

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

Years Ended September 30, 2021 and 2020

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Venice, Florida Municipal Firefighters' Pension Trust Fund (the "Plan") as of September 30, 2021 and 2020, 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, Florida Municipal
Firefighters' Pension Trust Fund

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Plan as of September 30, 2021 and 2020, 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 audits 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 March 15, 2022, 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.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 15, 2022

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

STATEMENTS OF PLAN NET POSITION

September 30, 2021 and 2020

	2021	2020
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,100,447	\$ 835,528
Receivables:		
Contributions	-	2,534
Interest and dividends	<u>27,047</u>	<u>17,344</u>
TOTAL RECEIVABLES	<u>27,047</u>	<u>19,878</u>
Investments, Fair Value:		
U.S. Government and Agency obligations	2,159,120	3,761,209
Mortgage-backed obligations	3,883,700	8,393
Corporate obligations	793,745	2,567,999
Fixed income mutual funds	1,232,981	1,226,861
Equity securities	16,402,439	13,091,052
Real estate investment fund	3,050,949	2,717,492
Foreign equity mutual funds	5,103,430	4,090,453
Partnerships	<u>-</u>	<u>1,454</u>
TOTAL INVESTMENTS	<u>32,626,364</u>	<u>27,464,913</u>
TOTAL ASSETS	<u>33,753,858</u>	<u>28,320,319</u>
<u>LIABILITIES</u>		
Accounts payable	<u>28,315</u>	<u>34,726</u>
<u>NET POSITION</u>		
RESTRICTED FOR PENSION BENEFITS	<u>\$ 33,725,543</u>	<u>\$ 28,285,593</u>

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

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

STATEMENTS OF CHANGES IN PLAN NET POSITION

Years Ended September 30, 2021 and 2020

	2021	2020
<u>Additions:</u>		
Contributions:		
Employer		
City	\$ 2,400,000	\$ 2,406,800
State of Florida	188,963	180,552
Plan members	122,301	122,740
TOTAL CONTRIBUTIONS	2,711,264	2,710,092
Investment Income:		
Net (depreciation)/appreciation in fair value of investments	4,965,737	1,278,209
Interest	142,887	132,302
Dividends	648,399	528,991
INVESTMENT INCOME	5,757,023	1,939,502
Less: Investment expenses	130,733	122,376
NET INVESTMENT INCOME	5,626,290	1,817,126
TOTAL ADDITIONS, NET	8,337,554	4,527,218
<u>Deductions:</u>		
Benefits to participants	2,837,315	2,497,024
Administrative expenses	60,289	61,444
TOTAL DEDUCTIONS	2,897,604	2,558,468
CHANGE IN NET POSITION	5,439,950	1,968,750
Net Position Restricted for Pension Benefits:		
Beginning of Year	28,285,593	26,316,843
End of Year	\$ 33,725,543	\$ 28,285,593

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

CITY OF VENICE, FLORIDA MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

Years Ended September 30, 2021 and 2020

NOTE 1 - DESCRIPTION OF THE PLAN

General

The City of Venice, Florida Municipal Firefighters' Pension Trust Fund (the "Plan") is a defined-benefit pension plan covering all full-time firefighters of the City of Venice, Florida (the "City"). Participation in the Plan is required as a condition of employment. Originally established in 1982 and amended in 1986, 1998, 1999, 2013, and 2014, the Plan provides for pension, death, and disability benefits. The Plan is subject to provisions of Chapter 175 of the 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. Effective October 1, 2014, the City elected to join the Florida Retirement System ("FRS") for firefighters. Consequently, the City closed the Municipal Firefighters' Pension Trust Fund to new members effective this same date, and all firefighters hired on or after October 1, 2014 became members of the FRS in accordance with applicable state law and rules of the Florida Division of Retirement.

Pension Benefits

Under the Plan, participants with 10 or more years of continuous service are entitled to annual pension benefits beginning on the earlier of the completion of 10 continuous years of service and age 55, or the completion of 25 continuous years of service. Benefits are equal to 3.5% of the participant's average final compensation times the number of years of service through September 30, 2014, plus a reduction from 3.5% to 2.75% of average final compensation times credited service on and after October 1, 2014, plus \$175 per month. However, in no event shall the monthly benefit exceed 100% of average final compensation. Average final compensation is one-twelfth (1/12) of the average salary of the five best years of the last 10 years of credited service prior to retirement, termination, or death. A participant's monthly retirement benefit ceases upon the latter of death or 120 months from the date of commencement.

