

CITY OF SARASOTA
POLICE OFFICERS' PENSION FUND

FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 2024 AND 2023

Table of Contents

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-6
Basic Financial Statements	
Statements of fiduciary net position	7
Statements of changes in fiduciary net position	8
Notes to financial statements	9-17
Required Supplementary Information	
Schedule of changes in the City's net pension liability and related ratios	18
Schedule of contributions	19
Schedule of pension investment returns	20
Other Auditor's 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 <i>Government Auditing Standards</i>	21-22

Independent Auditor's Report

**Board of Trustees
City of Sarasota Police Officers' Pension Fund
Sarasota, Florida**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the City of Sarasota Police Officers' Pension Fund (the "Fund") (a fiduciary component unit of the City of Sarasota, Florida), as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fund, as of September 30, 2024 and 2023, and the respective changes in financial 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 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. 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 Fund, 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 Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund'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 Fund'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, the financial statements present only the Police Officers' Pension Fund and do not purport to, and do not present fairly, the financial position of the City of Sarasota, as of September 30, 2024 and 2023, 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. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 and the schedule of changes in the net pension liability and related ratios, schedule of contributions and schedule of investment returns on pages 18 through 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 audit of the basic financial statements. We do not express an opinion or provide 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 6, 2025, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.



Bradenton, Florida
February 6, 2025

Management's Discussion and Analysis

September 30, 2024 and 2023

(Unaudited)

The following pages represent Management's Discussion and Analysis (MD&A) of the City of Sarasota Police Officers' Pension Fund (the "Fund"). It depicts and reviews the financial picture and activities of the Fund as of and for the years ended September 30, 2024 and 2023.

The intent of this MD&A is to present a picture and assessment of the Fund's financial performance to demonstrate to readers the results of this year's financial operations more clearly. Readers should also review the financial statements, notes to the financial statements and required supplemental information, which follows the discussion, to further enhance their understanding of the Fund's financial performance.

Financial Highlights

- Fund assets exceeded its liabilities as of September 30, 2024 and 2023, by approximately \$333.0 million and \$282.5 million, respectively (reported as net position, restricted for pension benefits).
- The Fund had a return on total investments net of investment fees of 20.6% and 10.4% for the years ended September 30, 2024 and 2023, respectively.
- The Fund's objective is to meet long-term benefit obligations through contributions and investment income. As of the latest actuarial valuation reports dated September 30, 2024 and 2023, the funded ratio using the market value of assets was approximately 95.7% and 84.1%, respectively.
- Additions to the Fund net position for the years ended September 30, 2024 and 2023, were approximately \$68.5 million and \$36.8 million, respectively, and is comprised of contributions of approximately \$11.2 million and \$9.5 million, respectively, and net investment gain of approximately \$57.3 million and \$27.2 million, respectively.
- Deductions to Fund net position for the years ended September 30, 2024 and 2023, were approximately \$18.0 million and \$17.4 million, respectively, and are comprised primarily of benefit payments of approximately \$17.6 million and \$17.0 million, respectively.

Overview of the Financial Statements

The Fund's financial statements consist of: (1) Statements of Fiduciary Net Position, (2) Statements of Changes in Fiduciary Net Position, and (3) Notes to financial statements. Also, included, is certain required supplementary information. These financial statements report information about the Fund, as a whole, and about the financial condition that should help answer the question: Is the Fund, as a whole, better off or worse off as a result of this year's activities? These statements include all assets and liabilities using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, all revenues and expenses are considered regardless of when cash is received or paid.

The Statements of Fiduciary Net Position (page 7) present information on the assets and liabilities and the resulting net position, restricted for pension benefits during the years ended September 30, 2024 and 2023. These statements reflect the Fund's investments, at fair value, along with cash and cash equivalents, receivables and other assets and liabilities.

The Statements of Changes in Fiduciary Net Position (page 8) presents information showing the change in the Fund's net position, restricted for pension benefits during the years ended September 30, 2024 and 2023. These statements reflect contributions by members, the City of Sarasota, the State of Florida, and investment earnings or losses along with deductions for retirement benefits, refunds, and administrative expenses.

The notes to financial statements (pages 9 through 17) provide additional information that is essential to a full understanding of the data provided in the financial statements.

The required supplementary information and the related notes present a Schedule of Changes in the City's Net Pension Liability and Related Ratios, Schedule of Contributions and Schedule of Pension Investment Returns, along with discussion of actuarial assumptions and methods.

Statements of Fiduciary Net Position

The following condensed comparative Statements of Fiduciary Net Position demonstrate the financial position of the Plan at September 30:

	2024	2023	2022
Total assets	\$ 333,265,827	\$ 282,803,541	\$ 263,430,639
Total liabilities	269,517	308,976	267,977
Net position, restricted for pension benefits	<u>\$ 332,996,310</u>	<u>\$ 282,494,565</u>	<u>\$ 263,162,662</u>

The Fund's total assets as of September 30, 2024 and 2023, were approximately \$333.3 million and \$282.8 million, respectively, and were mostly comprised of cash and cash equivalents and investments. The 2024 total assets increased approximately \$50.5 million or 17.84% from 2023 due primarily to favorable returns on Fund investments. The 2023 total assets increased approximately \$19.3 million or 7.35% from 2022 due primarily to favorable returns on Fund investments.

