

CITY OF OKEECHOBEE, FLORIDA  
MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

Pension Trust Fund of the City of Okeechobee, Florida

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

September 30, 2023

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
City of Okeechobee  
Municipal Firefighters' Pension Trust Fund

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of the City of Okeechobee Municipal Firefighters' Pension Trust Fund (the "Plan") which comprise the statement of fiduciary net position as of September 30, 2023, and the related statement of changes in fiduciary net position for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the fiduciary net position of the Plan as of September 30, 2023, and the changes in its fiduciary net position for the fiscal 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 (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 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.

## **Auditors' 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 auditors' 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 GAAS 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 GAAS 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 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 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 the city's net pension liability and related ratios, schedule of city contributions, and schedule of investment returns on pages 18-20 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an 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 financial statements, and other knowledge we obtained during our audit of the 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.

The City of Okeechobee, Florida Municipal Firefighters' Pension Trust Fund has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of the basic financial statements.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated January 19, 2024 on our consideration of the 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 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 Plan's internal control over financial reporting and compliance.



DiBartolomeo, McBee, Hartley & Barnes, P.A.  
Fort Pierce, Florida  
January 19, 2024

CITY OF OKEECHOBEE, FLORIDA  
MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND  
STATEMENT OF FIDUCIARY NET POSITION  
September 30, 2023

**ASSETS**

Contributions Receivables	
State	\$ 77,569
Investments: (at fair value)	
Cash Equivalents	60,252
Mutual Funds - Fixed Income	1,663,786
Mutual Funds - Equity	<u>2,523,007</u>
TOTAL INVESTMENTS	<u>4,247,045</u>
 TOTAL ASSETS	 <u><u>\$ 4,324,614</u></u>

**LIABILITIES**

Accounts Payable	<u>16,903</u>
 TOTAL LIABILITIES	 <u>16,903</u>
 <b>FIDUCIARY NET POSITION - RESTRICTED FOR PENSION BENEFITS</b>	 <b><u><u>\$ 4,307,711</u></u></b>

Read Accompanying Notes to Financial Statements

CITY OF OKEECHOBEE, FLORIDA  
MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
For the Year Ended September 30, 2023

**ADDITIONS**

**Contributions:**

State Contributions	\$ 77,569
Employer Contributions	<u>13,566</u>
Total Contributions	<u>91,135</u>

**Investment Income:**

Net Appreciation in Fair Value of Investments	387,784
Interest and Dividends	<u>138,594</u>
Gross Investment Gain	526,378
Less: Investment Expenses	<u>(22,750)</u>
Net Investment Gain	<u>503,628</u>

TOTAL ADDITIONS	<u>594,763</u>
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**DEDUCTIONS**

Benefits Paid to Participants	231,868
Administrative Expenses	<u>62,325</u>

TOTAL DEDUCTIONS	<u>294,193</u>
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CHANGE IN FIDUCIARY NET POSITION	300,570
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**FIDUCIARY NET POSITION - RESTRICTED FOR PENSION BENEFITS**

Beginning of Year	<u>4,007,141</u>
End of Year	<u><u>\$ 4,307,711</u></u>

Read Accompanying Notes to Financial Statements

CITY OF OKEECHOBEE, FLORIDA  
MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2023

**NOTE A - REPORTING ENTITY**

The Municipal Firefighters' Pension Trust Fund (Fund) of the City of Okeechobee, Florida (the City), is a single-employer, defined-benefit contributory pension trust established by a city ordinance and the provisions of Florida Statutes, Chapter 175, for the benefit of the City's firefighters. The fund is under the supervision of a five-member local independent Board of Trustees, who are selected for office under the provisions of Chapter 175; two firefighters, two City residents and a fifth member elected by the other four members constitute the pension board. The City and the Plan participants are obligated to fund all Plan costs based upon actuarial valuations. The board of Trustees may make amendments to the Plan after approval of the plan sponsor and within the guidelines of applicable Florida Statutes. During the prior year the City entered into an interlocal agreement with Okeechobee County to assume the services previously provided by the City Fire Department. See Note G for the details.

The accounts of the Fund are included in the financial statements of the City of Okeechobee, Florida, as an integral part of those financial statements.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS**

Basis of Accounting

The Fund's accounting records and financial statements are prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues, which include contributions and investment income, are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the liability is incurred. All administrative costs are financed through current income and investment earnings. Benefits paid to members and contribution refunds are recognized when due and payable in accordance with the terms of the Plan. Gains and losses from the sale or exchange of investments are recognized on the transaction date. An independent investment manager and custodial bank handles all investments and check writing duties.