Early retirement provisions are also available for participants who have attained either 10 years of creditable service at age 50, or 20 years of creditable service, regardless of age, subject to certain modifications to the benefit paid. There is no early retirement option for members with less than 10 years of credited service as of October 1, 2014. 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 10 continuous years of service forfeits the right to receive all benefits they have accumulated. However, they retain the right of refund of all personal contributions made to the Plan.

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

Pension Benefits (Continued)

Death Benefits – Upon the death of an actively employed participant with less than five years of credited service, the benefit payable shall be equal to 100% of the participant’s contributions. If the participant has five years or more of credited service, the benefit will be equal to 50% of the retiree’s average final compensation. Benefits payable under service-related death shall be payable to the spouse at the rate of 50% 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 50%) until age 18, or age 22, 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 50% 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 the greater of 2% times average final compensation times credited service, or 50% 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 the greater of 2% times average final compensation times credited service, or 50% 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 non-vested 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, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Retirees and beneficiaries:		
Currently receiving benefits	43	42
Terminated employees entitled to benefits but not yet receiving them	15	15
Current employees:		
Vested	20	21
Non-vested	1	1
	<u>79</u>	<u>79</u>

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

Contributions

The pension plan document, which is a Special Act of the Florida Legislature, governs the City and employee contribution requirements for the Plan. Effective October 1, 2015, employees are required to contribute 7.0% 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 \$2,372,093 and \$2,439,152 for the years ended September 30, 2021 and 2020, respectively. Administrative costs of the Plan are financed through investment earnings.

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, Salem Trust Company, a trust company having trust powers in the State of Florida. The Plan's investment policies are governed by the ordinances of the City 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.

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 (depreciation) 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, 2021, the Plan had the following investments:

	2021	Weighted	Hierarchy
	Fair Value	Average	Level
		Maturity	
		(Years)	
Investment by fair value level			
Debt securities			
U.S. Government and Agency obligations	\$ 2,159,120	5.27	1
Mortgage-backed obligations	3,883,700	17.50	2
Fixed income mutual funds	1,232,981	N/A	1
Corporate obligations	793,745	20.75	2
Total debt securities	<u>8,069,546</u>		
Equity securities			
Equity securities	16,402,439	N/A	1
Foreign equity mutual funds	5,103,430	N/A	1
Total equity securities	<u>21,505,869</u>		
Total investment by fair value level	<u>29,575,415</u>		
Investments Measured at the Net			
Asset Value (“NAV”)			
Real estate investment fund	<u>3,050,949</u>	N/A	N/A
Total Investments	<u>\$ 32,626,364</u>		

The real estate investment fund has no unfunded commitments at September 30, 2021 and 2020. The redemption frequency is quarterly and requires 10 days’ notice. This fund is valued at NAV of units held at the end of the period based upon the fair value of the underlying investments.

As of September 30, 2020, the Plan had the following investments:

	2020	Weighted	Hierarchy
	Fair Value	Average	Level
		Maturity	
		(Years)	
Investment by fair value level			
Debt securities			
U.S. Government and Agency obligations	\$ 3,761,209	1.98	1
Mortgage-backed obligations	8,393	4.92	2
Fixed income mutual funds	1,226,861	N/A	1
Corporate obligations	2,567,999	6.00	2
Total debt securities	<u>7,564,462</u>		
Equity securities			
Equity securities	13,091,052	N/A	1
Foreign equity mutual funds	4,090,453	N/A	1
Partnerships	1,454	N/A	1
Total equity securities	<u>17,182,959</u>		
Total investment by fair value level	<u>24,747,421</u>		
Investments Measured at the Net			
Asset Value (“NAV”)			
Real estate investment fund	<u>2,717,492</u>	N/A	N/A
Total Investments	<u>\$ 27,464,913</u>		

NOTE 3 - INVESTMENTS *(Continued)*

Fair Value Hierarchy

The Plan's investments are measured and reported at fair value and classified according to the following hierarchy:

Level 1 – Investments reflect unadjusted quoted prices in active markets for identical assets.

Level 2 – Investments reflect prices that are based on inputs that are either directly or indirectly observable for an asset (including quoted prices for similar assets), which may include inputs in markets that are not considered to be active.

Level 3 – Investments reflect prices based upon unobservable inputs for an asset.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt and equity securities classified as Level 1 of the fair value hierarchy are valued using quoted prices at September 30 (or the most recent market close date if the markets are closed on September 30) in active markets from the custodian bank's external pricing vendor.

