2024

Employees' Pension Plan of the City of Gainesville, Florida

Financial Statements and Independent Auditor's Report

September 30, 2024

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

EMPLOYEES' PENSION PLAN OF THE
CITY OF GAINESVILLE, FLORIDA

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

SEPTEMBER 30, 2024

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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 Employees' Pension Plan (the Employees' Plan), a fiduciary component unit of the City of Gainesville, Florida as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Employees' 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 Employees' Plan as of September 30, 2024, and the changes in financial position 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 Employees' 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 Employees' 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.

Board of Trustees
City of Gainesville, Florida

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 Employees' 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 Employees' 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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain

INDEPENDENT AUDITOR'S REPORT

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 14, 2025, on our consideration of the Employees' 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 Employees' 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 Employees' Plan's internal control over financial reporting and compliance.

Purvis Gray

March 14, 2025
Gainesville, Florida

FINANCIAL STATEMENTS

EMPLOYEES' PENSION PLAN OF
THE CITY OF GAINESVILLE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2024

Assets	
Cash and cash equivalents	$ 6,262,252
Dividends and interest receivable	568,141
Due from City of Gainesville	2,371,969
Investments, at fair value	722,870,943
Total Assets	732,073,305
Liabilities	
Accounts payable and accrued liabilities	292,407
Total Liabilities	292,407
Net Position Restricted for Pension Benefits	$ 731,780,898

See accompanying notes to financial statements.

EMPLOYEES' PENSION PLAN OF
THE CITY OF GAINESVILLE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Additions	
Contributions:	
Employer contributions	$ 8,451,962
Employee contributions	6,012,168
Total Contributions	14,464,130
Investment Income:	
Net increase in fair value of investments	150,062,181
Dividends and interest	7,273,357
Net Position Restricted for Pension Benefits	157,335,538
(Less Investment Expense)	(3,024,444)
Net Investment Income	154,311,094
Total Additions	168,775,224
Deductions	
Benefit payments	42,152,415
Refunds of contributions	790,227
Administrative expenses	514,206
Total Deductions	43,456,848
Change in Net Position	125,318,376
Net Position - Beginning of Year	606,462,522
Net Position - End of Year	$ 731,780,898

See accompanying notes to financial statements.

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Employees' Pension Plan (the Employees' Plan) of the City of Gainesville, Florida (the City) is a contributory defined benefit single-employer pension plan that covers all permanent employees of the City, except certain personnel who elected to participate in the defined contribution plan and who were grandfathered into that plan, and police officers and firefighters who participate in the Consolidated Police Officers and Firefighters Retirement Plan. The costs of administering the Employees' Plan, like other plan costs, are captured within the Employees' Plan itself and financed through contribution and investment income, as appropriate.

These financial statements include the Employees' 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 in accordance with the terms of the Employees' Plan.

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 Employees' 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 Employees' Plan's Trust Fund.

Note 2 - Plan Description

Plan Board

The Board of Trustees of the Employees' Plan is composed of all seven members of the City Commission who sit as a separate body to approve plan provisions and changes.

Plan Membership

At October 1, 2023, membership consisted of:

Active plan members	1,636
Inactive plan members or beneficiaries currently receiving benefits	1,537
Inactive plan members entitled to but not yet receiving benefits	548
Total	3,721

Benefit Terms
The Employees' Plan provides retirement and death benefits to plan members and beneficiaries. This plan and any amendments were adopted through a City Ordinance by the Commission of the City of Gainesville. Benefit terms are established and may be amended by approval of the Board of Trustees. In October 2002, the Board of Trustees approved allowing participants to buy back City years of service at its actuarial valuation.

Monthly Accrued Benefit

- For City employees with hire dates on or before October 1, 2012, a monthly benefit payable for life, starting at normal retirement age, equal to 2% of final average earnings times credited service.

- For City employees with hire dates on or after October 2, 2012, a monthly benefit payable for life, starting at normal retirement age, equal to 1.8% of final average earnings times credited service.

