

2025

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

Financial Statements and
Independent Auditor's Report

September 30, 2025

**CONSOLIDATED POLICE OFFICERS' AND
FIREFIGHTERS' RETIREMENT PLAN OF THE
CITY OF GAINESVILLE, FLORIDA**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
City of Gainesville, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Consolidated Police Officers' and Firefighters' Retirement Plan (the Consolidated Plan) a fiduciary component unit of the City of Gainesville, Florida as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Consolidated Plan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Consolidated Plan, as of September 30, 2025, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Consolidated Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Consolidated Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Consolidated Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Employer Contributions, and Schedule of Investment Returns be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting

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City of Gainesville, Florida

INDEPENDENT AUDITOR'S REPORT

for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2026, on our consideration of the Consolidated Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Consolidated Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Consolidated Plan's internal control over financial reporting and compliance.



March 17, 2026
Gainesville, Florida

FINANCIAL STATEMENTS

**CONSOLIDATED POLICE OFFICERS' AND FIREFIGHTERS'
RETIREMENT PLAN OF THE CITY OF GAINESVILLE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2025**

Assets

Cash and cash equivalents	\$ 10,859,814
Due from City of Gainesville	6,789,855
Dividend and interest receivable	435,904
Investments, at fair value	<u>353,238,931</u>
Total Assets	<u><u>371,324,504</u></u>

Liabilities

Accounts payable and accrued liabilities	<u>139,989</u>
Net Position Restricted for Pension Benefits	<u><u>\$ 371,184,515</u></u>

See accompanying notes to financial statements.

**CONSOLIDATED POLICE OFFICERS' AND FIREFIGHTERS'
RETIREMENT PLAN OF THE CITY OF GAINESVILLE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Additions

Contributions:	
Employer contributions	\$ 2,852,649
Employee contributions	2,993,387
State contributions	2,358,932
Total Contributions	<u>8,204,968</u>
Investment income:	
Net appreciation in fair value of investments	32,528,419
Dividends and interest	5,171,244
Total investment income	<u>37,699,663</u>
 (Less investment expense)	 <u>(890,105)</u>
 Net investment income	 <u>36,809,558</u>
Total Additions	<u>45,014,526</u>
 Deductions	
Benefit payments	21,097,438
Refunds of contributions	258,827
Administrative expenses	613,356
Total Deductions	<u>21,969,621</u>
 Change in Net Position	 23,044,905
 Net Position - Beginning of Year	 <u>348,139,610</u>
 Net Position - End of Year	 <u>\$ 371,184,515</u>

See accompanying notes to financial statements.

**CONSOLIDATED POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF GAINESVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

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

The accompanying financial statements include the Consolidated Plan, which is reported as a fiduciary component unit in the City's annual comprehensive financial report.

Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Due from City of Gainesville

The City maintains an accounting system which centralizes the cash and cash equivalent function for all of the City's funds. The Consolidated Plan's "share" of these pooled cash and cash equivalents is included as due from City of Gainesville on the accompanying statement of fiduciary net position, as those funds are not deposited in the Consolidated Plan's Trust Fund.

Note 2 - Plan Description

Plan Board

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

Plan Membership

As of October 1, 2024, Consolidated Plan membership consisted of the following:

Active plan members	389
Inactive plan members:	
Retirees or beneficiaries currently receiving benefits	505
Retirees entitled to, but not yet receiving benefits	42
Total	<u>936</u>

**CONSOLIDATED POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF GAINESVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

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

Plan Benefit Terms

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

Monthly Accrued Benefit

- Prior to October 1, 2005, 2.5% of final average earning multiplied by credited service.
- From October 1, 2005 to July 1, 2013, for police officers, and December 31, 2013, for firefighters, 2.625% of final average earning multiplied by credited service.
- The multiplier applied to credited service earned on or after July 1, 2013, for police officers, and on or after January 1, 2014, for firefighters was changed to 2.5%.

Final Average Earnings

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

Normal Retirement Age and Benefit

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

Amount – Monthly accrued benefit as described above.

Form of Payment –

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

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

**CONSOLIDATED POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF GAINESVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

Early Retirement Age and Benefit

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

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

Form of Payment – Same as for normal retirement.

