

CITY OF GAINESVILLE
GENERAL EMPLOYEES' PENSION PLAN

2015 ACTUARIAL VALUATION REPORT

AUGUST 2016

ACTUARIAL VALUATION AS OF OCTOBER 1, 2015
TO DETERMINE CONTRIBUTIONS TO BE PAID
IN THE FISCAL YEAR BEGINNING OCTOBER 1, 2016

August 11, 2016

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
2015 ACTUARIAL VALUATION REPORT

This report presents the results of the 2015 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



By: _____

Michael J. Tierney
ASA, MAAA, FCA, EA #14-01337

TABLE OF CONTENTS

SECTION 1 - KEY VALUATION RESULTS SUMMARY	1-1
Key Results Synopsis	1-1
Changes Since Last Valuation	1-1
Plan Experience	1-3
City Contribution Requirements	1-4
Plan Funded Status - Projected Liabilities	1-5
Plan Funded Trend	1-6
Valuation Trend	1-7
Membership Trend	1-8
True Costs	1-8
SECTION 2 - ACTUARIAL VALUATION DEVELOPMENT	2-1
Date and Basis of Valuation	2-1
Member Reconciliation	2-2
Valuation Table	2-3
Explanation of Financial Values	2-4
Estimated 10-Year Contribution Projections	2-6
Current Market Value of Assets vs. Expected Retirement Benefits	2-7
Estimated Valuation Financial Values Assuming 6.2% Interest per F.S. Chapter 112.664(1)(b)	2-8
Derivation of Current UAAL	2-10
SECTION 3 - ANALYSIS OF VALUATION RESULTS	3-1
Discussion of Valuation Results	3-1
Valuation Comparison Table	3-3
Development of Past Excess Contributions	3-5
Effect of Amortization Policy on Contribution Requirements	3-6
UAAL Repayment Schedule	3-7
Current Plan Liabilities/ Asset Comparison	3-8
Florida Statutes, Chapter 112.63 Funded Status - Current Liabilities	3-9
Comparison of Actual and Assumed Salary Increases	3-10
Comparison of Actual and Assumed Investment Returns	3-10
Calculation of Actual Rate of Investment Return	3-11
Additional Disclosures	3-11
SECTION 4 - ALTERNATIVE PRO FORMA RESULTS ASSUMING NO BOND ISSUE	4-1
Valuation Table - Alternative Pro Forma Results Assuming No Bond Issue	4-2
APPENDIX A PLAN PROVISIONS SUMMARY	A-1
APPENDIX B ACTUARIAL ASSUMPTIONS AND COST METHOD SUMMARY	B-1
APPENDIX C PLAN ASSET SUMMARY	C-1
APPENDIX D CENSUS DATA	D-1

SECTION 1

KEY VALUATION RESULTS SUMMARY

The 2015 valuation of the General Employees' Pension Plan presents a statement of the estimated financial position of the Plan as of October 1, 2015. 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 \$4.7 million due to asset yields greater than assumed and salary increases less than assumed.
- The City contribution rates have increased from the 2014 valuation rates due to the lowering of the investment return assumption from 8.3% to 8.2%.
- The Plan's actuarial accrued liabilities are 66% funded based on the funding assumptions and the actuarial value of assets (66% 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 8.2%. This reduction is part of a plan to reduce the assumed return to 7.9% over the next three years.

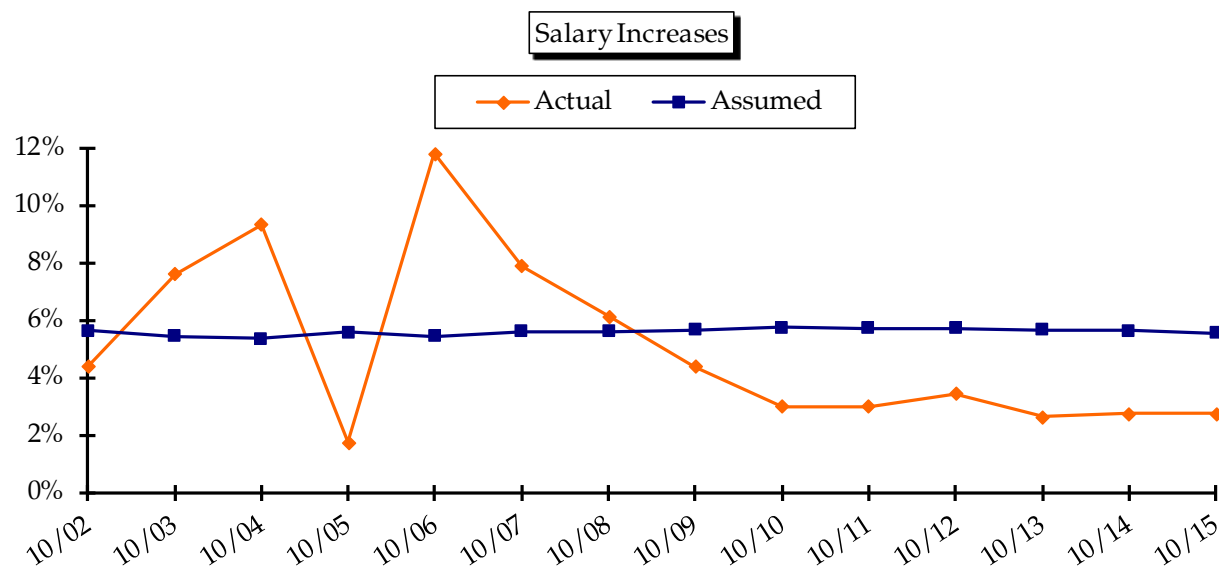
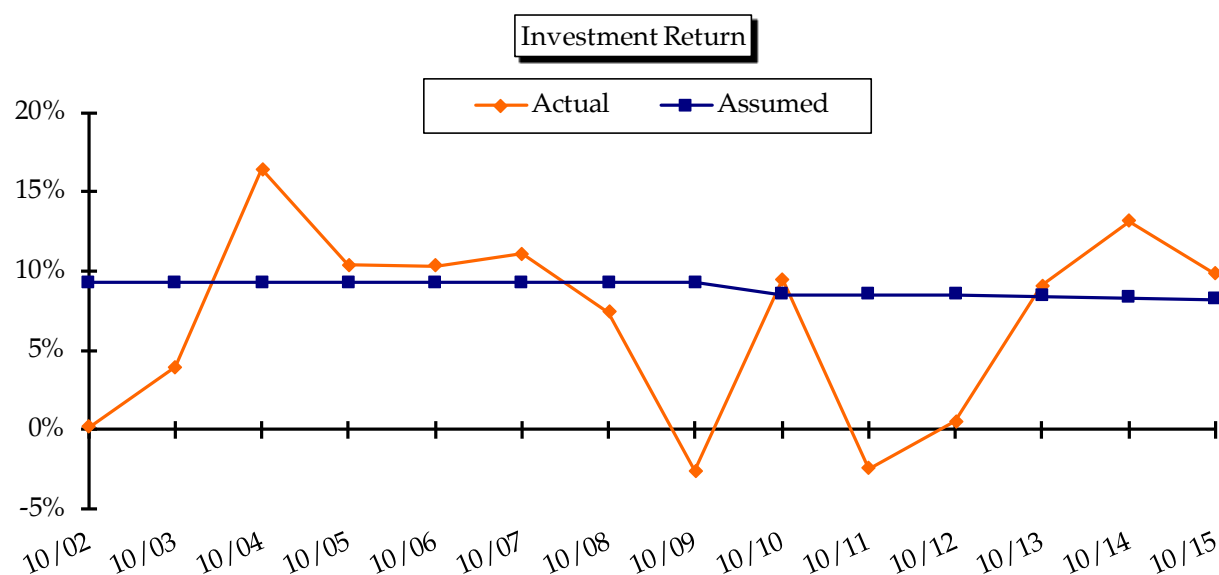
The mortality assumptions were revised to include projections of future mortality improvement.

