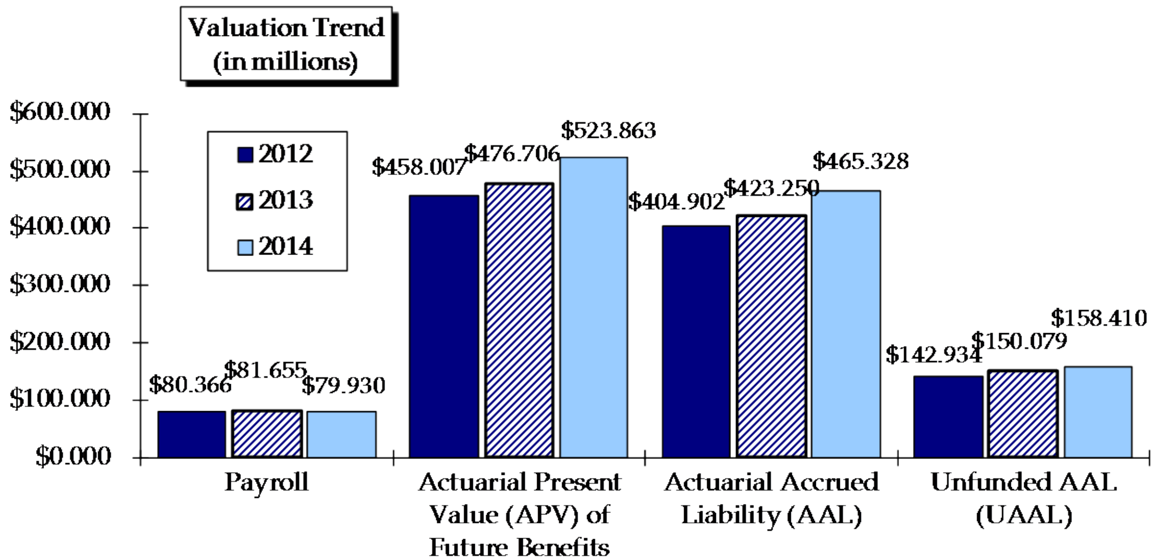
The actuarial accrued liability funded status has remained the same since the last valuation; the 66% funded level is based on actuarial value of assets. On a market value basis, the funded percent is 72%.

GASB Funded Trend



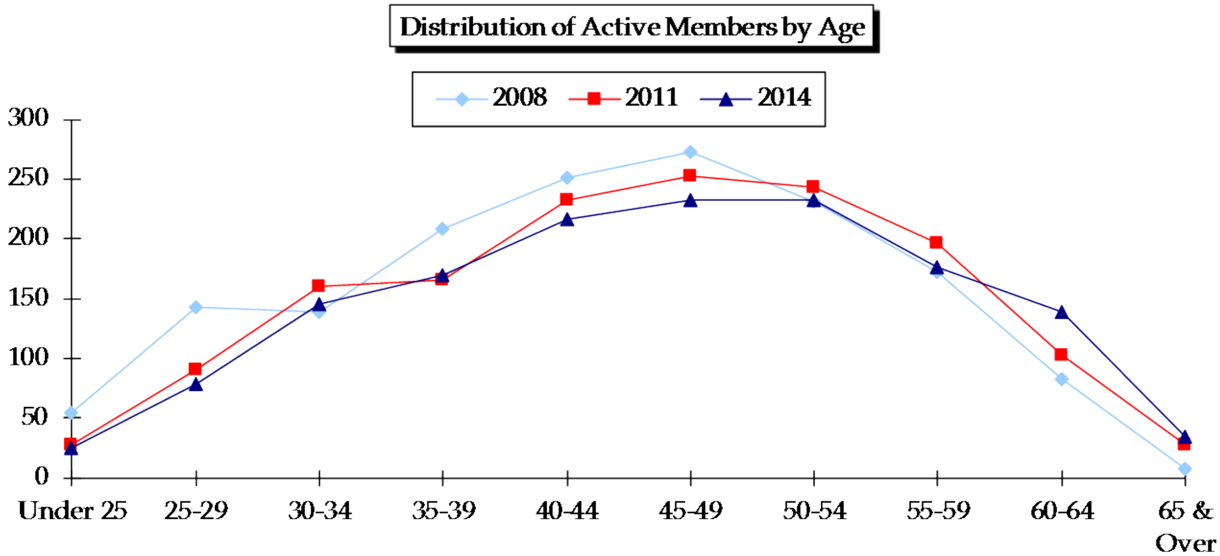
The funding level has increased slightly since the last valuation.

Valuation Trend



Projected liabilities have increased about as expected, taking into account the recent changes to the actuarial assumptions. The UAAL has also increased for the same reason. The favorable plan experience has partially offset this increase. The lowering of the assumed investment return increased the UAAL about $4 million. The expected UAAL increase due to the negative amortization effect of the amortization methodology based on the 4.5% future payroll growth assumption increased the UAAL about $5 million. The actuarial gain lowered the UAAL by about $2 million.

Membership Trend



Additional information on all Plan members can be found in Appendix D.

True Costs

It should be noted that the true costs of a retirement plan cannot be determined until its future unfolds. No one can precisely predict the interest earnings on fund assets, member termination rates, future salary levels, mortality experience, etc. Estimates based on experience with similar groups, along with the judgment of the actuary and the plan sponsor, can provide a reasonable approximation of this true cost. As actual experience emerges under the Plan, it will be necessary to study the continued appropriateness of the techniques and assumptions employed and to adjust the contribution rate as necessary.

SECTION 2

ACTUARIAL VALUATION DEVELOPMENT

Date and Basis of Valuation

Estimated liabilities with respect to the benefits provided by the General Plan and the contributions required to fund these liabilities have been determined as of October 1, 2014, based upon:

1. the provisions of the Plan, as in effect on October 1, 2014, as summarized in Appendix A;
2. the actuarial assumptions and actuarial cost method, as summarized in Appendix B;
3. the statement of fund assets at September 30, 2014, provided by the City, as summarized in Appendix C; and
4. the member data as of September 30, 2014, provided by the City, as summarized in Appendix D.

The statement of trust fund assets has been supplied by the City. The member data has been supplied by the City and provided as an actual representation of the current participating group. While the asset and member information was reviewed for overall reasonableness, Actuarial Concepts has relied on the City for this information and does not assume responsibility for either its accuracy or completeness.

Member Reconciliation

		Members					
		Actives	Retirees, Bene- ficiaries	DROP Retirees	Pending Refunds	Vested Terminateds	Ltd Members and Part-Time Employees
Members at	10/01/13	1,474	1,022	98	9	279	96
Increase (Decrease) Due to:							
Retirements		(32)	56	(15)	-	(9)	-
DROP Retirements		(10)	-	10	-	-	-
Nonvested Terminations		(75)	-	-	75	-	-
Vested Terminations		(33)	-	-	-	33	-
New Entrants		124	-	-	-	-	-
Deaths		(1)	(22)	(1)	1	(1)	-
Rehires		4	-	-	-	-	-
Disableds*		(1)	-	-	-	1	-
To LP Status		(1)	-	-	-	-	1
Contrib. Refunded		-	-	-	(77)	(2)	(1)
From ICMA		1	-	-	-	-	-
Rec in error		-	-	-	-	-	-
Members at	10/1/14	1,450	1,056	92	8	301	96

* Disability benefits are now provided by this Plan for future disabilities. As of the Valuation Date, current disableds are being paid from the Disability Plan.

