

Saltmarsh

Saltmarsh, Cleaveland & Gund

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

CITY OF BROOKSVILLE FIREFIGHTERS' RETIREMENT TRUST FUND

FINANCIAL STATEMENTS

SEPTEMBER 30, 2024 AND 2023

CITY OF BROOKSVILLE FIREFIGHTERS' RETIREMENT TRUST FUND
FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

CONTENTS

	PAGE
Independent Auditor's Report	1
Basic Financial Statements:	
Statements of Fiduciary Net Position	4
Statements of Changes in Fiduciary Net Position	5
Notes to Financial Statements	6
Required Supplementary Information:	
Schedule of Changes in the City's Net Pension Liability	20
Schedule of Ratios	21
Schedule of Contributions	22
Notes to Schedule of Contributions	23
Schedule of Investment Returns	24
Additional Information:	
Schedules of Investment and Administrative Expenses	25

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
City of Brooksville Firefighters' Retirement Trust Fund
Brooksville, Florida

Opinion

We have audited the financial statements of the City of Brooksville Firefighters' Retirement Trust Fund (the "Plan"), which comprise the statements of fiduciary net position as of September 30, 2024 and 2023, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, information regarding the fiduciary net position of the Plan as of September 30, 2024 and 2023, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted ("GAAS") in the United States of America. 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 Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 one year after the date that the financial statements are issued.

Board of Trustees of
City of Brooksville Firefighters' Retirement Trust Fund
Brooksville, Florida

Management is also responsible for maintaining a current Plan instrument, including all Plan amendments, administering the Plan, and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

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 GAAS 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, 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.

Emphasis of Matter

As discussed in Note 1, these financial statements present only the City of Brooksville Firefighters' Retirement Trust Fund, a pension trust fund of the city of Brooksville, Florida (the "City") and are not intended to present fairly the financial position and changes in financial position of the City in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Board of Trustees of
City of Brooksville Firefighters' Retirement Trust Fund
Brooksville, Florida

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on pages 20 through 24 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 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 basic financial statements, and other knowledge we obtained during our audits 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.

The Plan has not presented a management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

The additional information on page 25 is presented for the purpose of additional analysis and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the above information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Tampa, Florida
June 18, 2025

**CITY OF BROOKSVILLE
FIREFIGHTERS' RETIREMENT TRUST FUND
STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2024 AND 2023**

	2024	2023
Assets:		
Cash	\$ 3,544	\$ 44,295
Receivables:		
Interest	16,759	14,061
State excise tax rebate	14,355	852
Total receivables	31,114	14,913
Prepaid expenses	-	2,827
Investments:		
U.S. Government obligations	307,327	233,349
U.S. Government agency obligations	849,155	642,387
Corporate bonds	985,569	735,904
Domestic equity investment funds	4,307,884	3,654,429
International equity investment funds	1,197,156	1,004,868
Global fixed income investment funds	387,097	359,983
Real estate investment fund	720,113	791,524
Temporary investment funds	183,803	87,000
Total investments	8,938,104	7,509,444
Total Assets	8,972,762	7,571,479
Liabilities:		
Accounts payable	8,632	3,579
Accounts payable, broker dealers	-	9,389
Refunds payable	2,208	-
Total Liabilities	10,840	12,968
Net Position Restricted for Pensions	\$ 8,961,922	\$ 7,558,511

The accompanying notes are an integral
part of these financial statements.

**CITY OF BROOKSVILLE
FIREFIGHTERS' RETIREMENT TRUST FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

	2024	2023
Additions:		
Contributions:		
Employer	\$ 226,283	\$ 201,349
Plan members	41,120	36,136
Total contributions	267,403	237,485
 Intergovernmental revenue:		
State excise tax rebate	130,034	110,690
 Investment income:		
Net appreciation in fair value of investments	1,432,787	627,446
Interest	61,277	56,528
Dividends	105,814	101,930
Other	100	-
Total investment income	1,599,978	785,904
Less investment expenses	29,119	26,426
Net investment income	1,570,859	759,478
Total additions	1,968,296	1,107,653
 Deductions:		
Benefits:		
Age and service	497,672	424,929
DROP payments	-	289,615
Refunds	9,783	4,649
Administrative expenses	57,430	49,438
Total deductions	564,885	768,631
Net Increase in Net Position	1,403,411	339,022
 Net Position Restricted for Pensions:		
Beginning of year	7,558,511	7,219,489
End of year	\$ 8,961,922	\$ 7,558,511

The accompanying notes are an integral part of these financial statements.