The current future payroll growth assumption is 4.5%; Florida Statute 112.64(5)(b) permits use of the original payroll growth assumption as long as the 10-year average was met when the assumption was adopted (and it was). 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 met, transfers the repayment well into the future. See page 3-7 for the current repayment schedule.

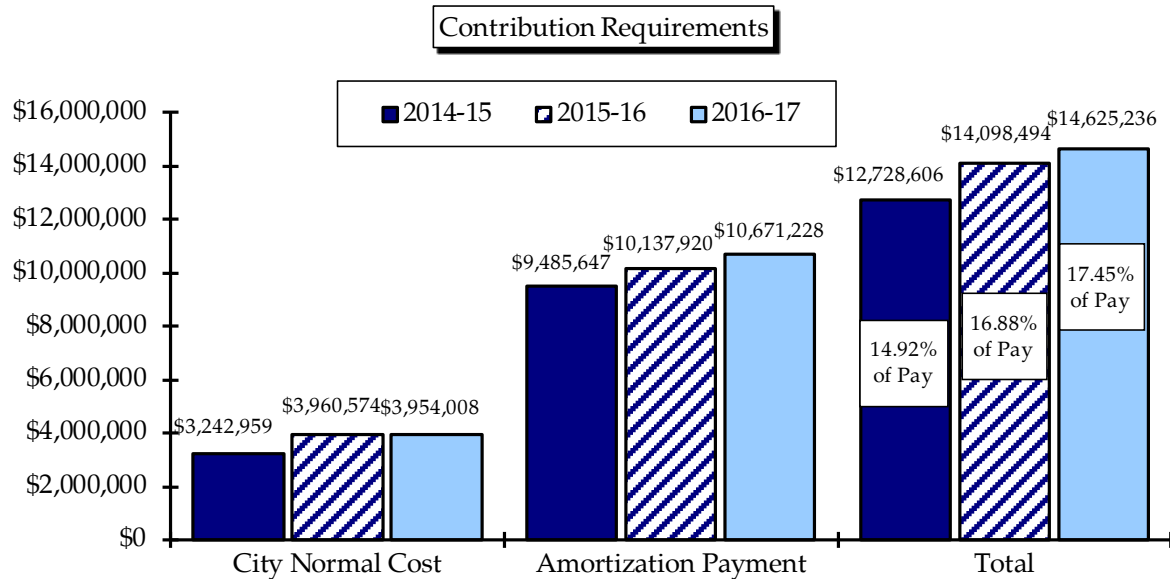
A summary of current Plan provisions is included in Appendix A. Actuarial assumptions and cost method are summarized in Appendix B, along with explanations of other valuation procedures.

Plan Experience

For the 12 months ended September 30, 2015, the actual experience under the Plan, in aggregate, was better than expected, resulting in a net actuarial gain of approximately \$4.7 million. This gain is primarily the result of asset and salary gains.



City Contribution Requirements

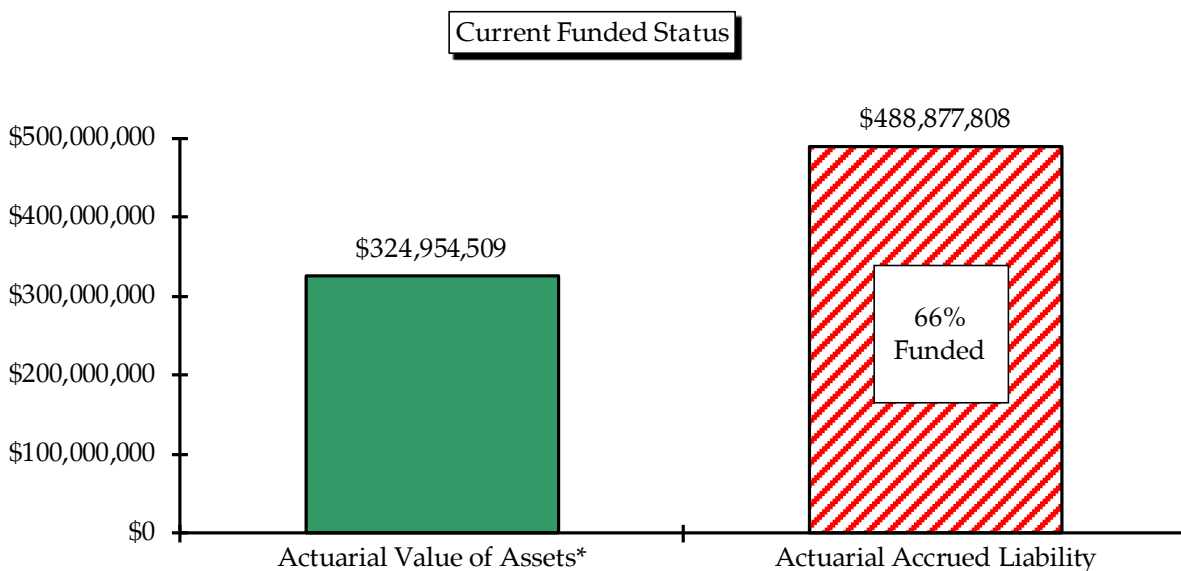


Contribution Type	2015-2016	2016-2017
Annual Required Contribution	\$ 14,098,494	\$ 14,625,236
Monthly Required Contribution	1,174,875	1,218,770

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.

For the 2016-17 plan year, the required City contribution rate (assumed payable monthly) is 17.45% of expected 2016-17 total annual payroll, or \$14,625,236. 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.