2014 Valuation Table

1. Participation		
(a)	Number of Active Members	1,450
(b)	Number of Inactive Members	1,553
(c)	Annual Valuation Payroll for Contributing Members	$ 79,930,261
(d)	Total Valuation Payroll	79,930,261
2. Actuarial Present Value (APV) of Future Benefits as of 10/1/14		
(a)	Active Members	
	(1) Retirement	176,667,104
	(2) Withdrawal	6,297,406
	(3) Disability*	5,612,433
	(4) Death	1,612,217
	(5) Refund of Contributions	1,693,015
	(6) Total	$ 191,882,175
(b)	DROP Accounts Value	11,311,721
(c)	DROP Retirees	49,045,143
(d)	Retirees and Beneficiaries	263,181,917
(e)	Disabled Retirees (included with Vested Terminated)*	-
(f)	Vested Terminated and Limited Members	8,441,971
(g)	Total APV Future Benefits	$ 523,862,927
3. APV Apportionment of line 2(f)**		
(a)	APV of Total Future Normal Costs	58,534,514
(b)	Actuarial Accrued Liability [(2f)-(3a)]	465,328,413
(c)	Actuarial Value of Assets	306,917,954
(d)	Unfunded AAL (UAAL) [(3b)-(3c)]	$ 158,410,459
4. Breakdown of UAAL on line 3(d)		
(a)	UAAL [3(d)]	158,410,459
(b)	Change in UAAL Due to Assumption Change	15,880,346
(c)	UAAL Before Change [(4a)-(4b)]	$ 142,530,113
(d)	Expected UAAL	154,027,789
(e)	Actuarial (Gain) Loss [(4c)-(4d)]	$ (11,497,676)

5. Contribution Requirements Due ***		End of Month	10/01/15	Equiv. Annual $ Amount	Percentage of Payroll
(a)	Plan Normal Cost excluding Expenses			$ 7,467,305	8.94%
(b)	Expense Normal Cost			669,625	0.80%
(c)	Plan Total Normal Cost [(5a)+(5b)]			$ 8,136,930	9.74%
(d)	Amortization of UAAL			10,137,920	12.14%
(e)	Total Required Plan Contribution [(5c)+(5d)]			$ 18,274,850	21.88%
(f)	Estimated Member Contributions			4,176,356	5.00%
(g)	Net City Required Contributions [(5e)-(5f)]			$ 14,098,494	16.88%

* Disability benefits are now provided by this Plan for future disabilities. As of the Valuation Date, current disableds are being paid from the Disability Plan until eligibility for Normal Retirement under this Plan.

** Calculated in accordance with the Individual Entry Age Actuarial Cost Method.

*** Payments start one year from valuation date; includes a payroll growth rate of 4.5% per year.

Explanation of Financial Values - Valuation Table

Actuarial Present Value of Future Benefits (line 2f)

The actuarial present value (APV) of future benefits is determined by first measuring the benefit amount that would be available for each member at various future dates (assuming future service credits earned and future salary increases awarded) under each of the events provided for by the Plan (retirement, disability, death, termination of employment). Then the future value of those benefit entitlements is determined by multiplying the various benefit amounts by the then current value of the annuities associated with those amounts. Finally, the APV of those future benefit values is determined by applying discounts to recognize the time value of money and probabilities of death, disability, termination of employment, etc.

APV of Total Future Normal Costs (line 3a)

The APV of total future normal costs is that portion of the total APV of future benefits, as described above, that is assigned to future plan years by the Individual Entry Age Actuarial Cost Method (described in Appendix B).

Actuarial Accrued Liability (line 3b) and
Unfunded Actuarial Accrued Liability (line 3d)

The actuarial accrued liability (AAL) and the unfunded AAL (UAAL) (the AAL less the actuarial value of assets) are actuarial values generated under the Individual Entry Age Actuarial Cost Method, as described in Appendix B. The AAL is not the APV of benefits accrued to date by members but is an actuarially determined amount based on the accrual of Individual Entry Age normal cost amounts due prior to the valuation date. The liability for benefits accrued to date (the APV of accumulated benefits) is provided in Section 3.

Plan Total Normal Cost (line 5c)

The Plan normal cost for the 12-month period beginning on the valuation date has been determined by first calculating for each member an individual yearly normal cost (that changes in dollar amount as pay increases, but is constant as a percent of each individual's pay), then adding together to obtain the Plan normal cost amount as of the beginning of the year. This preliminary total is then adjusted for interest credits assuming contributions are made monthly and an amount to allow for expected annual expenses.

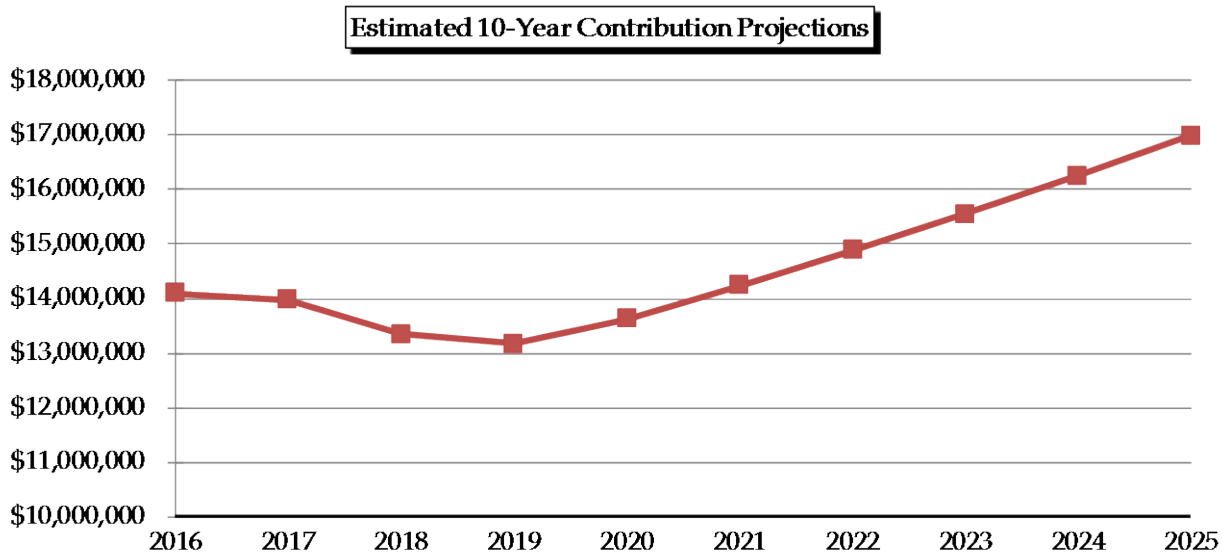
Total Required Plan Contribution (line 5e)

The required contribution for the 2014-15 plan year is the annual amount necessary to cover the normal cost (based on the 2013 valuation normal cost rate applied to expected 2014-15 payroll) and amortize each UAAL base over a period of 30 years from inception (with one year of payment delay), or 29 years of payments, assuming 12 regular payments per year including interest adjustment. The amortization of the UAAL incorporates an assumption that Plan membership payroll will grow at the rate of 4.5% per year over each respective remaining amortization period.

The required contribution for the 2015-16 plan year is the annual amount necessary to cover the normal cost (based on the 2014 valuation normal cost rate applied to expected 2015-16 payroll) and amortize each UAAL base over a period of 30 years from inception (with one year of payment delay), or 29 years of payments, assuming 12 regular payments per year including interest adjustment. The amortization of the UAAL incorporates an assumption that Plan membership payroll will grow at the rate of 4.5% per year over each respective remaining amortization period.