Total liabilities as of September 30, 2024 and 2023, were \$269,517 and \$308,976, respectively, and were mostly comprised of accounts payable. Total liabilities, as of September 30, 2024, decreased approximately \$39,459 or 12.77% from 2023. Total liabilities, as of September 30, 2023, increased approximately \$40,999 or 15.3% from 2022.

Statements of Changes in Fiduciary Net Position

The Statements of Changes in Fiduciary Net Position display the effect of pension fund transactions that occurred during the year, where Additions – Deductions = Increase (Decrease) in Fund net position. The table below reflects a condensed comparative summary of the changes in the net position and reflects the activities of the Fund for the years ended September 30:

	2024	2023	2022
Additions			
Contributions	\$ 11,223,580	\$ 9,511,545	\$ 8,570,689
Net investment gain	57,257,629	27,241,735	(53,195,100)
Other	-	1,700	3,761
Total additions	<u>68,481,209</u>	<u>36,754,980</u>	<u>(44,620,650)</u>
Deductions			
Benefit payments	17,606,938	17,032,156	15,652,890
Administrative expenses	310,132	253,514	260,431
Refunds of participant contributions	62,394	137,407	160,532
Total deductions	<u>17,979,464</u>	<u>17,423,077</u>	<u>16,073,853</u>
Increase in Fund net position	50,501,745	19,331,903	(60,694,503)
Net position, restricted for pension benefits			
Beginning of year	<u>282,494,565</u>	<u>263,162,662</u>	<u>323,857,165</u>
End of year	<u>\$ 332,996,310</u>	<u>\$ 282,494,565</u>	<u>\$ 263,162,662</u>

Additions to Fiduciary Net Position

The following condensed comparative summary demonstrates the additions to the Fund for the year ended September 30:

	2024	2023	Change	% Change
Contributions				
Employees	\$ 1,682,034	\$ 1,398,154	\$ 283,880	20.3
City of Sarasota	8,572,625	7,266,087	1,306,538	18.0
State of Florida	968,921	847,304	121,617	14.4
Investment gain, net	57,257,629	27,241,735	30,015,894	110.2
Other	-	1,700	(1,700)	(100.0)
Total additions	<u>\$ 68,481,209</u>	<u>\$ 36,754,980</u>	<u>\$ 31,726,229</u>	86.3
	2023	2022	Change	% Change
Contributions				
Employees	\$ 1,398,154	\$ 1,259,481	\$ 138,673	11.0
City of Sarasota	7,266,087	6,576,009	690,078	10.5
State of Florida	847,304	735,199	112,105	15.2
Investment gain, net	27,241,735	(53,195,100)	80,436,835	151.2
Other	1,700	3,761	(2,061)	(54.8)
Total additions	<u>\$ 36,754,980</u>	<u>\$ (44,620,650)</u>	<u>\$ 81,375,630</u>	182.4

The reserves needed to finance retirement benefits are accumulated through the collection of contributions from employees, the State and the City, and through earnings on investments (total additions). Additions for the years ended September 30, 2024 and 2023, totaled approximately \$68.5 million and \$36.8 million, respectively. Total additions for 2024 increased from 2023 by approximately \$31.7 million or 86.3%. The increase in additions for 2024 was primarily due to investment gains of approximately \$30.0 million. Total additions for 2023 increased from 2022 by approximately \$81.4 million or 182.4%. The increase in additions for 2023 was primarily due to investment gains of approximately \$80.4 million.

City contributions for 2024 increased by \$1,306,538 due to an increase in the actuarially determined required contribution.

Contributions from the State of Florida increased by \$121,617 in 2024 due to an increase in State Premium Tax Receipts.

Deductions from Fiduciary Net Position

The table below reflects a condensed comparative summary of the deductions of the Fund for the year ended September 30:

	2024	2023	Change	% Change
Benefit payments	\$ 17,606,938	\$ 17,032,156	\$ 574,782	3.4
Administrative expenses	310,132	253,514	56,618	22.3
Refunds of participant contributions	62,394	137,407	(75,013)	(54.6)
Total deductions	<u>\$ 17,979,464</u>	<u>\$ 17,423,077</u>	<u>\$ 556,387</u>	3.2
	2023	2022	Change	% Change
Benefit payments	\$ 17,032,156	\$ 15,652,890	\$ 1,379,266	8.8
Administrative expenses	253,514	260,431	(6,917)	(2.7)
Refunds of participant contributions	137,407	160,532	(23,125)	(14.4)
Total deductions	<u>\$ 17,423,077</u>	<u>\$ 16,073,853</u>	<u>\$ 1,349,224</u>	8.4

The payments of pension benefits increased in 2024 from 2023 as the Fund experienced more participants leaving the Deferred Retirement Option Plan.

During the year ended September 30, 2018, the City approved Ordinance 17-5232 which establishes a defined contribution plan (a "share plan") to provide special benefits to police officers and retirees with a determination of eligibility made each plan year beginning October 1.

