

CITY OF VENICE
MUNICIPAL POLICE OFFICERS' PENSION TRUST FUND

GASB DISCLOSURE INFORMATION
STATEMENTS 67/68
MEASUREMENT DATE: SEPTEMBER 30, 2024

GASB 68 REPORTING
AS OF SEPTEMBER 30, 2024



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS



November 20, 2024

Board of Trustees
City of Venice
Police Officers' Pension Board

RE: GASB statements 67/68 – City of Venice Municipal Police Officers' Pension Trust Fund

Dear Board:

We are pleased to present this report of the GASB statements 67/68 measured as of September 30, 2024 for the City of Venice Municipal Police Officers' Pension Trust Fund.

The calculation of the liability associated with the benefits referenced in this report was performed to satisfy the requirements of GASB 67/68 and is not applicable for other purposes, such as determining the plan's funding requirements. Use of the results for other purposes may not be applicable and may produce significantly different results.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2023. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ending September 30, 2024 using generally accepted actuarial principles. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB 67/68.


In conducting the valuation, we have relied on personnel and plan design information supplied by the City and asset information supplied by the custodian bank. The actuarial assumptions and methods are described in the Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

To the best of our knowledge, these statements are complete and accurate and are in accordance with generally recognized actuarial practices and methods. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at (239) 433-5500.

Respectfully submitted,
Foster & Foster, Inc.



Douglas H. Lozen, EA, MAAA
Enrolled Actuary #23-7778

TABLE OF CONTENTS

I. Summary	5
II. Fiduciary Net Position	6
Statement of Fiduciary Net Position	7
Statement of Changes in Fiduciary Net Position	8
III. GASB Exhibits	9
Schedule of Changes in Net Pension Liability	10
Sensitivity to Changes in Discount Rate	11
Pension Expense	12
Pension Deferred Outflows/Inflows	13
IV. Supplementary GASB 68 Expense Detail	14
V. Additional Information	17
Schedule of Contributions	18
Investment Disclosures	19
Assumptions	20
Summary of Current Plan	22

I. SUMMARY

Valuation Date	10/01/2023	10/01/2022
GASB 67/68 Measurement Date	09/30/2024	09/30/2023
GASB 68 Reporting Date	09/30/2024	09/30/2023
Plan Membership		
Inactives Currently Receiving Benefits	61	61
Inactives Not Yet Receiving Benefits	28	30
Active Plan Members	<u>1</u>	<u>1</u>
Total	90	92
Covered Payroll	\$ 94,981	\$ 85,072
Net Pension Liability/(Asset)		
Total Pension Liability	\$ 43,348,813	\$ 44,105,744
Plan Fiduciary Net Position	<u>45,127,509</u>	<u>38,716,953</u>
Net Pension Liability/(Asset)	\$ (1,778,696)	\$ 5,388,791
Plan Fiduciary Net Position		
As a % of Total Pension Liability	104.10%	87.78%
Net Pension Liability/(Asset)		
As a % of Covered Payroll	-1872.69%	6334.39%
Total Pension Expense/(Income)	\$ (692,558)	\$ 1,234,011
Development of Single Discount Rate		
Single Discount Rate	6.75%	6.75%
Long-Term Expected Rate of Return	6.75%	6.75%
High-quality Municipal Bond Rate	4.06%	4.87%
Number of Years Future Benefit Payments Are Expected to be Paid	All Years	All Years

II. FIDUCIARY NET POSITION

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2024

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	749,109
Cash	1,294
Total Cash and Equivalents	750,403
Receivables:	
Member Contributions in Transit	250
City Contributions in Transit	26,737
Investment Income	47,487
Total Receivable	74,474
Investments:	
U. S. Bonds and Bills	4,844,514
Federal Agency Guaranteed Securities	4,530,846
Corporate Bonds	942,495
Stocks	24,164,200
Mutual Funds:	
Equity	6,788,745
Pooled/Common/Commingled Funds:	
Real Estate	3,031,832
Total Investments	44,302,632
Total Assets	45,127,509
<u>LIABILITIES</u>	
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	45,127,509

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2024
Market Value Basis

ADDITIONS

Contributions:

Member	6,649
City	761,766
State	384,369

Total Contributions	1,152,784
---------------------	-----------

Investment Income:

Net Increase in Fair Value of Investments	7,848,399
Interest & Dividends	1,108,540
Less Investment Expense ¹	(205,667)

Net Investment Income	8,751,272
-----------------------	-----------

Total Additions	9,904,056
-----------------	-----------

DEDUCTIONS

Distributions to Members:

Benefit Payments	3,299,440
Lump Sum DROP Distributions	119,816
Refunds of Member Contributions	0

Total Distributions	3,419,256
---------------------	-----------

Administrative Expense	74,244
------------------------	--------

Total Deductions	3,493,500
------------------	-----------

Net Increase in Net Position	6,410,556
------------------------------	-----------

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	38,716,953
-----------------------	------------

End of the Year	45,127,509
-----------------	------------

¹ Investment related expenses include investment advisory, custodial and performance monitoring fees.