Plan Funded Status - Projected Liabilities

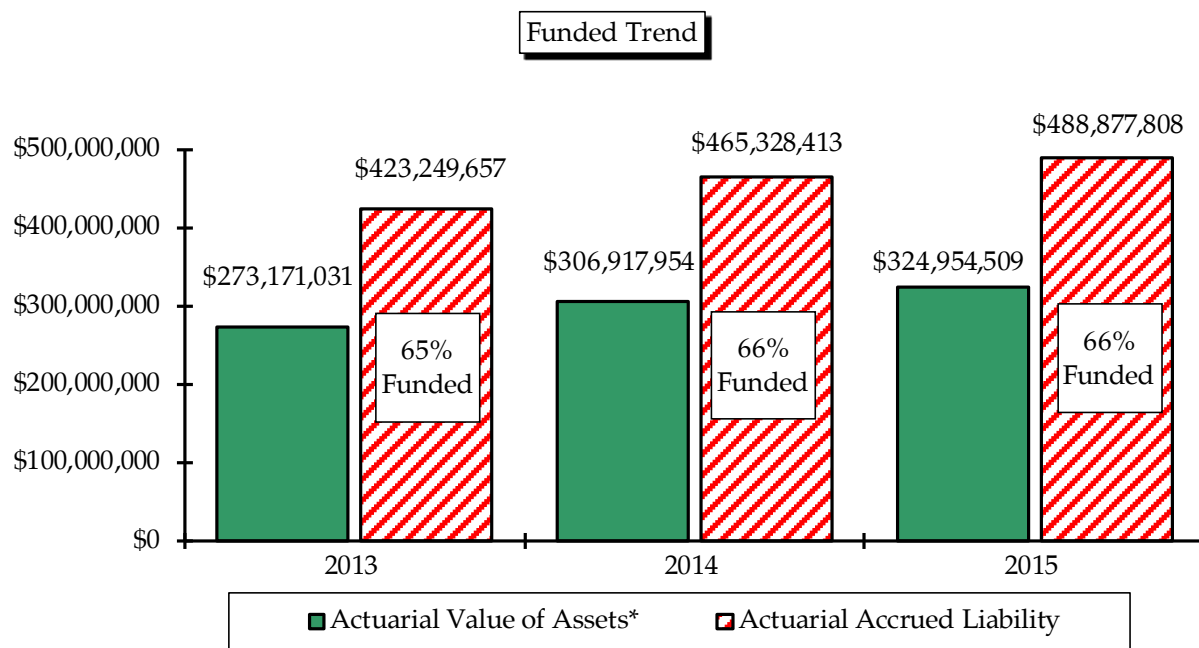


* Includes DROP Account balance of \$12,457,815.

A comparison of assets with the actuarial present value (APV) of benefits accrued based on credited service to date, but projected salary at retirement (referred to as credited-projected benefits), is often used to judge the progress to date of funding the "ultimate" liability associated with service earned to date. The credited-projected benefit liability 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 8.2% for the plan year ending September 30, 2015.

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 about the same at 66%.

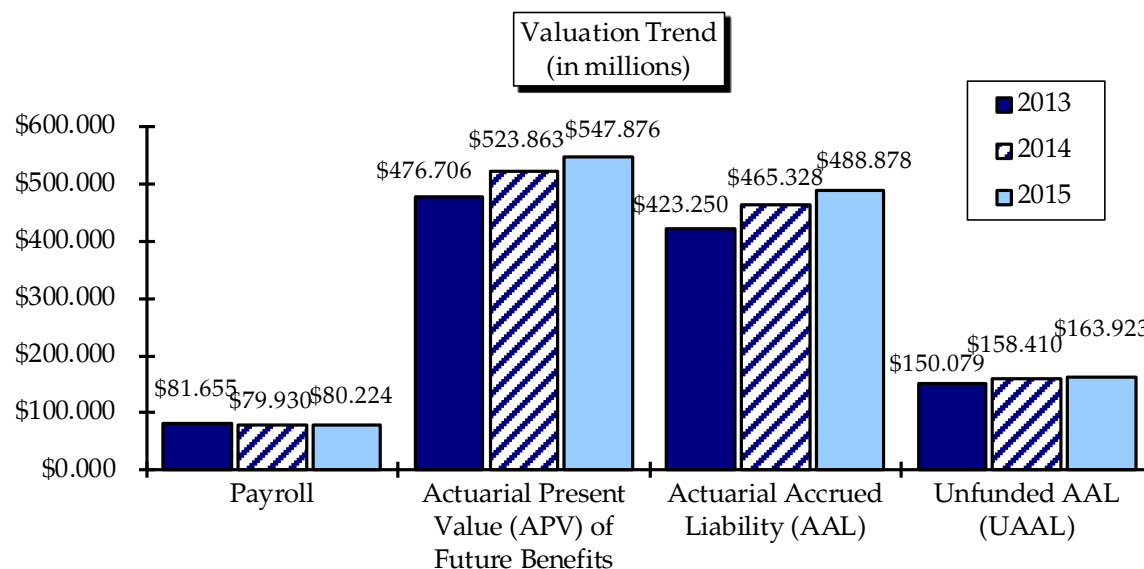
Plan Funded Trend



*Includes DROP Account balance of \$12,457,815.

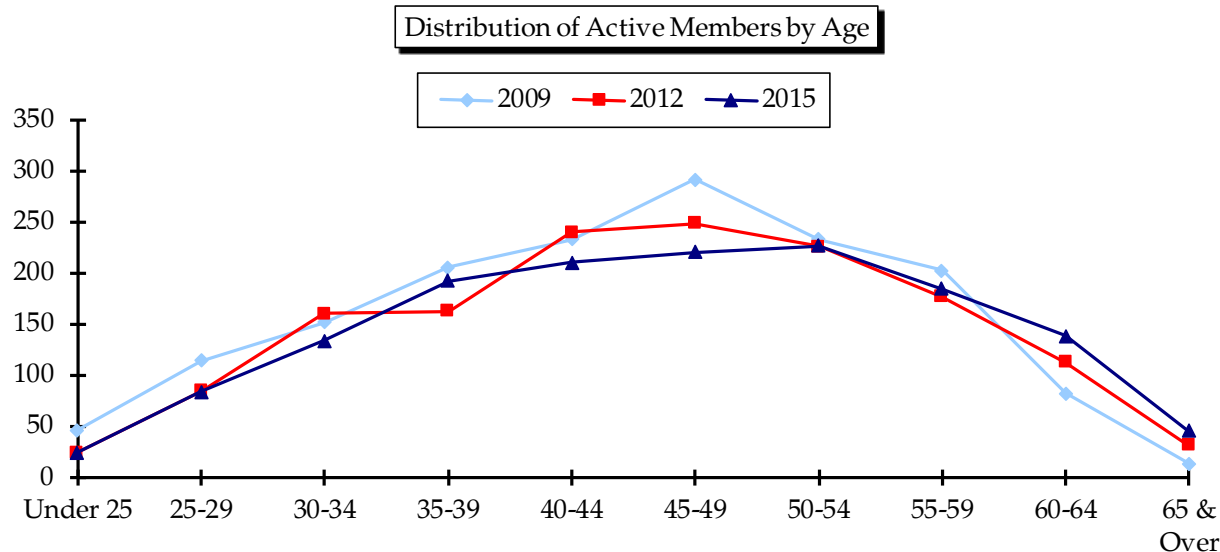
The funding level has remained the same since the last valuation.

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 \$5 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 \$5 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, 2015, based upon:

1. the provisions of the Plan, as in effect on October 1, 2015, 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, 2015, provided by the City, as summarized in Appendix C; and
4. the member data as of September 30, 2015, 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	Disableds
Members at	10/01/14	1,450	1,056	92	8	301	96	42
Increase (Decrease) Due to:								
Retirements		(34)	62	(16)	-	(11)	(1)	-
DROP Retirements		(17)	-	17	-	-	-	-
Nonvested Terminations		(73)	-	-	73	-	-	-
Vested Terminations		(28)	-	-	-	29	(1)	-
New Entrants		162	-	-	-	-	-	-
Deaths		(1)	(21)	(1)	1	(1)	-	-
Rehires		6	-	-	-	-	-	-
Disableds		(1)	-	-	-	-	-	1
To LP Status		-	-	-	-	-	-	-
Benefit \$0 after Social Security Offset		-	-	-	-	-	-	(6)
Contrib. Refunded		-	(1)	-	(58)	(3)	(2)	-
From ICMA		1	-	-	-	-	-	-
Rec in error		-	-	-	-	-	-	-
Members at	10/1/15	1,465	1,096	92	24	315	92	37