The accompanying financial statements are presented in accordance with generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB) Statement 67, *Financial Reporting for Pension Plans* and the Codification of Governmental Accounting and Financial Reporting Standards which covers the reporting requirements for defined benefit pensions established by a governmental employer. The City of Okeechobee Municipal Firefighters' Pension Trust Fund (Plan) is a single employer pension plan as defined by GASB 67.

The accompanying financial statements include solely the accounts of the Plan which include all programs, activities and functions relating to the accumulation and investment of the assets and related income necessary to provide the service, disability and death benefits required under the terms of the enabling ordinance and the amendments thereto. It is important to note that the disclosures related to GASB 67 are accounting measurements, not actuarial measurements of the funded status of the Plan, and are not used to develop employer contribution rates.

CITY OF OKEECHOBEE, FLORIDA  
MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2023

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS (CONTINUED)**

Valuation of Investments

Investments are reported at fair value. Short-term, highly liquid investments are reported at cost, which approximates market value and considered to be cash equivalents. Securities traded on a national exchange are valued at the last reported sales price. Shares of mutual funds, including proprietary funds and common & collective funds are valued at quoted market prices which represent net asset value based on the underlying investments. Gains and losses from the sale or exchange of investments are recognized on the transaction date.

There were no investments in, loans to, or leases with parties related to the pension plan as of or for the year ended September 30, 2023.

Federal Income Taxes

The Plan has not applied for a favorable determination letter from the Internal Revenue Service indicating that the Plan is qualified and exempt from Federal income taxes. The Board believes that the Plan is designed and continues to operate in compliance with the applicable requirements of the Internal Revenue Code. In 2013, the City Council approved amendments to the Plan to insure they are in compliance with recent changes in the Internal Revenue Code which apply to tax qualified pension plans. The amendments include revisions to the limitations on benefit options and various distribution requirements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk and Uncertainties

Contributions to the Plan and the actuarial information included in the RSI are reported based on certain assumptions pertaining to the interest rates, inflation rates and member compensation and demographics. Due to the changing nature of these assumptions, it is reasonably possible that changes in these assumptions may occur in the near term and could be material to the financial statements.

Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to September 30, 2023, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2023. Management has performed their analysis through January 19, 2024.



CITY OF OKEECHOBEE, FLORIDA  
MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2023

**NOTE C - PLAN CONTRIBUTIONS AND OTHER INFORMATION**

The City is required to fund the plan according to any contribution deficit as determined by actuarial valuation for the plan beyond the contributions by employees and the State Insurance Premium Tax Contribution. The City had a required pension contribution of \$22,686 for the year ended September 30, 2023, as calculated in the 2021 actuarial valuation. The City funded the plan for \$13,566 for the year ended September 30, 2023. The City had a funding deficiency of \$11,909 for September 30, 2022, which was funded with interest in 2023, as determined by the 2022 actuarial valuation coming into the fiscal year.

Contributions were made in accordance with applicable Florida Statutes and meeting the actuarially determined contribution requirements as based on the benefit structure established within the Plan as approved by the plan sponsor. The actuarially determined pension contribution for the year ended September 30, 2023 was \$45,922 as calculated in the 2021 actuarial valuation for the City and State combined. The plan covering the City's firefighters is also funded by the State of Florida from a tax on fire insurance premiums collected. State contributions to this plan totaled \$77,569 during the current year.

Plan members are required to contribute 5% of their annual covered payroll. The City is required to contribute an amount equal to the difference between the normal cost as calculated for the plan year from the applicable actuarial valuation less the member contributions for covered payroll for the year plus state contributions. Pursuant to Chapter 175 of the Florida Statutes, a premium tax on certain casualty insurance contracts written on properties within the City of Okeechobee is collected by the State and is remitted to the Fund. The City is required to contribute the remaining amounts necessary to finance the benefits through periodic contributions of actuarially determined amounts. The required employer contribution for the fiscal year ended September 30, 2023 was determined by the September 30, 2021 actuarial valuation. For the current year the City was contributing at the rate of 79.4% of covered payroll based on the 2021 actuarial valuation. The plan previously established an additional plan component, the Share Plan, to provide special benefits in the form of supplemental retirement, termination, death and disability benefits in addition to the benefits provided previously under terms of the plan ordinances, which may be funded from the State insurance premium monies when certain limits are met. At September 30, 2023 the share plan balance was \$1,267. See details in the 2023 actuarial valuation regarding the limited use of State insurance premium monies.