**CITY OF BROOKSVILLE FIREFIGHTERS' RETIREMENT TRUST FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

NOTE 1 - DESCRIPTION OF PLAN

The following brief description of the City of Brooksville Firefighters' Retirement Trust Fund (the "Plan") is provided for general information purposes only. Participants should refer to the Plan Ordinance for more complete information.

The Plan is a defined benefit pension plan covering all full-time and volunteer firefighters of the city of Brooksville, Florida (the "City"). Participation in the Plan is required as a condition of employment. Originally established in 1941 and subsequently amended, the Plan provides for retirement, death and disability benefits. The Plan is subject to the provisions of Chapter 175 of the state of Florida Statutes.

The Plan, in accordance with the above statute, is governed by a five-member Board of Trustees (the "Board"). Two firefighters, two City residents and a fifth member elected by the other four members constitute the Board. The City and the Plan participants are obligated to fund all Plan costs based upon actuarial valuations. The City establishes the Plan's benefit levels and the Board approves the actuarial assumptions used in the determination of contribution levels.

As of October 1, 2023, the date of the most recent actuarial valuation, the Plan's membership consisted of:

Retirees and beneficiaries:

Currently receiving benefits	16
Terminated employees entitled to but not yet receiving benefits	21
 Total	 37

Current employees:

Vested	4
Nonvested	15
 Total	 19

Pension Benefits - A member may retire with normal benefits at the earlier of age 55 with 10 years of credited service, age 60 regardless of years of service, or with 20 years of service regardless of age. Benefits are 3.1% of the member's average final compensation ("AFC") times their years of service.

Early Retirement - Members are eligible for early retirement upon attainment of age 50 with 10 years of credited service. The amount of the early retirement benefit is calculated in the same manner as for normal retirement and reduced by 3% per year for each year the commencement of benefits precedes the normal retirement date.

Death Benefits - Members are eligible to receive service-related death benefits, regardless of years of credited service. For non-service related deaths of nonvested members, beneficiaries receive a refund of the member's accumulated contributions.

CITY OF BROOKSVILLE FIREFIGHTERS' RETIREMENT TRUST FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 - DESCRIPTION OF PLAN (Continued)

Disability Benefits - Benefits for service related disabilities are 3.1% of AFC times the years of service, but not less than 42% of the member's AFC. Benefits for non-service related disabilities for members with 10 or more years of credited service are 3.1% of AFC times the years of service.

Deferred Retirement Option Plan ("DROP") - Any member who is eligible to receive normal retirement benefits may elect to participate in the DROP while continuing their active employment. Upon participation in the DROP, the member becomes a retiree for all Plan purposes so that he or she ceases to accrue any further benefits under the Plan. Normal retirement payments that would have been payable to the member as a result of retirement are accumulated and invested in the DROP to be distributed to the members upon his or her termination of employment. Participation in the DROP ceases after the earlier of 5 years or the completion of 30 years of service.

Supplemental Benefit - Share Plan - There is a separate "Share account" created for each member of the Plan. At retirement, termination (vested), disability or death, there shall be an additional benefit paid to the member. The Share Plan is funded solely with state excise tax rebates. The funding received for the Share Plan will be allocated to the members in a manner to be mutually agreed upon between the City and the members' collective bargaining agent. The Share accounts will receive their proportionate share of the income or loss on the assets in the Plan.

Refund of Participant Contributions - If a nonvested firefighter retires, dies, becomes disabled, or terminates employment with the City, the member's accumulated contributions may be refunded to the firefighter or the designated beneficiary, without interest.

