



## MEMORANDUM TO VENICE CITY COUNCIL

**FROM:** Linda Senne, CPA, Finance Director *LS*

**DEPARTMENT:** Finance Department

**THROUGH CHARTER OFFICER:** James Clinch, City Manager **E-SIGN:** *JC*

**DATE:** August 11, 2025 **MEETING DATE:** August 26, 2025

**COUNCIL ACTION REQUESTED:** For Council Adoption by Motion

**SUPPORTS STRATEGIC PLAN:** Goal Four: Upgrade and Maintain City Infrastructure and Facilities

**SUBJECT / TOPIC:** Resolution No. 2025-17

**BACKGROUND INFORMATION:** In November 2022, the City purchased land on East Venice Avenue to relocate fire station #52. The land site has been cleared and grubbed, and is ready for construction of fire station #52. On June 10, 2025, the City Council approved the agreement for the sale and purchase of a 4.97-acre parcel located at 1280 US Highway 41 Bypass South for the solid waste, recycling, and fleet maintenance facility.

The City expects to incur various costs relating to the acquisition, construction, and equipping of the new fire station #52, an EOC storage facility, and the new solid waste, recycling, and fleet maintenance facility. The City has determined it is in its best interest to preserve the ability to reimburse itself for the costs of these two projects from proceeds of tax-exempt debt in an amount not to exceed \$17,500,000 aggregate principal amount. It is currently the intention of the City to secure tax-exempt debt from a covenant of the City to budget and appropriate sufficient legally available non-ad valorem revenues of the City.

On June 24, 2025 City Council adopted Resolution No. 2025-15 authorizing City staff to take action necessary to structure and accomplish debt financing for the projects. City staff have started the debt financing process which includes obtaining ratings from the rating agencies. The City has received the following ratings for the Capital Improvement Revenue Bonds, Series 2025:

Rating Agency	Bond Rating
Fitch Ratings	AA+
S&P Global Ratings	AA+
Moody's Ratings	Aa1

As noted on the attached financial assessments performed by the rating agencies, the City has strong financial operations and performance, supported by conservative management practices and revenue growth that have resulted in strong reserves while allowing for the cash financing of capital needs. Notable credit factors include the City's level of budgetary flexibility with

revenues and expenditures, robust general fund reserves, population trend, economic level indicators, overfunding the Annual Required Contributions (ARC) for police and firefighter pension plans, and proactive planning for larger capital projects through the five-year CIP plan.

**STAFF RECOMMENDATION:** Approve Resolution No. 2025-17 authorizing the issuance of not to exceed \$17,500,000 in debt financing for fire station #52 and the solid waste, recycling, and fleet maintenance facility.

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Yes    N/A

- |                                     |                                     |   |
|-------------------------------------|-------------------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | Document(s) Reviewed for ADA compliance <small>(required if for agenda posting)</small> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | City Attorney Reviewed/Approval   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Risk Management Review  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | Finance Department Review/Approval  |
|                                     |                                     | Funds Availability (account number): as budgeted in the CIP                             |

# Venice, Florida

The 'AA+' IDR and GO bond ratings reflect the city's 'aaa' financial resilience assessment, which is supported by a high-midrange level of budgetary flexibility and assumes maintenance of unrestricted general fund reserves (sum of committed, assigned, and unassigned) of at least 10% of spending. Historically, reserves have consistently well exceeded the 10% threshold for 'aaa', with fiscal 2024 unrestricted reserves equal to 69% of spending.

The 'AA+' rating on the series 2025 capital improvement bonds is driven by the city's 'AA+' Issuer Default Rating (IDR). The bonds are backed by the city's covenant to budget and appropriate (CB&A) non-ad valorem (NAV) revenues, by amendment, if necessary, in amounts sufficient to pay annual debt service. Fitch's US Public Finance Local Government Rating Criteria allows debt backed by an absolute and non-cancellable covenant to appropriate debt service payments to be rated on par with the IDR if the revenue available to make such payments is sufficiently broad and controllable. The city's covenant to appropriate debt service and its broad pool of NAV revenue available for appropriation support rating the bonds on par with the IDR.