Under the provision of the ordinance, the initial amount to be allocated to the share plan shall be \$421,898, which reflects 50% of the accumulated excess premium tax revenues that have not been allocated to fund benefits as of September 30, 2018.

In any plan year, following the initial funding of share accounts in which annual premium tax revenues exceed \$773,572, the individual share account of each active police officer or DROP participant who was a member of the share plan on the preceding September 30, shall be credited with an equal share of 50% of the excess. For the years ended September 30, 2024 and 2023, the share plan had a balance of \$434,529 and 319,660, respectively.

Retirement System as a Whole

The Fund's net position experienced an increase of approximately \$50.5 million in the current fiscal year. We believe the assets of the Fund will increase over intermediate and long-term horizons due to prudent investment management.

Requests for Information

This financial report is designed to provide a general overview of the City of Sarasota Police Officers' Pension Fund's financial statements for those with an interest in the Fund's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Sarasota Police Officers' Pension Fund at 1565 First Street, Room 110, Sarasota, Florida 34236.

City of Sarasota Police Officer's Pension Fund

STATEMENTS OF FIDUCIARY NET POSITION

AS OF SEPTEMBER 30, 2024 AND 2023

	2024	2023
Assets		
Cash and equivalents	\$ 386,063	\$ 1,520,121
Receivables		
Accrued income receivable	737,098	487,772
Contributions	402,115	250,859
Total receivables	1,139,213	738,631
Prepaid expenses	17,846	17,846
Investments, at fair value		
Money market funds	7,487,903	6,281,422
U.S. government securities	32,285,192	20,813,087
Mortgage and asset backed securities	30,495,894	22,716,557
Municipal securities	1,210,642	470,972
Common stock	191,077,992	169,267,843
Corporate bonds	46,344,337	34,482,116
Real estate mutual funds	18,905,325	23,358,490
Foreign mutual funds	3,915,420	3,136,456
Total investments, at fair value	331,722,705	280,526,943
Total assets	\$ 333,265,827	\$ 282,803,541
Liabilities and net position		
Accounts payable and accrued expenses	\$ 269,517	\$ 308,976
Total liabilities	269,517	308,976
Net position, restricted for pension benefits	332,996,310	282,494,565
Total liabilities and net position	\$ 333,265,827	\$ 282,803,541

See accompanying notes to financial statements.

City of Sarasota Police Officer's Pension Fund

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
Additions		
Contributions		
Employees	\$ 1,682,034	\$ 1,398,154
City of Sarasota	8,572,625	7,266,087
State of Florida	968,921	847,304
Total contributions	11,223,580	9,511,545
Investment income		
Net appreciation in fair value of investments	50,168,852	22,523,954
Interest	3,303,679	2,165,428
Dividends	4,483,408	3,195,063
Real estate income, net	782,125	784,267
Investment income, net	58,738,064	28,668,712
Less investment expenses	(1,480,435)	(1,426,977)
Net investment income	57,257,629	27,241,735
Other	-	1,700
Total additions, net	68,481,209	36,754,980
Deductions		
Benefit payments	17,606,938	17,032,156
Administrative expenses	310,132	253,514
Refunds of participant contributions	62,394	137,407
Total deductions	17,979,464	17,423,077
Change in net position	50,501,745	19,331,903
Net position, restricted for pension benefits		
Beginning of year	282,494,565	263,162,662
End of year	\$ 332,996,310	\$ 282,494,565

See accompanying notes to financial statements.

Notes To Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The City of Sarasota Police Officers' Pension Fund's (the "Fund") financial statements are prepared using the accrual basis of accounting. Contributions are recognized as revenues in the period in which employee services are performed and contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Fund.

Reporting Entity

The financial statements presented are only for the Police Officers' Pension Fund of the City of Sarasota, Florida (the "City") and are not intended to present the basic financial statements of the City of Sarasota, Florida.

The Fund is included within the City's separately issued Annual Comprehensive Financial Report (ACFR) for the years ended September 30, 2024 and 2023. Anyone wishing to review and obtain further information about the City is referred to the ACFR for the years in which the Fund has been included.

The Fund is a fiduciary component unit of the City which accounts for the single employer defined benefit pension plan for police officers. The provisions of the Fund provide for retirement, disability and survivor benefits.

Financial Statement Presentation

Effective in 2014, the Fund adopted GASB Statement No. 67 which requires additional supplemental information and changes the presentation of the financial statements. In accordance with this statement, the Fund's statements reflect only liabilities that are currently due while those not currently due are taken as a component of net position. This statement also requires a schedule of changes in net position liability and related ratios, a schedule of actuarially determined contributions, and a schedule of investment returns included in the required supplementary information to the financial statements.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities and changes therein, the disclosure of contingent assets and liabilities, and the accrued actuarial liability at the date of the financial statements. Accordingly, actual results may differ from those estimates.

Method Used to Value Investments

Investments are reported at fair value in accordance with GASB Statement No. 72. Short-term investments are reported at cost which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Fair value of other securities is determined by the mean of the most recent bid and asked prices as obtained from dealers that make markets in such securities. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Fund's Board of Trustees, with the assistance of a valuation service.