Cost of Living Adjustments ("COLA") - A 3% COLA is provided each January 1st at age 55 through age 65 for normal and early retirees, and beneficiaries of deceased retirees based on the age of the deceased retiree.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The financial statements of the Plan are prepared on the accrual basis of accounting.

Basis of Presentation:

The accompanying financial statements are presented in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 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.

CITY OF BROOKSVILLE FIREFIGHTERS' RETIREMENT TRUST FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Temporary Investment Funds:

The Plan considers money market and demand account bank and broker-dealer deposits as cash. Temporary investments shown on the statements of fiduciary net position are composed of investments in short-term custodial proprietary money market funds.

Valuation of Investments:

The Plan's investments are stated at fair value. See Note 12 for discussion of fair value measurements.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year. The net realized and unrealized investment appreciation (depreciation) for the year is reflected in the statements of changes in fiduciary net position.

Custody of Assets:

Custodial and investment services are provided to the Plan under contract with a national trust company having trust powers. The Plan's investment policies are governed by Florida Statutes and ordinances of the City.

Authorized Plan Investments:

The Board recognizes that the obligations of the Plan are long-term and that its investment policy should be made with a view toward performance and return over a number of years. The general investment objective is to obtain a reasonable total rate of return defined as interest and dividend income plus realized and unrealized capital gains or losses commensurate with the Prudent Investor Rule and Chapter 175 of the Florida Statutes.

Permissible investments include obligations of the U.S. government and U.S. agencies, common or preferred stocks, convertible securities, pooled equity funds, high quality bonds or notes, fixed income funds, and real estate funds.

In addition, the Plan's investment limitations include the following:

- a. The Plan's investments in common stock, capital stock and convertible securities may not exceed 65% of the Plan's assets.
- b. No more than 10% of the cost value of the Plan's assets may be invested in real estate.
- c. The Plan's investment in any single corporation shall not exceed 5% of such corporation's outstanding common stock, capital stock, or convertible securities.
- d. The Plan's investments in foreign securities (regardless of asset class) may not exceed 25% of the Plan's assets.

CITY OF BROOKSVILLE FIREFIGHTERS' RETIREMENT TRUST FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Actuarial Cost Method:

The Plan has elected the Entry Age Normal Cost Method for funding purposes. This method provides for the systematic funding of the Plan's normal cost. Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

Reporting Entity:

The financial statements presented are only for the Plan and are not intended to present the basic financial statements of the City.

The Plan is included in the City's Annual Comprehensive Financial Report ("ACFR") for the years ended September 30, 2024 and 2023, which are separately issued documents. Anyone wishing further information about the City is referred to the City's ACFR.

The Plan is a pension trust fund (fiduciary fund type) of the City which accounts for the single employer defined benefit pension plan for all City firefighters.

Funding Policy:

Members are required to contribute 3.29% of their compensation to the Plan. The City's funding policy is to make actuarially computed contributions to the Plan in amounts, such that when combined with member's contributions and the state insurance fund excise tax rebate, all members' benefits will be fully provided for by the time they retire.

A rehired member may buy back one or more years of continuous past credited service by paying into the Plan the amount of contributions that the member would otherwise have paid for such continuous past service, plus interest that would have been earned had such funds been invested by the Plan during that time.

Payment of Benefits:

Benefit payments to participants are recorded upon distribution.

Administrative Expenses:

Plan expenses, including fees and expenses connected with providing administrative services by external service providers, are paid from Plan assets.

**CITY OF BROOKSVILLE FIREFIGHTERS' RETIREMENT TRUST FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Federal Income Taxes:

A favorable determination letter indicating the Plan is qualified and exempt from federal income taxes has not been requested from the Internal Revenue Service. The Plan's administrator and the Plan's tax counsel believe the Plan is currently designed and is being operated in compliance with the applicable requirements of the Internal Revenue Service Code and, therefore, the Plan continues to qualify under Section 401(a). Therefore, no provision for income taxes is included in the Plan's financial statements..

Use of 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events:

Management has considered subsequent events through June 18, 2025, which is the date the financial statements were available to be issued.