III. GASB EXHIBITS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

GASB 67/68 Measurement Date	09/30/2024	09/30/2023
GASB 68 Reporting Period Ending	09/30/2024	09/30/2023
Total Pension Liability		
Service Cost	23,276	22,076
Interest	2,863,309	2,895,936
Changes in Benefit Terms	0	0
Experience Gains/Losses	(224,260)	(24,280)
Changes of Assumptions	0	0
Benefit Payments	(3,419,256)	(3,337,333)
Net Change in Total Pension Liability	(756,931)	(443,601)
Total Pension Liability – Beginning	44,105,744	44,549,345
Total Pension Liability – Ending (a)	\$ 43,348,813	\$ 44,105,744
Plan Fiduciary Net Position		
Contributions – Employer	761,766	805,780
Contributions – State	384,369	329,608
Contributions – Employee	6,649	5,955
Net Investment Income	8,751,272	3,453,075
Benefit Payments	(3,419,256)	(3,337,333)
Administrative Expense	(74,244)	(80,584)
Other	0	0
Net Change in Plan Fiduciary Net Position	6,410,556	1,176,501
Plan Fiduciary Net Position – Beginning	38,716,953	37,540,452
Adjustment to beginning of year	0	0
Plan Fiduciary Net Position – Ending (b)	\$ 45,127,509	\$ 38,716,953
Net Pension Liability – Ending (a) – (b)	\$ (1,778,696)	\$ 5,388,791
Plan Fiduciary Net Position		
As % of Total Pension Liability	104.10%	87.78%
Covered Payroll	\$ 94,981	\$ 85,072
Net Pension Liability		
As % of Covered Payroll	-1872.69%	6334.39%

SENSITIVITY TO CHANGES IN DISCOUNT RATE

GASB 67/68 Measurement Date	09/30/2024	09/30/2023
GASB 68 Reporting Date	09/30/2024	09/30/2023
Discount Rate	6.75%	6.75%
+ 1% Discount Rate	7.75%	7.75%
- 1% Discount Rate	5.75%	5.75%
Sponsor's Net Pension Liability		
Current Discount Rate	\$ (1,778,696)	\$ 5,388,791
1% Increase in Discount Rate	(5,601,172)	1,437,833
1% Decrease in Discount Rate	2,770,673	10,103,828

PENSION EXPENSE
YEAR-END SEPTEMBER 30, 2024

For the year ended September 30, 2024, the Sponsor will recognize a Pension Expense/(Income) of (\$692,558). Below is a summary of the components of the Pension expense.

Fiscal Year End	09/30/2024
Beginning of Measurement Period	10/01/2023
End of Measurement Period	09/30/2024
<hr/>	
Service Cost	\$ 23,276
Interest on Total Pension Liability	2,863,309
Changes in Benefit Terms	0
Contributions – Employee	(6,649)
Projected Earnings on Investments	(2,534,395)
Administrative Expenses	74,244
Recognition of deferred outflows/(inflows)	
Experience Gains/Losses	(224,260)
Assumption Changes	0
Investment Returns	(888,083)
Total Pension Expense	<hr/> (692,558)

PENSION DEFERRED OUTFLOWS/INFLOWS
YEAR-END SEPTEMBER 30, 2024

On September 30, 2024, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	0	0
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	0	2,091,131
Total	\$ 0	\$ 2,091,131

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year-ended September 30:

2025	\$ (286,467)
2026	\$ 881,272
2027	\$ (1,442,561)
2028	\$ (1,243,375)
2029	\$ 0
Thereafter	\$ 0

IV. SUPPLEMENTARY GASB 68 EXPENSE DETAIL

AMORTIZATION SCHEDULE – EXPERIENCE

Year		Initial Base	Recognition Period		2024		2025		2026		2027		2028		Thereafter
2024	\$	(224,260)	1	\$	(224,260)	\$	0	\$	0	\$	0	\$	0	\$	0
Net Increase (Decrease) in Pension Expense				\$	(224,260)	\$	0	\$	0	\$	0	\$	0	\$	0

AMORTIZATION SCHEDULE – INVESTMENTS

Year		Initial Base	Recognition Period		2024	2025	2026	2027	2028	Thereafter
2024	\$	(6,216,877)	5	\$	(1,243,377)	\$ (1,243,375)	\$ (1,243,375)	\$ (1,243,375)	\$ (1,243,375)	\$ 0
2023		(995,929)	5		(199,186)	(199,186)	(199,186)	(199,186)	0	0
2022		11,619,165	5		2,323,833	2,323,833	2,323,833	0	0	0
2021		(5,838,697)	5		(1,167,739)	(1,167,739)	0	0	0	0
2020		(3,008,071)	5		(601,614)	0	0	0	0	0
Net Increase (Decrease) in Pension Expense					\$ (888,083)	\$ (286,467)	\$ 881,272	\$ (1,442,561)	\$ (1,243,375)	\$ 0

