

**CITY OF VENICE MUNICIPAL FIREFIGHTERS'  
PENSION TRUST FUND**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**Years Ended September 30, 2013 and 2012**

**CITY OF VENICE MUNICIPAL FIREFIGHTERS'  
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**Years Ended September 30, 2013 and 2012**

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees  
City of Venice Municipal Firefighters'  
Pension Trust Fund  
Venice, Florida

**Report on the Financial Statements**

We have audited the accompanying financial statements of the City of Venice Municipal Firefighters' Pension Trust Fund (the "Plan") as of September 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Plan's financial statements, as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The Board of Trustees  
City of Venice Municipal Firefighters'  
Pension Trust Fund

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of September 30, 2013 and 2012, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplemental information, as listed in the table of contents, be presented to supplement the financial statements. Such information, 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 supplemental 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2014, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
February 24, 2014

**CITY OF VENICE MUNICIPAL FIREFIGHTERS'  
PENSION TRUST FUND**

**STATEMENTS OF PLAN NET POSITION**

**Years Ended September 30, 2013 and 2012**

	<b>2013</b>	2012
<b><u>ASSETS</u></b>		
<b>Cash and cash equivalents</b>	<b>\$ 618,305</b>	\$ 715,180
<b>Receivables:</b>		
Contributions	94,864	89,985
Interest and dividends	19,164	28,345
TOTAL RECEIVABLES	<b>114,028</b>	118,330
<b>Investments, Fair Value:</b>		
U.S. Government and Agency Obligations	1,066,116	1,102,186
Mortgage-backed Obligations	1,694,351	2,322,333
Corporate Obligations	1,381,489	1,465,900
Fixed Income Mutual Funds	734,613	-
Equity Securities	8,885,845	7,253,062
Real Estate Investment Fund	1,061,024	955,509
Foreign Equity Mutual Funds	1,141,249	965,378
TOTAL INVESTMENTS	<b>15,964,687</b>	14,064,368
TOTAL ASSETS	<b>16,697,020</b>	14,897,878
<b><u>LIABILITIES</u></b>		
Accounts payable	30,527	27,345
TOTAL LIABILITIES	<b>30,527</b>	27,345
<b><u>NET POSITION</u></b>		
RESTRICTED FOR PENSION BENEFITS	<b>\$ 16,666,493</b>	\$ 14,870,533

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

**CITY OF VENICE MUNICIPAL FIREFIGHTERS'  
PENSION TRUST FUND**

**STATEMENTS OF CHANGES IN PLAN NET POSITION**

**Years Ended September 30, 2013 and 2012**

	2013	2012
<b><u>Additions:</u></b>		
<b>Contributions:</b>		
Employer	\$ 1,451,786	\$ 1,312,403
Plan members	269,835	276,474
State of Florida	270,222	272,498
TOTAL CONTRIBUTIONS	1,991,843	1,861,375
<b>Investment Income (Loss):</b>		
Net appreciation in fair value of investments	1,417,457	1,769,943
Interest	207,623	213,320
Dividends	195,792	161,190
INVESTMENT INCOME	1,820,872	2,144,453
<b>Less: Investment expenses</b>	97,772	99,616
NET INVESTMENT INCOME	1,723,100	2,044,837
TOTAL ADDITIONS, NET	3,714,943	3,906,212
<b><u>Deductions:</u></b>		
Benefits to participants	1,873,445	1,671,940
Lump sum PLOP distributions	-	866,391
Administrative expenses	45,538	46,832
TOTAL DEDUCTIONS	1,918,983	2,585,163
CHANGE IN NET POSITION	1,795,960	1,321,049
<b>Net Position Restricted for Pension Benefits:</b>		
<b>Beginning of Year</b>	14,870,533	13,549,484
<b>End of Year</b>	\$ 16,666,493	\$ 14,870,533

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

**CITY OF VENICE MUNICIPAL FIREFIGHTERS'  
PENSION TRUST FUND**

**NOTES TO FINANCIAL STATEMENTS**

**Years Ended September 30, 2013 and 2012**

**NOTE 1 - DESCRIPTION OF THE PLAN**

**General**

The City of Venice Municipal Firefighters' Pension Trust Fund (the "Plan") is a defined-benefit pension plan covering all full-time firefighters of the City. Participation in the Plan is required as a condition of employment. Originally established in 1982 and amended in 1986, 1998, 1999 and 2013, the Plan provides for pension, death, and disability benefits. The Plan is subject to provisions of Chapter 175 of the State of Florida Statutes.