NOTE 3 - PLAN TERMINATION

Although it has not expressed an intention to do so, the City may terminate the Plan at any time by a written ordinance of the City commission, duly certified by an official of the City. In the event that the Plan is terminated or contributions to the Plan are permanently discontinued, the benefits of each firefighter in the Plan at such termination date would be non-forfeitable.

NOTE 4 - NET REALIZED AND UNREALIZED APPRECIATION OF INVESTMENTS

The Plan's investments appreciated in value during the fiscal years ended September 30, 2024 and 2023 as follows:

	<u>2024</u>	<u>2023</u>
Realized appreciation	\$ 277,193	\$ 153,132
Unrealized appreciation	<u>1,155,594</u>	<u>474,314</u>
	<u>\$ 1,432,787</u>	<u>\$ 627,446</u>

**CITY OF BROOKSVILLE FIREFIGHTERS' RETIREMENT TRUST FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

NOTE 5 - DEPOSITS AND INVESTMENTS

Deposits:

Fiduciary Trust International of the South (“FTIOS”) periodically holds uninvested cash in its capacity as custodian of the Plan. These funds exist temporarily as cash in the process of collection from the sale of securities.

Asset Allocation:

The Plan’s adopted asset allocation as of September 30, 2024 is as follows:

<u>Asset Class</u>	<u>Target</u>	<u>Range</u>
Domestic equity	45%	40% - 50%
International equity	15%	10% - 20%
Domestic fixed income	20%	0% - 45%
Global fixed income	5%	0% - 10%
Real estate	10%	0% - 15%
Alternatives	5%	0% - 10%

The investment managers are monitored by the Board and an investment advisor.

The Plan’s independently managed investments are segregated into separate accounts and managed under separate investment agreements. These accounts give FTIOS custodianship, but give the investment managers the authority to manage the investments.

Foreign Tax Withholdings and Reclaims:

Withholding taxes on dividends from foreign securities are provided for based on rates established via treaty between the United States of America and the applicable foreign jurisdiction, or where no treaty exists at the prevailing rate established by the foreign country. Foreign tax withholdings are reflected as a reduction of dividend income in the statements of changes in fiduciary net position. Where treaties allow for a reclaim of taxes, the Plan will make a formal application for refund. Such reclaims are included as an addition to dividend income.

Rate of Return:

The annual money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the years ended September 30, 2024 and 2023, the annual money-weighted rate of return was 21.08% and 10.72%, respectively.

CITY OF BROOKSVILLE FIREFIGHTERS' RETIREMENT TRUST FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 6 - INVESTMENTS

The Plan's investments at both fair value and cost or adjusted cost as of September 30, 2024 and 2023 are as follows:

Investment Type	2024		2023	
	Cost	Fair Value	Cost	Fair Value
U.S. Government obligations	\$ 304,081	\$ 307,327	\$ 278,829	\$ 233,349
U.S. Government agency obligations	887,817	849,155	749,409	642,387
Corporate bonds	1,003,519	985,569	822,827	735,904
Domestic equity investment funds	2,391,724	4,307,884	2,585,678	3,654,429
International equity investment funds	1,023,714	1,197,156	1,009,947	1,004,868
Global fixed income investment funds	417,824	387,097	417,387	359,983
Real estate investment fund	753,569	720,113	731,807	791,524
Temporary investment funds	183,803	183,803	87,000	87,000
Total	<u>\$ 6,966,051</u>	<u>\$ 8,938,104</u>	<u>\$ 6,682,884</u>	<u>\$ 7,509,444</u>

The Plan held the following fixed income investments as of September 30, 2024 and 2023:

Investment Type	Fair Value		Rating (Standard & Poor's)	Average Effective Duration (Years)
	2024	2023		
U.S. Government obligations	\$ 307,327	\$ 233,349	AA	10.63
U.S. Government agency obligations	849,155	642,387	AA	5.46
Corporate bonds	985,569	735,904	BBB	4.99
Global fixed income investment funds	387,097	359,983	N/A	Daily
Temporary investment funds	183,803	87,000	N/A	Daily
Total	<u>\$ 2,712,951</u>	<u>\$ 2,058,623</u>		