- For Gainesville Gas Company employees, a monthly benefit payable for life starting at normal retirement age, equal to: (i) the accrued benefit earned under the Gainesville Gas Company Employees' Pension Plan (predecessor plan) as of January 10, 1990; plus (ii) 2% of final average earnings times credited service earned after January 10, 1990; plus (iii) for each year of service earned after January 10, 1990, an additional 2% of final average earnings will be credited, not to exceed the service years earned ender the accrued benefit formula under the predecessor plan; less (iv) for each year of predecessor plan service credited under (iii) above, the portion of the accrued benefit determined under (i) above based on such years.

Final Average Earnings
- For members with hire dates on or before October 1, 2007, the average of the member's monthly earnings for the 36 consecutive months that produce the highest average at the date of benefit determination.

- For members with hire dates on or after October 2, 2007 but on or before October 1, 2012, the average of the member's monthly earnings for the 48 consecutive months that produce the highest average at the date of benefit determination.

- For members with hire dates on or after October 1, 2012, the average of the member's monthly earnings for the 60 consecutive months that produce the highest average at the date of benefit determination.

Normal Retirement Age and Benefits
Age—For members with hire dates on or before October 1, 2007, the eligibility date is the earlier of age 65 and 10 years of credited service or 20 years of credited service at any age. For members with hire dates on or after October 2, 2007 and on or before October 1, 2012, the eligibility date is the earlier of age 65 and 10 years of credited service or 25 years of credited service at any age. For members with hire dates on or after October 2, 2012, the eligibility date is the earlier of age 65 and 10 years of credited service or 30 years of credited service at any age.

Amount—Monthly accrued benefit as detailed above.

Form of Payment—

- Life annuity option pays the member 100% of normal retirement benefit for life. This option does not provide for a continuing pension to a beneficiary upon the member's death.

- Joint and last survivor option pays a reduced pension benefit for the life of the member. Upon death of either the member or beneficiary, the monthly benefit is reduced to 2/3 of the original benefit.

- Social security option pays an increased benefit before social security benefits begin and then decreases when the member becomes eligible for social security benefits.

Early Retirement Age and Benefits
Age—For members with hire dates on or before October 1, 2012, the eligibility date is the attainment of age 55 and 15 years of credited service. For members with hire dates on or after October 2, 2012, the eligibility date is the attainment of age 60 and 20 years of credited service.

Amount—Monthly accrued benefit actuarially reduced by 5/12% for each month by which the early retirement date precedes the date on which the member would have reached age 65.

Form of Payment—Same as for Normal Retirement.

Termination Benefit
If a member should terminate prior to completing five years of credited service, no benefits are payable except the return of member contributions, without interest. After the completion of five years but less than normal or early retirement eligibility, a member is entitled to a benefit equal to the accrued benefit payable at age 65 for life.

Cost of Living Adjustments (COLA)
A 2% COLA will be applied to retirement benefits annually if the retiree reaches eligibility for the COLA prior to that date:

- At least 20 years of credited service on or before October 1, 2012, and at least 20 years but less than 25 years of credited service upon retirement; COLA will begin on the October payment after reaching age 62.
- At least 20 years of credited service on or before October 1, 2012, and at least 25 years of credited service upon retirement; COLA will begin on the October payment after reaching age 60.
- At least 25 years of credited service upon retirement and a hire date on or before October 1, 2012, but less than 20 years of credited service on or before October 1, 2012; COLA will begin with the October payment after reaching age 65.
- At least 30 years of credited service upon retirement and a hire date on or after October 2, 2012; COLA will begin with the October payment after reaching age 65.

Contribution Requirements
The contribution requirements of plan members and the City are established and may be amended by City Ordinance approved by the City Commission. The City is required to contribute at an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City contributes the difference between the actuarially determined rate and the contribution rate of employees. Plan members are required to contribute 5% of their annual covered salary. The rate for fiscal year 2024 was 7.11% of covered payroll. This rate was influenced by the issuance of the Taxable Pension Obligation Bonds, Series 2003A and the Special Revenue Obligation Bonds, Series 2020. The proceeds from these issues were utilized to retire the unfunded actuarial accrued liability at that time in the Employees' Plan. Administrative costs are financed through investment earnings.