Debt securities classified as Level 2 are evaluated prices from the custodian bank's external pricing vendor. The pricing methodology involves the use of evaluation models, such as matrix pricing, which is based on the securities' relationship to benchmark quoted prices.

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees, as necessary. The objective of the policy is to obtain a reasonable total rate of return commensurate with the Prudent Investor Rule and any other applicable ordinances and statutes. The following was the Plan's adopted asset allocation policy as of September 30, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	45%
International Equity	15
Broad Market Fixed Income	25
Global Fixed Income	5
Real Estate	10
Total	100%

NOTE 3 - INVESTMENTS *(Continued)*

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 A3 or better by Moody's Investors Service at September 30, 2021 and 2020, respectively. The U.S. Agencies were rated Aaa by Moody's Investors Service at September 30, 2021 and 2020.

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 Government Accounting Standards Board 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.

NOTE 3 - INVESTMENTS *(Continued)*

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 10% of Plan assets), and common or preferred stocks, and high-quality corporate bonds or notes. The Board may invest up to 10% 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 5% in any single corporation. The Plan's investment in the common stock of any single corporation shall not exceed 5% of such corporation's outstanding common or capital stock and no more than 60% of the Plan's assets (at cost) are to be invested in common or capital stock, or convertible stock. The Plan did not hold investments in any one corporation that exceed 5% or more of the Plan's fiduciary net position.

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.

Rate of Return

For the years ended September 30, 2021 and 2020, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was 6.9% and 1.9%, respectively. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

NOTE 4 - NET PENSION LIABILITY OF THE CITY

The components of the net pension liability of the City as of September 30, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Total pension liability	\$ 47,855,392	\$ 46,048,847
Plan fiduciary net position	<u>(33,725,543)</u>	<u>(28,285,593)</u>
City's net pension liability	<u>\$ 14,129,849</u>	<u>\$ 17,763,254</u>
Plan fiduciary net position as a percentage of the total pension liability	70.47%	61.43%

NOTE 4 - NET PENSION LIABILITY OF THE CITY (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2020, updated to September 30, 2021, using the following actuarial assumptions applied to all periods included in the measurement:

	<u>2021</u>	<u>2020</u>
Inflation	2.50%	2.50%
Salary increases	Service Based	Service Based
Investment rate of return	6.50%	6.75%

The assumed mortality rates in the October 1, 2020 valuation were changed to the assumptions used by the FRS for special risk employees, as required by Chapter 2015-157, Laws of Florida. These are:

Mortality Rate Healthy Lives:

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

Mortality Rate Disabled Lives:

- Retiree: 80% PubG.H-2010 for Disabled Retirees/ 20% PubS.H-2010 for Disabled Retirees.

The most recent actuarial experience study used to review the other significant assumptions was dated September 10, 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. 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. 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, 2021 and 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	7.50%
International Equity	8.50%
Broad Market Fixed Income	2.50%
Global Fixed Income	3.50%
Real Estate	4.50%

NOTE 4 - NET PENSION LIABILITY OF THE CITY (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.50% and 6.75% for the years ended September 30, 2021 and 2020, respectively. 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.

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

For the year ended September 30, 2021, the following presents the net pension liability, calculated using the discount rate of 6.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
City's net pension liability	\$19,315,930	\$14,129,849	\$9,799,383

For the year ended September 30, 2020, the following presents the net pension liability, calculated using the discount rate of 6.75%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City's net pension liability	\$22,738,519	\$17,763,254	\$13,604,887