**CITY OF BROOKSVILLE FIREFIGHTERS' RETIREMENT TRUST FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

NOTE 7 - RESTRICTIONS

A portion of the Plan's net position restricted for pensions is designated for benefits that accrue in relation to the DROP and Share accounts. There were no members participating in the DROP as of September 30, 2024 and 2023. Allocations to the Share accounts as of September 30, 2024 and 2023 are as follows:

	2024	2023
Restricted for Share accounts (fully funded)	\$ 17,308	\$ 3,454
Restricted for defined benefits	8,944,614	7,555,057
Total net position restricted for pensions	\$ 8,961,922	\$ 7,558,511

NOTE 8 - PLAN AMENDMENTS

There were no amendments during the fiscal years ended September 30, 2024 and 2023.

NOTE 9 - ACTUARIAL ASSUMPTION CHANGES

The City's total pension liability as of the September 30, 2024 measurement date reflects the following actuarial assumption changes:

- The discount rate was updated from 7.55% to 7.25%.
- Updated retirement and termination rates.
- Adjusted salary increase rates upward with higher rates for service between 2-5 years.

These changes increased the City's total pension liability by \$264,393.

There were no changes in actuarial assumptions for the fiscal year ended September 30, 2023.

NOTE 10 - ACTUARIAL METHOD CHANGES

There were no actuarial method changes for the fiscal years ended September 30, 2024 and 2023.

CITY OF BROOKSVILLE FIREFIGHTERS' RETIREMENT TRUST FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 11 - RISKS AND UNCERTAINTIES

The Plan invests in a variety of investment funds. Investments in general are exposed to various risks, such as interest rate, market, 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 occur in the near term and that such changes could materially affect the amounts reported in the statements of fiduciary net position.

Plan contributions are made and the actuarial present value of the net pension liability is reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE 12 - INVESTMENT MEASUREMENT AT FAIR VALUE

Fair Value Hierarchy:

GASB Statement 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is 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. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The three levels of inputs used to measure fair value are as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in inactive markets, and other inputs that are observable or corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a plan's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

CITY OF BROOKSVILLE FIREFIGHTERS' RETIREMENT TRUST FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 12 - INVESTMENT MEASUREMENT AT FAIR VALUE (Continued)

Fair Value Hierarchy (Continued):

The Plan has the following recurring fair value measurements as of September 30, 2024 and 2023:

- *Domestic equity investment funds, international equity investment funds, global fixed income investment funds, temporary investment funds* - Valued at the quoted net asset value (“NAV”) of shares held by the Plan at year end.
- *U.S. Government obligations, U.S. government agency obligations, corporate bonds* - Valued with Matrix pricing used by International Data Pricing and Reference Data, LLC.
- *Real estate investment fund* - Valued at the NAV per unit of the Plan’s ownership interest. The NAV is used as a practical expedient to estimate fair value. This fund is excluded from the fair value hierarchy.

Investment Type	Level 1	Level 2	Level 3	2024
U.S. Government obligations	\$ -	\$ 307,327	\$ -	\$ 307,327
U.S. Government agency obligations	-	849,155	-	849,155
Corporate bonds	-	985,569	-	985,569
Domestic equity investment funds	4,307,884	-	-	4,307,884
International equity investment funds	1,197,156	-	-	1,197,156
Global fixed income investment funds	387,097	-	-	387,097
Temporary investment funds	183,803	-	-	183,803
Total investments by fair value level	<u>\$ 6,075,940</u>	<u>\$ 2,142,051</u>	<u>\$ -</u>	<u>8,217,991</u>

Investment Measured at NAV:

Real estate investment fund	<u>720,113</u>
Total, September 30, 2024	<u>\$ 8,938,104</u>

Investment Measured at NAV	2024	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate investment fund: American Core Realty Fund	<u>\$ 720,113</u>	<u>\$ -</u>	Quarterly	60 days

CITY OF BROOKSVILLE FIREFIGHTERS' RETIREMENT TRUST FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 12 - INVESTMENT MEASUREMENT AT FAIR VALUE (Continued)