NOTE 2. PLAN DESCRIPTION

The Fund is a defined benefit single employer public employee retirement plan that was established pursuant to Florida Statutes, Chapter 185 and City Ordinance. The Fund is supported by participant contributions, City contributions, Chapter 185, Florida Statutes receipts, and investment income on Fund assets. The Fund is administered in accordance with Chapter 24, Article II, of the Sarasota City Code 1986, as amended and restated.

The Fund is administered by a Board of Trustees that acts as the named fiduciary and administrator of the Fund as defined by Florida law. The Board consists of five Trustees, two of whom are appointed by the City Commission, two of whom are full-time police officers who are elected by a majority of the police officers. The fifth Trustee is chosen by a majority of the previous four Trustees. Each Trustee serves a four-year term.

Each police officer employed by the City of Sarasota Police Department is a pension fund member. Only the Chief of Police may choose not to be a member of the Fund. Members are required to contribute 8% of their annual salary to the Fund through paycheck deductions. Any participant who has creditable service of ten years and has attained age 50 or has creditable service of 25 years, regardless of age, is eligible for normal retirement. The amount of normal retirement pension is based on a police officer's credited service and final average compensation as defined by the Fund. The pension benefit is limited to 100% of the final average compensation and provisions of the internal Revenue Code 415.

The City's payroll cost for police officer personnel covered by the Fund for the years ended September 30, 2024 and 2023 was \$18,884,006 and \$16,990,914, respectively. For the years ended September 30, 2024 and 2023 membership consisted of:

	<u>2024</u>	<u>2023</u>
Retirees, disabled participants and beneficiaries currently receiving benefits and vested terminated employees not yet receiving benefits	243	241
Current employees		
Vested, deferred members	6	6
Active members	173	170
Total	<u>422</u>	<u>417</u>

The Fund provides disability benefits for both duty related and non-duty related disabilities. If the Board determines that the disability was caused by performance of duty, the pension is calculated the same as if he or she had taken normal retirement after a minimum of 25 years of service.

The Fund calls for minimum payments to in the line of duty disability recipients and their beneficiaries. Disability for police officers injured not in the line of duty is computed at 2.5% of average compensation multiplied by years of service (maximum of 40 years), plus 5% of police officers' last monthly salary for each eligible child.

If any police officer is killed as a result of performing duties, the beneficiaries are entitled to the same monthly pension as if the deceased had taken a normal retirement after a minimum of 25 years of service.

If any police officer dies of causes not directly related to performing duties, the beneficiaries are entitled to receive the same monthly pension as if the deceased had received disability benefits not in the line of duty and then died.

If an employee separates from the City before achieving ten years of credited service, the employee will receive the full amount of his or her contributions plus regular interest. This will be a complete discharge of benefits under the Fund. If an employee separates services from the City after ten years of credited service they may receive a pension starting at age 55, a refund of contributions and interest, or receive a reduced retirement pension starting any time after age 50.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

Other contributions are received from the State of Florida and the City. The State of Florida contribution results from the City's share of insurance tax. The City contributes an amount to make the Fund actuarially sound, but not less than 8% of payroll.

If a member served as a police officer with the City during a period of previous employment or if a member served as a police officer for any other municipal, county or state law enforcement department in the United States, he or she may contribute an actuarially determined amount to the Fund to effectively purchase those prior service years. However, the member may not purchase prior police service that is counted for retirement benefits from another pension plan. The prior service time must be for at least one year and there is no maximum limit. In addition, the Fund also accepts rollovers of eligible pension accounts solely for the purpose of purchasing credited service.

The Fund also provides for compliance with Chapter 185, Florida Statutes to ensure the Fund will continue to qualify for funding under Florida Statute 185.08 in the event a change to the statute is effective before the Fund can be amended. The City Commission may not amend the Fund to reduce the vested accrued benefit of members of beneficiaries.

On December 8, 2017, the City approved Ordinance 17-5232 which establishes a defined contribution plan (a "share plan") to provide special benefits to police officers and retirees with a determination of eligibility made each plan year beginning October 1.

Under the provision of the ordinance, the initial amount to be allocated to the share plan shall be \$421,898, which reflects 50% of the accumulated excess premium tax revenues that had not been allocated to fund benefits as of September 30, 2018.

In any plan year, following the initial funding of share accounts in which annual premium tax revenues exceed \$773,572, the individual share account of each active police officer or DROP participant who was a member of the share plan on the preceding September 30, shall be credited with an equal share of 50% of the excess. For the years ended September 30, 2024 and 2023, the share plan had a balance of \$434,529 and \$319,660, respectively.

NOTE 3. DEFERRED RETIREMENT OPTION PLAN

Effective December 21, 1998, the City approved an ordinance creating a deferred retirement option plan (DROP). A member of the Fund is eligible to enter the DROP once the member has credible service of ten years and has attained age 50, or has credited service of 25 years regardless of age. In lieu of terminating employment as a police officer, any member may elect to defer receipt of such service retirement pension and to participate in the DROP. A member's participation in the DROP may not exceed 60 months beginning at the time the election becomes effective. Effective October 18, 2004 the City approved an ordinance to make the election to enter the DROP an irrevocable notice of termination effective at the end of the DROP period. Therefore, a member may participate only once.