2015 Valuation Table

1. Participation				
(a) Number of Active Members				1,465
(b) Number of Inactive Members				1,656
(c) Annual Valuation Payroll for Contributing Members			\$	80,223,575
(d) Total Valuation Payroll				80,223,575
2. Actuarial Present Value (APV) of Future Benefits as of 10/1/15				
(a) Active Members				
(1) Retirement				176,583,122
(2) Withdrawal				6,584,173
(3) Disability				5,575,296
(4) Death				1,626,975
(5) Refund of Contributions				1,708,505
(6) Total			\$	192,078,071
(b) DROP Accounts Value				12,457,815
(c) DROP Retirees				50,712,266
(d) Retirees and Beneficiaries				282,287,912
(e) Disabled Retirees				1,426,720
(f) Vested Terminateds, Limited Members and Pending Refunds				8,913,374
(g) Total APV Future Benefits			\$	547,876,158
3. APV Apportionment of line 2(g)*				
(a) APV of Total Future Normal Costs				58,998,350
(b) Actuarial Accrued Liability [(2g)-(3a)]				488,877,808
(c) Actuarial Value of Assets (excludes DROP assets for funding)				324,954,509
(d) Unfunded AAL (UAAL) [(3b)-(3c)]			\$	163,923,299
4. Breakdown of UAAL on line 3(d)				
(a) UAAL [3(d)]				163,923,299
(b) Change in UAAL Due to Assumption Change				4,768,798
(c) UAAL Before Change [(4a)-(4b)]			\$	159,154,501
(d) Expected UAAL				163,862,627
(e) Actuarial (Gain) Loss [(4c)-(4d)]			\$	(4,708,126)
5. Contribution Requirements Due **				
	End of		Equiv. Annual	Percentage of
	Month	10/01/16	\$ Amount	Payroll
(a) Plan Normal Cost excluding Expenses			\$ 7,512,426	8.96%
(b) Expense Normal Cost			633,264	0.76%
(c) Plan Total Normal Cost [(5a)+(5b)]			\$ 8,145,690	9.72%
(d) Amortization of UAAL			10,671,228	12.73%
(e) Total Required Plan Contribution [(5c)+(5d)]			\$ 18,816,918	22.45%
(f) Estimated Member Contributions			4,191,682	5.00%
(g) Net City Required Contributions [(5e)-(5f)]			\$ 14,625,236	17.45%

* 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.

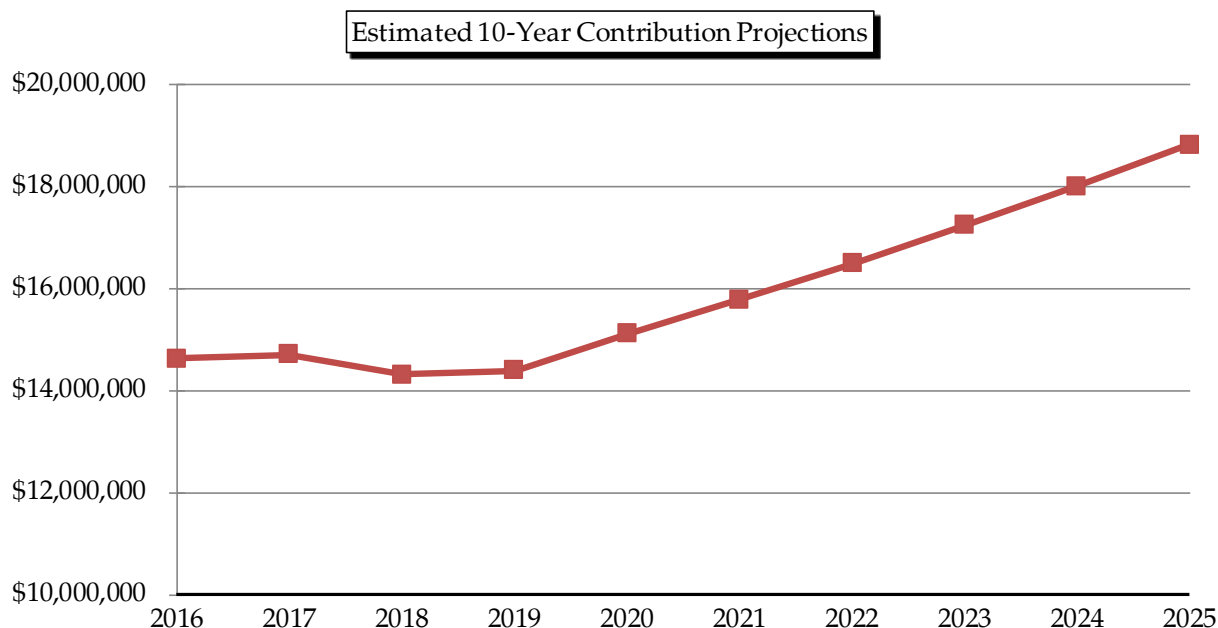
Total Required Plan Contribution (line 5e)

The required contribution for the 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.

The required contribution for the 2016-17 plan year is the annual amount necessary to cover the normal cost (based on the 2015 valuation normal cost rate applied to expected 2016-17 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).

Current Market Value of Assets vs. Expected Retirement Benefits

Year	Market Value of Assets with Expected Interest Less Retirement Benefits	Expected Retirement Benefits of Current and Emerging Retirees
2015	\$ 322,146,133	\$ 30,238,431
2016	318,323,685	30,742,508
2017	313,683,719	31,320,489
2018	308,085,295	32,112,974
2019	301,235,316	32,843,556
2020	293,093,056	33,850,620
2021	283,276,066	34,931,222
2022	271,573,482	35,996,544
2023	257,845,964	37,530,720
2024	241,458,613	39,535,211
2025	221,723,008	41,480,585
2026	198,423,709	43,448,234
2027	171,246,219	45,843,805
2028	139,444,605	48,477,979
2029	102,401,084	50,572,407
2030	60,225,565	53,539,297
2031	11,624,764	56,599,523
2032	-	60,302,970
2033	-	63,878,946
2034	-	66,574,532
2035	-	69,245,228
2036	-	71,907,449
2037	-	76,094,910
2038	-	79,255,375
2039	-	80,429,063
2040	-	80,412,398
2041	-	81,029,941
2042	-	81,639,604
2043	-	82,519,933
2044	-	77,647,379

Estimated Valuation Financial Values Assuming 6.2% Interest per F.S. Chapter 112.664(1)(b)