Discussion of the implications of these assumptions is presented in Section 3.

Estimated 10-Year Contribution Projections



The above chart estimates the anticipated future contribution requirements over the next 10 years taking into account the effect of the asset "smoothing" method as well as the anticipated effect of the completion of any UAAL amortization bases (there are none in the next 10 years; see page 3-6). It also shows the anticipated effect of the level percentage of pay funding method (costs are calculated as a level percentage of payroll, so contributions increase in dollar amount as future payroll increases). Note that the projected contribution decreases over the next three years are attributable to the phase out of prior asset losses and the phase in of recent asset gains. Thereafter, the expected dollar growth continues as future payrolls are assumed to increase. The projection contributions assume that the assumptions are realized (there would be no expected future gains or losses due to future experience different than that assumed).

Estimated Valuation Financial Values Assuming 6.3% Interest per F.S. Chapter 112.664(1)(b)

1. Participation		
(a) Number of Active Members		1,450
(b) Number of Inactive Members		1,553
(c) Annual Valuation Payroll for Contributing Members		$ 79,930,261
(d) Total Valuation Payroll		79,930,261
2. Actuarial Present Value (APV) of Future Benefits as of	10/1/14	
(a) Active Members		
(1) Retirement		257,560,041
(2) Withdrawal		10,212,088
(3) Disability*		7,584,410
(4) Death		2,302,925
(5) Refund of Contributions		1,220,894
(6) Total		$ 278,880,358
(b) DROP Accounts Value		11,311,721
(c) DROP Retirees		60,756,533
(d) Retirees and Beneficiaries		314,713,528
(e) Disabled Retirees (included with Vested Terminated)*		-
(f) Vested Terminated and Limited Members		11,637,042
(g) Total APV Future Benefits		$ 677,299,182
3. APV Apportionment of line 2(f)**		
(a) APV of Total Future Normal Costs		101,911,904
(b) Actuarial Accrued Liability [(2f)-(3a)]		575,387,278
(c) Actuarial Value of Assets		306,917,954
(d) Unfunded AAL (UAAL) [(3b)-(3c)]		$ 268,469,324
4. Breakdown of UAAL on line 3(d)		
(a) UAAL [3(d)]		268,469,324
(b) Change in UAAL Due to Assumption Change		125,939,211
(c) UAAL Before Change [(4a)-(4b)]		$ 142,530,113
(d) Expected UAAL		154,027,789
(e) Actuarial (Gain) Loss [(4c)-(4d)]		$ (11,497,676)

5. Contribution Requirements Due ***	End of Month	10/01/15	Equiv. Annual $ Amount	Percentage of Payroll
(a) Plan Normal Cost excluding Expenses			$ 11,387,522	13.63%
(b) Expense Normal Cost			662,970	0.79%
(c) Plan Total Normal Cost [(5a)+(5b)]			$ 12,050,492	14.42%
(d) Amortization of UAAL			13,343,929	15.98%
(e) Total Required Plan Contribution [(5c)+(5d)]			$ 25,394,421	30.40%
(f) Estimated Member Contributions			4,176,356	5.00%
(g) Net City Required Contributions [(5e)-(5f)]			$ 21,218,065	25.40%

* Disability benefits are now provided by this Plan for future disabilities. As of the Valuation Date, current disableds are being paid from the Disability Plan until eligibility for Normal Retirement under this Plan.

** Calculated in accordance with the Individual Entry Age Actuarial Cost Method.

*** Payments start one year from valuation date; includes a payroll growth rate of 4.5% per year.

This pro forma valuation estimates the effect on projected liabilities and contribution requirements if the Plan were to earn a return over the long term at a lower rate than the current assumed rate. A 200 basis point difference in assumed rate was selected in accordance with Florida Statutes 112664(1)(b). Although projected liabilities would increase by about 29%, the net City contribution would increase by about 50% because the increase had no prior funding, whereas the present value of benefits based on current assumptions are partially funded. For returns between the current valuation rate and the pro forma rate, one can interpolate an estimate of resultant contribution requirements. Note if long term returns are greater than the current valuation assumed rate, the expected contribution requirements would be less than the current valuation requirement.

Derivation of Current UAAL

Development of UAAL as of Valuation Date			
1. (a) Unfunded Actuarial Accrued Liability (UAAL) as of	10/1/13	$	150,078,626
(b) Increase Due to Amendments			-
(c) Payment Delay Effects			(236)
(d) UAAL Subject to Amortization		$	150,078,390
2. Normal Cost - Year Ended 9/30/14			3,079,414
3. Interest Accrued on (1) and (2)			12,865,256
4. Contributions - Year Ended 9/30/14			11,521,139
5. Interest Accrued on (4)			474,132
6. Expected UAAL at 10/01/14 [(1)+(2)+(3)-(4)-(5)]			154,027,789
7. Changes Due to:			
(a) Actuarial Assumptions			15,880,346
(b) Plan Amendments			-
(c) Actuarial (Gain)/Loss			(11,497,676)
(d) Total		$	4,382,670
8. UAAL at Valuation Date			158,410,459

Projected liabilities have increased about as expected, taking into account the recent changes to the actuarial assumptions. The UAAL has also increased for the same reason. The favorable plan experience has partially offset this increase. The lowering of the assumed investment return increased the UAAL about $4 million. The expected UAAL increase due to the negative amortization effect of the amortization methodology based on the 4.5% future payroll growth assumption increased the UAAL about $5 million. The actuarial gain lowered the UAAL by about $2 million.

SECTION 3

ANALYSIS OF VALUATION RESULTS

A comparison of the 2013 and 2014 valuation results is presented in the table on page 3-3.

Discussion of Valuation Results

There have been no changes to the actuarial cost method since the last valuation. However, future disability benefit provisions have been transferred from the disability plan to this Plan effective February 19, 2015. Also, several actuarial assumptions have been changed.

The Plan assumed investment return rate has been lowered to 8.3%. This reduction is part of a plan to reduce the assumed return to 7.9% over the next four years.

The mortality assumptions were revised to include projections of future mortality improvement.

A summary of current Plan provisions is included in Appendix A. Actuarial assumptions and cost method are summarized in Appendix B, along with explanations of other valuation procedures.

If the participating group remained unchanged and all the actuarial assumptions were realized, the Plan's experience would be as anticipated, and there would be no actuarial gain or loss. If the experience were less favorable than anticipated, an actuarial loss would result; if more favorable, an actuarial gain would result.

For the 12 months ended September 30, 2014, the actual experience under the Plan, in aggregate, was better than expected, resulting in a net actuarial gain of approximately

$11.5 million. This gain is the result of investment returns (based on actuarial value of assets) that were greater than those projected by the actuarial assumptions and salary increases less than assumed.

Future valuations will monitor the Plan's experience to determine whether actuarial gains or losses have occurred since the previous valuation. Recognition of these actuarial gains or losses will be made through adjustments to the UAAL and amortized over the same period as used for the pre-adjusted UAAL.

It should be noted that the true costs of a retirement plan cannot be determined until its future unfolds. No one can precisely predict the interest earnings on fund assets, member termination rates, future salary levels, mortality experience, etc. Estimates based on experience with similar groups, along with the judgment of the actuary and the Plan sponsor, can provide a reasonable approximation of this true cost. As actual experience emerges under the Plan, it will be necessary to study the continued appropriateness of the techniques and assumptions employed and to adjust the contribution rate as necessary.