A separate general ledger account is created for each member participating in the DROP to track earnings, contributions and payments. The member's DROP account consists of the monthly retirement benefit the member would have received had they terminated their employment as a police officer and the earnings of those amounts. To maximize earnings potential for each DROP participant, the funds are pooled with the investments in the Fund.

For those who entered the DROP on or after October 1, 2012 the member elects to receive either interest at a fixed interest rate of 2.5% per annum compounded quarterly, or the actual rate of investment return realized by the pension Fund. The DROP amount included as a component of net position at September 30, 2024 and 2023 was \$2,708,336 and \$2,480,240, respectively.

NOTE 4. INVESTMENTS

All investments of the Fund are comprised of money market funds, common and preferred stocks, stock mutual funds, bond mutual funds, corporate bonds, real estate mutual funds and foreign mutual funds as authorized by Fund policies.

The market value of the investments by class of the Fund at September 30, 2024 and 2023 are as follows:

September 30, 2024		
	Market Value	Duration
Money market funds	\$ 7,487,903	N/A
U.S. government securities	32,285,192	9.93
Mortgage and asset backed securities	30,495,894	22.88
Municipal securities	1,210,642	15.70
Common stock	191,077,992	N/A
Corporate bonds	46,344,337	5.65
Real estate mutual funds	18,905,325	N/A
Foreign mutual funds	3,915,420	N/A
Total investments	<u>\$ 331,722,705</u>	

September 30, 2023		
	Market Value	Duration
Money market funds	\$ 6,281,422	N/A
U.S. government securities	20,813,087	10.87
Mortgage backed securities	22,716,557	23.07
Municipal securities	470,972	15.36
Common stock	169,267,843	N/A
Corporate bonds	34,482,116	4.45
Real estate mutual funds	23,358,490	N/A
Foreign mutual funds	3,136,456	N/A
Total investments	<u>\$ 280,526,943</u>	

During 2023, the investment policy was updated to comply with applicable requirements of Chapter 2023-28, Laws of Florida, including Section 112.662, along with the regulations adopted by the Department of Management Services.

Concentration

As of September 30, 2024, the Fund held investments in two funds with aggregate amounts exceeding 5% of the market value of the Fund's assets. One equity mutual fund had a fair value totaling \$47,275,186 and one real estate mutual fund had a fair value of \$18,905,325 as of September 30, 2024. The September 30, 2024 investment compliance report did not identify a concentration with any individual issuer in excess of investment policy guidelines.

As of September 30, 2023, the Fund held investments in two funds with aggregate amounts exceeding 5% of the market value of the Fund's assets. One equity mutual fund had a fair value totaling \$39,799,413 and one real estate mutual fund had a fair value of \$23,358,490 as of September 30, 2023. The September 30, 2023 investment compliance report did not identify a concentration with any individual issuer in excess of investment policy guidelines.

NOTE 4. INVESTMENTS (CONTINUED)

Duration

Duration is the measure of a fixed income's cash flows using present value, weighted for cash flows as a percentage of the investment's full price. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows arising from such investments as callable bonds, prepayments and variable-rate debt. All investments of the Fund are held by the Fund or its agent in the Fund's name.

Credit Risk

The Fund limits its short-term investments to the following: money market or short-term investment funds provided by the Fund's custodian; commercial paper issued by United States Corporations which have a majority of 270 days or less and a rating of A-1 or higher by Standard & Poor's or B-1 or higher by Moody's. All equity investments are limited to fully and easily negotiable equity securities. In addition, investments in the shares of companies that have been publicly traded for less than one year are limited to no more than 15% of the market value of an investment manager's total equity portfolio. Investments in corporate fixed income securities are limited to those securities rate "A" or higher by Moody's or Standard & Poor's rating services. Investments in Collateralized Mortgage Obligations are limited to 25% of the market value of the investment manager's total portfolio and are restricted to those issues backed by the full faith or United States Government, an Agency thereof, or are rated AAA by a major rating service and PAC (planned amortization class), NAC (non-accelerated securities) or VADM (very accurately defined maturity) securities.

Ratings for the Fund's applicable securities are as follows:

	September 30, 2024 Credit Ratings	
	S&P	Moody's
U.S. government securities	AA+	Aaa
Corporate bonds	AAA...BBB	Aaa...Baa2

Rating information for mortgage and asset backed securities and bond mutual funds was not provided. No investments for which ratings were received were risk rated below investment policy guidelines as described above. The investment policy requires fixed income securities which are downgraded below the minimum rating by both Moody's and Standard & Poor's shall be sold at the earliest beneficial opportunity. Investment positions are reviewed by the Board of Trustees at their regular meetings.

Interest Rate Risk

The Fund manages its exposure to declines in fair value through other methods such as evaluating the credit rating, diversifying the investments in the portfolio, and outside portfolio consulting. The Fund does not limit the weighted average maturity of its investment portfolio.