The city benefits from rapid population growth, assessed as 'strongest', balanced against its 'Midrange' demographic and economic level metrics when compared to Fitch's ratings portfolio. Long-term liabilities related to direct governmental debt and net pension liabilities are moderate to low relative to the city's financial resources and are assessed as 'Midrange'.

## Rating Sensitivities

### Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- A sustained approximate 30% increase in long-term liabilities due to additional debt and/or net pension liabilities and increased carrying costs, assuming current levels of personal income and governmental resources;
- Reduction in unrestricted general fund reserves to below 10% of general fund expenditures and transfers out;
- Weakened underlying economic and demographic performance including but not limited to slower population gains, rising unemployment and lower resident income.

### Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Notable improvement in demographic and economic level metrics, including but not limited to lower unemployment rates and higher resident median household income;
- A sustained 40% decrease in long-term liabilities due to additional debt and/or net pension liabilities and increased carrying costs, absent a commensurate increase in personal income or governmental resources.

## Security

The capital improvement bonds are backed by the city's NAV revenues pledge, subject to the city's CB&A, by amendment if necessary, in an amount sufficient to pay debt service on the bonds. The city's covenant to appropriate debt service combined with the broad pool of revenues available for appropriation support rating the bonds on par with Venice's IDR. The NAV covenant shall be cumulative to the extent not paid and shall continue until such NAV revenues or other legally available funds are sufficient to make all such required payments under the bond resolution.

### Ratings

Long-Term IDR AA+

### Outlooks

Long-Term IDR Stable

### New Issues

\$15,000,000 Series 2025 Capital Improvement Non-Ad Valorem Revenue Bonds AA+

### Sale Date

Negotiated sale: September 9, 2025. Proceeds of the bonds will be used to finance the construction of a fire station and fleet maintenance and solid waste facility.

### Outstanding Debt

[Issuer Ratings Information](#)

### Applicable Criteria

[U.S. Public Finance Local Government Rating Criteria \(April 2024\)](#)

### Related Research

[Fitch Affirms Venice, FL's IDR and Ser 2017 GO Imp Bonds at 'AA+'; Outlook Stable \(February 2025\)](#)

### Analysts

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## Fitch's Local Government Rating Model

The Local Government Rating Model generates Model Implied Ratings, which communicate the issuer's credit quality relative to Fitch's local government rating portfolio. (The Model Implied Rating will be the Issuer Default Rating except in certain circumstances explained in the applicable criteria.) The Model Implied Rating is expressed via a numerical value calibrated to Fitch's long-term rating scale that ranges from 10.0 or higher (AAA), 9.0 (AA+), 8.0 (AA), and so forth down to 1.0 (BBB- and below).

Model Implied Ratings reflect the combination of issuer-specific metrics and assessments to generate a Metric Profile and a structured framework to account for Additional Analytical Factors not captured in the Metric Profile that can either mitigate or exacerbate credit risks. Additional Analytical Factors are reflected in notching from the Metric Profile and are capped at +/-3 notches.

## Rating Headroom & Positioning

Venice Model Implied Rating: 'AA+' (Numerical Value: 9.35)

- Metric Profile: 'AA+' (Numerical Value: 9.35)
- Net Additional Analytical Factor Notching: 0.0

Venice's Model Implied Rating is 'AA+'. The associated numerical value of 9.35 is in the middle of the 9.0 to 10.0 range for a 'AA+' rating.

## Current Developments

The city of Venice continues to experience robust economic activity following a strong recovery from the pandemic's onset five years ago and the rise of the gulf coast of Florida as a destination for tourists, retirees, and families. Taxable assessed values, which drive property tax revenues, have consistently demonstrated strong growth alongside a rapidly increasing population. This strong population trend is expected to stimulate further development.

Fiscal 2024 results (fiscal year-end Sept. 30) reflect a net operating surplus of \$5.5 million, or 12% of spending, with the city's unrestricted general fund balance reaching \$31.8 million, representing a very strong 69% of spending. Contributing factors include higher than expected investment earnings, property taxes and various NAV revenues, including charges for EMS services. General fund expenses also finished below budget due to savings across departments and conservative budgeting related to new hires.