Deferred Retirement Option Program (DROP)
Employees hired on or before October 1, 2012, are eligible to participate in the DROP when they have completed 27 years of credited service and are still employed by the City. Such employees retire from the Employees' Plan but continue to work for the City. The retirement benefit is calculated as if the employee had terminated employment and is paid to a DROP account held within the pension plan until the employee actually leaves the employment of the City. While in DROP, these payments earn a guaranteed rate of annual interest, compounded monthly. For employees who entered DROP on or before October 1, 2012, DROP balances earn 6% annual interest. For employees who entered DROP after October 1, 2012, DROP balances earn 2.25% annual interest. Employees may continue in the DROP for a maximum of 5 years or until reaching 35 years of service, whichever occurs earlier. Upon actual separation from employment, the monthly retirement benefits begin being paid directly to the retiree and the retiree must take their DROP balance plus interest as a lump-sum cash disbursement, roll into a retirement account, or choose a combination of the two options. The balance due to DROP participants at September 30, 2024, is $6,024,094 and is held by the Employees' Plan pursuant to the DROP.

Note 3 - Investments

Investments as of September 30, 2024, are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and cash equivalents	$ 6,262,252
Investments	722,870,943
Total Cash and Investments	$ 729,133,195

Cash and Cash Equivalents
The Employee's 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, 2024, the pooled money investment account with the SSGA GSTIF totaled $6,262,252. The cash equivalents reported in the statement of fiduciary net position are reported at fair value. As of September 30, 2024, the weighted average maturity was 40 days for the SSGA GSTIF. The SSGA GSTIF is rated as P1.

Rate of Return

For the year ended September 30, 2024, the annual money-weighted rate of return on the Plan investments, net of pension plan investment expense was 25.10%. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment policies described below provide guidelines for the credit ratings of specific types of investments. Presented below is the rating as of year-end for each investment type.

Investment Type	Fair Value	Unrated/ Exempt	AAA	AA	A	BBB	BB
Equities	$ 676,877,002	$ 676,877,002	$ -	$ -	$ -	$ -	$ -
Real estate	21,155,188	21,155,188	-	-	-	-	-
U.S. Treasury/Agency Securities	8,156,298	-	-	8,156,298	-	-	-
Corporate bonds	7,092,337	-	444,701	3,569,022	1,187,199	1,878,191	13,224
Mortgage and asset backed	9,590,118	-	-	5,427,277	1,605,307	2,539,653	17,881
Totals	$ 722,870,943	$ 698,032,190	$ 444,701	$ 17,152,597	$ 2,792,506	$ 4,417,844	$ 31,105

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 Employees' Plan's investment policies do not provide specific restrictions as to maturity length of investments. Information about the sensitivity of the fair values of the Employees' Plan's investments to market interest rate fluctuations is provided below, using the segmented time distribution method:

Investment Type	Fair Value	Exempt from Disclosure	< 2 Years	2-5 Years	5-10 Years	> 10 Years
Equities	$ 676,877,002	$ 676,877,002	$ -	$ -	$ -	$ -
Real estate	21,155,188	21,155,188	-	-	-	-
U.S. Treasury/Agency Securities	8,156,298	-	682,496	3,207,183	2,740,580	1,526,039
Corporate bonds	7,092,337	-	593,467	2,788,817	2,383,081	1,326,972
Mortgage and asset backed	9,590,118	-	802,475	3,770,983	3,222,354	1,794,306
Totals	$ 722,870,943	$ 698,032,190	$ 2,078,438	$ 9,766,983	$ 8,346,015	$ 4,647,317

Investment Policy

The investment policy of the Employees' Plan is established and amended by the Board of Trustees.

The primary investment objective of the Employees' Plan is to ensure an adequate level of assets are available to fund the benefits guaranteed to City employees (except for police officers and firefighters) 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 Employees' Plan's asset allocation as the primary tool to achieve this objective.

As this is a long-term projection and investments are subject to short-term volatility, this main investment focus of the Trustee towards the total Employees' Plan and each investment manager will be on performance relative to the appropriate asset class, mix of asset classes, and peer performance over relevant time periods. Each manager is expected to maintain a consistent philosophy and style, perform well versus others utilizing the same style, and add incremental value after costs.