Concentration of Credit Risk

The Fund states that no more than 5% (at market) of an investment manager's equity portfolio may be invested in the shares of a single corporate issuer. Investments in equity securities shall not exceed 75% of the market value of the total Fund assets. Investments in convertible securities (classified as equity investments) and are limited to 25% of the Fund's total portfolio value and no more than 10% of each investment managers convertible portfolio may be invested in shares of a single corporate issuer.

No more than 10% (at market) of any investment manager's total fixed income portfolio shall be invested in the securities of any single corporate issuer. Investments in securities (stocks, bonds and cash equivalents) issued by foreign governments or corporation domiciled outside the United States shall not exceed 25% of the market value of Fund assets. Investments in real estate shall not exceed 15% (at market) of the value of the total Fund assets.

The Fund maintains cash deposits at financial institutions which may, at times, exceed amounts covered by the Federal Deposit Insurance Corporation (FDIC). The Fund has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk to cash.

NOTE 4.**INVESTMENTS (CONTINUED)****Custodial Credit Risk**

For an investment, this is the risk that in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Fund does not believe it has a custodial risk exposure as all its securities are insured, registered and held by an outside custodian.

Foreign Currency Risk

The Board of Trustees retains outside investment managers with the Fund's written investment policy. The Fund's investment policy states that investments in securities issued by foreign governments or corporations domiciled outside the United States shall not exceed 25% of the market value of Fund assets. The investment policy specifically prohibits certain investments including interest rate swaps, limited partnerships of any kind, venture capital, and futures contracts. The investment policy also prohibits trading on margin and short selling.

Fair Value Measurements

The Fund has the following recurring fair value measurements, broken into the fair value hierarchy, as of September 30, 2024 and 2023:

Investment	Level 1	Level 2	Level 3	Fair Value
Investment by Fair Value Level, September 30, 2023				
Debt securities				
U.S. government securities	\$ -	\$ 32,285,192	\$ -	\$ 32,285,192
Mortgage and asset backed securities	-	30,193,400	302,494	30,495,894
Municipal securities	-	1,210,642	-	1,210,642
Corporate bonds	2,683,906	43,331,431	329,000	46,344,337
Total debt securities	2,683,906	107,020,665	631,494	110,336,065
Common stock	134,981,334	55,997,632	99,026	191,077,992
Foreign mutual funds	-	3,915,420	-	3,915,420
Real estate mutual funds	-	-	18,905,325	18,905,325
Total investments by fair value level	\$ 137,665,240	\$ 166,933,717	\$ 19,635,845	324,234,802
Investments not subject to level disclosure				
Money market funds				7,487,903
Total investments				\$ 331,722,705
Investment	Level 1	Level 2	Level 3	Fair Value
Investment by Fair Value Level, September 30, 2023				
Debt securities				
U.S. government securities	\$ -	\$ 20,813,087	\$ -	\$ 20,813,087
Mortgage backed securities	-	22,347,981	368,576	22,716,557
Municipal securities	-	470,972	-	470,972
Corporate bonds	1,605,064	32,877,052	-	34,482,116
Total debt securities	1,605,064	76,509,092	368,576	78,482,732
Common stock	122,162,378	47,055,065	50,400	169,267,843
Foreign mutual funds	-	3,030,393	106,063	3,136,456
Real estate mutual funds	-	-	23,358,490	23,358,490
Total investments by fair value level	\$ 123,767,442	\$ 126,594,550	\$ 23,883,529	274,245,521
Investments not subject to level disclosure				
Money market funds				6,281,422
Total investments				\$ 280,526,943

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Real estate funds classified in Level 3 are valued using independent appraisers to determine the market value of the investments in the funds.

There were no investments measured at net asset value (NAV) as of September 30, 2024 and 2023.

NOTE 5. NET PENSION LIABILITY

The net pension liability is measured as the total pension liability, less the amount of the pension Fund's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets (not the smoother actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

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

	2024	2023
Total pension liability	\$ 345,241,067	\$ 332,631,107
Plan fiduciary net position	332,996,310	282,494,565
Net pension liability	<u>\$ 12,244,757</u>	<u>\$ 50,136,542</u>
Plan fiduciary net position as a percentage of the total pension liability	96.45%	84.93%

Actuarial Assumptions

The total pension liability, net pension liability and certain sensitivity information are based on an actuarial valuation performed as of September 30, 2023. The total pension liability was rolled forward from the valuation date to the Fund year ending September 30, 2024, using the following actuarial assumptions applied to all measurement periods:

Inflation	2.3%
Salary increases	5.2 to 19.3% depending on service, including inflation
Investment rate of return	6.50%

As of September 30, 2024, mortality tables, as required by Florida Statutes Chapter 112.63(1)(f) were the same versions of Pub-2010 Headcount-Weighted Mortality Tables as used by the Florida Retirement System (FRS) in their July 1, 2022 actuarial valuation (with mortality improvements projected to all future years after 2010 using Scale MP-2018). Florida Statutes mandate the use of mortality tables from one of the two most recently published FRS actuarial valuation reports.