Disability Retirement Eligibility and Benefit

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

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

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

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

Termination Benefit

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

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

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

Cost of Living Adjustments (COLA)

- A retired member on or before October 1, 1999, will receive an annual 2% COLA beginning at the later of November 1, 1999, and the October 1 following the member's 62nd birthday.
- A member who retires after October 1, 1999, (including deferred retirement option program [DROP] participants) with 25 or more years of service will receive an annual 2% adjustment beginning at the later of November 1, 1999, and the October 1 following the member's 55th birthday.
- A member who retires after October 1, 1999, (including DROP participants) with 20 or more years of service, but less than 25 years of service, or who retires on or after July 9, 2007, under the Rule of 70 with less than 20 years of service will receive an annual 2% adjustment beginning at the later of November 1, 1999, and the October 1 following the member's 62nd birthday.
- A member who receives a disability retirement after October 1, 1999, shall upon attainment of age 62 on or before October 1 have the next monthly retirement benefit adjusted by 2% beginning the benefit for the month of October next coincident with the retiree's attainment of age 62.

**CONSOLIDATED POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF GAINESVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

- Members who are police officers with less than 20 years of service as of July 1, 2013, are required to have 25 years of service to receive a COLA of 1% beginning at age 55, increasing to 2% at age 62. Such members who retire with less than 25 years of service will receive no COLA.

Contribution Requirements

The contribution requirements of Plan members and the City are established and may be amended by City Ordinance approved by the City Commission in accordance with Part VII, Chapter 112, Florida Statutes.

Firefighters contribute 9.0% of gross pay and police officers contribute 7.5% of gross pay. The City is required to contribute at an actuarially determined rate; the rate for fiscal year 2025 was 8.80% of covered payroll for police personnel and 7.06% for fire personnel, net of expected state contributions. State contributions are made to the Consolidated Plan on behalf of the City under Chapters 175/185, Florida Statutes. This rate was influenced by the issuance of the Taxable Pension Obligation Bonds, Series 2003B and the Special Obligation Revenue Bonds, Series 2020. Administrative costs are financed through investment earnings.

Deferred Retirement Option Program (DROP)

Effective October 1, 1999, a DROP has been established. A member is eligible for participation in the DROP after completing 25 years of service or provided combined age and credited service is at least 70. Members of the DROP continue as active employees but no longer contribute or accrue benefits. The accrued benefit is calculated at entry into the DROP and is paid into an account within the Consolidated Plan designated by the member for investment. The maximum period of participation is 96 months. At termination of employment, the participant is paid the balance of the account in the form elected. The balance due to DROP participants at September 30, 2025, is \$5,391,727 and is held by the Consolidated Plan pursuant to the DROP.

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

Note 3 - Investments

Investments as of September 30, 2025, are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and cash equivalents	\$ 10,859,814
Investments	<u>353,238,931</u>
Total Cash and Investments	<u>\$ 364,098,745</u>

Cash and Cash Equivalents

The Consolidated Plan invests in the State Street Bank Global Advisors' (SSGA) fund: U.S. Government Short-Term Investment Fund (GSTIF). These investments are included as part of the cash and cash equivalents in the financial statements. As of September 30, 2025, the pooled money investment account with the SSGA GSTIF totaled \$9,385,900. The cash equivalents reported in the Statement of Fiduciary Net Position are reported at fair value. As of September 30, 2025, the weighted average maturity was 42 days for the SSGA GSTIF. The SSGA GSTIF is rated as A1/P1.

**CONSOLIDATED POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF GAINESVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

Rate of Return

For the year ended September 30, 2025, the annual money-weighted rate of return on the Consolidated Plan investments, net of investment expense, was 10.74%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment policies described below provide guidelines for the credit ratings of specific types of investments. The Consolidated Plan's investments in equities, limited partnerships, and real estate are exempt from credit risk disclosure.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Consolidated Plan's investment policies do not provide specific restrictions as to maturity length of investments. The Consolidated Plan's investments in equities, limited partnerships, and real estate are exempt from interest risk disclosure.

Investment Policy

The investment policy of the Consolidated Plan is established and amended by the Board of Trustees. There were no significant changes to the investment policy during fiscal year 2025.

The primary investment objective of the Consolidated Plan is to ensure an adequate level of assets are available to fund the benefits guaranteed to City police and fire employees and their beneficiaries at the time they are payable. In meeting this objective, the Board of Trustees seeks to achieve a high level of investment return consistent with a prudent level of risk.