The City and employees contributions for the year ended September 30, 2023 are as follows:

<u>CITY</u>	<u>EMPLOYEES</u>
<u>\$ 13,566</u>	<u>\$ -</u>

CITY OF OKEECHOBEE, FLORIDA  
MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2023

**NOTE C - PLAN CONTRIBUTIONS AND OTHER INFORMATION (CONTINUED)**

At September 30, 2023, the Plan included 8 retirees receiving or entitled to receive benefits, plus 1 beneficiary receiving benefits. There are zero DROP participants. There are no active current employees who is vested. The Plan has 4 terminated members with vested benefits.

Principal actuarial assumptions used in the valuation of October 1, 2023, are summarized as follows:

Mortality- PUB-2010 Headcount Weighted Safety Employee Female Mortality Table and Safety Below Median Employee Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with scale MP-2018.

Asset valuation method - Four year smoothed market.

Interest - 7% per year compounded annually, after paying investment management fees.

Retirement age - 55 with 10 years service, or 25 years of service regardless of age, or immediately, if over assumed retirement age.

Salary increases - 7% until the assumed retirement age.

Funding method - Aggregate actuarial cost method.

Administrative expense (other than investment management fees) - Actual expenses incurred for the preceding plan year.

Inflation rate – 2.5%

Cost of living increase - .5% every other year

Net Pension Liability of the Sponsor (GASB Statement No. 67):

Total pension liability	\$ 3,414,437
Fiduciary net position	<u>4,307,710</u>
Sponsor's fiduciary net pension liability	<u>(893,273)</u>
Fiduciary net position as a percentage of the total pension liability	126.16%

There is an immaterial difference in the fiduciary net position as calculated above when compared to the financial statements net position due to rounding. The plan currently uses mortality tables that vary by age, gender, and health status. The healthy mortality rates also contain a provision to reflect future mortality improvements. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the current rates and statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members.

The net pension liability of the Plan decreased during the year which was a favorable trend. The fiduciary net position as a percentage of the total pension liability decreased in the current year which was an unfavorable trend. The net pension liability of the Plan as a percentage of covered payroll is no longer pertinent due to the plan winding down and there being no covered payroll moving forward.

CITY OF OKEECHOBEE, FLORIDA  
MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2023

**NOTE D – PENSION BENEFITS**

The Net Pension Liability as a percentage of covered employee payroll is not applicable this year compared to 5,749.02% last year which was a favorable increase. These rates have become distorted due to the termination and winding down process of the plan. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitation. Historical information from 2014 through 2023 is presented as supplementary information on pages 18 - 20.

The pension plan provides retirement, death, and disability benefits for its participants. Each person employed by the City Fire Department as a full-time firefighter becomes a member of the Plan as a condition of his employment. Participation is mandatory. Normal retirement is provided for at age 55 (previously 60) and 10 years of service, or at 25 years of service regardless of age. The benefit is calculated at 3% of average monthly earnings times years of continuous service with the City. The plan allows for a cost of living adjustment of .5% in odd-numbered years after drawing benefits for a complete year. Benefits are payable by monthly annuity for 10 years certain and life thereafter with other options available. Early retirement is provided for at age 50 and 10 years of participation. Death and disability benefits are also available through the plan. Disability benefits for service related disabilities are paid to the participant for life. Benefits are calculated as the amount of accrued normal retirement pension benefit, subject to a minimum benefit not less than 42% of participant's final average compensation.

The Plan refunds accumulated employee contributions upon termination of employment with less than 10 years of service. This amount has not been determined for September 30, 2023 for participants in this service range.

After 10 years of service the pension benefit is accrued to date of termination and payable at normal retirement age if employee contributions are left in the fund.

The Plan allows for a deferred retirement option plan whereupon the employee could retire from the pension plan but continue employment with the City for an additional five years. The retirement benefit is immediately calculated and the monthly benefit is deposited in to the DROP account. An election is made to either earn interest at the rate of 6.5% per annum or credited or debited with an investment return or loss approximating the other assets in the fund. Once a participant elects this option, he is no longer eligible for disability or pre-retirement benefits. Additional information about the DROP can be obtained from the Board.