Valuation Comparison Table

1. Member Data	10/1/13	10/1/14 Before Changes	10/1/14 After Changes
(a) Active Members Under NRA	1,474	1,450	1,450
(b) Active Members Over NRA (included above)	-	-	-
(c) DROP Retirees	98	92	92
(d) Retirees, Beneficiaries and Disableds	1,022	1,056	1,056
(e) Vested Terminated and Limited Members	384	405	405
(f) Total Anticipated Payroll for Next 12 Months	$ 81,654,532	$ 79,930,261	$ 79,930,261
(g) Actuarial Present Value (APV) of Future Valuation Payroll	698,576,000	683,730,638	689,823,338
(h) Total Annual Benefit Payments	22,444,260	23,959,680	23,959,680
2. Assets			
(a) Market Value	314,659,802	336,168,845	347,480,566
(b) Actuarial Value	273,171,031	295,606,233	306,917,954
3. Liabilities			
(a) APV of Future Benefits			
(1) Active Members Under NRA			
–Retirement	163,654,803	167,943,002	176,667,104
–Withdrawal	5,684,868	5,907,771	6,297,406
–Disability	2,554,122	5,220,971	5,612,433
–Death	1,801,125	1,868,266	1,612,217
–Refund of Contributions	2,832,345	1,885,503	1,693,015
–Total	$ 176,527,263	$ 182,825,513	$ 191,882,175
(2) Active Members Over NRA (included above)	-	-	-
(3) DROP Accounts Value			11,311,721
(4) DROP Retirees	52,039,446	47,751,642	49,045,143
(5) Retirees and Beneficiaries	241,007,922	254,572,202	263,181,917
(6) Disabled Members (included in Vested Terminated)	-	-	-
(7) Vested Terminated and Limited Members	7,131,523	8,016,639	8,441,971
(8) Total	$ 476,706,154	$ 493,165,996	$ 523,862,927
(b) APV of Vested Accrued Benefits	385,685,892	398,596,060	423,903,682
(c) APV of All Accrued Benefits	386,344,396	401,342,230	426,872,026
(d) Actuarial Accrued Liability (AAL)			
(1) Retirement	118,260,985	122,080,671	127,563,450
(2) Withdrawal	2,215,914	2,252,071	2,368,509
(3) Disability	1,221,468	2,114,472	2,265,278
(4) Death	1,200,590	1,249,958	1,071,162
(5) Refund of Contributions	171,809	98,691	79,262
(6) Inactives	300,178,891	310,340,483	331,980,752
(7) Total	$ 423,249,657	$ 438,136,346	$ 465,328,413
(e) Unfunded AAL (UAAL)	150,078,626	142,530,113	158,410,459
4. Breakdown of Plan Normal Costs			
(a) Retirement	5,904,213	5,983,233	6,343,889
(b) Withdrawal	419,707	437,217	463,947
(c) Disability	171,063	390,263	416,141
(d) Death	78,024	80,208	69,601
(e) Refund of Contributions	333,088	195,211	173,727
(f) Expense	603,313	669,956	669,625
(g) Total	$ 7,509,408	$ 7,756,088	$ 8,136,930

Valuation Comparison Table (continued)

5. Contribution Requirements* for Year Ended	09/30/14	09/30/15	09/30/16	09/30/16
(a) Plan Normal Cost**	$ 7,416,779	$ 7,509,408	$ 7,756,088	$ 8,136,930
(b) Amortization Payment	9,013,095	9,485,647	9,262,910	10,137,920
(c) Total Plan Requirements*	$ 16,429,874	$ 16,995,055	$ 17,018,998	$ 18,274,850
(d) Estimated Member Contributions	4,199,123	4,266,449	4,176,356	4,176,356
(e) Total City Requirements*	12,230,751	12,728,606	12,842,642	14,098,494
(f) Total City Requirement Adjusted to End of Year***	12,700,223	13,211,521	13,329,884	14,627,104

6. Past Contributions for Year Ended	9/30/2014
(a) (1) Contribution Required by City*	$ 12,230,751
(2) Contribution Required by Members	4,199,123
(3) Total Contribution Requirements*	$ 16,429,874
(b) (1) Actual City Contributions Paid	11,521,139
(2) Actual Member Contributions Paid	4,258,768
(3) Total Contributions Paid	$ 15,779,907
(c) (1) Actual City Contribution Interest Adjusted to End of Year	11,995,271
(2) Actual Member Contribution Interest Adjusted to End of Year	4,434,030
(3) Total Contributions Interest Adjusted to End of Year	$ 16,429,301

* Assumed payable at the end of each month as determined from prior actuarial valuation.
Includes a payroll growth rate of 4.5%.

** Includes expense normal cost.

*** Includes interest adjustments at the valuation interest rate on amounts to end of year.

Development of Past Excess Contributions (PEC)

PEC for Year Ended 9/30/14			Without Interest Adjustment	With Interest Adjustment
(a)		PEC Beginning of Year		$ 115,287,648
(b)	(1)	Contribution Required by City	$ 12,230,751	12,700,223
	(2)	Contribution Required by Members	4,199,123	4,358,435
	(3)	Total Contribution Requirements	$ 16,429,874	$ 17,058,658
(c)	(1)	Actual City Contributions Paid *	11,521,139	11,995,271
	(2)	Actual Member Contributions Paid	4,258,768	4,434,030
	(3)	Total Contributions Paid	$ 15,779,907	$ 16,429,301
(d)		PEC End of Year **		124,266,858

* Includes expense normal cost amount of $603,313.

** Cannot be used for contribution offsets unless a portion of the 2004 UAAL base is reinstated equal to any credit taken and amortized over remaining 20 years.

Effect of Amortization Policy on Contribution Requirements

In determining the contribution rate for the UAAL, it has been assumed that total member payroll will grow at the rate of 4.5% per year. Since an increasing payroll is assumed for determining liabilities, it could be considered inconsistent not to make a similar assumption for amortizing such liabilities.

The following table illustrates the amortization of the UAAL in accordance with the adopted level-percentage-of-increasing-payroll approach:

UAAL Bases	Date of First Charge		Years Remaining at 10/01/14	2015-16 Monthly Amort. Payment	Outstanding Balance at 10/01/14
2004 Fresh Start	10/01/2004	*	20	$ 48,849	7,816,373
2006 Loss	10/01/2006		22	42,097	7,233,266
2007 Gain	10/01/2007		23	(14,589)	(2,580,374)
2008 Loss	10/01/2008		24	108,380	19,697,601
2009 Loss	10/01/2009		25	219,614	40,946,515
2009 Increase	10/01/2009		25	174,886	32,606,977
2010 Loss	10/01/2010		26	6,503	1,241,963
2010 Decrease	10/01/2010		26	(48,172)	(9,200,049)
2011 Loss	10/01/2011		27	199,768	39,026,924
2011 Decrease	10/01/2011		27	(46,589)	(9,101,695)
2012 Loss	10/01/2012		28	119,610	23,872,325
2013 Gain	10/01/2013		29	(10,333)	(2,104,505)
2013 Increase	10/01/2013		29	22,451	4,572,468
2014 Gain	10/01/2014		30	(58,526)	(11,497,676)
2014 Increase	10/01/2014		30	80,879	15,880,346
				$ 844,828	$ 158,410,459

* Includes credit for additional contributions made with pension obligation bond proceeds.