The long-term expected rate of return on Fund investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Fund investment expense) are developed for each major asset class. These ranges are combined to produce 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 Fund's target asset allocation as of September 30, 2024 (see the discussion of the Fund's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Bonds	4.68%
Domestic equity	10.70%
International equity	5.83%
Real estate	8.01%
Infrastructure	8.97%

NOTE 5. NET PENSION LIABILITY (CONTINUED)**Discount Rate**

A single discount rate of 6.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on plan investments of 6.50%. The projection of cash flows used to determine this single discount rate assumed that Fund member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate.

Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current Fund members. Therefore, the long-term expected rate of return on Fund investments (6.50%) was applied to all periods of projected benefit payments to determine the total pension liability. The single discount rate was developed as follows:

Single discount rate 6.50%

Long-term expected rate of return 6.50%

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

The following presents the Fund's net pension liability, calculated using a single discount rate of 6.50%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease	Current	1% Increase
	5.50%	Discount Rate	7.50%
		6.50%	
Net pension (asset) liability	\$ 56,360,703	\$ 12,244,757	\$ (24,032,879)

NOTE 6. CONTRIBUTION INFORMATION

The Fund's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarially accrued liability are determined using an entry-age actuarial cost method. Unfunded actuarial accrued liability is being amortized on a closed basis as a level percent of payroll over periods ranging from five to 30 years.

During the year ended September 30, 2024, contributions totaling \$11,223,580 were made in accordance with contribution requirements determined by an actuarial valuation of the Fund as of September 30, 2024. The City contributed \$8,572,625 (45.40% of covered payroll); the State of Florida contributed \$968,921 (5.13% of covered payroll) and the employees contributed \$1,682,034 (8.91% of covered payroll).

During the year ended September 30, 2023, contributions totaling \$9,511,545 were made in accordance with contribution requirements determined by an actuarial valuation of the Fund as of September 30, 2023. The City contributed \$7,266,087 (42.76% of covered payroll); the State of Florida contributed \$847,304 (4.99% of covered payroll) and the employees contributed \$1,398,154 (8.23% of covered payroll).

The actuarially determined contributions from the employer and the state totaled \$9,313,592 and \$8,050,295, for the years ended September 30, 2024 and 2023, respectively. The schedule of employer contributions, presented as required supplemental information following the notes to the financial statements, presented multi-year trend information of contributions received.

NOTE 7. RISK AND UNCERTAINTIES

The Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, credit, and foreign currency risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of fiduciary net position.

Fund contributions and the actuarial present value of accumulated Fund benefits are 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 8. SUBSEQUENT EVENTS

The Fund has evaluated all events subsequent to the statements of plan net position date of September 30, 2024 through February 6, 2025 the date these financial statements were available for issuance, and have determined that there are no subsequent events that require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