Members of the Fund also participate in a supplemental Share Plan which is funded by insurance premium taxers received pursuant to Florida Statute 175.351. Florida Statutes define the Share Plan and the methodology for funding the plan. The Share Plan is in addition to any other benefits and nothing herein shall in any way affect any other benefits that now exist. The Board of Trustees administers all assets of the Share Plan. Membership of the Share Plan consists of all firefighters in active service excluding retired members and people who have entered the DROP. Each year, as determined by the legally recognized collective bargaining unit, the premium tax monies are allocated to the share accounts maintained for each firefighter, and the accounts earn interest over time. Upon retirement members receive their share of the account balance.

CITY OF OKEECHOBEE, FLORIDA  
MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2023

**NOTE E – INVESTMENTS**

Salem Trust Company periodically holds uninvested cash in its capacity as custodian for the Plan. These funds exist temporarily as cash in the process of collection from the sale of securities and providing liquid resources for the payment of benefits and expenses.

The plan follows the investment guidelines as established within the ordinance.

The Pension Trust Fund is authorized to invest in the local government surplus funds trust fund, obligations of the U.S. Government or agencies thereof, banking institutions within the state and other such institutions within the guidelines of the state statutes which are insured by the Federal Deposit Insurance Corporation, investment agreements, direct and general long-term obligations of any state with proper credit rating and full faith and bonds issued by the State of Israel, and stocks, bonds, and commingled funds administered by National or State banks or evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, provided that the corporation is listed on a nationally recognized exchange and holds proper credit ratings as set forth by a major credit rating service. These equity investments are not to exceed 60% of the assets of the fund on a cost basis or 70% on market value. Temporary investment funds held by the custodian in a money market fund are classified as cash equivalents within the investment account.

Investments not evidenced by securities that exist in physical or book-entry form include investments in mutual funds, domestic investment funds and commingled pooled trust fund. The Plan's independently managed investments are segregated into a separate account. The investment manager is monitored by the Board of Trustees and an investment performance monitor.

The Plan's investments are uninsured and unregistered and are held in the custodian's accounts in the Plan's name as described above.

The Plan carried no particular security investment that individually represented 5% or more of the Plan's net assets available for benefits as of September 30, 2023.

The Plan has no instrument that, in whole or in part, is accounted for as a derivative instrument under GASB statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* during the current year.

All of the Plan's financial investments are carried at fair value on the Statement of Fiduciary Net Position included in investments. The gain or loss on financial instruments is recognized and recorded on the Statement of Changes in Fiduciary Net Position as part of investment income.

The Plan invests in a variety of investment funds. Investments in general are exposed to various risks, such as interest rate, credit, and overall volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will

CITY OF OKEECHOBEE, FLORIDA  
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NOTES TO FINANCIAL STATEMENTS  
September 30, 2023

**NOTE E - INVESTMENTS (CONTINUED)**

occur in the near term and such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

The following is a list of the City of Okeechobee Municipal Firefighters' Pension Trust Fund investments by categories of risk as of September 30, 2023:

	<u>HISTORICAL COST</u>	<u>MARKET VALUE</u>
Cash equivalents	\$ 60,252	\$ 60,252
Mutual Funds - Fixed Income	1,936,812	1,663,786
Mutual Funds - Equity	1,876,963	2,523,007
	<u>\$ 3,874,027</u>	<u>\$ 4,247,045</u>

**Investment Measurement at Fair Value**

**Fair Value Hierarchy**

The accounting standards break down the fair value hierarchy into three levels based on how observable the inputs are that make up the valuation. The most observable inputs are classified as Level 1 where the unobservable inputs are classified as Level 3.

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access. As a general rule, any asset that has a daily closing price and is actively traded will be classified as a Level 1 input.

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. Inputs to the valuation methodology include: (1) quoted market prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in active markets, (3) inputs other than quoted prices that are observable for the asset or liability, and (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. As a general rule, if an asset or liability does not fall into the requirements of a Level 1 or Level 3 input, it would default to Level 2. With Level 2 inputs, there is usually data that can be easily obtained to support the valuation, even though it is not as easily obtained as a Level 1 input would be.

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NOTES TO FINANCIAL STATEMENTS  
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**NOTE E - INVESTMENTS (CONTINUED)**

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As a general rule, Level 3 inputs are those that are difficult to obtain on a regular basis and require verification from an outside party, such as an auditor or an appraisal, to validate the valuation.