Fair Value Hierarchy (Continued):

Investment Type	Level 1	Level 2	Level 3	2023
U.S. Government obligations	\$ -	\$ 233,349	\$ -	\$ 233,349
U.S. Government agency obligations	-	642,387	-	642,387
Corporate bonds	-	735,904	-	735,904
Domestic equity investment funds	3,654,429	-	-	3,654,429
International equity investment funds	1,004,868	-	-	1,004,868
Global fixed income investment funds	359,983	-	-	359,983
Temporary investment funds	87,000	-	-	87,000
Total investments by fair value level	<u>\$ 5,106,280</u>	<u>\$ 1,611,640</u>	<u>\$ -</u>	<u>6,717,920</u>

Investment Measured at NAV:

Real estate investment fund	<u>791,524</u>
Total, September 30, 2023	<u>\$ 7,509,444</u>

Investment Measured at NAV	2023	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate investment fund: American Core Realty Fund	<u>\$ 791,524</u>	<u>\$ -</u>	Quarterly	60 days

**CITY OF BROOKSVILLE FIREFIGHTERS' RETIREMENT TRUST FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

NOTE 13 - NET PENSION LIABILITY OF THE CITY

The components of net pension liability of the City as of September 30, 2024 and 2023 were as follows:

	2024	2023
Total pension liability	\$ 9,492,149	\$ 8,487,895
Plan fiduciary net position	8,961,922	7,558,511
City's net pension liability	\$ 530,227	\$ 929,384
Plan fiduciary net position as a percentage of total pension liability	94.41%	89.05%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2023 updated to September 30, 2024 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.5%
Salary increases	Service based
Investment rate of return	7.25%
Discount rate	7.25%

Mortality Rate Healthy Active Lives:

Female: PubS.H-2010 for Employees, set forward one year

Male: PubS.H-2010 (Below Median) for Employees, set forward one year

Mortality Rate Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year

Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year

Mortality Rate Beneficiary Lives:

Female: PubG.H-2010 (Below Median) for Healthy Retirees

Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year

Mortality Rate Disabled Lives:

80% PubG-H 2010 for Disabled Retirees

20% PubS.H-2010 for Disabled Retirees

All rates are projected generationally with Mortality Improvement Scale MP-2018. These 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 above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for special risk employees, with appropriate adjustments made based on Plan demographics.

CITY OF BROOKSVILLE FIREFIGHTERS' RETIREMENT TRUST FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 13 - NET PENSION LIABILITY OF THE CITY (Continued)

Actuarial Assumptions (Continued):

The long-term expected rate of return on Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 weighing 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 Plan's target asset allocation as of September 30, 2024 are as follows:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	7.5%
International equity	15%	8.5%
Domestic fixed income	25%	2.5%
Global fixed income	5%	3.5%
Real estate	10%	4.5%

Discount Rate:

The discount rate used to measure the total pension liability was 7.25%. 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 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

	1% Decrease 6.25%	Current Single Discount Rate 7.25%	1% Increase 8.25%
City's net pension liability (asset)	<u>\$ 1,618,648</u>	<u>\$ 530,227</u>	<u>\$ (371,580)</u>

**CITY OF BROOKSVILLE FIREFIGHTERS' RETIREMENT TRUST FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Certain members of the Plan are entitled to refunds of their accumulated contributions, without interest, upon termination of employment with the City prior to being eligible for pension benefits. The portion of these contributions which are refundable to participants who may terminate with less than 10 years of service has not been determined.

NOTE 15- SUBSEQUENT EVENTS

Effective January 1, 2025, the Plan was amended as follows:

- Members are required to contribute 8.66% of their compensation to the Plan.
- The benefit accrual rate was increased to 3.5% of AFC for each year of credited service. The new accrual rate applies to all years of service for members separating from service or entering DROP on or after the effective date.

These amendments to the Plan increased the City's total pension liability by \$398,022.