Other general investment objectives for the Employees' Plan are:

- Long-Term Growth of Capital—In the absence of contributions and withdrawals, the asset value of the Employees' Plan should grow in the long run and earn rates of return greater than those of its Policy Index while avoiding excessive risk.

- Preservation of Purchasing Power—Asset growth, exclusive of contributions and withdrawals, should exceed the rate of inflation (as measured by annual 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.

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

The Employees' 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 Employees' Plan'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 Employees' Plan 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 Employees' 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.

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 Employees' Plan's investments within the fair value hierarchy, as follows:

		Fair Value Measurements Using		
Investment by Fair Value Level	**September 30, 2024**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Equities	$ 676,877,002	$ 676,877,002	$ -	$ -
U.S. Treasury/Agency Securities	8,156,298	8,156,298	-	-
Corporate bonds	7,092,337	-	7,092,337	-
Mortgage and asset backed	9,590,118	-	9,590,118	-
Totals	$ 701,715,755	$ 685,033,300	$ 16,682,455	$ -

Investments Measured at NAV	**Total Investments**	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Real Estate Strategies [1]	$ 21,155,188	$ -	Daily	Next Day, Subjective
Total Investments Measured at NAV	21,155,188	-		
Total Investments	$ 722,870,943			

[1] *Real Estate Strategies*—This type includes one commingled real estate fund comprised of diversified commercial and residential real estate investments. Participation in this investment is through a commingled fund 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 Employees' Plan had no redemptions in queue as of September 30, 2024.

Note 5 - Net Pension Liability/(Asset)

The components of the net pension liability/(asset) at September 30, 2024, were as follows:

Total pension liability	$ 698,853,628
Plan fiduciary net position	(731,780,898)
Net Pension Liability/(Asset)	$ (32,927,270)
Plan fiduciary net position as percentage of the total pension liability/(asset)	104.71%

Significant Actuarial Assumptions

The total pension liability was determined based on an October 1, 2023 actuarial valuation, updated to September 30, 2024, using the following actuarial assumptions:

Inflation	2.50%
Salary increases	Service Based
Discount rate	7.75%
Investment rate of return	7.75%
Mortality Table	PubG.H-2010

Mortality rates were based on the PubG.H-2010 Mortality Tables. All rates are projected generationally with the Mortality Improvement Scale MP-2018. The mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The rates are outlined in Milliman's July 1, 2021 FRS valuation report for non-special-risk employees, with appropriate adjustments made based on plan demographics.

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 plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates less the member contributions. Based on those assumptions, the Employees' 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 Employees' 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 the Employees' 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 Employees' Plan target asset allocation are summarized in the following table:

	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	47%	7.50%
International equity	28%	8.50%
Domestic fixed equity	8%	2.50%
Real estate	12%	4.50%
Alternative	5%	6.99%
Total	100%	

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the net pension liability/(asset), calculated using the discount rate of 7.75%, as well as what the Employees' Plan's net pension liability/(asset) 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:

	1% Decrease 6.75%	Current Discount 7.75%	1% Increase 8.75%
Net pension liability/(asset)	$ 45,027,756	$ (32,927,270)	$ (98,391,746)