Net asset value (NAV) is a common measurement of fair value for Level 1, Level 2, and Level 3 investments. A fund's NAV is simply its assets less its liabilities, and is often reported as a per share amount for fair value measurement purposes. The Plan would multiply the NAV per share owned to arrive at fair value. Level 1 investment in funds such as mutual funds report at a daily NAV per share and are actively traded. NAV also comes in to play for Level 2 and 3 investments. As a matter of convenience (or referred to in accounting literature as a "practical expedient"), a Plan can use the NAV per share for investments in a nongovernmental entity that does not have a readily determined fair value, such as an alternative investment. Investments measured at NAV as a practical expedient would be excluded from the fair value hierarchy because the valuation is not based on actual market inputs but rather is quantified using the fund's reported NAV as a matter of convenience.

The Fund has the following recurring fair value measurement as of September 30, 2023:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Investments by fair value level		(Level 1)	(Level 2)	(Level 3)
Cash equivalents - temporary investments	\$ 60,252	\$ 60,252	\$ -	-
Domestic investment fund - fixed income	\$ 2,523,007		\$ 2,523,007	-
Domestic investment fund - equity	\$ 1,663,786	\$ 1,663,786	\$ -	-
Total investments by fair value level	<u>\$ 4,247,045</u>	<u>\$ 1,724,038</u>	<u>\$ 2,523,007</u>	<u>-</u>

Florida statutes and the plan investment policy authorize the Trustees to invest funds in various investments. The general investment objective of the fund is to preserve the purchasing power of the fund's assets and earn a reasonable rate of return (after inflation) over the long term while minimizing, to the extent reasonable, the short term volatility of returns. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. 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 of 2.5% to arrive at a 5.6% projected long-term real rate of return net of investment expense.

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NOTES TO FINANCIAL STATEMENTS  
September 30, 2023

**NOTE E - INVESTMENTS (CONTINUED)**

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 are summarized in the following table:

<u>INVESTMENTS</u>	<u>PERCENT ACTUAL</u>	<u>PERCENT TARGET</u>	<u>LONG-TERM REAL RETURN *</u>
Domestic Equity	44.3%	50.0%	7.5%
International Equity	15.1%	10.0%	8.5%
Domestic Fixed Income	39.2%	40.0%	2.5%
Global Fixed Income	0.0%	0.0%	3.5%
Cash Equivalents	1.4%	0.0%	
Total	<u>100.0%</u>	<u>100.0%</u>	

\* net of long-term inflation assumption of 2.5%

For the year ended September 30, 2023, the annual money-weighted rate of return on the pension plan investments was 13.22% as calculated by the Plan's investment monitor and advisor. The money-weighted rate of return expresses investment performance, net of plan investment expenses, as adjusted for the changing amounts actually invested on a monthly basis.

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

The following presents the pension liability of the City, calculated using the discount rate of 6.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (5%) or 1% higher (7%) than the current rate:

	<u>1% Decrease (5%)</u>	<u>Current Discount (6%)</u>	<u>1% Increase (7%)</u>
Sponsor's net pension liability	(\$455,287)	(\$893,273)	(\$1,250,725)

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 sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate of 7% was the rate used for the previous year's calculation of net pension liability.

Fixed income securities have inherent financial risks, including credit risk and interest rate risk. Credit risk for fixed income securities is the risk that the issuer will not fulfill its obligations.

CITY OF OKEECHOBEE, FLORIDA  
MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2023

**NOTE E - INVESTMENTS (CONTINUED)**

Nationally recognized statistical rating organizations ("NSROs"), such as Moody's and Standard and Poor's, assign credit ratings to security issuers and issues that indicate a measure of potential credit risk to investors. Fixed income securities considered investment grade are those rated at least Baa by Moody's and BBB by Standard and Poor's. Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of fixed income securities.

Effective duration, a commonly used measure of interest rate risk, incorporates a security's yield, coupon, final maturity, call features and other imbedded options into one number expressed in years that indicates how price-sensitive a security or portfolio of securities is to changes in interest rates. The effective duration of a security or portfolio indicates the approximate percentage change in fair value expected for a one percent change in interest rates. The longer the duration, the more sensitive the security or portfolio is to changes in interest rates. Concentration of credit risk is an increased risk of loss occurs as more investments are acquired from one issuer (i.e. lack of diversification). Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, an entity may be unable to recover deposits, or collateral securities, that are in the possession of an outside party.

At September 30, 2023, the fixed income fund was invested in a mutual fund primarily in high quality bonds and other fixed income securities including U.S. Government obligations, mortgage and asset-backed securities, corporate and municipal bonds, collateralized mortgage obligations and other securities of investment grade. This fund had an effective duration of 5.7 years and effective maturity of 10.4 years as of September 30, 2023.