1. Participation				
(a)	Number of Active Members			1,465
(b)	Number of Inactive Members			1,656
(c)	Annual Valuation Payroll for Contributing Members	\$	80,223,575	
(d)	Total Valuation Payroll			80,223,575
2. Actuarial Present Value (APV) of Future Benefits as of 10/1/15				
(a)	Active Members			
(1)	Retirement			258,102,247
(2)	Withdrawal			10,756,264
(3)	Disability			7,544,195
(4)	Death			2,329,562
(5)	Refund of Contributions			1,266,771
(6)	Total	\$	279,999,039	
(b)	DROP Accounts Value			12,457,815
(c)	DROP Retirees			62,918,095
(d)	Retirees and Beneficiaries			337,625,291
(e)	Disabled Retirees			1,615,218
(f)	Vested Terminated, Limited Members and Pending Refunds			12,329,336
(g)	Total APV Future Benefits	\$	706,944,794	
3. APV Apportionment of line 2(g)*				
(a)	APV of Total Future Normal Costs			103,196,369
(b)	Actuarial Accrued Liability [(2g)-(3a)]			603,748,425
(c)	Actuarial Value of Assets (excludes DROP assets for funding)			324,954,509
(d)	Unfunded AAL (UAAL) [(3b)-(3c)]	\$	278,793,916	
4. Breakdown of UAAL on line 3(d)				
(a)	UAAL [3(d)]			278,793,916
(b)	Change in UAAL Due to Assumption Change			119,639,415
(c)	UAAL Before Change [(4a)-(4b)]	\$	159,154,501	
(d)	Expected UAAL			163,862,627
(e)	Actuarial (Gain) Loss [(4c)-(4d)]	\$	(4,708,126)	
5. Contribution Requirements Due **				
	End of Month	10/01/16	Equiv. Annual \$ Amount	Percentage of Payroll
(a)	Plan Normal Cost excluding Expenses		\$ 11,473,427	13.69%
(b)	Expense Normal Cost		626,964	0.75%
(c)	Plan Total Normal Cost [(5a)+(5b)]		\$ 12,100,391	14.44%
(d)	Amortization of UAAL		13,987,683	16.69%
(e)	Total Required Plan Contribution [(5c)+(5d)]		\$ 26,088,074	31.13%
(f)	Estimated Member Contributions		4,191,682	5.00%
(g)	Net City Required Contributions [(5e)-(5f)]		\$ 21,896,392	26.13%

* 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 48% 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 10/1/14	\$ 158,410,459	
	(b) Increase Due to Amendments	-	
	(c) Payment Delay Effects	7,244	
	(d) UAAL Subject to Amortization	\$ 158,417,703	
2.	Normal Cost - Year Ended 9/30/15	7,795,029	
3.	Interest Accrued on (1) and (2)	13,795,657	
4.	Contributions - Year Ended 9/30/15	15,514,733	
5.	Interest Accrued on (4)	631,029	
6.	Expected UAAL at 10/01/15 [(1)+(2)+(3)-(4)-(5)]	163,862,627	
7.	Changes Due to:		
	(a) Actuarial Assumptions	4,768,798	
	(b) Plan Amendments	-	
	(c) Actuarial (Gain)/Loss	(4,708,126)	
	(d) Total	\$ 60,672	
8.	UAAL at Valuation Date	163,923,299	

Projected liabilities have increased about as expected, taking into account the recent change 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 \$5 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 \$5 million.

SECTION 3

ANALYSIS OF VALUATION RESULTS

A comparison of the 2014 and 2015 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 8.2%. This reduction is part of a plan to reduce the assumed return to 7.9% over the next three 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, 2015, the actual experience under the Plan, in aggregate, was better than expected, resulting in a net actuarial gain of approximately \$4.7 million. This gain is primarily the result of asset and salary gains.

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	10/1/14	10/1/15 Before Changes	10/1/15 After Changes
(a) Active Members Under NRA	1,450	1,465	1,465
(b) Active Members Over NRA (included above)	-	-	-
(c) DROP Retirees	92	92	92
(d) Retirees, Beneficiaries and Disableds	1,056	1,096	1,096
(e) Vested Terminated and Limited Members	405	468	468
(f) Total Anticipated Valuation Payroll for Next 12 Months	\$ 79,930,261	\$ 80,223,575	\$ 80,223,575
(g) Actuarial Present Value (APV) of Future Valuation Payroll	689,823,338	692,615,613	696,648,413
(h) Total Annual Benefit Payments	23,959,680	25,593,516	25,593,516
2. Assets			
(a) Market Value	347,480,566	334,603,948	334,603,948
(b) Actuarial Value	306,917,954	324,954,509	324,954,509
3. Liabilities			
(a) APV of Future Benefits			
(1) Active Members Under NRA			
--Retirement	176,667,104	173,476,893	176,583,122
--Withdrawal	6,297,406	6,434,816	6,584,173
--Disability	5,612,433	5,496,863	5,575,296
--Death	1,612,217	1,599,724	1,626,975
--Refund of Contributions	1,693,015	1,734,608	1,708,505
--Total	\$ 191,882,175	\$ 188,742,904	\$ 192,078,071
(2) Active Members Over NRA (included above)	-	-	-
(3) DROP Accounts Value	11,311,721	12,457,815	12,457,815
(4) DROP Retirees	49,045,143	50,211,780	50,712,266
(5) Retirees and Beneficiaries	263,181,917	279,952,206	282,287,912
(6) Disabled Members	-	1,418,450	1,426,720
(7) Vested Terminated and Limited Members	8,441,971	8,778,951	8,913,374
(8) Total	\$ 523,862,927	\$ 541,562,106	\$ 547,876,158
(b) APV of Vested Accrued Benefits	423,903,682	430,236,225	446,920,421
(c) APV of All Accrued Benefits	426,872,026	433,288,424	450,025,197
(d) Actuarial Accrued Liability (AAL)			
(1) Retirement	127,563,450	125,548,563	127,272,119
(2) Withdrawal	2,368,509	2,383,474	2,418,050
(3) Disability	2,265,278	2,212,856	2,233,299
(4) Death	1,071,162	1,069,721	1,083,176
(5) Refund of Contributions	79,262	75,194	73,077
(6) Inactives	331,980,752	352,819,202	355,798,087
(7) Total	\$ 465,328,413	\$ 484,109,010	\$ 488,877,808
(e) Unfunded AAL (UAAL)	158,410,459	159,154,501	163,923,299
4. Breakdown of Plan Normal Costs			
(a) Retirement	6,343,889	6,232,255	6,370,741
(b) Withdrawal	463,947	474,090	483,840
(c) Disability	416,141	408,105	412,644
(d) Death	69,601	68,839	70,187
(e) Refund of Contributions	173,727	178,642	175,014
(f) Expense	669,625	633,577	633,264
(g) Total	\$ 8,136,930	\$ 7,995,508	\$ 8,145,690

Valuation Comparison Table (continued)

5. Contribution Requirements* for Year Ended	09/30/15	09/30/16	09/30/17	09/30/17
(a) Plan Normal Cost**	\$ 7,509,408	\$ 8,136,930	\$ 7,995,508	\$ 8,145,690
(b) Amortization Payment	9,485,647	10,137,920	10,489,221	10,671,228
(c) Total Plan Requirements*	\$ 16,995,055	\$ 18,274,850	\$ 18,484,729	\$ 18,816,918
(d) Estimated Member Contributions	4,266,449	4,176,356	4,191,682	4,191,682
(e) Total City Requirements*	12,728,606	14,098,494	14,293,047	14,625,236
(f) Total City Requirement Adjusted to End of Year***	13,211,521	14,627,104	14,828,952	15,167,081
6. Past Contributions for Year Ended	9/30/2015			
(a) (1) Contribution Required by City*	\$ 12,728,606			
(2) Contribution Required by Members	4,266,449			
(3) Total Contribution Requirements*	\$ 16,995,055			
(b) (1) Actual City Contributions Paid	11,746,935			
(2) Actual Member Contributions Paid	4,429,289			
(3) Total Contributions Paid	\$ 16,176,224			
(c) (1) Actual City Contribution Interest Adjusted to End of Year	12,224,716			
(2) Actual Member Contribution Interest Adjusted to End of Year	4,609,441			
(3) Total Contributions Interest Adjusted to End of Year	\$ 16,834,157			

* 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 9/30/15	Without Interest Adjustment	With Interest Adjustment
(a) PEC Beginning of Year		\$ 124,266,858
(b) (1) Contribution Required by City	\$ 12,728,606	13,211,521
(2) Contribution Required by Members	4,266,449	4,426,415
(3) Total Contribution Requirements	\$ 16,995,055	\$ 17,637,936
(c) (1) Actual City Contributions Paid *	11,746,935	12,224,716
(2) Actual Member Contributions Paid	4,429,289	4,609,441
(3) Total Contributions Paid	\$ 16,176,224	\$ 16,834,157
(d) PEC End of Year	**	133,594,202

* Includes expense normal cost amount of \$633,577.