The Plan, in accordance with the above statutes, is governed by a five-member Pension Board (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 is authorized to establish benefit levels.

**Pension Benefits**

Under the Plan, participants with ten or more years of continuous service are entitled to annual pension benefits beginning at a normal retirement age of 55 or the completion of twenty-five continuous years of service regardless of age. Benefits are equal to 3.5 percent of the participant's average final compensation times the number of years of service, plus \$175 per month, provided, however, in no event shall the monthly benefit exceed one hundred percent of average final compensation. Average final compensation is one-twelfth (1/12) of the average salary of the five best years of the last ten years of credited service prior to retirement, termination, or death. A participant's monthly retirement benefit ceases upon the latter of death or one hundred twenty months from the date of commencement.

An unreduced, immediate retirement benefit is available for any participant who is at least 44 years of age with at least 15 years of credited service as of October 1, 1999. Normal and early service retirees who retire after October 1, 1998 receive a 3.0% increase each year after retirement through age 65. A participant who terminates prior to ten continuous years of service forfeits the right to receive all benefits he has accumulated. However, he retains the right of refund of all personal contributions made to the Plan.

**NOTE 1 - DESCRIPTION OF THE PLAN (Continued)**

**Pension Benefits (Continued)**

*Death Benefits* – For any deceased, actively employed participant with less than five years of credited service, the benefit payable shall be equal to one hundred percent of the participant’s contributions. If the participant has five years or more of credited service, the benefit will be equal to fifty percent of the retiree’s average final compensation. Benefits payable under service-related death shall be payable to the spouse at the rate of fifty percent of the participant’s average final compensation. If there is no spouse, or upon the death of the spouse, the surviving children shall receive the monthly benefit in equal shares (aggregate not greater than fifty percent) until age eighteen, or age twenty-two, if a full-time student at an accredited institution. If the cause of death was not service-related, the surviving spouse shall receive a monthly benefit equal to fifty percent of the participant’s average final compensation, payable for life or until remarried.

*Disability Benefits* – Benefits payable to participants under service-related disability shall be monthly installments of fifty percent of the participant’s average final compensation in effect at the date of disability. The benefit shall be paid from the date of disability until recovery or death of the participant and continued to the beneficiary for life. A participant with five years of continuous service, who becomes disabled due to a nonservice-related cause, will receive benefits of fifty percent of the participant’s average final compensation. This benefit shall be paid from the date of disability until recovery or death.

*Partial Lump Sum Option Plan (“PLOP”)* – A participant may elect to receive an initial lump-sum payment equal to 10%, 15%, 20%, or 25% of the participant’s accrued benefit with the remaining 90%, 85%, 80%, or 75%, respectively, payable in a form selected by the participant.

*Refund of Contributions* – If a nonvested firefighter retires, dies, becomes disabled, or terminates employment with the City, accumulated contributions are refunded to the firefighter or the designated beneficiary.

Participant data as of October 1, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Retirees and beneficiaries:		
Currently receiving benefits	43	43
Terminated employees entitled to benefits but not yet receiving them	1	-
Current employees:		
Vested	25	21
Nonvested	12	16
	<u>81</u>	<u>80</u>

## **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Accounting**

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. City contributions to the Plan, as calculated by the Plan's actuary, are recognized as revenue when due, and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

### **Investments**

Investments of the Plan are held by the Plan's custodian, a trust company having trust powers in the State of Florida. The Plan's investment policies are governed by the ordinances of the City of Venice, Florida, and Florida Statutes. Investments in the Plan are reported at fair value based on quoted market prices using various third-party pricing sources. Short-term investments are reported at fair value. Those investments that do not have an established market value are reported at estimated fair value. Investment transactions are recognized on the trade date.

### **Contributions**

The pension plan document, which is a Special Act of the Florida Legislature, governs the City and employee contribution requirements for the Plan. Plan members are required to contribute 9.75% of their annual covered salary to the Plan. The City's contribution to the Plan is an actuarially determined, periodic amount that, when combined with member contributions and the State insurance fund excise tax rebate, all member benefits will be fully provided for by the time they retire. Total required contributions for the City were \$1,451,786 and \$1,312,403 for the years ended September 30, 2013 and 2012, respectively. Administrative costs of the Plan are financed through investment earnings.

### **Cash and Cash Equivalents**

Cash and cash equivalents include short-term, highly liquid investments with a maturity of three months or less from the date of purchase.