The Plan from time to time invests in mortgage-backed securities representing interests in pools of mortgage loans as part of its interest rate risk management strategy. The mortgage-backed securities are not used to leverage investments in fixed income portfolios. The mortgage-backed securities held by the Plan were guaranteed by federally sponsored agencies such as the Government National Mortgage Association. These investments are inside of the fixed income open-end mutual fund that the plan holds.

**NOTE F – DESIGNATIONS**

In past years, a portion of the plan's assets have been designated for benefits that accrue in relation to the DROP account further described in Note D. In the previous year the DROP account was fully liquidated.



CITY OF OKEECHOBEE, FLORIDA  
MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND  
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September 30, 2023

**NOTE G - PLAN TERMINATION**

The City terminated the Plan in accordance with the provisions of Florida Statutes 175. In the event that the Plan is terminated or contributions to the Plan are permanently discontinued, the benefits of each participant in the Plan at the termination date would be non-forfeitable.

The City entered into an agreement with Okeechobee County to provide advanced life support and fire services to residents and businesses of the City effective April 2, 2021. The City will cease operations of fire and advanced life support services, but will benefit from centralized communications and coordination relative to the delivery of these services in addition to the elimination of the administrative costs thereof. The agreement provides the employees may be hired by the County and will be given the opportunity to remain in the current plan with the City or opt to become a participant in the Florida Retirement System. The City will continue to be the plan sponsor and is responsible for the unfunded actuarial accrued liability as determined by the plan actuary. The City will be responsible for paying the total required contribution to the Plan if future State contributions may not be available or insufficient.

**NOTE H - PLAN CHANGES**

Effective October 1, 2021 valuation will use the mortality tables from the most recent FRS valuation as of 7/1/2021; updated proportion of disabilities that are assumed to be service-connected (versus non-service connected) to 85%; Firefighter member who becomes totally and permanently unable to perform useful and efficient service as a Firefighter due to a diagnosis of cancer or circumstances that arise out of treatment of such cancer will be presumed to be disabled in-line of duty.

Effective October 1, 2017, the mortality assumption was changed from the RP-2000 Combined Healthy Participant Mortality Tables, using projection scale AA to the mortality assumption used by the Florida Retirement System (FRS) for Special Risk Class members in the actuarial valuation as of July 1, 2022, detailed in Florida House Bill 1309 (codified in Chapter 2015-157), which requires all public pension plans in Florida to use the same mortality rates used in either of the last two actuarial valuation reports of FRS effective no later than 10/1/2017.

Effective August 20, 2013, the Plan was amended to change the definitions of Credited Service and Maximum Pension to comply with recent changes to the Internal Revenue Code. These changes in benefit calculations had no financial impact on the Plan.

Effective October 1, 2012, the Plan was amended to reflect a change in assumption. The assumptions were changed to update the mortality rates from the 1994 Group Annuity Tables for Males and Females to the RP-2000 Combined Healthy Participant Table for Males and Females.

The change will be phased in over a three year period. The required employer contribution increased approximately \$9,000 as a result of the change in the mortality assumption for the coming year.

CITY OF OKEECHOBEE, FLORIDA  
MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2023

**NOTE H - PLAN CHANGES (CONTINUED)**

Effective October 1, 2007, the Plan was amended to reflect a change in assumption. The assumptions were changed to update the mortality rates from the 1983 Group Annuity Tables for Males and Females to the 1994 Group Annuity Tables for Males and Females.

During the fiscal year 2006, there was a change in the assumption for normal cost of administrative expenses from a fixed amount to actual administrative expenses for the prior year. The results of each year's valuation will be used to determine the required contribution for the year after the valuation year, effective for the 2005/2006 plan year.