UAAL Repayment Schedule

Fiscal Year	Remaining UAAL Balance Beginning of FY	Amortization Payments Assumed Payable Monthly
2014-2015	$ 158,410,459	$ 9,485,648
2015-2016	161,662,336	10,137,921
2016-2017	164,495,232	10,594,127
2017-2018	167,086,929	11,070,863
2018-2019	169,395,973	11,569,052
2019-2020	171,376,506	12,089,659
2020-2021	172,977,853	12,633,694
2021-2022	174,144,081	13,202,210
2022-2023	174,813,514	13,796,310
2023-2024	174,918,206	14,417,143
2024-2025	174,383,370	15,065,915
2025-2026	173,126,756	15,743,881
2026-2027	171,057,973	16,452,356
2027-2028	168,077,758	17,192,712
2028-2029	164,077,174	17,966,384
2029-2030	158,936,744	18,774,871
2030-2031	152,525,511	19,619,740
2031-2032	144,700,012	20,502,629
2032-2033	135,303,166	21,425,247
2033-2034	124,163,069	22,389,383
2034-2035	111,091,682	22,044,078
2035-2036	97,295,906	23,036,062
2036-2037	81,319,343	22,799,553
2037-2038	64,263,665	24,286,594
2038-2039	44,239,736	21,800,139
2039-2040	25,149,947	9,166,102
2040-2041	17,666,997	11,081,372
2041-2042	7,563,215	5,807,012
2042-2043	2,127,818	1,357,612
2043-2044	886,934	919,972
2044-2045	-	-

Current Plan Liabilities/Asset Comparison

Accumulated Plan Benefits

	10/1/13	10/1/14
1. Actuarial Present Value (APV)* of Vested Accrued Benefits		
(a) Vested Terminated Participants	$ 7,865,455	$ 9,184,401
(b) Retirees and Beneficiaries	254,545,302	275,781,171
(c) DROP Accounts Value		11,311,721
(d) DROP Retirees	55,551,223	51,845,643
(e) Active Participants	93,555,681	99,287,823
(f) Total APV* of Vested Accrued Benefits	$ 411,517,661	$ 447,410,759
2. APV* of Nonvested Accrued Benefits	786,092	3,256,395
3. APV* of Accumulated Plan Benefits [(1)+(2)]	$ 412,303,753	$ 450,667,154
4. Actuarial Value of Assets	273,171,031	306,917,954
5. Excess (if any) of APV* of Accumulated Plan Benefits over the Actuarial Value of Assets [(3)-(4)]	139,132,722	143,749,200
6. Percent Funded [(4)/(3)]	66%	68%

Statement of Changes in Accumulated Plan Benefits

1. APV* of Accumulated Plan Benefits at	10/1/13	$ 412,303,753
2. Increase (Decrease) During the Year Attributable to:		
(a) Plan Amendment		-
(b) Change in Actuarial Assumptions		11,392,583
(c) System Changes		-
(d) Benefit Payments		(27,833,871)
(e) Change in Benefits and APV* Factors		54,804,689
3. APV* of Accumulated Plan Benefits at	10/1/14	$ 450,667,154

* Based on 7.75% interest, RP-2000 Group Annuity Mortality Table projected to 2015, and other assumed decrements as described in Appendix B.

Comparison of Actual and Assumed Salary Increases

Period Ended September 30	Actual Rate of Increase	Assumed Rate of Increase
2004	9.35%	5.36%
2005	1.75%	5.59%
2006	11.83%	5.46%
2007	7.91%	5.61%
2008	6.14%	5.63%
2009	4.40%	5.68%
2010	3.00%	5.77%
2011	3.01%	5.73%
2012	3.45%	5.74%
2013	2.65%	5.66%
2014	2.74%	5.64%

Comparison of Actual and Assumed Investment Returns*

Period Ended September 30	Actual Rate of Return*	Assumed Rate of Return
2002	0.15%	9.25%
2003	3.96%	9.25%
2004	16.40%	9.25%
2005	10.40%	9.25%
2006	10.31%	9.25%
2007	11.06%	9.25%
2008	7.41%	9.25%
2009	-2.59%	9.25%
2010	9.47%	8.50%
2011	-2.43%	8.50%
2012	0.50%	8.50%
2013	9.08%	8.40%
2014	13.16%	8.30%

*Based on actuarial value of assets.

Calculation of Actual Rate of Investment Return

Plan Year Ended September 30, 2014		
R	=	$\dfrac{2I}{M1+M2-I}$, where
I	=	the interest, dividends, plus appreciation or (depreciation), net of investment expense
M1	=	beginning actuarial value
M2	=	ending actuarial value
R	=	$\dfrac{2 \text{ X } \$35{,}103{,}052}{\$273{,}171{,}031 + \$295{,}606{,}233 - \$35{,}103{,}052}$
R	=	$\dfrac{\$70{,}206{,}104}{\$533{,}674{,}212}$
R	=	13.16%

Additional Disclosures

There are no additional disclosures required under Rules 22D-1.003(4)(f) and (g) of the State of Florida, Department of Management Services, Division of Retirement.

SECTION 4

ALTERNATIVE PRO FORMA RESULTS ASSUMING NO PENSION BOND ISSUE

This section presents an alternative pro forma actuarial valuation based on assuming no pension bond issue occurred in 2003. The purpose of this alternative valuation is to determine what contribution requirements would be applicable had the bond proceeds not been placed into the pension fund.

If the City had not undertaken a pension bond issue to pre-fund the unfunded actuarial accrued liability, and paid contributions as reported in the financial statements for the past two years, net City contribution requirements would be 21.41% of payroll, rather than 16.88% as shown on page 2-3 of this valuation report. Translated into dollar amounts for the 2015-16 fiscal year, contributions would have been required to be increased from $14.098 million to $17.885 million.

The alternative pro forma results assuming no pension bond issue are presented on the following page.

2014 Valuation Table - Alternative Pro Forma Results Assuming No Pension Bond Issue

1. Participation				
(a) Number of Active Members				1,450
(b) Number of Inactive Members				1,553
(c) Annual Valuation Payroll for Contributing Members				$ 79,930,261
(d) Total Valuation Payroll				79,930,261
2. Actuarial Present Value (APV) of Future Benefits as of 10/1/14				
(a) Active Members				
(1) Retirement				176,667,104
(2) Withdrawal				6,297,406
(3) Disability*				5,612,433
(4) Death				1,612,217
(5) Refund of Contributions				1,693,015
(6) Total				$ 191,882,175
(b) DROP Retirees				49,045,143
(c) Retirees and Beneficiaries				263,181,917
(d) Disabled Retirees (included with Vested Terminated)				-
(e) Vested Terminated and Limited Members				8,441,971
(f) Total APV Future Benefits				Oops
3. APV Apportionment of line 2(f)**				
(a) APV of Total Future Normal Costs				58,534,514
(b) Actuarial Accrued Liability [(2f)-(3a)]				465,328,413
(c) Actuarial Value of Assets				259,669,548
(d) Unfunded AAL (UAAL) [(3b)-(3c)]				$ 205,658,865
4. Breakdown of UAAL on line 3(d)				
(a) UAAL [3(d)]				205,658,865
(b) Change in UAAL Due to Assumption Change				-
(c) UAAL Before Change [(4a)-(4b)]				$ 205,658,865
(d) Expected UAAL				196,355,141
(e) Actuarial (Gain) Loss [(4c)-(4d)]				$ 9,303,724
5. Contribution Requirements Due ***	End of Month	10/01/15	Equiv. Annual $ Amount	Percentage of Payroll
(a) Plan Normal Cost excluding Expenses			$ 7,467,305	8.94%
(b) Expense Normal Cost			669,625	0.80%
(c) Plan Total Normal Cost [(5a)+(5b)]			$ 8,136,930	9.74%
(d) Amortization of UAAL			13,924,338	16.67%
(e) Total Required Plan Contribution [(5c)+(5d)]			$ 22,061,268	26.41%
(f) Estimated Member Contributions			4,176,356	5.00%
(g) Net City Required Contributions [(5e)-(5f)]			$ 17,884,912	21.41%

* Disability benefits are now provided by this Plan for future disabilities. As of the Valuation Date, current disableds are being paid from the Disability Plan until eligibility for Normal Retirement under this Plan.