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' PENSION PLAN OF THE
CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ 10,054,186	$ 9,893,113	$ 9,941,415	$ 9,191,329	$ 8,697,546	$ 7,962,015	$ 8,196,544	$ 8,355,553	$ 7,789,638	$ 7,153,541
Interest	51,750,047	50,384,686	48,135,336	46,718,121	45,457,275	43,726,387	42,877,827	39,934,706	38,189,162	35,741,289
Differences between expected and actual experience	832,354	(511,444)	13,619,109	922,294	(157,018)	6,644,543	(5,088,593)	7,646,058	1,125,190	1,954,558
Transfer from Disability Plan	-	-	-	-	-	-	-	-	-	2,455,848
Changes of assumptions	-	-	10,137,250	574,399	-	6,062,725	5,721,214	21,041,875	4,860,706	15,880,346
One time adjustment for DROP account balances	-	-	-	-	-	-	-	10,038,916	-	-
Contributions - buy back	-	-	-	-	195,500	121,500	89,300	-	-	-
Benefit payments, including refunds of employee contributions	(42,942,641)	(41,677,080)	(40,258,669)	(40,174,943)	(37,279,075)	(35,568,906)	(33,106,728)	(34,963,352)	(37,252,988)	(28,306,207)
Net position restricted for pension benefits	19,693,946	18,089,275	41,574,441	17,231,200	16,914,228	28,948,264	18,689,564	52,053,756	14,711,708	34,879,375
Total pension liability - beginning, restated	679,159,682	661,070,407	619,495,966	602,264,766	585,350,538	556,402,274	537,712,710	485,658,954	470,947,246	436,067,871
Total pension liability - ending (a)	$ 698,853,628	$ 679,159,682	$ 661,070,407	$ 619,495,966	$ 602,264,766	$ 585,350,538	$ 556,402,274	$ 537,712,710	$ 485,658,954	$ 470,947,246
Plan Fiduciary Net Position										
Employer contributions	8,451,963	5,674,901	5,551,544	5,461,714	177,683,605	16,939,286	16,372,689	14,654,934	13,481,032	11,746,935
Employee contributions	6,012,168	5,573,832	5,331,766	5,307,109	5,053,053	4,602,400	4,317,403	4,829,122	7,947,069	4,429,289
Contributions - buy back	-	-	-	-	195,500	121,500	89,300	-	-	-
Net investment income	154,311,092	116,645,780	(144,078,947)	144,933,044	17,060,129	(2,731,366)	49,219,793	58,605,302	39,190,078	(2,486,089)
Transfer from Disability Plan	-	-	-	-	-	-	-	-	-	2,320,442
Benefit payments, including refunds of employee contributions	(42,942,641)	(41,677,081)	(40,258,669)	(37,766,711)	(37,279,075)	(35,568,906)	(33,106,728)	(38,469,162)	(37,252,988)	(28,306,207)
Administrative expense	(514,206)	(600,828)	(478,628)	(593,485)	(563,047)	(584,033)	(697,884)	(604,905)	(670,867)	(580,988)
Net change in total pension liability	125,318,376	85,616,604	(173,932,934)	117,341,671	162,150,165	(17,221,119)	36,194,573	39,015,291	22,694,324	(12,876,618)
Plan fiduciary net position - beginning	606,462,522	520,845,918	694,778,852	577,437,181	415,287,016	432,508,135	396,313,562	357,298,271	334,603,947	347,480,565
Plan fiduciary net position - ending (b)	$ 731,780,898	$ 606,462,522	$ 520,845,918	$ 694,778,852	$ 577,437,181	$ 415,287,016	$ 432,508,135	$ 396,313,562	$ 357,298,271	$ 334,603,947
City's net pension liability/(asset) - ending (a)-(b)	$ (32,927,270)	$ 72,697,160	$ 140,224,489	$ (75,282,886)	$ 24,827,585	$ 170,063,522	$ 123,894,139	$ 141,399,148	$ 128,360,683	$ 136,343,299
Plan fiduciary net position as a percentage of the total pension liability/(asset)	104.71%	89.30%	78.79%	112.15%	95.88%	70.95%	77.73%	73.70%	73.57%	71.05%
Annual covered payroll	$ 118,874,301	$ 111,476,645	$ 106,635,320	$ 106,142,180	$ 101,061,060	$ 92,048,000	$ 89,976,976	$ 91,143,976	$ 80,223,575	$ 79,930,261
Net pension liability/(asset) as a percentage of covered payroll	(27.70%)	65.21%	131.50%	(70.93%)	24.57%	184.76%	137.70%	155.14%	160.00%	170.58%

Notes to Schedule

Changes of assumptions:

For measurement date September 30, 2024, no changes of assumptions.

For measurement date September 30, 2023, no changes of assumptions.

For measurement date September 30, 2022, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.90% to 7.75%.

For measurement date September 30, 2021, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2020 FRS Valuation report for non-special-risk employees.