The fiscal 2025 general fund operating budget of \$51.6 million represents a 12.5% increase over the fiscal 2024 adopted budget. Increased spending is driven by personnel changes, including the funding of 15 new full-time positions and an almost 10% increase in total personnel costs over the previous year. All four unions in the city have contracts ending this year and are currently renegotiating their bargaining agreements. Increased spending is supported in part by higher ad valorem tax revenue, with taxable assessed values showing another year of strong growth, up approximately 11% yoy to \$7.4 billion in fiscal 2025. Additionally, the budget reflects a moderate \$400,832 planned use of fund balance. Management reports that through June 2025, the city is largely on track with the adopted budget, with property tax, investment income, and charges for EMS services revenues again performing strongly.

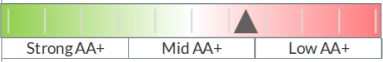
In terms of near-term debt plans, management has no immediate governmental debt plans following this issuance.

## Profile

Venice is located in Sarasota County on the Gulf of Mexico approximately 70 miles south of Tampa. The city has seen steady growth in population over the last decade with an estimated population of 29,902 in 2024, up 44% from 2010. Residents' median age of 68 years is considerably higher than the Florida and national averages. Retiree and tourism related industries and services are the focal point of the local economy complemented by government, light manufacturing, and construction.

The northeastern part of the city has high potential for growth as the construction of approximately 7,500 new residential units have been approved, and approximately 4,500 built, as of June 2025. The city projects the addition of 9,000 to 10,000 new residential units over the next ten years. The city has a ten-year master plan to redevelop the city's seaboard area and develop a marina on its seaboard, which will in turn attract more retail, business, and residential development.

## Key Drivers

Issuer: Venice (FL)	Financial Profile	0.0	<b>Issuer Position Within AA+ Model Implied Rating</b>  Strong AA+   Mid AA+   Low AA+ Rating position post application of analytical overlay
Type: City General Obligation	Demographic & Economic Strength	0.0	
Current: AA+, RO:Sta (2025/02/12)	Long-Term Liability Burden	0.0	
Fiscal Year	AAF Notching Total(4)	0.0	
Metric Profile	MIR - Metric	9.35	
Metric Profile Mapping	MIR - Mapping	AA+	

Metric	Analyst Input		Metric		Composite		
	2024	2024	Percentile	Weight	Percentile / Value	Assessment	Weight
<b>Financial Profile</b>							
<b>Financial Resilience Components</b>							
Available Reserves (FB/Expenditures: 5-Year Low) (%)	41.2						
Revenue Control Assessment	High	High					
Expenditure Control Assessment	Midrange	Midrange				aaa	35%
Budgetary Flexibility	High Midrange	High Midrange					
<b>Financial Resilience</b>	aaa	aaa		100%			
Lowest Cumulative 3 Year Revenue Performance (+/-) since 2008 (%)	-20.8					Weakest	0%
<b>Revenue Volatility(1)</b>	2.37	2.37	5%	100%			
<b>Demographic and Economic Strength</b>							
<b>Trend</b>							
Population Trend (%) (2)	2.5	3.0	94%	100%	94%	Strongest	8%
Unemployment Rate as Percentage of National Rate (%) (5)	120.0		28%	33%			
Population w/ Bachelor's Degree and Higher (%) (2)	44.2		81%	33%	47%	Midrange	26%
MHI as a % of the Portfolio Median (2)	90.2		34%	33%			
<b>Concentration &amp; Size</b>							
Population Size (2) (3)	28,325	29,902	100%	50%	100%	Strongest	9%
Economic Concentration (%) (2) (3)	29.8	31.1	100%	50%			
<b>Long-Term Liability Burden</b>							
Liabilities/Personal Income (%)	2.2	2.6	81%	35%			
Liabilities/Governmental Revenues (%) (6)	119.6	140.0	68%	25%	56%	Midrange	21%
Carrying Costs/Governmental Expenditures (%)	16.6	18.3	27%	40%			

(1) Model directly uses revenue volatility. Percentiles are for information only; metric percentile represents the issuer; composite percentile represents the average of the issuer's class. The Revenue Volatility metric represents the issuer's revenue volatility relative to the median revenue volatility of the total Issuer portfolio.