A secondary objective is to earn total rate of return after expenses that equals or exceeds the actuarial investment return assumption. The Board of Trustees, with the help from actuary and investment consultants, will use the Consolidated Plan's asset allocation as the primary tool to achieve this objective. As this is a long-term projection and investments are subject to short-term volatility, the main investment focus of the Board of Trustees towards the Consolidated Plan and each investment manager will be on performance relative to the appropriate asset class, mix of asset classes, and peer performance over relevant time periods. Each manager is expected to maintain consistent philosophy and style, perform well versus others utilizing the same style, and add incremental value after costs.

Other general investment objectives for the Consolidated Plan are:

- Long-term growth of capital – In the absence of contributions and withdrawals, the asset value of the Consolidated Plan should grow in the long run and earn rates of return greater than those of its Policy Index while avoiding excessive risk.

**CONSOLIDATED POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF GAINESVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

- Preservation of purchasing power – Asset growth, exclusive of contributions and withdrawals, should exceed the rate of inflation (as measured by annual consumer price index) in order to preserve purchasing power.
- Maintain sufficient funding – Funding should be sufficient to cover unexpected developments, possible future benefit increases, and reduction of expected investment returns.

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

Note 4 - Fair Value Measurements

The Consolidated Plan records assets and liabilities in accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, which determines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurement.

Fair value is defined in GASB Statement No. 72 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data, as well as assumptions about risk and the risk inherent in the inputs to the valuation technique.

As a basis for considering market participant assumptions in fair value measurements, GASB Statement No. 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs that reflect the City's own assumptions about factors that market participants would use in pricing the asset or liability (including assumptions about risk).

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Real estate investments are valued by market assumptions provided by the individual managers of each fund. The managers determine the fair value of the underlying investments of the fund then allocate their fair value to the Consolidated Plan's investments based on the percentage of ownership it has in the fund. For investments in certain entities that calculate net asset value (NAV) that do not have a readily determinable fair value, the Consolidated Plan is permitted to report fair value on the NAV per share as a practical expedient, where certain conditions are met. Such measurements are included within the disclosure, but should not be classified as Level 1, Level 2, or Level 3 within the hierarchy.

**CONSOLIDATED POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF GAINESVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

Fair value measurements are performed on a recurring basis. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the valuation of fair value assets and liabilities and their place within the fair value hierarchy levels.

The following table categorizes the Consolidated Plan's investments within the fair value hierarchy, as follows:

	September 30, 2025	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Equities	\$ 264,741,232	\$ 264,741,232	\$ -	\$ -
Totals	<u>\$ 264,741,232</u>	<u>\$ 264,741,232</u>	<u>\$ -</u>	<u>\$ -</u>
Investments Measured at NAV	Total Investments	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real estate strategies ¹	\$ 50,091,292	\$ -	Daily, Quarterly	1-90 Days, Subjective
Alternative investments ²	38,406,407	-	Monthly and Biannually	10-40 Days, Subjective
Total Investments Measured at NAV	<u>88,497,699</u>	<u>\$ -</u>		
Total Investments	<u>\$ 353,238,931</u>			

¹*Real Estate Strategies*—This type includes four commingled real estate funds comprised of diversified commercial and residential real estate investments. Participation in these investments is through commingled funds with ownership measured in shares of the funds. On March 20, 2020, the Principal U.S. Property Account applied a redemption limitation that provides for redemptions on a pro rata basis as cash balances become available for distribution. The Consolidated Plan had no redemptions in queue as of September 30, 2025.

²*Alternative Investments*—This type includes four funds with a variety of investments including structured credit investments, securitized credit investments, sovereign credit investments, high yield credit investments, and residential bridge loans, which offer attractive risk/return profiles, and provide portfolio diversification. Participation in these funds is through a collective trust, commingled funds and limited partnerships, with ownership measured in shares of the collective trust, commingled funds, or partners' capital.