** 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 10/01/15	2016-17 Monthly Amort. Payment	Outstanding Balance at 10/01/15
2004 Fresh Start	10/01/2004 *	19	\$ 65,735	10,135,762
2006 Loss	10/01/2006	21	43,594	7,324,134
2007 Gain	10/01/2007	22	(15,102)	(2,617,919)
2008 Loss	10/01/2008	23	112,155	20,019,902
2009 Loss	10/01/2009	24	227,187	41,684,420
2009 Increase	10/01/2009	24	180,916	33,194,593
2010 Loss	10/01/2010	25	6,725	1,266,236
2010 Decrease	10/01/2010	25	(49,816)	(9,379,854)
2011 Loss	10/01/2011	26	206,518	39,844,370
2011 Decrease	10/01/2011	26	(48,163)	(9,292,336)
2012 Loss	10/01/2012	27	123,611	24,403,238
2013 Gain	10/01/2013	28	(10,676)	(2,153,829)
2013 Increase	10/01/2013	28	23,195	4,679,633
2014 Gain	10/01/2014	29	(60,446)	(12,447,977)
2014 Increase	10/01/2014	29	83,532	17,202,254
2015 Gain	10/01/2015	30	(23,694)	(4,708,126)
2015 Increase	10/01/2015	30	23,999	4,768,798
			<u>\$ 889,270</u>	<u>\$ 163,923,299</u>

* 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
2015-2016	\$ 163,923,299	\$ 10,137,921
2016-2017	166,785,088	10,671,228
2017-2018	169,325,160	11,151,434
2018-2019	171,572,384	11,653,248
2019-2020	173,480,195	12,177,644
2020-2021	174,997,197	12,725,638
2021-2022	176,066,716	13,298,292
2022-2023	176,626,325	13,896,715
2023-2024	176,607,317	14,522,068
2024-2025	175,934,144	15,175,561
2025-2026	174,523,798	15,858,461
2026-2027	172,285,140	16,572,092
2027-2028	169,118,180	17,317,836
2028-2029	164,913,284	18,097,138
2029-2030	159,550,320	18,911,510
2030-2031	152,897,730	19,762,527
2031-2032	144,811,520	20,651,841
2032-2033	135,134,169	21,581,174
2033-2034	123,693,439	22,552,327
2034-2035	110,301,092	21,825,100
2035-2036	96,569,494	22,807,229
2036-2037	80,686,972	22,571,926
2037-2038	63,747,641	24,044,398
2038-2039	43,882,640	21,581,859
2039-2040	24,958,570	9,075,034
2040-2041	17,534,628	10,970,580
2041-2042	7,523,764	5,753,155
2042-2043	2,136,822	1,353,379
2043-2044	899,679	921,218
2044-2045	12,086	12,531
2045-2046	-	-

Current Plan Liabilities/Asset Comparison**Accumulated Plan Benefits**

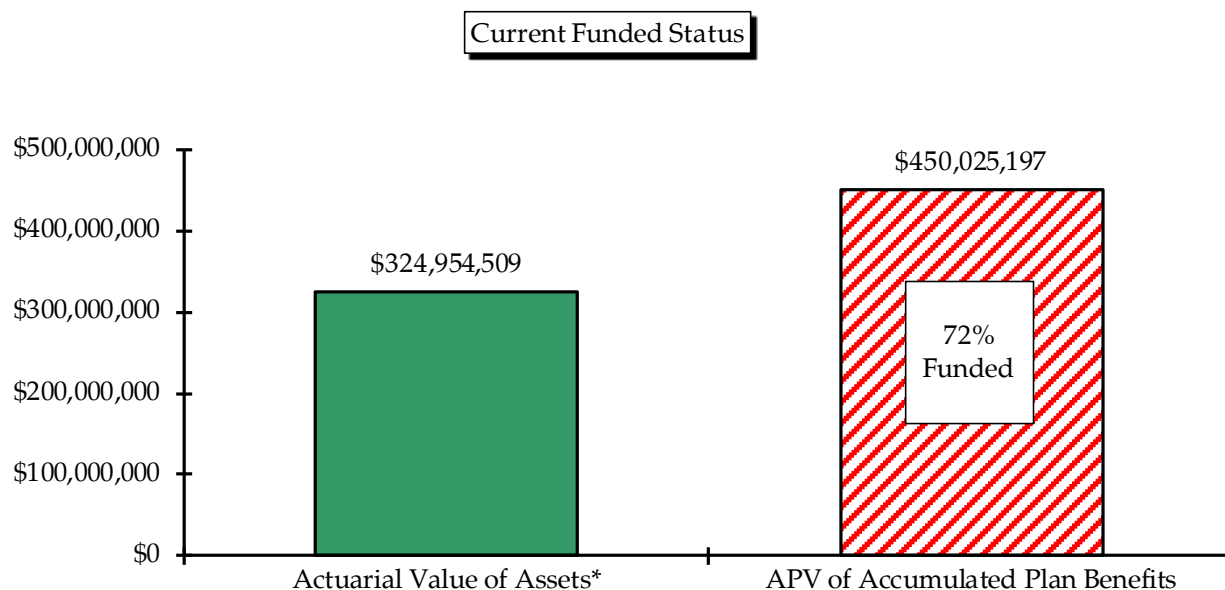
	10/1/14	10/1/15
1. Actuarial Present Value (APV) of Vested Accrued Benefits		
(a) Vested Terminated Participants	\$ 9,184,401	\$ 8,913,374
(b) Retirees and Beneficiaries	275,781,171	282,287,912
(c) Disabled Members	-	1,426,720
(d) DROP Accounts Value	11,311,721	12,457,815
(e) DROP Retirees	51,845,643	50,712,266
(f) Active Participants	99,287,823	91,122,334
(g) Total APV of Vested Accrued Benefits	<u>\$ 447,410,759</u>	<u>\$ 446,920,421</u>
2. APV of Nonvested Accrued Benefits	<u>3,256,395</u>	<u>3,104,776</u>
3. APV of Accumulated Plan Benefits [(1)+(2)]	\$ 450,667,154	\$ 450,025,197
4. Actuarial Value of Assets	306,917,954	324,954,509
5. Excess (if any) of APV of Accumulated Plan Benefits over the Actuarial Value of Assets [(3)-(4)]	143,749,200	125,070,688
6. Percent Funded [(4)/(3)]	68%	72%

Statement of Changes in Accumulated Plan Benefits

1. APV of Accumulated Plan Benefits at	10/1/14	\$ 450,667,154
2. Increase (Decrease) During the Year Attributable to:		
(a) Plan Amendment		-
(b) Change in Actuarial Assumptions		(18,744,123)
(c) System Changes		-
(d) DROP Retiree Account Changes		1,146,094
(e) Benefit Payments		(29,452,301)
(f) Change in Benefits and APV Factors		<u>47,554,467</u>
3. APV* of Accumulated Plan Benefits at	10/1/15	\$ 450,025,197

* Based on 8.2% interest, RP-2000 Group Annuity Mortality Table projected to 2015, and other assumed decrements as described in Appendix B.