** Calculated in accordance with the Individual Entry Age Actuarial Cost Method.

*** Payments start one year from valuation date; includes a payroll growth rate of 4.5% per year.

CITY OF GAINESVILLE
GENERAL EMPLOYEES' PENSION PLAN

SUMMARY OF PLAN PROVISIONS THAT AFFECT THE VALUATION

1. Ordinances: Original Ordinance: Chapter 2, Article VII, Division 5 (Employees Pension Plan)
Most Recent Ordinance No. 120218 effective September 10, 2012

2. Member: All full-time, permanent employees of the City of Gainesville (except police officers and firefighters) or the Gainesville Gas Company are eligible for membership in the Plan upon date of hire.

3. Member Contributions: 5% of Earnings.

4. Credited Service: The number of full and fractional years worked from date of hire to date of termination or retirement, plus any unused sick leave and personal critical leave bank (PLCB) credits.

   For service earned on or after October 1, 2012, no service shall be credited for unused sick leave or PLCB credits earned on or after October 1, 2012.

   Employees who previously chose to participate in the City's 457 plan or defined contribution plan and elect to transfer to this Plan may purchase Credited Service for periods of employment during which they participated in the previous plan.

5. Earnings: Pay received by a Member as compensation for services to the City, including vacation termination pay, overtime pay, longevity pay and certain other specified pay.

   For Members with hire dates on or before October 1, 2012, no more than 300 hours of overtime pay earned after October 1, 2012 shall be included, nor shall termination vacation pay.

For Members with hire dates on or after October 2, 2012, no more than 150 hours of overtime pay earned after October 1, 2012 shall be included, nor shall termination vacation pay.

6. Final Average Earnings:

For Members with hire dates on or before October 1, 2007, the average of a Member's monthly Earnings for the 36 consecutive months that produce the highest average, as of 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 a Member's monthly Earnings for the 48 consecutive months that produce the highest average, as of the date of benefit determination.

For Members with hire dates on or after October 2, 2012, the average of a Member's monthly Earnings for the 60 consecutive months that produce the highest average, as of the date of benefit determination.

7. 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.

8. Normal Retirement:

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.

Benefit - Accrued Benefit payable as of the Normal Retirement Date.

9. Early Retirement:

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.

Benefit - Accrued Benefit reduced 5/12% for each month by which the Early Retirement Date precedes the date on which the Member would have reached age 65.

10. Disability Benefit:

Eligibility
In-Line-of-Duty — All Plan members.
Not-in-Line-of-Duty — Completion of at least five consecutive years as a regular employee.

Amount
A monthly benefit payable for life or until termination of disability or until superseded by retirement benefits earned under the General Employees' Pension Plan equal to the Member's Average Monthly Earnings times the greater of his/her years of creditable service times 2% with a minimum 42% for in-line-of-duty disability and 25% for not-in-line-of-duty, offset by (i) retirement benefits* in payment status, and (ii) his/her disability benefit percentage, up to a maximum of 50%, multiplied by the initial monthly Social Security Primary Insurance Amount—whether or not in payment status—to which a Member is entitled. Benefit is limited to $3,750 per month or an amount equal to his/her maximum benefit percentage with the above reductions, payable beginning the month of disability or the month following the termination of sick leave payments.

* The disability benefit shall only be reduced by the amount of early or normal retirement benefit that is attributable to City contributions.

11. Death Benefit before Retirement:

If a Member should die before becoming eligible for any retirement benefits, the beneficiary shall be entitled to a refund, without interest, of the deceased's Member Contributions to the fund. After becoming eligible for retirement, a 2/3 survivor annuity is payable to a surviving spouse.

If a Member who has at least 16 years of Credited Service becomes terminally ill or accidentally dies, other employees may contribute their unused vacation time toward his(her) length of Credited Service. Service credits may be added until they provide the ill or deceased Member with 20 years. The beneficiary is then entitled to receive an amount equal to the Member's Accrued Benefit based on 20 years of Credited Service, payable immediately as a 2/3 survivor annuity.

12. Death Benefit after Retirement: Excess of Member Contributions, without interest, over benefits paid, unless the optional benefit form, if any, applies.

13. 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.

14. DROP Provision: 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 Member at termination of employment.

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%.

15. Cost-of-Living Increase:

For Members eligible for Normal Retirement as of September 10, 2012, a 2% per year increase for retired Members with at least 20 years of Credited Service on or before October 1, 2012, and their beneficiaries, commencing at the later of October 1, 2000, or the October 1 following the Member's age 62.

For non-vested and vested members as of September 10, 2012, the eligibility date is attainment of age 65 and 25 years of Credited Service.

For new members as of September 10, 2012, the eligibility date is attainment of age 65 and 30 years of Credited Service.

Cost-of-living increases do not apply during the DROP period.

CITY OF GAINESVILLE
GENERAL EMPLOYEES' PENSION PLAN

SUMMARY OF ACTUARIAL ASSUMPTIONS AND ACTUARIAL COST METHOD

Actuarial Assumptions

1. Investment Return: 8.3% per annum, compounded annually*; net of investment expense.

2. Salary Increase Rate:

Years of Service	Rate*
6 and Under	7.00%
7 - 11	6.00
12 - 16	4.00
Over 16	3.75

3. Mortality Rates: RP-2000 Mortality Table projected to 2015

	Probability of Death Within One Year After Attaining Age Shown	
Age	Male	Female
25	0.0323%	0.168%
35	0.0717	0.0402
45	0.1239	0.0882
55	0.2718	0.2409
65	1.0309	0.9003

4. Mortality Rates - Disabled Lives: RP-2000 Disability Mortality Table Unhealthy projected to 2015

	Probability of Death Within One Year After Attaining Age Shown	
Age	Male	Female
25	1.9412%	0.6030%
35	2.0936	0.6311
45	1.8548	0.5849
55	2.6580	1.4666
65	4.0610	2.5996

*Includes underlying long-term rate of inflation of 3.75% per annum.