Note 5 - Net Pension Liability

The components of the net pension liability measured as of September 30, 2025, were as follows:

Total pension liability	\$ 376,624,200
Plan fiduciary net position	<u>(371,184,515)</u>
Net Pension Liability	<u>\$ 5,439,685</u>
Plan fiduciary net position as a percentage of the total pension liability	98.56%

**CONSOLIDATED POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF GAINESVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

Significant Actuarial Assumptions

The total pension liability was determined based on the October 1, 2024 actuarial valuation, updated to September 30, 2025, using the following actuarial assumptions:

Inflation	2.50%
Salary increase for police employees with less than 5 years of service	Service Based
Discount rate	7.75%
Investment rate of return	7.75%

Mortality rates were based on the PubS.H-2010 (Below Median) Combined Fully Generational Mortality Table, set forward one year. 50% of deaths among active members are assumed to be in the line of duty. Disabled mortality is based 80% on the PubG.H-2010 Disability Retiree Mortality Table and 20% on the PubS.H-2010 Disability Retiree Mortality Table.

The actuarial assumptions were based on the assumptions approved by the Board of Trustees in conjunction with an experience study covering the 6-year period ended on September 30, 2015. Due to Consolidated Plan changes first valued in the October 1, 2012 actuarial valuation and changes to the assumed retirement rates, the valuation methodology for the assumed increase in benefit service for accumulated sick leave and accumulated vacation paid upon termination were made. Payroll growth assumptions were updated in 2023, and investments were reviewed by the Board of Trustees in February of 2015, based on an asset liability study reflecting the current investment policy.

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that Consolidated Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates less the member and state contributions. Based on those assumptions, the Consolidated Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Consolidated Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments can be determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. For 2025, the inflation rate assumption of the investment advisor was 2.50%. These ranges 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.

**CONSOLIDATED POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF GAINESVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

Best estimates of geometric real rates of return for each major asset class included in the Consolidated Plan's target asset allocation are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic equity	54.00%	7.50%
International equity	20.00%	8.50%
Non-core fixed income	11.00%	2.50%
Private real estate	15.00%	4.50%
Total	<u><u>100.00%</u></u>	

* Based on 10-year returns

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.75%, as well as what the Consolidated Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.75%) or 1 percentage-point higher (8.75%) than the current rate:

	<u>1% Decrease 6.75%</u>	<u>Current Discount Rate 7.75%</u>	<u>1% Increase 8.75%</u>
Net pension liability	\$ 48,992,095	\$ 5,439,685	\$ (30,723,003)