V. ADDITIONAL INFORMATION

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contrib. as % of Covered Payroll
09/30/2024	\$ 383,721	\$ 1,146,135	\$ (762,414)	\$ 94,981	1206.70%
09/30/2023	\$ 772,928	\$ 1,135,388	\$ (362,460)	\$ 85,072	1334.62%

The following assumptions were used to determine the Actuarially Determined Contribution for the fiscal year ended September 30, 2024:

Calculation Timing	The Actuarially Determined Contribution is calculated using a October 1, 2022 valuation date.
Interest Rate	6.75%
Assumptions	All other assumptions and methods used for determining the Actuarially Determined Contribution can be found in the October 1, 2022 Actuarial Valuation Report for the City of Venice Municipal Police Officers' Pension Trust Fund prepared by Foster & Foster Actuaries and Consultants.

INVESTMENT DISCLOSURES

Schedule of Investment Returns

For the year ended September 30, 2024, the annual money-weighted return on Pension Plan investments, net of pension plan investment expense, was 23.31 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

<u>Fiscal Year Ended</u>	<u>Annual Money-Weighted Rate of Return Net of Investment Expense</u>
09/30/2024	23.31%
09/30/2023	9.49%

Support for Long-Term Expected Rate of Return

The Long-Term Expected Rate of Return on Pension 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 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 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 adopted as of September 30, 2024, as provided by Mariner, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	50.00%	7.50%
International Equity	15.00%	8.50%
Broad Market Fixed Income	25.00%	2.50%
Real Estate	10.00%	4.50%
Total	100.00%	

Inflation rate of investment advisor 2.50%

Concentrations

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

ASSUMPTIONS

Valuation Date	October 1, 2023
GASB 67/68 Measurement Date	September 30, 2024
GASB 68 Reporting Date	September 30, 2024
Discount Rate	6.75%
Long-Term Rate of Return	6.75%
Cost Method	Entry Age Normal
Latest Experience Study Date	December 9, 2011
Mortality	
<i>Healthy Active Lives</i>	Female: PubS.H-2010 for Employees, set forward one year. Male: PubS.H-2010 (Below Median) for Employees, set forward one year.
<i>Healthy Retiree Lives</i>	PubS.H-2010 (Above Median) for Healthy Retirees, set forward one year.
<i>Beneficiary Lives</i>	Female: PubG.H-2010 (Above Median) for Healthy Retirees. Male: PubG.H-2010 (Above Median) for Healthy Retirees, set back one year.
<i>Disabled Lives</i>	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.
	The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The 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.
	75% of active deaths are assumed to be service-incurred.
Salary Scale	Service based
Inflation	2.50%

A summary of other assumptions reflected in the valuation can be found in the October 1, 2023 Actuarial Valuation Report for the City of Venice Municipal Police Officers' Pension Trust Fund prepared by Foster & Foster Actuaries and Consultants.

Changes in Assumptions

Total Pension Liability as of the September 30, 2024 measurement date reflects no assumption changes.

Development of the Discount Rate

The projection of cash flows used to determine the Discount Rate assumed that current 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 (6.75 percent) was applied to all periods of projected benefit payments to determine the Total Pension Liability.

No projected benefit payments were discounted using a high-quality municipal bond rate of 4.06 percent. The high-quality municipal bond rate was based on the daily rate closest to, but not later than the measurement date of the S&P Municipal Bond 20-Year High Grade Rate Index.

The single equivalent Discount Rate was 6.75 percent.

SUMMARY OF CURRENT PLAN

Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a) Two Council appointees,
- b) Two Members of the Department elected by the membership,
- c) Fifth Member elected by other 4 and appointed by Council.

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

A summary of the benefit provisions can be found in the Actuarial Valuation as of October 1, 2023 for the City of Venice Municipal Police Officers' Pension Trust Fund prepared by Foster & Foster Actuaries and Consultants.

Benefit Changes

No benefit changes have been reflected since the prior year.

Deferred Retirement Option Program

Eligibility:

Satisfaction of Normal Retirement requirements (earlier of 1) Age 50 and 10 years of Credited Service, or 2) 25 years of Credited Service.)

Participation:

Not to exceed 60 months.

Rate of return:

At member's election:

- a) an effective annual rate of 6.5%, or
- b) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter.

DROP balance:

The DROP balance as of September 30, 2024 is \$0.