REQUIRED SUPPLEMENTAL INFORMATION

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

**SCHEDULES OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS (Unaudited)**

Last 8 Fiscal Years

	Years Ended September 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 830,057	\$ 804,177	\$ 763,821	\$ 756,801	\$ 756,425	\$ 702,057	\$ 1,139,410	\$ 672,304
Interest	3,068,569	2,957,569	2,897,034	2,798,028	2,719,112	2,661,396	2,653,780	2,581,984
Changes in excess state money	-	-	(8,861)	-	-	(155,521)	-	8,861
Share plan allocation	-	-	4,431	-	-	-	-	-
Changes of benefit terms	-	-	-	-	-	-	(797,774)	-
Differences between expected and actual experience	(414,457)	28,410	(382,046)	131,239	(232,436)	(1,795,453)	(473,564)	-
Changes of assumptions	1,159,634	2,060,398	-	-	-	1,320,858	2,961,891	-
Benefit payments, including refunds of employee contributions	(2,837,258)	(2,497,024)	(2,420,604)	(2,136,820)	(2,095,414)	(2,141,983)	(1,991,123)	(2,003,310)
Net Change in Total Pension Liability	1,806,545	3,353,530	853,775	1,549,248	1,147,687	591,354	3,492,620	1,259,839
Total Pension Liability - Beginning	46,048,847	42,695,317	41,841,542	40,292,294	39,144,607	38,553,253	35,060,633	33,800,794
Total Pension Liability - Ending (a)	\$ 47,855,392	\$ 46,048,847	\$ 42,695,317	\$ 41,841,542	\$ 40,292,294	\$ 39,144,607	\$ 38,553,253	\$ 35,060,633
Plan Fiduciary Net Position								
Contributions - City	\$ 2,400,000	\$ 2,406,800	\$ 2,372,720	\$ 2,451,120	\$ 2,429,378	\$ 3,047,697	\$ 756,197	\$ 1,674,244
Contributions - State	188,963	180,552	173,349	180,163	193,290	246,276	272,353	304,802
Contributions - Employee	122,301	122,740	125,174	120,956	118,053	114,049	116,523	269,968
Net investment income	5,626,260	1,817,126	485,854	2,011,755	2,242,007	1,321,617	9,360	1,727,970
Benefit payments, including refunds of employee contributions	(2,837,258)	(2,497,024)	(2,420,604)	(2,136,820)	(2,095,414)	(2,141,983)	(1,991,123)	(2,003,310)
Administrative expense	(60,316)	(61,444)	(57,886)	(59,501)	(61,907)	(49,158)	(62,143)	(34,676)
Net Change in Plan Fiduciary Net Position	5,439,950	1,968,750	678,607	2,567,673	2,825,407	2,538,498	(898,833)	1,938,998
Plan Fiduciary Net Position - Beginning	28,285,593	26,316,843	25,638,236	23,070,563	20,245,156	17,706,658	18,605,491	16,666,493
Plan Fiduciary Net Position - Ending (b)	\$ 33,725,543	\$ 28,285,593	\$ 26,316,843	\$ 25,638,236	\$ 23,070,563	\$ 20,245,156	\$ 17,706,658	\$ 18,605,491
City's Net Pension Liability - Ending (a) - (b)	\$ 14,129,849	\$ 17,763,254	\$ 16,378,474	\$ 16,203,306	\$ 17,221,731	\$ 18,899,451	\$ 20,846,595	\$ 16,455,142
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.47%	61.43%	61.64%	61.27%	57.26%	51.72%	45.93%	53.07%
Covered-Employee Payroll	\$ 1,747,719	\$ 1,752,857	\$ 1,788,140	\$ 1,727,707	\$ 1,686,471	\$ 1,629,271	\$ 1,710,697	\$ 2,768,905
City's Net Pension Liability as a Percentage of Covered-Employee Payroll	808.47%	1013.39%	915.95%	937.85%	1021.17%	1159.99%	1218.60%	594.28%

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

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

**SCHEDULES OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS (*Unaudited*) (*Continued*)**

Last 8 Fiscal Years

Notes to Schedule:

Changes of benefit terms:

For the 2015 fiscal year, amounts reported as changes of benefit terms were obtained from Ordinance 2014-22, adopted and effective August 26, 2014. This Ordinance amended certain Plan provisions for current Firefighters, in addition to the closure of the Plan to Firefighters hired after September 30, 2014. Details of the impact of these changes are set forth in our August 18, 2014 Actuarial Impact Statement. The December 7, 2015 Actuarial Impact Statement included the changes listed below:

- 100% vesting for benefits accrued prior to October 1, 2014.
- A Salary definition using Base Pay, effective October 1, 2014 for Members not eligible for Normal Retirement as of that date. This definition is applicable only for service after October 1, 2014. Notwithstanding the foregoing, effective October 1, 2014, sick or vacation time which is accrued, but for which a Member has not been paid prior to October 1, 2014, shall not be considered in determining the value of any future retirement benefit, including the calculation of any frozen benefit.

Changes of assumptions:

For year ending September 30, 2021, the following changes were made as a result of an experience study dated September 10, 2021:

- 1) The investment return assumption was reduced from 6.75% to 6.50%, net of investment related expenses.
- 2) The salary rates were decreased overall.
- 3) The withdrawal rates were adjusted, resulting in generally more withdrawals for members with less than 13 years of experience, followed by a 2% assumption for members between 13 and 19 years of service.