Based on the actuarial experience study dated December 15, 2024, the Board made the following changes to actuarial assumptions and methods, effective for the October 1, 2024 actuarial valuation:

- Changed the amortization period to 15 years for all future amortization bases.
- Reduced interest rate to 7.25%.
- Updated retirement and termination rates.
- Adjusted salary increase rates upward with higher rates for service between 2-5 years.
- Changed the Entry Age Normal Cost Spread Method to spread Normal Costs over the full career of each member instead of starting from the first valuation date an employee becomes a member.

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank.

**CITY OF BROOKSVILLE
FIREFIGHTERS' RETIREMENT TRUST FUND
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
LAST TEN FISCAL YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability:				
Service cost	\$ 163,690	\$ 159,253	\$ 153,423	\$ 151,372
Interest	633,092	611,408	589,768	581,845
Share Plan allocation	13,126	3,454	-	-
Changes in excess state money	-	-	-	-
Changes in benefit terms	398,022	-	-	-
Difference between expected and actual experience	39,386	122,296	112,365	(19,875)
Changes of assumptions	264,393	-	-	78,994
Benefit payments, including refunds of employee contributions	<u>(507,455)</u>	<u>(719,193)</u>	<u>(441,261)</u>	<u>(432,013)</u>
Net change in total pension liability	1,004,254	177,218	414,295	360,323
Total pension liability, beginning	<u>8,487,895</u>	<u>8,310,677</u>	<u>7,896,382</u>	<u>7,536,059</u>
Total pension liability, ending (a)	<u><u>\$ 9,492,149</u></u>	<u><u>\$ 8,487,895</u></u>	<u><u>\$ 8,310,677</u></u>	<u><u>\$ 7,896,382</u></u>
Plan fiduciary net position:				
Contributions - employer	\$ 226,283	\$ 201,349	\$ 193,072	\$ 235,034
Contributions - state	130,034	110,690	76,428	59,955
Contributions - employees	41,120	36,136	34,514	32,299
Net investment income (loss)	1,570,859	759,478	(1,243,889)	1,404,823
Benefit payments, including refunds of employee contributions	(507,455)	(719,193)	(441,261)	(432,013)
Administrative expenses	<u>(57,430)</u>	<u>(49,438)</u>	<u>(51,397)</u>	<u>(49,991)</u>
Net change in Plan fiduciary net position	1,403,411	339,022	(1,432,533)	1,250,107
Plan fiduciary net position - beginning	<u>7,558,511</u>	<u>7,219,489</u>	<u>8,652,022</u>	<u>7,401,915</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 8,961,922</u></u>	<u><u>\$ 7,558,511</u></u>	<u><u>\$ 7,219,489</u></u>	<u><u>\$ 8,652,022</u></u>
Net pension liability (asset) - ending (a)-(b)	<u><u>\$ 530,227</u></u>	<u><u>\$ 929,384</u></u>	<u><u>\$ 1,091,188</u></u>	<u><u>\$ (755,640)</u></u>

2020	2019	2018	2017	2016	2015
\$ 143,254	\$ 110,943	\$ 151,872	\$ 125,632	\$ 127,478	\$ 122,018
554,444	568,795	538,773	534,811	531,653	533,301
-	-	-	-	-	-
(1,273)	-	-	1,162	-	-
-	(207)	-	-	-	-
(9,804)	(176,362)	82,081	(221,245)	(103,758)	(277,496)
(161,047)	-	(33,387)	-	213,065	-
(434,719)	(430,468)	(443,693)	(541,923)	(881,295)	(313,547)
90,855	72,701	295,646	(101,563)	(112,857)	64,276
7,445,204	7,372,503	7,076,857	7,178,420	7,291,277	7,227,001
<u>\$ 7,536,059</u>	<u>\$ 7,445,204</u>	<u>\$ 7,372,503</u>	<u>\$ 7,076,857</u>	<u>\$ 7,178,420</u>	<u>\$ 7,291,277</u>
\$ 259,118	\$ 322,440	\$ 291,820	\$ 313,701	\$ 301,515	\$ 236,142
66,751	74,872	77,142	86,827	71,580	81,449
30,910	30,945	26,011	25,888	24,485	20,904
646,799	326,524	454,294	652,067	348,214	(91,305)
(434,719)	(430,468)	(443,693)	(541,923)	(881,295)	(313,547)
(61,079)	(51,073)	(50,554)	(38,171)	(41,653)	(46,508)
507,780	273,240	355,020	498,389	(177,154)	(112,865)
6,894,135	6,620,895	6,265,875	5,767,486	5,944,640	6,057,505
<u>\$ 7,401,915</u>	<u>\$ 6,894,135</u>	<u>\$ 6,620,895</u>	<u>\$ 6,265,875</u>	<u>\$ 5,767,486</u>	<u>\$ 5,944,640</u>
<u>\$ 134,144</u>	<u>\$ 551,069</u>	<u>\$ 751,608</u>	<u>\$ 810,982</u>	<u>\$ 1,410,934</u>	<u>\$ 1,346,637</u>