CITY OF OKEECHOBEE, FLORIDA  
MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND  
REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF INVESTMENT RETURNS**

Annual Money-Weighted Rate of Return  
(net of investment expenses)

Fiscal year ending September 30,

2014	10.43%
2015	(2.19%)
2016	6.83%
2017	10.76%
2018	6.11%
2019	2.39%
2020	10.61%
2021	19.30%
2022	(20.53%)
2023	13.22%

**CITY OF OKEECHOBEE, FLORIDA**  
**MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN THE EMPLOYER'S**  
**NET PENSION LIABILITY AND RELATED RATIOS**  
**GASB Statement No. 67**

Fiscal year ending September 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension Liability</b>										
Service Cost	\$ -	\$ 18,570	\$ 64,244	\$ 117,980	\$ 145,856	\$ 136,825	\$ 156,989	\$ 156,107	\$ 144,773	\$ 130,539
Interest	199,748	225,789	247,616	275,148	271,341	257,407	255,218	235,684	213,154	196,106
Benefit Changes	-	-	268,575	(945)	-	-	-	-	-	-
	(273,706)	(254,300)	(242,201)	(85,233)	(132,896)	(162,443)	(91,659)	56,393	(19,771)	(741)
Difference between actual & expected experience										
Assumption Changes	-	-	-	(96,526)	-	-	(13,449)	-	49,797	-
Benefit Payments, including Refunds of Member Contributions	(231,868)	(548,385)	(191,302)	(152,193)	(150,433)	(123,132)	(127,009)	(102,590)	(96,939)	(142,060)
Other	0	0	0	0	0	19,828	0	3,256	-	-
<b>Net Change in Total Pension Liability</b>	<b>(305,826)</b>	<b>(558,326)</b>	<b>146,932</b>	<b>58,231</b>	<b>133,868</b>	<b>128,485</b>	<b>180,090</b>	<b>348,850</b>	<b>291,014</b>	<b>183,844</b>
<b>Total Pension Liability -Beginning</b>	<b>3,720,263</b>	<b>4,278,589</b>	<b>4,131,657</b>	<b>4,073,426</b>	<b>3,939,558</b>	<b>3,811,073</b>	<b>3,630,983</b>	<b>3,282,133</b>	<b>2,991,119</b>	<b>2,807,275</b>
<b>Total Pension Liability -Ending (a)</b>	<b>\$ 3,414,437</b>	<b>\$ 3,720,263</b>	<b>\$4,278,589</b>	<b>\$4,131,657</b>	<b>\$4,073,426</b>	<b>\$3,939,558</b>	<b>\$3,811,073</b>	<b>\$3,630,983</b>	<b>\$3,282,133</b>	<b>\$2,991,119</b>
<b>Plan Fiduciary Net Position</b>										
Contributions -Employer (from City & State)	\$ 89,478	\$ 39,652	\$ 89,154	\$ 138,866	\$ 136,798	\$ 168,046	\$ 157,712	\$ 147,598	\$ 145,525	\$ 135,293
Contributions -Member	0	249	18,140	20,552	23,945	23,446	25,409	27,433	26,324	23,854
Net Investment Income	503,627	(1,079,229)	906,378	507,378	140,894	308,920	404,268	246,381	(44,021)	318,708
Benefit Payments, including Refunds of Member Contributions	(231,868)	(548,385)	(191,302)	(152,193)	(150,433)	(123,132)	(127,009)	(102,590)	(96,939)	(142,060)
Administrative Expense	(62,323)	(44,389)	(44,943)	(40,275)	(43,675)	(59,878)	(34,934)	(31,639)	(27,132)	(16,233)
Other	1,657	-	-	652	-	-	(6,375)	(1,766)	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>300,571</b>	<b>(1,632,102)</b>	<b>777,427</b>	<b>474,980</b>	<b>107,529</b>	<b>317,402</b>	<b>419,071</b>	<b>285,417</b>	<b>3,757</b>	<b>319,562</b>
<b>Plan Fiduciary Net Position -Beginning</b>	<b>4,007,139</b>	<b>5,639,241</b>	<b>4,861,814</b>	<b>4,386,834</b>	<b>4,279,305</b>	<b>3,961,903</b>	<b>3,542,832</b>	<b>3,257,415</b>	<b>3,253,658</b>	<b>2,934,096</b>
<b>Plan Fiduciary Net Position -Ending (b)</b>	<b>\$ 4,307,710</b>	<b>\$ 4,007,139</b>	<b>\$5,639,241</b>	<b>\$4,861,814</b>	<b>\$4,386,834</b>	<b>\$4,279,305</b>	<b>\$3,961,903</b>	<b>\$3,542,832</b>	<b>\$3,257,415</b>	<b>\$3,253,658</b>
<b>Net Pension Liability -Ending (a) -(b)</b>	<b>(893,273)</b>	<b>(286,876)</b>	<b>(1,360,652)</b>	<b>(730,157)</b>	<b>(313,408)</b>	<b>(339,747)</b>	<b>(150,830)</b>	<b>88,151</b>	<b>24,718</b>	<b>(262,539)</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	126.16%	107.71%	131.80%	117.67%	107.69%	108.62%	103.96%	97.57%	99.25%	108.78%
<b>Covered Employee Payroll *</b>	\$ -	\$ 4,990	\$ 367,446	\$ 411,033	\$ 478,900	\$ 468,920	\$ 508,180	\$ 548,660	\$ 526,480	\$ 477,080
<b>Net Pension Liability as a Percentage Of Covered Employee Payroll</b>	N/A	(5749.02%)	(370.30%)	(177.64%)	(65.44%)	(72.45%)	(29.68%)	16.07%	4.69%	(55.03%)