5. Termination Rates:

Probability of Terminating Service
(for reasons other than death, disability
or retirement) Within One Year
After Attaining Age and Service Shown

Males

Age	Years of Service 0 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
Under 30	14.0%	12.0%	8.0%	6.0%	5.0%	4.0%
30 - 34	14.0	12.0	8.0	6.0	5.0	3.0
35 - 39	14.0	12.0	8.0	6.0	5.0	2.5
40 - 64	14.0	12.0	8.0	6.0	5.0	2.0
65 and Over	14.0	12.0	8.0	6.0	5.0	0.0

Females

Age	Years of Service 0 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
Under 30	22.0%	16.0%	13.0%	11.0%	10.0%	7.0%
30 - 34	22.0	16.0	13.0	11.0	10.0	5.0
35 - 39	22.0	16.0	13.0	11.0	10.0	4.0
40 - 64	22.0	16.0	13.0	11.0	10.0	3.0
65 and Over	22.0	16.0	13.0	11.0	10.0	0.0

6. Retirement Rates:

Members with Hire Dates On or Before October 1, 2007
Probability of Retiring Within
One Year After Retirement Eligibility
After Attaining Age and Service Shown

Age	Years of Service 10-14	15-19	20	21 - 24	25 - 26	27+
56 & Under	0.0%	7.5%	20.0%	5.0%	10.0%	25.0%
57 - 59	0.0	7.5	30.0	7.5	10.0	25.0
60 - 64	0.0	7.5	30.0	30.0	10.0	25.0
65 & Over	33.0	33.0	50.0	30.0	20.0	100.0

Members with Hire Dates On or After October 2, 2007 But On or Before October 1, 2012
Probability of Retiring Within
One Year After Retirement Eligibility
After Attaining Age and Service Shown

	Years of Service					
Age	10-14	15-19	20-24	25	26-29	30+
56 & Under	0.0%	5.0%	5.0%	20.0%	10.0%	25.0%
57 - 59	0.0	5.0	5.0	30.0	10.0	25.0
60 - 64	0.0	5.0	5.0	30.0	10.0	25.0
65 & Over	33.0	33.0	33.0	50.0	20.0	100.0

Members with Hire Dates On or After October 2, 2012
Probability of Retiring Within
One Year After Retirement Eligibility
After Attaining Age and Service Shown

	Years of Service					
Age	10-14	15-19	20-24	25	26-29	30+
56 & Under	0.0%	5.0%	5.0%	5.0%	5.0%	25.0%
57 - 59	0.0	5.0	5.0	5.0	5.0	25.0
60 - 61	0.0	5.0	5.0	5.0	5.0	25.0
62	0.0	7.5	15.0	15.0	15.0	50.0
63 – 64	0.0	5.0	5.0	5.0	5.0	50.0
65 & Over	33.0	33.0	33.0	33.0	33.0	100.0

7. Disability Incidence Rates:

Probability of Disability
Within One Year
After Attaining Age Shown

Age	Male	Female
25	0.030%	0.010%
35	0.073	0.048
45	0.188	0.165
55	0.523	0.478

8. Marital Status and Spouse's Age:

100% of members assumed to be married; male spouses assumed two years older than female members, and female spouses assumed two years younger than male members.

9. Growth Rate of Future Membership Payroll: 4.5% per year.

10. Underlying Long-term Inflation Rate: 3.75% per year.

11. Actuarial Value of Assets: Determined by adjusting the expected value of assets as of any valuation date by a portion of the cumulative differences of the market value of assets and the expected actuarial value of assets starting prospectively from October 1, 2004. (As of October 1, 2004, expected value was set equal to market value.) Each difference is fully recognized over a period not to exceed five years. The expected actuarial value of assets as of any valuation date is determined by applying actual Plan contributions and disbursements and the assumed investment yield to the previous year's expected actuarial value of assets adjusted for any fully recognized cumulative differences. The adjustment is further modified, if necessary, by an amount sufficient to ensure that the actuarial value of assets is not less than 80% nor more than 120% of market value.

12. Plan Expenses: Equal to the annual average of actual administrative expenses incurred since the last valuation.

Actuarial Cost Method

To determine the Plan's contribution requirements, the Individual Entry Age Actuarial Cost Method was used. Under this method, the cost of each member's projected retirement benefit is funded through a series of annual payments, determined as a level percentage of each year's earnings from age at hire to assumed exit age. This level percentage, known as normal cost, is thus computed as though the Plan had always been in effect. A yearly normal cost for each member is individually determined by multiplying each member's level percentage by the applicable yearly earnings, then adding together to obtain the normal cost amount for the Plan for that year. The accrued value of normal cost payments due prior to the valuation date is termed the actuarial accrued liability (AAL). This amount minus actuarial value of assets is known as the unfunded actuarial accrued liability (UAAL). If the actuarial value of assets exceeds the AAL, the UAAL is negative. The annual cost of a plan consists of two components: normal cost and a payment, which may vary between prescribed limits, toward the UAAL. If the UAAL is negative, the amortization payment becomes a credit.

Actuarial gains (or losses), a measure of the difference between actual experience and that expected based upon the actuarial assumptions during the period between two valuation dates, as they occur, reduce (or increase) the UAAL.

It is intended that the UAAL bases (whether charge or credit) established from the previous valuation (as modified by any impact statements) be amortized over a 30-year period from inception (thus over their respective remaining periods as of the valuation date) and that any newly-established UAAL charge or credit bases be amortized over a 30-year period from inception through monthly contributions expressed as a level percentage of each month's total payroll, incorporating an assumption that future payroll will grow at the rate of 4.5% per year. Changes in the UAAL resulting from actuarial gains or losses, ordinance changes or changes in actuarial assumptions will be amortized over a 30-year period.

Each base amortization is established at date of inception and determines a payment schedule comprised of increasing dollar amounts (but level as a percentage of future expected payroll). Since there is a one-year delay in starting repayment of the base, the payment schedule is based upon 29 years of payments (30 years from inception date).

Subsequent valuations recalculate the payment schedule using the then remaining UAAL base assuming the minimum payments were made, and a revised schedule is determined in the same manner as the initial schedule, but over the then remaining amortization period. Thus, each year's amortization payment is a fixed dollar amount that is applied to fully amortize the associated base by the end of the 30-year period, irrespective of actual future payroll.

Miscellaneous Valuation Procedures

1. Projected retirement benefits were limited to IRC Section 415 benefit limits applicable to the current plan year (for 2014, $210,000), payable as a life annuity, beginning at or after age 62, reduced as applicable for earlier benefit commencement with assumed increases equal to the assumed long-term rate of inflation.

2. Projected earnings were limited to IRC Section 401(a)(17) compensation limits applicable to the current plan year (for 2014, $260,000) with assumed increases equal to the assumed long-term rate of inflation.

3. Annual covered payroll is the amount of total pensionable earnings paid during the prior fiscal year for employees who are currently active members in the Plan (which does not include employees still working but retired under the DROP provisions). Valuation payroll is payroll expected to be paid during the current fiscal year, determined using prior-year covered payroll and the salary increase assumption by individual member. Contribution requirements for the next fiscal year are based on valuation payroll for the current fiscal year projected for one year using the payroll growth assumption.

4. Member information is current as of October 1, 2014.

5. No liability was recognized in the valuation for nonvested employees who have terminated, whether or not a break in service has occurred as of the valuation

date, since any potential liability for this group is not significant. Note that upon rehire, any applicable prior employment service credits will be fully recognized in the valuation.

6. The contribution requirement includes an amount to recognize the Plan's anticipated administrative expenses based on actual prior experience (see assumptions). This amount is reflected in the required normal cost.

7. The payroll growth rate has been established at 4.5%, down from the original 5% rate, for the remaining amortization period. Although the intent continues to be to use the original payroll growth basis “grandfathered” by the State rather than to adjust based on actual 10-year experience, it was judged prudent voluntarily to lower the assumed rate consistent with the adjustment in assumed investment return and salary increase rates.

8. Service credits were adjusted by 0.15 year for employees in the paid-time-off (PTO) program and 0.25 year for employees not in the PTO program for benefit determination to recognize any accumulated unused sick leave.

9. Final year of earnings was increased by 10% if service greater than 24, 8% if service greater than 17, 6% if service greater than 12, 4% if service greater than 7 and 2% if service 7 or less for benefit determination for non-PTO employees to recognize credits for special pay. No final earnings adjustment was made for PTO employees.