City of Sarasota Police Officer's Pension Fund

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 5,833,200	\$ 5,028,627	\$ 4,532,990	\$ 4,331,383	\$ 4,168,051	\$ 4,082,986	\$ 4,261,892	\$ 3,907,539	\$ 3,628,723	\$ 3,290,606
Interest	21,233,363	20,396,755	19,973,963	20,142,550	19,483,617	18,994,950	18,197,786	17,421,557	17,022,335	16,362,460
Benefit changes	-	-	-	-	-	-	-	-	-	3,008,519
Difference between expected and actual experience	3,115,054	2,950,930	429,315	3,758,790	813,907	(1,805,359)	3,327,183	(826,167)	(2,051,254)	58,566
Assumption changes	-	1,481,214	9,195,642	(3,978,801)	-	(473,082)	-	4,433,656	-	-
Benefit payments	(17,606,938)	(17,032,156)	(15,652,890)	(16,476,823)	(13,609,169)	(13,980,104)	(14,592,869)	(12,588,537)	(13,458,060)	(13,454,067)
Refunds	(62,394)	(137,407)	(160,532)	(98,757)	(80,287)	(51,169)	2,422	(20,772)	-	(7,000)
Other (change in state reserve)	97,675	36,866	-	-	-	-	-	(421,898)	-	-
Net change in total pension liability	12,609,960	12,724,829	18,318,488	7,678,342	10,776,119	6,768,222	11,196,414	11,905,378	5,141,744	9,259,084
Total pension liability, beginning	332,631,107	319,906,278	301,587,790	293,909,448	283,133,329	276,365,107	265,168,693	253,263,315	248,121,571	238,862,487
Total pension liability, ending (a)	\$ 345,241,067	\$ 332,631,107	\$ 319,906,278	\$ 301,587,790	\$ 293,909,448	\$ 283,133,329	\$ 276,365,107	\$ 265,168,693	\$ 253,263,315	\$ 248,121,571
Plan fiduciary net position										
Contributions, employer (from City)	\$ 8,572,625	\$ 7,266,087	\$ 6,576,009	\$ 6,558,763	\$ 7,279,326	\$ 7,163,346	\$ 7,533,010	\$ 9,223,890	\$ 8,619,081	\$ 7,864,404
Contributions, employer (from State)	968,921	847,304	735,199	678,608	718,233	671,192	655,750	624,648	597,419	570,973
Contributions, member	1,682,034	1,398,154	1,259,481	1,215,226	1,153,896	1,093,665	1,059,114	1,141,920	895,489	825,351
Other	-	1,700	3,761	-	16,923	86,411	2,422	-	-	-
Net investment income	57,257,629	27,241,735	(53,195,100)	61,299,155	28,285,863	6,116,644	23,830,934	24,697,643	16,087,436	1,171,981
Benefit payments	(17,606,938)	(17,032,156)	(15,652,890)	(16,476,823)	(13,609,169)	(14,005,096)	(14,592,869)	(12,588,537)	(13,350,272)	(13,454,067)
Refunds	(62,394)	(137,407)	(160,532)	(98,757)	(80,287)	(51,169)	-	(20,772)	(107,788)	(7,000)
Administrative expenses	(310,132)	(253,514)	(260,431)	(221,758)	(217,186)	(204,259)	(194,785)	(233,993)	(178,617)	(216,797)
Net change in plan fiduciary net position	50,501,745	19,331,903	(60,694,503)	52,954,414	23,547,599	870,734	18,293,576	22,844,799	12,562,748	(3,245,155)
Plan fiduciary net position, beginning	282,494,565	263,162,662	323,857,165	270,902,751	247,355,152	246,484,418	228,190,842	205,346,043	192,783,295	196,028,450
Plan fiduciary net position, ending (b)	\$ 332,996,310	\$ 282,494,565	\$ 263,162,662	\$ 323,857,165	\$ 270,902,751	\$ 247,355,152	\$ 246,484,418	\$ 228,190,842	\$ 205,346,043	\$ 192,783,295
Net pension (asset) liability, ending (a) - (b)	\$ 12,244,757	\$ 50,136,542	\$ 56,743,616	\$ (22,269,375)	\$ 23,006,697	\$ 35,778,177	\$ 29,880,689	\$ 36,977,851	\$ 47,917,272	\$ 55,338,276
Plan fiduciary net position as a percentage of the total pension liability	96.45%	84.93%	82.26%	107.38%	92.17%	87.36%	89.19%	86.05%	81.08%	77.70%
Covered payroll	\$ 18,884,006	\$ 16,990,914	\$ 14,879,572	\$ 13,649,746	\$ 14,255,899	\$ 12,632,276	\$ 11,838,600	\$ 12,737,375	\$ 10,873,428	\$ 9,806,160
City's net pension liability as a percentage of covered payroll	64.84%	295.08%	381.35%	-163.15%	161.38%	283.23%	252.40%	290.31%	440.68%	564.32%

City Sarasota Police Officers' Pension Fund

SCHEDULE OF CONTRIBUTIONS

Year Ended September 30,	Actuarially Determined Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2015	8,415,647	8,435,377	(19,730)	9,806,160	86.02%
2016	9,120,631	9,216,500	(95,869)	10,873,428	84.76%
2017	9,848,538	9,848,538	-	12,737,375	77.32%
2018	8,188,760	8,188,760	-	11,838,600	69.17%
2019	7,834,538	7,834,538	-	12,632,276	62.02%
2020	7,997,559	7,997,559	-	14,255,899	56.10%
2021	7,224,811	7,237,371	(12,560) *	13,649,746	53.02%
2022	7,311,822	7,311,208	614 *	14,879,572	49.14%
2023	8,050,295	8,076,525	(26,230)	16,990,914	47.53%
2024	9,313,592	9,443,871	(130,279)	18,884,006	50.01%

Valuation Date: September 30, 2022

Notes: Actuarially determined contribution rates are calculated as of September 30, which is 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.
Amortization Method	Level percentage of payroll, closed.
Remaining amortization period	15 years (single equivalent amortization period).
Asset valuation method	5-year smoothed market.
Inflation	2.30%
Salary increases	5.2% to 19.3% depending on service, including inflation, with an extra 3.7% in fiscal year 2023 (so 8.9% to 23.0% in fiscal year 2023 only).
Investment rate of return	6.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The same versions of Pub-2010 Headcount-Weighted mortality tables as used by the Florida Retirement System (FRS) in their July 1, 2021 actuarial valuation (with mortality improvements projected to all future years after 2010 using Scale MP-2018). Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial valuation reports.

Other Information:

Notes: See Discussion of Valuation results in the September 30, 2022, Actuarial Valuation Report.

*The (Excess) contribution made during the fiscal year ended September 30, 2021 is more than sufficient to offset the small deficiency during the fiscal year ended September 30, 2022.

City Sarasota Police Officers' Pension Fund

SCHEDULE OF PENSION INVESTMENT RETURNS

Year Ended September 30,	Annual Money Weighted Rate of Return, Net of Investment Expense
2015	0.5%
2016	8.6%
2017	12.3%
2018	10.7%
2019	2.5%
2020	11.6%
2021	23.0%
2022	-16.8%
2023	10.4%
2024	20.6%

OTHER AUDITOR'S 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*

Board of Trustees
City of Sarasota
Police Officers' Pension Fund Sarasota, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Sarasota Police Officers' Pension Fund (the "Fund") as of and for the year ended September 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated February 6, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund'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 Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in purpose.

Bradenton, Florida
February 6, 2025