**CITY OF BROOKSVILLE
FIREFIGHTERS' RETIREMENT TRUST FUND
SCHEDULE OF RATIOS
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30,	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll
2015	81.53%	\$ 732,006	183.97%
2016	80.34%	749,109	188.35%
2017	88.54%	786,866	103.06%
2018	89.91%	790,608	95.07%
2019	92.60%	940,588	58.59%
2020	98.22%	939,524	14.28%
2021	109.57%	981,667	-76.98%
2022	86.87%	1,049,061	104.02%
2023	89.05%	1,098,358	84.62%
2024	94.41%	1,249,462	42.44%

**CITY OF BROOKSVILLE
FIREFIGHTERS' RETIREMENT TRUST FUND
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2015	\$ 348,049	\$ 348,049	\$ -	\$ 732,006	47.55%
2016	387,364	387,364	-	749,109	51.71%
2017	397,604	397,604	-	786,866	50.53%
2018	380,520	380,520	-	790,608	48.13%
2019	385,265	385,265	-	940,588	40.96%
2020	327,142	327,142	-	939,524	34.82%
2021	294,991	294,991	-	981,667	30.05%
2022	267,090	269,500	(2,410)	1,049,061	25.69%
2023	272,613	308,585	(35,972)	1,098,358	28.10%
2024	321,362	343,204	(21,842)	1,249,462	27.47%

* Actual contribution as shown in the actuarial report

**CITY OF BROOKSVILLE
FIREFIGHTERS' RETIREMENT TRUST FUND
NOTES TO SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2024**

Valuation Date: October 1, 2022

Actuarially determined contribution rates are calculated as 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 can be found in the October 1, 2022 actuarial valuation prepared by Foster & Foster Actuaries and Consultants.

**CITY OF BROOKSVILLE
FIREFIGHTERS' RETIREMENT TRUST FUND
SCHEDULE OF INVESTMENT RETURNS
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30,	Annual Money-Weighted Rate of Return Net of Investment Expense
2015	-1.64%
2016	6.14%
2017	11.82%
2018	7.22%
2019	4.98%
2020	9.58%
2021	19.26%
2022	-14.68%
2023	10.72%
2024	21.08%

ADDITIONAL INFORMATION

**CITY OF BROOKSVILLE
FIREFIGHTERS' RETIREMENT TRUST FUND
SCHEDULE OF INVESTMENT AND ADMINISTRATIVE EXPENSES
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

	2024		2023	
	Investment*	Administrative	Investment*	Administrative
Actuary fees	\$ -	\$ 26,968	\$ -	\$ 22,318
Administrator's fees	-	8,400	-	8,400
Audit fees	-	13,300	-	12,100
Directors' insurance	-	5,653	-	2,727
Investment expenses	29,119	-	26,426	-
Legal fees	-	3,109	-	3,893
Total investment and administrative expenses	<u>\$ 29,119</u>	<u>\$ 57,430</u>	<u>\$ 26,426</u>	<u>\$ 49,438</u>
Percentage of Plan net position	<u>0.32%</u>	<u>0.64%</u>	<u>0.35%</u>	<u>0.65%</u>

* Investment expenses do not include management fees withheld from investment fund revenues.