Revenue Volatility is treated asymmetrically, where weight is marginal for issuers that exhibit low to moderate revenue volatility. For issuers with higher revenue volatility, this factor will moderately lower the metric profile, implying a somewhat reduced weighting for all other variables in these instances.

(2) Population, Concentration, MHI and Educational Attainment data is lagged by one year e.g. 2021 data is used and displayed for fiscal year 2022.

(3) Percentiles represent the class. Economic concentration is defined as the sum of the absolute deviation of the issuer from the national average proportion across major economic sectors.

Sector data is on the county level for all entities or the MSA level for cities that span multiple counties. If data is unavailable for an issuer, median figures based on reported data for all counties within the issuer's state are used as proxy values.

(4) Additional Analytical Factors (AAF) have a potential notching range of +2/-2 for each of the three categories and an overall IDR notching range of +3/-3.

(5) County level data used for sub-county entities when prior year's data is unavailable. If county data is unavailable, MSA data is used. MSA level data is used for cities that span multiple counties.

(6) As a proxy for per capita personal income for sub-county levels of local government, Fitch calculates the ratio of money income to per capita income for the county in which the rated entity is located and applies that ratio to the entity's money income. The estimated per capita personal income figure is multiplied by population to estimate total personal income.

Source: Fitch Ratings

## Financial Profile

## Financial Resilience - 'aaa'

Venice's financial resilience is driven by the combination of its 'High' revenue control assessment and 'Midrange' expenditure control assessment, culminating in a 'High Midrange' budgetary flexibility assessment.

- **Revenue control assessment:** High
- **Expenditure control assessment:** Midrange
- **Budgetary flexibility assessment:** High Midrange
- **Minimum fund balance for current financial resilience assessment:**  $\geq 10.0\%$
- **Current year fund balance to expenditure ratio:** 69.3% (2024)
- **Lowest fund balance to expenditure ratio for the fiscal-year period 2020-2024:** 41.2% (2020)

## Revenue Volatility - 'Weakest'

Venice's weakest historic three-year revenue performance has a negative impact on the Model Implied Rating.

The revenue volatility metric is an estimate of potential revenue volatility based on the issuer's historical experience relative to the median for the Fitch-rated local government portfolio. The metric helps to differentiate issuers by the

scale of revenue loss that would have to be addressed through revenue raising, cost controls or utilization of reserves through economic cycles.

- **Lowest three-year revenue performance (based on revenues dating back to 2005):** 20.8% decrease for the three-year period ending fiscal 2011
- **Median issuer decline:** -4.3% (2024)

### State-Specific Revenue/Expenditure Context & Budgetary Control

The city retains broad independent revenue-raising authority within the statutory 10-mill property tax cap. Venice levied taxes at a rate of 3.9041 for 2025, providing broad room under the non-voted statutory 10-mill cap to support new revenues to mitigate growth in expenditures and revenue risks that could result from potential tax base declines.

Wages and benefits are collectively bargained between the city and unions representing municipal employees. Under Florida law, if a collective bargaining impasse occurs, it is ultimately resolved by the action of the governing body of the local government following the conclusion of a non-binding mediation process. These factors contribute to the city's 'Midrange' expenditure control assessment.

### Demographic and Economic Strength

#### Population Trend - 'Strongest'

Based on the median of 10-year annual percentage change in population, Venice's population trend is assessed as 'Strongest'.

**Population trend:** 3.0% Analyst Input (94th percentile) (vs. 2.5% 2023 median of 10-year annual percentage change in population)

#### Unemployment, Educational Attainment and MHI Level - 'Midrange'

The overall strength of Venice's demographic and economic level indicators (unemployment rate, educational attainment, median household income [MHI]) in 2024 are assessed as 'Midrange' on a composite basis, performing at the 47th percentile of Fitch's local government rating portfolio. This is due to very high education attainment levels offsetting low median-issuer indexed adjusted MHI and elevated unemployment rate.