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

**CONSOLIDATED POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN
CITY OF GAINESVILLE, FLORIDA**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service costs	\$ 5,436,011	\$ 4,912,801	\$ 4,780,020	\$ 4,443,944	\$ 4,235,165	\$ 3,905,032	\$ 3,757,740	\$ 3,682,078	\$ 4,254,335	\$ 3,812,252
Interest	26,944,029	25,868,375	24,778,517	23,638,461	23,425,956	22,777,676	22,397,470	21,993,597	21,463,554	20,156,185
Change in excess state money	-	-	-	-	-	-	(951,203)	-	-	-
Share plan allocation	1,219,652	1,043,286	816,182	447,251	398,142	890,108	951,203	-	-	-
Differences between expected and actual experience	8,071,188	2,461,075	4,142,248	7,955,203	159,551	501,678	(1,185,483)	(2,419,821)	2,311,687	(6,006,515)
Changes of assumptions	3,402,584	-	-	5,128,200	(4,514,316)	-	3,102,805	4,612,282	2,158,450	2,719,455
Contributions - buy back	-	-	-	-	-	7,400	-	-	-	-
Benefit payments, including refunds of employee contributions	(21,356,266)	(20,502,446)	(20,671,684)	(22,223,037)	(20,223,626)	(20,188,276)	(19,538,102)	(19,464,524)	(16,100,144)	(15,444,821)
Net change in total pension liability	23,717,198	13,783,091	13,845,283	19,390,022	3,480,872	7,893,618	8,534,430	8,403,612	14,087,882	5,236,556
Total pension liability - beginning	352,907,002	339,123,911	325,278,628	305,888,606	302,407,734	294,514,116	285,979,686	277,576,074	263,488,192	258,251,636
Total pension liability - ending (a)	<u>\$ 376,624,200</u>	<u>\$ 352,907,002</u>	<u>\$ 339,123,911</u>	<u>\$ 325,278,628</u>	<u>\$ 305,888,606</u>	<u>\$ 302,407,734</u>	<u>\$ 294,514,116</u>	<u>\$ 285,979,686</u>	<u>\$ 277,576,074</u>	<u>\$ 263,488,192</u>
Plan Fiduciary Net Position										
Employer contributions	\$ 2,852,649	\$ 2,352,828	\$ 2,204,746	\$ 1,869,220	\$ 2,048,850	\$ 51,905,342	\$ 4,958,811	\$ 4,507,892	\$ 4,294,312	\$ 3,716,354
Employee contributions	2,993,388	2,729,278	2,552,294	2,332,944	2,314,580	2,113,851	1,946,523	1,963,471	2,024,693	2,093,074
State contributions	2,358,932	2,182,566	1,955,462	2,033,782	1,537,422	3,141,731	-	1,366,304	1,254,172	1,242,740
Contributions - buy back	-	-	-	-	-	7,400	-	-	-	-
Net investment income	36,809,555	59,604,573	39,167,792	(54,115,730)	66,246,836	17,227,545	3,521,972	24,056,126	31,854,789	22,310,321
Benefit payments, including refunds of employee contributions	(21,356,266)	(20,502,446)	(20,671,684)	(22,223,037)	(20,223,626)	(20,188,276)	(19,538,102)	(19,464,524)	(16,100,144)	(15,444,821)
Administrative expense	(613,353)	(594,142)	(692,008)	(589,725)	(622,712)	(708,558)	(771,292)	(699,346)	(564,203)	(585,416)
Other	-	-	(213)	325,736	(2,754)	-	91,875	-	-	-
Net change in plan fiduciary net position	23,044,905	45,772,657	24,516,389	(70,366,810)	51,298,596	53,499,035	(9,790,213)	11,729,923	22,763,619	13,332,252
Plan fiduciary net position - beginning	348,139,610	302,366,953	277,850,564	348,217,158	296,918,562	243,431,612	253,221,825	241,763,801	219,000,182	205,667,930
Adjustment to beginning of year	-	-	-	216	-	(12,085)	-	(271,899)	-	-
Plan fiduciary net position - ending (b)	<u>\$ 371,184,515</u>	<u>\$ 348,139,610</u>	<u>\$ 302,366,953</u>	<u>\$ 277,850,564</u>	<u>\$ 348,217,158</u>	<u>\$ 296,918,562</u>	<u>\$ 243,431,612</u>	<u>\$ 253,221,825</u>	<u>\$ 241,763,801</u>	<u>\$ 219,000,182</u>
City's net pension liability (asset) - ending (a) - (b)	<u>\$ 5,439,685</u>	<u>\$ 4,767,392</u>	<u>\$ 36,756,958</u>	<u>\$ 47,428,064</u>	<u>\$ (42,328,552)</u>	<u>\$ 5,489,172</u>	<u>\$ 51,082,504</u>	<u>\$ 32,757,861</u>	<u>\$ 35,812,273</u>	<u>\$ 44,488,010</u>
Plan fiduciary net position as a percentage of the total pension liability	98.56%	98.65%	89.16%	85.42%	113.84%	98.18%	82.66%	88.55%	87.10%	83.12%
Annual covered payroll	\$ 35,124,701	\$ 33,150,901	\$ 31,229,110	\$ 28,686,181	\$ 28,654,045	\$ 26,077,644	\$ 24,058,071	\$ 25,263,376	\$ 25,501,291	\$ 23,885,642
Net pension liability/(asset) as a percentage of covered payroll	15.49%	14.38%	117.70%	165.33%	-147.72%	21.05%	212.33%	129.67%	140.43%	186.25%

Notes to Schedule:

Changes of assumptions:

For measurement date September 30, 2025, the assumed rates of mortality were changed to the rates used in Millman's July 1, 2024, FRS Valuation Report.

For measurement date September 30, 2022, the investment rate of return was reduced from 7.90% to 7.75%.

For measurement date September 30, 2021, the assumed rates of mortality were changed to the rates used in Millman's July 1, 2019

FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

For measurement date September 30, 2019, the investment rate of return was reduced from 8.00% to 7.90%.

For measurement date September 30, 2018, the investment rate of return was reduced from 8.10% to 8.00%.

For measurement date September 30, 2017, the investment rate of return was reduced from 8.20% to 8.10%.