For measurement date September 30, 2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees. Additionally, the Investment Rate of Return was lowered from 7.00% to 6.75% per year compounded annual, net of investment related expenses.

For fiscal year 2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the FRS for special risk employees.

For fiscal year 2015, amounts reported as changes of assumptions resulted from a reduction in the investment return assumption from 7.75% to 7.00%. Plus a change in funding method from percent of payroll to dollar funding.

The load assumption for the projected salary at retirement to account for lump-sum accrued sick and vacation leave payouts was modified from a fixed 0% per individual to an amount equal to their individual accrual, as provided by the City. The load assumption will be subject to further modification based on future experience. Subsequent changes will be reflected in future actuarial valuations.

Only eight years of information is available. Future years will be reported as available.

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

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

SCHEDULES OF CITY CONTRIBUTIONS (Unaudited)

Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially Determined Contribution	\$ 2,372,093	\$ 2,439,152	\$ 2,546,069	\$ 2,619,397	\$ 2,596,590	\$ 3,022,244	\$ 1,184,071	\$ 1,960,108	\$ 1,692,902	\$ 1,550,520
Less Excess State monies available as a "prepaid"	-	-	-	-	-	-	(155,521)	-	-	-
Contributions Related to the Actuarially Determined Contribution	<u>2,588,963</u>	<u>2,587,352</u>	<u>2,546,069</u>	<u>2,710,347</u>	<u>2,543,604</u>	<u>3,293,973</u>	<u>1,028,550</u>	<u>1,960,108</u>	<u>1,692,902</u>	<u>1,584,901</u>
Contribution Deficiency (Excess)	<u>\$ (216,870)</u>	<u>\$ (148,200)</u>	<u>\$ -</u>	<u>\$ (90,950)</u>	<u>\$ 52,986</u>	<u>\$ (271,729)</u>	<u>\$ 155,521</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (34,381)</u>
Covered-Employee Payroll	\$ 1,747,719	\$ 1,752,857	\$ 1,788,140	\$ 1,727,707	\$ 1,686,471	\$ 1,629,271	\$ 1,710,697	\$ 2,768,905	\$ 2,767,537	\$ 2,663,341
Contributions as a Percentage of Covered-Employee Payroll	148.13%	147.61%	142.39%	156.88%	150.82%	202.17%	60.12%	70.79%	61.17%	59.51%

Notes to Schedule:

Latest Valuation date: October 1, 2020

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

Methods and assumptions used to determine contribution rates:

Funding method: Entry Age Normal actuarial cost method

Asset smoothing methodology: Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric four-year average market value return (net of fees).

Mortality: Female: RP2000 Generational, 100% annuitant white collar, scale BB.

Male: RP2000 Generational, 10% annuitant white collar, 90% annuitant blue collar, scale BB.

Interest rate: 7.00% per year compounded annually, net of investment related expenses.

Retirement age: Earlier of age 55 and 10 years of service, or 25 years of service regardless of age. Also, any member who reaches normal retirement is assumed to continue employment for one additional year.

Early retirement: Commencing with eligibility for early retirement age (earlier of age 50 with 10 years of service, or 20 years of service regardless of age), members are assumed to retire with an immediate subsidized benefit at the rate of 15% per year. There is no early retirement assumption for members with less than 10 years of credited service as of October 1, 2014.

Salary increases: Service based as shown below. Projected salary at retirement is increased 20% to account for non-regular compensation.

Payroll growth: None

Cost-of-living adjustment: 3% per year from retirement to age 65. Benefits on credited service after September 30, 2014 are not subject to the COLA.

Salary increases:	<u>Years of Service</u>	<u>% Increase in</u>
	Less than 10	10.00%
	10-15	6.50%
	15-20	5.50%
	20 and greater	5.00%

* While ten years is presented in this schedule, as required, the disclosures in the Notes to Schedule only cover the last five years. Information for the other years is unavailable.

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

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

SCHEDULES OF INVESTMENT RETURNS *(Unaudited)*

Last 8 Fiscal Years

	Years Ended September 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	19.9%	6.9%	1.9%	8.7%	11.0%	7.3%	0.1%	10.4%

Note to Schedule:

Only seven years of information is available. Future years will be reported as available.

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

OTHER REPORT



Certified Public Accountants

**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, Florida 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, Florida Municipal Firefighters’ Pension Trust Fund (the “Plan”) as of and for the year ended September 30, 2021, and have issued our report thereon dated March 15, 2022.

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 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, Florida 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 15, 2022