- **Unemployment rate as a percentage of national rate:** 120.0% 2024 (28th percentile), relative to the national rate of 4.0%
- **Percent of population with a bachelor's degree or higher:** 44.2% (2023) (81st percentile)
- **MHI as a percent of the portfolio median:** 90.2% (2023) (34th percentile)

#### Economic Concentration and Population Size - 'Strongest'

Venice's population in 2023 was of sufficient size and the economy was sufficiently diversified to qualify for Fitch's highest overall size/diversification category.

The composite metric acts asymmetrically, with most issuers (above the 15th percentile for each metric) sufficiently diversified to minimize risks associated with small population and economic concentration. Downward effects of the metric on the Metric Profile are most pronounced for the least economically diverse issuers (in the 5th percentile for the metric or lower). The economic concentration percentage shown below is defined as the sum of the absolute deviation of the percentage of personal income by major economic sectors relative to the U.S. distribution.

- **Population size:** 29,902 Analyst Input (above the 15th percentile) (vs. 28,325 2023 Actual)
- **Economic concentration:** 31.1% Analyst Input (above the 15th percentile) (vs. 29.8% 2024 Actual)

#### Analyst Inputs to the Model

Analyst inputs to the model reflect metric adjustments to account for historical data anomalies, forward-looking performance shifts, or non-recurring events that may otherwise skew the time series.

Population size and trend were adjusted to reflect latest available 2024 census estimates.

### Long-Term Liability Burden

#### Long-Term Liability Burden - 'Midrange'

Venice's carrying costs to governmental expenditures has deteriorated while liabilities to personal income and liabilities to governmental revenue remain moderately strong. The long-term liability composite metric in 2024 is at the 56th percentile, roughly in line with Fitch's local government rating portfolio.

- **Liabilities to personal income:** 2.6% Analyst Input (81st percentile) (vs. 2.2% 2024 Actual)
- **Liabilities to governmental revenue:** 140.0% Analyst Input (68th percentile) (vs. 119.6% 2024 Actual)
- **Carrying costs to governmental expenditures:** 18.3% Analyst Input (27th percentile) (vs. 16.6% 2024 Actual)

#### ***Pension Adjustments***

On an aggregate basis for all pension plans as of the most recent measurement date, the reported asset to liability ratio was 85.9%, or an estimated 79.8%, using Fitch's standard 6% rate of return adjustment. The Fitch-adjusted NPL was equal to \$49.2 million, or about 1.4% of personal income.

#### ***Analyst Inputs to the Model***

Liabilities to personal income, and liabilities to governmental revenues were adjusted to reflect amortization of principal through the end of fiscal 2025 and inclusion of the current series 2025 issuance of \$15 million. Debt service and governmental expenditures were also adjusted to reflect \$1.2 million in additional annual debt service associated with this issuance.

### **ESG Considerations**

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

## Financial Summary

(\$000, Audited Fiscal Years Ending Sep. 30)	2020	2021	2022	2023	2024
<b>General Fund Revenues</b>					
Property Tax	15,180	18,917	20,289	24,199	25,051
Sales Tax	-	-	-	-	-
Income Tax	-	-	-	-	-
Other Tax	4,614	4,638	5,006	5,962	6,352
Total Taxes - Undifferentiated	-	-	-	-	-
Intergovernmental	3,062	4,872	4,225	4,611	5,106
Other Revenue	4,566	6,412	7,861	9,533	10,738
<b>Total</b>	<b>27,422</b>	<b>34,839</b>	<b>37,381</b>	<b>44,306</b>	<b>47,247</b>
<b>General Fund Expenditures</b>					
General Government	6,436	6,482	6,862	7,825	8,557
Public Safety	19,427	22,079	23,059	25,100	27,793
Educational	-	-	-	-	-
Debt Service	-	306	306	306	299
Capital Outlay	2,116	1,529	385	2,181	1,687
Other Expenditures	5,064	5,366	5,968	6,866	7,504
<b>Total</b>	<b>33,042</b>	<b>35,762</b>	<b>36,580</b>	<b>42,277</b>	<b>45,839</b>
Transfers In and Other Sources	5,425	4,155	4,205	4,174	4,076
Transfers Out and Other Sources	-	-	1,591	170	-
<b>Net Transfers &amp; Other</b>	<b>5,425</b>	<b>4,155</b>	<b>2,614</b>	<b>4,004</b>	<b>4,076</b>
Adjustment for Bond Proceeds and Extraordinary One-Time Uses	-	-	-	-	-
Net Op. Surplus (Deficit) After Transfers	-195	3,232	3,415	6,033	5,484
Net Op. Surplus (Deficit)/ (Total Expenditures + Transfers Out and Other Uses) (%)	-0.59	9.04	8.95	14.21	11.96
Total Fund Balance	13,649	16,881	20,296	26,329	31,813
Unrestricted Fund Balance	13,620	16,839	20,240	26,269	31,786
Other Available Fund Balances	-	-	-	-	-
<b>Total Available Unrestricted Reserves (GF + Other)</b>	<b>13,620</b>	<b>16,839</b>	<b>20,240</b>	<b>26,269</b>	<b>31,786</b>
Available Reserves as % of Spending (Adj for Bond Proceeds and Other One-Time Uses)	41.22	47.09	53.02	61.89	69.34
Sources: Fitch Ratings, Fitch Solutions, Venice (FL) [General Government]					