For measurement date September 30, 2019, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 8.00% to 7.90%. Additionally, the inflation assumption rate was lowered from 3.75% to 2.5%.

For measurement date September 30, 2018, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 8.10% to 8.00%.

For measurement date September 30, 2017, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 8.20% to 8.10%.

For measurement date September 30, 2016, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 8.30% to 8.20%.

For measurement date September 30, 2015, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 8.40% to 8.30%.

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' PENSION PLAN OF THE
CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF EMPLOYER CONTRIBUTIONS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 8,451,963	$ 5,674,161	$ 5,551,544	$ 5,461,275	$ 19,011,264	$ 16,939,286	$ 16,777,348	$ 14,654,934	$ 13,481,032	$ 13,211,521
Contributions in relation to the actuarially determined contributions	8,451,963	5,674,901	5,551,544	5,461,714	177,683,605	16,939,286	16,372,689	14,654,934	13,481,032	12,224,716
Contribution Deficiency (Excess)	$ -	$ (740)	$ -	$ (439)	$ (158,672,341)	$ -	$ 404,659	$ -	$ -	$ 986,805
Covered payroll	$ 118,874,301	$ 111,476,645	$ 106,635,320	$ 106,142,180	$ 101,061,060	$ 92,048,000	$ 89,976,976	$ 80,223,575	$ 80,223,575	$ 79,930,261
Contributions as percentage of covered payroll	7.11%	5.09%	5.21%	5.15%	175.82%	18.40%	18.20%	18.27%	16.80%	15.29%

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, 2022 actuarial valuation date:

Actuarial cost method — The method used to determine Normal Cost and Accrued Actuarial Liability is the Entry Age Normal Cost Method.

Mortality rates — PubG.H-2010 for Employees and Healthy Retirees. All rates projected generationally with Mortality Improvement Scale MP-2018.

Disability rate — Sample of rates of disability are shown below:

Age	Males	Females
25	0.0300%	0.0100%
30	0.0580%	0.2500%
35	0.0730%	0.0480%
40	0.1020%	0.0750%
45	0.1880%	0.1650%
50	0.3130%	0.2850%
55	0.5230%	0.4780%
60	0.6860%	0.5990%
65	0.2390%	0.1500%

Interest rate — 7.75% per annum. This interest rate is assumed to be net of investment expenses and commissions.

Marriage assumption — 100% of members are assumed to be married. Male spouses are assumed to be two years older than female spouses.

Salary increases — Salaries are assumed to increase at the annual rates set forth in the following table:

Years of Service	Rate
6 and Under	5.00%
7-11	4.00%
Over 11	3.00%

Assets — The actuarial value of assets is based on a method which fully recognizes benefit payments, expenses, contributions, interest and dividends for the year, and recognizes gains or losses in the fair market value of assets at the rate of 20% per year. The result cannot be greater than 120% of market value or less than 80% of market value.

Unfunded liability bases and funding period (pursuant to Chapter 112, Florida Statutes) — All bases established as of October 1, 2004, were combined and amortized over a period of 30 years. New bases established at October 1, 2016, and later are amortized over a period of 30 years.

Vacation payout and accumulated sick leave — 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. Final year of earnings was increased by 10% if service is greater than 24, 8% if service is greater than 17, 6% if service is greater than 12, 4% if service is greater than 7, and 2% if service is 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.

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' PENSION PLAN OF THE
CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF INVESTMENT RETURNS

Fiscal Year	Annual Money-Weighted Rate of Return on Pension Plan Investments
2024	25.10%
2023	23.22%
2022	(20.77%)
2021	25.46%
2020	4.11%
2019	(0.64%)
2018	12.63%
2017	16.65%
2016	11.84%
2015	(0.74%)

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 Employees' Pension Plan (the Employees' Plan), a fiduciary component unit of the City of Gainesville, Florida (the City) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Employees' Plan's basic financial statements, and have issued our report thereon dated March 14, 2025.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Employees' 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 Employees' Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Employees' 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.

Board of Trustees
City of Gainesville, Florida

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*

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Employees' 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 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 Employees' 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 Employees' Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis Gray

March 14, 2025
Gainesville, Florida