Florida Statutes, Chapter 112.63 Funded Status - Current Liabilities



* Includes DROP Account balance of \$12,457,815.

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% for plan year ending September 30, 2015.

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 72% (based on actuarial value of assets). If market value of assets were used to determine funded status, the funded percentage would be 72%.

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%
2015	2.74%	5.56%

Comparison of Actual and Assumed Investment Returns*

Period Ended September 30	Actual Rate of Return*	Assumed Rate of Return
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%
2015	9.81%	8.20%

*Based on actuarial value of assets.

Calculation of Actual Rate of Investment Return

Plan Year Ended September 30, 2015		
R	=	$\frac{2I}{M1+M2-I}$, where
I	=	the interest, dividends, plus appreciation or (depreciation), net of investment expense
M1	=	beginning actuarial value
M2	=	ending actuarial value
R	=	$\frac{2 \times \$28,427,084}{\$295,606,233 + \$312,496,694 - \$28,427,084}$
R	=	$\frac{\$56,854,168}{\$579,675,843}$
R	=	9.81%

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 22.28% of payroll, rather than 17.45% 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 \$14.625 million to \$18.681 million.

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

2015 Valuation Table - Alternative Pro Forma Results Assuming No Pension Bond Issue

1. Participation				
(a) Number of Active Members				1,465
(b) Number of Inactive Members				1,656
(c) Annual Valuation Payroll for Contributing Members			\$	80,223,575
(d) Total Valuation Payroll				80,223,575
2. Actuarial Present Value (APV) of Future Benefits as of 10/1/15				
(a) Active Members				
(1) Retirement				176,583,122
(2) Withdrawal				6,584,173
(3) Disability				5,575,296
(4) Death				1,626,975
(5) Refund of Contributions				1,708,505
(6) Total			\$	192,078,071
(b) DROP Accounts Value				12,457,815
(c) DROP Retirees				50,712,266
(d) Retirees and Beneficiaries				282,287,912
(e) Disabled Retirees				1,426,720
(f) Vested Terminated, Limited Members and Pending Refunds				8,913,374
(g) Total APV Future Benefits			\$	547,876,158
3. APV Apportionment of line 2(g)*				
(a) APV of Total Future Normal Costs				58,998,350
(b) Actuarial Accrued Liability [(2g)-(3a)]				488,877,808
(c) Actuarial Value of Assets				275,160,605
(d) Unfunded AAL (UAAL) [(3b)-(3c)]			\$	213,717,203
4. Breakdown of UAAL on line 3(d)				
(a) UAAL [3(d)]				213,717,203
(b) Change in UAAL Due to Assumption Change				4,768,798
(c) UAAL Before Change [(4a)-(4b)]			\$	208,948,405
(d) Expected UAAL				211,545,632
(e) Actuarial (Gain) Loss [(4c)-(4d)]			\$	(2,597,227)
5. Contribution Requirements Due **	End of Month	10/01/16	Equiv. Annual \$ Amount	Percentage of Payroll
(a) Plan Normal Cost excluding Expenses			\$ 7,512,426	8.96%
(b) Expense Normal Cost			633,264	0.76%
(c) Plan Total Normal Cost [(5a)+(5b)]			\$ 8,145,690	9.72%
(d) Amortization of UAAL			14,727,125	17.57%
(e) Total Required Plan Contribution [(5c)+(5d)]			\$ 22,872,815	27.28%
(f) Estimated Member Contributions			4,191,682	5.00%
(g) Net City Required Contributions [(5e)-(5f)]			\$ 18,681,133	22.28%

* 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. The City is currently reviewing this offset to determine applicability now that the plans are combined.

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: 8.2% per annum, compounded annually*; net of investment expense.

2. Salary Increase Rate:	<u>Years of Service</u>	<u>Rate*</u>
	6 and Under	7.00%
	7 - 11	6.00
	12 - 16	4.00
	Over 16	3.75

3. Mortality Rates: RP-2000 Combined Healthy Mortality Table-
Dynamic with projection to valuation year
Probability of Death
Within One Year

<u>After Attaining Age Shown</u>		
<u>Age</u>	<u>Male</u>	<u>Female</u>
25	0.0323%	0.1680%
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
with projection to valuation year
Probability of Death
Within One Year

<u>After Attaining Age Shown</u>		
<u>Age</u>	<u>Male</u>	<u>Female</u>
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

<u>Males</u>						
<u>Years of Service</u>						
<u>Age</u>	<u>0 - 1</u>	<u>1 - 2</u>	<u>2 - 3</u>	<u>3 - 4</u>	<u>4 - 5</u>	<u>5+</u>
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

<u>Females</u>						
<u>Years of Service</u>						
<u>Age</u>	<u>0 - 1</u>	<u>1 - 2</u>	<u>2 - 3</u>	<u>3 - 4</u>	<u>4 - 5</u>	<u>5+</u>
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

<u>Years of Service</u>						
<u>Age</u>	<u>10-14</u>	<u>15-19</u>	<u>20</u>	<u>21 - 24</u>	<u>25 - 26</u>	<u>27+</u>
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

<u>Age</u>	<u>Years of Service</u>					
	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25</u>	<u>26-29</u>	<u>30+</u>
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

<u>Age</u>	<u>Years of Service</u>					
	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25</u>	<u>26-29</u>	<u>30+</u>
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 Rates:

<u>Age</u>	<u>Probability of Disability Within One Year After Attaining Age Shown</u>
25	0.0745%
35	0.1320
45	0.3080
55	0.9090

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

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:

Development of Long Term Discount Rate

	Inflation	Real Risk Free Return	Risk Premium	Total Expected Return	Policy Allocation	Policy Return
Domestic Equity	3%	2%	4.5%	9.5%	50.0%	4.750%
Intl Equity	3%	2%	5.5%	10.5%	30.0%	3.150%
Domestic Bonds	3%	2%	0.5%	5.5%	2.0%	0.110%
Intl Bonds	3%	2%	1.5%	6.5%	0.0%	0.000%
Real Estate	3%	2%	2.5%	7.5%	16.0%	1.200%
Alternative Investment*	3%	2%	3.5%	7.5%	0.0%	0.000%
US Treasuries*	3%	0%	0.0%	3.0%	0.0%	0.000%
Cash	3%	-2%	0.0%	1.0%	2.0%	0.020%
Total					100.0%	9.230%

* Policy allocation less than 1%.

Discount Rate

The discount rate used to measure the total pension liability was 8.2%. The projection of cash flows used to determine the discount rate assumed that City contributions will continue to be made at actuarially determined contribution rates based on the funding requirements of Florida Statutes, taking into account the applicable member rate. Based on those assumptions, the pension plan's net fiduciary 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 pension plan investments was used as the discount rate and applied to all periods of projected benefit payments to determine the total pension liability.