## Long-Term Liability Burden (\$000)

(\$000, Audited Fiscal Years Ending Sep. 30)	2024
Direct Debt	27,614
Less: Self-Supporting Debt	-
Net Direct Debt	27,614
Fitch Adjusted NPL	49,210
<b>Net Direct Debt + Fitch-Adjusted net pension liabilities (NPL)</b>	<b>76,824</b>
Population	29,902
Per Capita Personal Income	114,470
Estimated Personal Income (\$000)	3,422,869
<b>Net Debt + Fitch-Adjusted NPL /Personal Income (%)</b>	<b>2.2</b>
Total Governmental Revenues	64,238
<b>Net Direct Debt + Fitch Adjusted NPL as Percentage of Governmental Revenue (%)</b>	<b>119.59</b>
Debt Service (Net of State Support)	2,856
Actuarially Determined Pension Contributions	6,180
Actual OPEB Contributions	371
Total Governmental Expenditures	56,617
<b>Carrying Costs/Governmental Expenditures (%)</b>	<b>16.61</b>

Note: Figures above do not reflect any Analyst Input Adjustments.  
Sources: Fitch Ratings, Fitch Solutions, Venice (FL) [General Government]

## Summary

Description	Final Value
<b>Budgetary Flexibility Assessments</b>	
Revenue Control Assessment	High
Expenditure Control Assessment	Midrange
Collective Bargaining and Resolution Framework	Midrange
Workforce Outcomes	Midrange
Cost Drivers	Midrange
<b>Metrics Assessments</b>	
Financial Profile - Financial Resilience	aaa
Financial Profile - Revenue Volatility	Weakest
Demographic & Economic Strength - Trend	Strongest
Demographic & Economic Strength - Level	Midrange
Demographic & Economic Strength - Concentration & Size	Strongest
Long-Term Liability Burden	Midrange
<b>Metric Profile Mapping</b>	AA+
Metric Profile	9.35
<b>Additional Analytical Factors</b>	
Total Notching - capped	
<b>Financial Profile</b>	
Fiscal Oversight	
Revenue Capacity	
Contingent Risks	
Non-Recurring Support or Spending Deferrals	
Political Risks	
Management Practices	
<b>Demographic &amp; Economic Strength</b>	
Economic and Institutional Strength	
Revenue Concentration Risks	
School District Resources	
<b>Long-Term Liability Burden</b>	
Pension Funding Assumptions	
Pension Contributions	
OPEB	
Debt Structure	
Capital Demands and Affordability	
<b>Model Implied Rating - Mapping</b>	AA+
Model Implied Rating - Metric	9.35
<b>Outliers and Developing Situations Considerations</b>	No
Notching Rationale - 1	
Notching Rationale - 2	
<b>Issuer Default Rating/Issuer Default Credit Opinion</b>	AA+
Outlook/Watch	RO:Sta
Source: Fitch Ratings	

## SOLICITATION & PARTICIPATION STATUS

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For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

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## **Rating Action: Moody's Ratings assigns Aa1 to Venice, FL's capital improvement revenue bonds**

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07 Aug 2025

New York, August 07, 2025 -- Moody's Ratings (Moody's) has assigned a Aa1 rating to the City of Venice, FL's approximately \$14.5 million Capital Improvement Revenue Bonds, Series 2025. We also maintain Aa1 issuer and general obligation unlimited tax (GOULT) ratings on the city. Inclusive of the current issuance the city has approximately \$78.1 million in debt outstanding.