For measurement date September 30, 2016, the investment rate of return was reduced from 8.30% to 8.20%.

REQUIRED SUPPLEMENTARY INFORMATION
CONSOLIDATED POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN
CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2025	\$ 3,949,131	\$ 3,991,929	\$ (42,798)	\$ 35,124,701	11.37%
2024	3,481,353	3,492,108	(10,755)	33,150,901	10.53%
2023	2,204,746	2,204,746	-	31,229,110	7.06%
2022	1,869,220	1,869,220	-	28,686,181	6.52%
2021	2,048,850	2,048,850	-	28,654,045	7.15%
2020	5,680,398	51,905,342	(46,224,944)	26,077,644	199.04%
2019	4,958,811	4,958,811	-	24,058,071	20.61%
2018	4,507,892	4,507,892	-	25,263,376	17.84%
2017	4,294,312	4,294,312	-	25,501,291	16.84%
2016	3,716,354	3,716,354	-	23,885,642	15.56%

Notes to Schedule

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates as of the October 1, 2023 actuarial valuation date:

Mortality rates	PubS.H-2010 for Employees and Healthy Retirees. All rates projected generationally with Mortality Improvement Scale MP-2018.
Interest rate	7.75% per year, compounded annually, net of investment-related expenses.
Rate of retirement	100% of Firefighters and Police Officers at 25 years of service. 5% of Firefighters and Police Officers after 21-24 credit years. 17.50% and 25% of Firefighters and Police Officers at 20 years of service, respectively.
Disability rate	Sample of rates of disability are shown below:

Age	Disability Rate
25	0.105%
30	0.144%
35	0.182%
40	0.308%
45	0.434%
50	0.854%
55	1.274%

REQUIRED SUPPLEMENTARY INFORMATION
CONSOLIDATED POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN
CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Termination rates

Sample rates of termination are shown below.

Service	Firefighters	Police Officers
0-5	0.5%	0.7%
6-9	1.5%	3.5%
10-11	0.0%	2.5%
12+	0.0%	0.0%

Salary increases

Rates of salary increases are shown below.

Service	Firefighters	Police Officers
0-4	5.0%	6.0%
5-9	4.0%	5.0%
10-14	3.0%	4.0%
15+	2.0%	3.0%

State contributions

State premium tax revenue is assumed to be the same as the most recent distribution.

Payroll increase rate

Police Officers: 3.0% - 6.0%; Firefighters: 2.0% - 5.0%.

3.0% per year for projecting aggregate payroll to the following fiscal year and 1.56% for determining amortization payments towards the unfunded accrued liability.

Marital assumptions

90% of active members are assumed to be married with males 2 years older than females.

Overtime pay

Overtime pay is assumed to equal to 6.5% of non-overtime related pensionable earnings in the years preceding retirement.

Vacation payout upon termination

Accumulated vacation that is payable upon termination of employment is assumed to be equal to to the vacation balance as of July 1, 2013, for police officers and January 1, 2014, for firefighters.

Accumulated sick leave

Accumulated sick leave is assumed to increase benefit service according to the balance as of July 1, 2013, for police officers and January 1, 2014, for firefighters.

Funding method

Entry Age Normal Actuarial Cost Method.

Asset allocation method

Investment returns are allocated by group.

Actuarial asset method

Actuarial value.

Amortization periods

Plan changes, assumption/method changes, and gains or losses are amortized over a 30-year period.

REQUIRED SUPPLEMENTARY INFORMATION
CONSOLIDATED POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN
CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF INVESTMENT RETURNS

Fiscal Year Ended September 30,	Annual Money-Weighted Rate of Return on Pension Plan Investments
2025	10.74%
2024	20.59%
2023	15.77%
2022	-15.40%
2021	17.80%
2020	7.10%
2019	1.30%
2018	10.22%
2017	11.20%
2016	11.20%

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
City of Gainesville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Consolidated Police Officers' and Firefighters' Retirement Plan (the Consolidated Plan), a fiduciary component unit of the City of Gainesville, Florida (the City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Consolidated Plan's basic financial statements, and have issued our report thereon dated March 17, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Consolidated Plan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Consolidated Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Consolidated Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Consolidated Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Consolidated Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



March 17, 2026
Gainesville, Florida

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