Actuarial Value of Assets

To determine the Plan's contribution requirements, actuarial value of assets is 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

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 2015, \$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 2015, \$265,000) 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, 2015.
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, 2015, financial statements of the Plan showed the following value of investments available for Plan benefits:

	<u>Book Value</u>	<u>Market Value</u>
Cash and Equivalents	\$ 5,268,066	\$ 5,268,066
Alternative Investments	125,772	484,173
Equities	189,392,263	265,454,146
Real Estate	37,340,494	54,938,842
Government Bonds	726,773	741,968
Corporate Bonds	3,961,286	4,044,103
Mortgage & Asset Backed Securities	272,850	278,554
Equity in Treasury	3,603,826	3,603,826
Receivable for Investments Sold	91,543	91,543
Payable for Investments Purchased	(456,341)	(456,341)
Due from Disability Plan	52,421	52,421
Dividends Receivable	143,875	143,875
Interest Receivable	58,556	58,556
Reserve - DROP	(12,457,815)	(12,457,815)
Payables	(99,784)	(99,784)
Total	\$ 228,023,785	\$ 322,146,133

Statement Value 312,496,694
(includes \$32,863,391 in accumulated member contributions)

CITY OF GAINESVILLE
GENERAL EMPLOYEES' PENSION PLAN

DEVELOPMENT OF ACTUARIAL (STATEMENT) VALUE OF ASSETS

10/1/15 Development

1. Market Value of Assets as of 10/1/15*	\$ 322,146,133
2. Expected Value of Assets as of 10/1/15	288,267,059
3. Current Year's Difference	(27,504,054)
4. 20% of Current Difference [(3)x0.2]	(5,500,811)
5. Previous Year's Cumulative Adjustments*	29,730,446
6. Preliminary Actuarial Value of Assets [(2)+(4)+(5)]	312,496,694
7. 80% of Market Value [(1)x0.8]	257,716,906
8. 120% of Market Value [(1)x1.2]	386,575,360
9. Actuarial Value of Assets within 20% of Market Value Corridor at 10/1/15	312,496,694
10. DROP Accounts Value at 10/1/15	12,457,815
11. Actuarial Value of Assets at 10/1/15*	324,954,509

* 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 10/01/14 \$ 295,606,233

Add:

City Contributions	11,746,935
Member Contributions	4,429,289
Realized Gains (Losses) - Market Value	12,720,414
Unrealized Gains (Losses) - Market Value	(17,176,367)
Transfer from Disability Plan	2,320,442
Interest and Dividends	3,890,455
Net Appreciation (Depreciation)	30,913,173
Total Additions	<u>\$ 48,844,341</u>

Deduct:

Benefit Payments	24,740,015
Refund of Contributions	194,781
Benefit Payments to DROP	3,818,727
Interest paid to DROP accounts	698,778
Administrative Expenses	580,988
Investment Expenses	1,920,591
Total Deductions	<u>\$ 31,953,880</u>

Actuarial Value of Assets as of 10/01/15* 312,496,694
(includes \$32,863,391 in accumulated member contributions)

* Before addition of DROP reserves to AVA.

RECONCILIATION OF DROP ACCOUNTS

Value at Beginning of Year	\$ 11,311,721
Payments Credited to Accounts	3,818,727
Investment Earnings Credited	698,778
Withdrawals from Accounts	<u>3,371,411</u>
Value at End of Year	\$ 12,457,815

CITY OF GAINESVILLE
GENERAL EMPLOYEES' PENSION PLAN

RECONCILIATION OF PLAN MEMBERS 10/01/14 - 10/01/15

	Actives	Retirees, Beneficiaries	DROP Retirees	Pending Refunds	Vested Terminateds	Limited Members & Part Time	Disableds
10/01/14 Members	1,450	1,056	92	8	301	96	42
Increase (Decrease) Due to:							
Retirements	(34)	62	(16)	-	(11)	(1)	-
DROP Retirements	(17)	-	17	-	-	-	-
Nonvested Terminations	(73)	-	-	73	-	-	-
Vested Terminations	(28)	-	-	-	29	(1)	-
New Entrants	162	-	-	-	-	-	-
Deaths	(1)	(21)	(1)	1	(1)	-	-
Rehires	6	-	-	-	-	-	-
Disableds	(1)	-	-	-	-	-	1
To LP Status	-	-	-	-	-	-	-
Benefit \$0 after Social Security Offset	-	-	-	-	-	-	(6)
Contrib. Refunded	-	(1)	-	(58)	(3)	(2)	-
From ICMA	1	-	-	-	-	-	-
Rec in error	-	-	-	-	-	-	-
10/01/15 Members	1,465	1,096	92	24	315	92	37

INACTIVE MEMBERS AT 10/01/15

	Number	Benefit Amount
Retirees and Beneficiaries Currently Receiving Benefits	1,096	\$ 25,593,516
DROP Retirees	92	4,005,372
Disabled Members	37	200,935
Vested Terminated Members Entitled to Future Benefits	315	2,412,620
Limited Members	92	50,702
Pending Refunds	24	*
Total	1,656	\$ 32,263,145

* Reserve equals \$109,010.

CITY OF GAINESVILLE
GENERAL EMPLOYEES' PENSION PLAN

**DISTRIBUTION OF ACTIVE MEMBERS BY ATTAINED AGE AND
COMPLETED YEARS OF VESTING SERVICE AS OF 10/01/15**

Attained Age	Completed Years of Service											Total
	0	1	2	3-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
Under 25	12	5	4	4	0	0	0	0	0	0	0	25
25-29	24	19	7	11	22	1	0	0	0	0	0	84
30-34	19	8	12	27	47	20	1	0	0	0	0	134
35-39	19	17	17	24	51	46	18	1	0	0	0	193
40-44	21	5	13	21	46	61	30	14	0	0	0	211
45-49	10	9	6	22	54	52	39	20	9	0	0	221
50-54	12	9	6	23	48	45	41	24	18	1	0	227
55-59	10	6	9	14	41	36	39	18	10	1	1	185
60	1	1	1	8	4	2	5	2	2	1	0	27
61	2	1	2	3	12	5	6	2	1	0	1	35
62	1	0	2	3	6	7	7	0	2	0	0	28
63	1	2	0	2	7	8	6	1	0	0	1	28
64	1	0	0	0	8	5	4	1	1	0	1	21
65 & Over	4	2	0	3	9	13	5	7	0	0	3	46
Total	137	84	79	165	355	301	201	90	43	3	7	1465

Average Age at Entry = 36.7

Average Age at Valuation = 46.6

Average Years of Service = 9.9

CITY OF GAINESVILLE
GENERAL EMPLOYEES' PENSION PLAN

**DISTRIBUTION OF ACTIVE MEMBERS AND ANNUALIZED EARNINGS
BY AGE AS OF 10/01/15**

<u>Attained Age</u>	<u>Number</u>	<u>2014-2015 Earnings</u>	<u>Average Earnings</u>
Under 25	25	\$ 727,550	\$ 29,102
25-29	84	3,164,298	37,670
30-34	134	5,946,760	44,379
35-39	193	9,920,511	51,402
40-44	211	11,456,970	54,298
45-49	221	12,147,160	54,965
50-54	227	12,696,677	55,932
55-59	185	10,615,634	57,382
60	27	1,346,673	49,877
61	35	1,944,929	55,569
62	28	1,427,998	51,000
63	28	1,465,955	52,356
64	21	1,226,987	58,428
65 & Over	46	<u>2,442,780</u>	<u>53,104</u>
Total	1,465	\$ 76,530,882	\$ 52,240