Source: GRS Retirement Consultant's GASB 67 Disclosure Information dated January 19, 2024.

CITY OF OKEECHOBEE, FLORIDA  
MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND  
REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CONTRIBUTIONS**

GASB Statement No. 67

Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Actual Contribution as % of Covered Payroll
2014	122,212	135,293	(13,081)	477,080	28.36%
2015	138,914	145,525	(6,611)	526,480	27.64%
2016	143,632	147,598	(3,966)	548,660	26.90%
2017	170,269	157,712	12,557	508,180	31.03%
2018	167,871	168,046	(175)	468,920	35.84%
2019	139,143	136,798	2,345	478,900	28.57%
2020	157,372	138,866	18,506	411,033	33.78%
2021	104,102	89,154	14,948	367,446	24.26%
2022	46,153	39,652	6,501	4,990	794.63%
2023	45,922	89,478	(43,556)	-	N/A

\* Covered payroll was calculated by dividing the total member contributions for the fiscal year, net of any known buyback contributions, by the member contribution rate of 5%.

**NOTES TO SCHEDULE OF CONTRIBUTIONS**

GASB Statement No. 67

**Valuation Date:** Actuarially determined contribution rates are calculated as of the October 1 which is two years prior to the end of the fiscal year in which contributions are paid.

**Methods and Assumptions Used to Determine Contribution Rates for September 30, 2023:**

Actuarial Cost Method	Aggregate
Amortization Method	N/A
Remaining Amortization	N/A
Asset Valuation Method	4-year smoothed market
Inflation	2.5%
Salary Increases	7.0%,
Investment Rate of Return	6.0%
Retirement Age	100% when first eligible for Normal Retirement or DROP entry.
Mortality	PUB-2010 Headcount Weighted Safety Employee Female Mortality Table and Safety Below Median Employee Male Mortality Table, both set forward 1 year, with fully generation mortality improvements projected to each future decrement date with Scale MP-2018.
Cost of Living Adjustment	0.5% every odd year

Reported payroll used to determine contribution as provided under GASB Statement Number 82.

**Other Information:**

Benefit Changes      2020 - System closed to new entrants and current active members were provided the option to remove in the System and continue to accrue benefits or to join the County Retirement Program; 2019 - Disability due to cancer diagnosis considered in the line of duty

Assumption Changes      2019 - Mortality assumptions were updated; 2016 - Mortality assumptions were updated; 2014 - Mortality assumptions were updated

Notes      See Okeechobee Firefighters' Retirement System  
GASB Statement No. 67 Year End True Up dated January 19, 2024

CITY OF OKEECHOBEE, FLORIDA  
MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND  
SCHEDULE OF INVESTMENT AND ADMINISTRATIVE EXPENSES  
For the Year ended September 30, 2023

	INVESTMENT EXPENSES	ADMINISTRATIVE EXPENSES
Accounting Fees	\$ -	\$ 2,000
Actuary Fees	-	34,600
Audit Fees	-	3,700
Administrator Fees		7,559
Insurance	-	2,110
Custodial Fees	5,500	-
Legal Fees	-	12,356
Performance Monitor	17,250	-
Total Investment and Administrative Expenses	<u>\$ 22,750</u>	<u>\$ 62,325</u>
Percentage of Plan Net Assets	0.53%	1.45%

**INDEPENDENT AUDITORS' 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**

To the Board of Trustees  
City of Okeechobee Municipal Firefighters' Pension Trust Fund  
Okeechobee, 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 City of Okeechobee Municipal Firefighters' Pension Trust Fund (the "Plan"), as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated January 19, 2024.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Plan'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 may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the financial statement. 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 noncompliance 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 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 Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DiBartolomeo, McBee, Hartley & Barnes, P.A.  
Fort Pierce, Florida  
January 19, 2024