### **Net Appreciation (Depreciation) in Fair Value of Investments**

The Plan presents in the statement of changes in plan net position the net appreciation (depreciation) in the fair value of its investments, which consists of realized gains or losses or unrealized appreciation on those investments.

### **Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Board to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

## NOTE 3 - INVESTMENTS

As of September 30, 2013 and 2012, the Plan had the following investments:

	<b>2013</b>	<b>Weighted</b>	<b>2012</b>	<b>Weighted</b>
	<b>Fair Value</b>	<b>Average</b>	<b>Fair Value</b>	<b>Average</b>
		<b>Maturity</b>		<b>Maturity</b>
Investment type:		<b>(Years)</b>		<b>(Years)</b>
U.S. Government and Agency obligations	\$ 1,066,116	6.97	\$ 1,102,186	3.25
Mortgage-backed obligations	1,694,351	11.99	2,322,333	9.43
Corporate obligations	1,381,489	7.69	1,465,900	4.42
Fixed income mutual fund	734,613	3.21	-	
Total fair value	<u>4,876,569</u>		<u>4,890,419</u>	
Investments not subject to risk disclosures:				
Equity securities	8,885,845		7,253,062	
Real estate investment fund	1,061,024		955,509	
Foreign equity mutual fund	1,141,249		965,378	
Total investments	<u>\$ 15,964,687</u>		<u>\$ 14,064,368</u>	

### **Risk and Uncertainties**

The Plan invests in a variety of investment instruments. Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. Through its investment policies, the Plan manages its exposure to fair value losses arising from increasing interest rates. The Plan limits the effective duration of its fixed investment portfolio through the adoption of nationally accepted risk measure benchmarks.

### **Credit Risk**

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. Consistent with State law, the investment policy of the Plan requires the investments in fixed income securities be limited to a rating of A or better, as rated by one or more recognized bond rating services at the time of purchase. The corporate bonds were rated BAA3 or better and A1 or better by Moody's Investor's Services at September 30, 2013 and 2012, respectively. The U.S. Agencies were rated Aaa by Moody's Investor's Services at September 30, 2013 and 2012.

### NOTE 3 - INVESTMENTS (Continued)

#### **Custodial Credit Risk**

Custodial credit risk is the risk that the Plan may not recover cash and investments held by another party in the event of a financial failure. The Plan requires all securities to be held by a third-party custodian in the name of the Plan. The investments in mutual funds and investment partnerships are considered *unclassified* pursuant to the custodial credit risk categories of GASB Statement No. 3, because they are not evidenced by securities that exist in physical or book-entry form.

#### **Foreign Currency Risk**

Investing in foreign markets may involve special risks and considerations not typically associated with investing in companies in the United States of America. These risks include revaluation of currencies, high rates of inflation, repatriation restrictions on income and capital, and future, adverse political, social, and economic developments. Moreover, securities of foreign governments may be less liquid, subject to delayed settlements, taxation on realized and unrealized gains, and their prices are more volatile than those of comparable securities in U.S. companies.

#### **Concentration of Credit Risk**

Authorized Plan investments include obligations of the U.S. Treasury and U.S. Agencies, annuities and life insurance contracts, time deposits insured by the FDIC, bonds issued by the State of Israel, real estate (limited to ten percent of Plan assets), and common or preferred stocks, and high-quality corporate bonds or notes. The Board may invest up to ten percent of the Plan's assets, at cost, in foreign securities.

In addition, the Plan limits investments in common stock (equity investments) to no more than five percent in any single corporation. The Plan's investment in the common stock of any single corporation shall not exceed five percent of such corporation's outstanding common or capital stock and no more than sixty percent of the Plan's assets (at cost) are to be invested in common or capital stock, or convertible stock.

#### **Mortgage-backed Securities**

The Plan 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: Government National Mortgage Association, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation.

**NOTE 4 - OTHER PLAN INFORMATION**

The City’s Net Pension Asset (“NPA”) at September 30, 2013 and 2012 was comprised of the following components:

	<u>2013</u>	<u>2012</u>
Annual required contribution	\$ 1,692,902	\$ 1,550,520
Interest on NPA	(24,968)	(21,908)
Adjustment to annual contribution	19,155	16,808
Annual pension cost	<u>1,687,089</u>	<u>1,545,420</u>
Contributions made	<u>1,722,008</u>	<u>1,584,901</u>
Increase in NPA	34,919	39,481
NPA beginning of year	<u>322,163</u>	<u>282,682</u>
NPA end of year	<u>\$ 357,082</u>	<u>\$ 322,163</u>