CITY OF GAINESVILLE
GENERAL EMPLOYEES' PENSION PLAN

TRUST FUND BALANCE

The September 30, 2014, financial statements of the Plan showed the following value of investments available for Plan benefits:

	Book Value	Market Value
Cash and Equivalents	$ 4,342,464	$ 4,342,464
Alternative Investments	186,848	667,228
Equities	184,106,470	284,495,017
Real Estate	37,340,494	47,675,575
Government Bonds	568,592	604,823
Corporate Bonds	3,743,229	3,837,918
Mortgage & Asset Backed Securities	426,444	450,000
Equity in Treasury	4,941,603	4,941,603
Receivable for Investments Sold	553,857	553,857
Payable for Investments Purchased	(235,035)	(235,035)
Due from Other Funds	-	-
Dividends Receivable	147,781	147,781
Interest Receivable	57,397	57,397
Reserve - DROP	(11,311,721)	(11,311,721)
Payables	(58,062)	(58,062)
Total	$ 224,810,361	$ 336,168,845

Statement Value	295,606,233

(includes $32,015,886 in accumulated member contributions)

CITY OF GAINESVILLE
GENERAL EMPLOYEES' PENSION PLAN

DEVELOPMENT OF ACTUARIAL (STATEMENT) VALUE OF ASSETS

10/1/14 Development

1.	Market Value of Assets as of 10/1/14*	$ 336,168,845
2.	Expected Value of Assets as of 10/1/14	272,778,803
3.	Current Year's Difference	8,266,792
4.	20% of Current Difference [(3)x0.2]	1,653,358
5.	Previous Year's Cumulative Adjustments*	21,174,072
6.	Preliminary Actuarial Value of Assets [(2)+(4)+(5)]	295,606,233
7.	80% of Market Value [(1)x0.8]	268,935,076
8.	120% of Market Value [(1)x1.2]	403,402,614
9.	Actuarial Value of Assets within 20% of Market Value Corridor at 10/1/14	295,606,233
10.	DROP Accounts Value at 10/1/14	11,311,721
11.	Actuarial Value of Assets at 10/1/14*	306,917,954

* Excludes DROP reserves for averaging purposes.

CITY OF GAINESVILLE
GENERAL EMPLOYEES' PENSION PLAN

ANALYSIS OF CHANGES IN ACTUARIAL VALUE OF ASSETS

Actuarial Value of Assets as of 10/01/13	$ 273,171,031
Add:	
City Contributions	11,521,139
Member Contributions	4,258,768
Realized Gains (Losses) - Market Value	27,795,890
Unrealized Gains (Losses) - Market Value	4,571,117
Interest and Dividends	3,506,593
Net Appreciation (Depreciation)	926,160
Total Additions	$ 52,579,667
Deduct:	
Benefit Payments	23,032,860
Refund of Contributions	289,246
Benefit Payments to DROP	3,943,189
Interest paid to DROP accounts	568,576
Administrative Expenses	613,886
Investment Expenses	1,696,708
Total Deductions	$ 30,144,465
Actuarial Value of Assets as of 10/01/14*	295,606,233
(includes $32,015,886 in accumulated member contributions)	

* Before addition of DROP reserves to AVA.

RECONCILIATION OF DROP ACCOUNTS

Value at Beginning of Year	$ 9,639,774
Payments Credited to Accounts	3,943,189
Investment Earnings Credited	568,576
Withdrawals from Accounts	2,839,818
Value at End of Year	$ 11,311,721

CITY OF GAINESVILLE
GENERAL EMPLOYEES' PENSION PLAN

RECONCILIATION OF PLAN MEMBERS 10/01/13 - 10/01/14

	Actives	Retirees, Beneficiaries	DROP Retirees	Pending Refunds	Vested Terminateds	Limited Members & Part Time
10/01/13 Members	1,474	1,022	98	9	279	96
Increase (Decrease) Due to:						
Retirements	(32)	56	(15)	-	(9)	-
DROP Retirements	(10)	-	10	-	-	-
Nonvested Termination	(75)	-	-	75	-	-
Vested Terminations	(33)	-	-	-	33	-
New Entrants	124	-	-	-	-	-
Deaths	(1)	(22)	(1)	1	(1)	-
Rehires	4	-	-	-	-	-
Disableds*	(1)	-	-	-	1	-
To LP Status	(1)	-	-	-	-	1
Contrib. Refunded	-	-	-	(77)	(2)	(1)
From ICMA	1	-	-	-	-	-
Rec in error	-	-	-	-	-	-
10/01/14 Members	1,450	1,056	92	8	301	96

* Disability benefits are now provided by this Plan for future disabilities. As of the Valuation Date, current disableds are being paid from the Disability Plan.

INACTIVE MEMBERS AT 10/01/14

	Number	Benefit Amount
Retirees and Beneficiaries Currently Receiving Benefits	1,056	$ 23,959,680
DROP Retirees	92	3,925,536
Vested Terminated Members Entitled to Future Benefits	301	2,305,159
Limited Members	96	59,814
Pending Refunds	8	*
Total	1,553	$ 30,250,189

* Reserve equals $13,618.

CITY OF GAINESVILLE
GENERAL EMPLOYEES' PENSION PLAN

DISTRIBUTION OF ACTIVE MEMBERS BY ATTAINED AGE AND COMPLETED YEARS OF VESTING SERVICE AS OF 10/01/14

	Completed Years of Service											
Attained Age	0	1	2	3-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	Total
Under 25	11	7	4	2	1	0	0	0	0	0	0	25
25-29	20	11	7	13	27	0	0	0	0	0	0	78
30-34	13	15	24	15	53	26	0	0	0	0	0	146
35-39	13	15	13	13	56	42	18	0	0	0	0	170
40-44	11	16	13	14	64	54	34	10	1	0	0	217
45-49	11	4	15	19	62	50	39	22	10	0	0	232
50-54	9	11	14	15	54	45	35	29	19	1	0	232
55-59	7	9	10	12	47	29	30	20	9	2	1	176
60	1	2	1	3	11	6	8	2	1	0	1	36
61	0	2	2	1	9	6	5	1	2	0	0	28
62	2	0	1	3	8	10	4	1	1	0	2	32
63	0	0	0	1	7	5	6	0	1	0	1	21
64	1	0	0	3	3	6	4	3	0	0	2	22
65 & Over	1	0	0	2	11	10	4	4	2	0	1	35
Total	100	92	104	116	413	289	187	92	46	3	8	1450

Average Age at Entry = 36.5

Average Age at Valuation = 46.5

Average Years of Service = 10.0

CITY OF GAINESVILLE
GENERAL EMPLOYEES' PENSION PLAN

DISTRIBUTION OF ACTIVE MEMBERS AND ANNUALIZED EARNINGS BY AGE AS OF 10/01/14

Attained Age	Number	2013-2014 Earnings	Average Earnings
Under 25	25	$ 740,688	$ 29,628
25-29	78	2,974,649	38,137
30-34	146	6,723,225	46,049
35-39	170	8,679,456	51,056
40-44	217	11,770,846	54,244
45-49	232	12,468,813	53,745
50-54	232	13,455,149	57,996
55-59	176	10,000,471	56,821
60	36	2,018,280	56,063
61	28	1,428,674	51,024
62	32	1,695,450	52,983
63	21	1,261,704	60,081
64	22	1,285,065	58,412
65 & Over	35	1,737,313	49,638
Total	1,450	$ 76,239,783	$ 52,579