The funded status and funding progress of the Plan as of October 1, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Actuarial Value of Assets	\$ 15,993,985	\$ 14,604,878
Actuarial Accrued Liability (AAL)	<u>37,495,162</u>	<u>34,115,851</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 21,501,177</u>	<u>\$ 19,510,973</u>
Funded ratio (actuarial value of plan assets/AAL)	42.66%	42.81%
Covered payroll (active plan members)	2,887,391	2,663,341
UAAL as a percentage of covered payroll	744.66%	732.58%

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The actuarial method and significant assumptions as of the latest actuarial valuation, October 1, 2013, are as follows:

Valuation date	October 1, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay - Closed
Remaining amortization period	30 years
Asset valuation method	Four year smoothed market
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	5.00% to 10%
Inflation rate	3.00%
Cost-of-living adjustment – (Ends at age 65)	3.00%

**NOTE 4 - OTHER PLAN INFORMATION (Continued)**

The actuarial method and significant assumptions as of October 1, 2012, are as follows:

Valuation date	October 1, 2012
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay - Closed
Remaining amortization period	30 years
Asset valuation method	Four year smoothed market
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	5.00%
Inflation rate	3.00%
Cost-of-living adjustment – (Ends at age 65)	3.00%

**Changes in Actuarial Assumptions**

There have been no changes in actuarial assumptions during fiscal years 2013 and 2012.

## **REQUIRED SUPPLEMENTAL INFORMATION**

**CITY OF VENICE MUNICIPAL FIREFIGHTERS'  
PENSION TRUST FUND**

**SCHEDULE OF FUNDING PROGRESS**

	(1)	(2)	(3)	(4)	(5)	(6)
			<b>Unfunded (Overfunded)</b>			<b>Unfunded (Overfunded)</b>
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (AVA)</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>AAL (UAAL) (2) - (1)</b>	<b>Funded Ratio (1) / (2)</b>	<b>Covered Payroll</b>	<b>UAAL as % of Covered Payroll (3) / (5)</b>
10/1/2004	\$ 10,595,300	\$ 19,243,805	\$ 8,648,505	55.06%	\$ 2,099,720	411.89%
10/1/2005	11,089,677	21,030,823	9,941,146	52.73%	2,342,130	424.45%
10/1/2006	12,343,228	22,662,166	10,318,938	54.47%	2,471,155	417.58%
10/1/2007	13,793,859	24,372,764	10,578,905	56.60%	2,620,850	403.64%
10/1/2008	14,201,352	26,363,379	12,162,027	53.87%	2,848,256	427.00%
10/1/2009	14,328,134	28,569,608	14,241,474	50.15%	3,016,684	472.09%
10/1/2010	14,540,423	30,735,583	16,195,160	47.31%	3,124,463	518.33%
10/1/2011	14,653,366	32,532,658	17,879,292	45.04%	2,948,616	606.36%
10/1/2012	14,604,878	34,115,851	19,510,973	42.81%	2,663,341	732.58%
10/1/2013	15,993,985	37,495,162	21,501,177	42.66%	2,887,391	744.66%

**CITY OF VENICE MUNICIPAL FIREFIGHTERS'  
PENSION TRUST FUND**

**SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER  
AND STATE OF FLORIDA**

<u>Year Ended September 30,</u>	<u>Annual Required Contribution</u>	<u>City Contribution</u>	<u>State Contribution</u>	<u>Percentage Contributed</u>
2004	\$ 573,858	\$ 393,411	\$ 180,447	100%
2005	728,616	536,253	192,363	100%
2006	937,829	698,590	239,239	100%
2007	1,128,502	772,793	355,709	100%
2008	1,117,011	725,317	391,694	100%
2009	1,079,188	845,727	233,461	100%
2010	1,249,739	987,645	262,094	100%
2011	1,617,566	1,366,349	251,217	100%
2012	1,550,520	1,312,403	272,498	102%
2013	1,692,902	1,451,786	270,222	102%

## **OTHER REPORT**



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

The Board of Trustees  
City of Venice Municipal Firefighters’  
Pension Trust Fund  
Venice, 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, as listed in the table of contents, of the City of Venice Municipal Firefighters’ Pension Trust Fund (the “Plan”) as of and for the year ended September 30, 2013, and have issued our report thereon dated February 24, 2014.

**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) to determine the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

The Board of Trustees  
City of Venice Municipal Firefighters'  
Pension Trust Fund

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Plan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

A handwritten signature in blue ink that reads "Moore Stephens Lovelace, P.A."

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
February 24, 2014