### **RATINGS RATIONALE**

The Aa1 issuer rating reflects the City of Venice, FL's incredibly strong financial operations, supported by conservative management practices and revenue growth. The city has benefitted from ongoing property valuation growth, which has resulted in increasing full value per capita (now about \$400,000) and nominal reserve growth. Venice's strong real estate market and resident wealth help to offset the challenges of environmental risk from the city's coastal location and demographic challenges of an older resident population (over 60% of the population is over 65). We expect the city's financial performance to remain strong given robust, conservative financial management practices that have resulted in the accrual of extremely strong reserves while allowing for the cash financing of capital needs. The city's leverage will remain manageable inclusive of future plans and the ability to cash finance most capital needs within its operating budget.

The revenue bonds are backed by a pledge of the city's available non-ad valorem revenues. They are rated at the same level as the issuer rating given the non-contingent nature of the pledge. While there are some limitations on the revenues, these constraints aren't meaningful given the breadth of the revenues available and the ability of the issuer to actively control and manage them.

### **RATING OUTLOOK**

We do not assign outlooks to local governments with this amount of debt outstanding.

### **FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS**

- Continued growth and diversification of local economy resulting in resident incomes exceeding 135% and/or full value per capita exceeding \$550,000
- Sustained moderation of long term liabilities ratio below 100%

### **FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS**

- Contraction of the local economy resulting in weakened resident incomes, full value per capita and/or other demographics
- Leverage ratio sustained above 250%
- Significant deterioration of reserves and liquidity

### **PROFILE**

The City of Venice is located in Sarasota County in west central Florida, approximately 50 miles south of Tampa. The city provides general government services, including public safety, water, sewer and solid waste services and a municipal airport, to a population of approximately 29,000 residents.

## METHODOLOGY

The principal methodology used in this rating was US Cities and Counties published in July 2024 and available at <https://ratings.moodys.com/rmc-documents/425429>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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## CREDIT OPINION

8 August 2025



Send Your Feedback

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# City of Venice, FL

## Update to credit analysis

### Summary

The [City of Venice, FL's](#) (Aa1 issuer, GO and non-ad valorem ratings) credit profile is supported by ongoing tax base growth and strong resident incomes and full value per capita, which help to offset longer term environmental and demographic risks. The rating also reflects the city's history of revenue and reserve growth, facilitated by robust, conservative management practices. Long term liabilities and fixed costs are manageable and supported by strong cash financing of capital needs.

### Credit strengths

- » History of strong financial performance and maintenance of robust reserves supported by exceptional management
- » Tax base growth, population growth and strong resident incomes
- » Manageable leverage supported by strong cash financing of capital needs

### Credit challenges

- » Environmental risk associated with coastal location
- » High median age of resident population

### Rating outlook

Moody's does not assign outlooks to local governments with this amount of debt outstanding.

### Factors that could lead to an upgrade

- » Continued growth and diversification of local economy resulting in resident incomes exceeding 135% and/or full value per capita exceeding \$550,000
- » Sustained moderation of long term liabilities ratio below 100%

### Factors that could lead to a downgrade

- » Contraction of the local economy resulting in weakened resident incomes, full value per capita and/or other demographics
- » Leverage ratio sustained above 250%
- » Significant deterioration of reserves and liquidity

## Key indicators

Exhibit 1

### Venice (City of) FL

	2021	2022	2023	2024	Aa Medians
<b>Economy</b>					
Resident income ratio (%)	95.6%	90.2%	91.3%	N/A	114.1%
Full Value (\$000)	\$5,832,648	\$6,407,837	\$8,814,880	\$10,224,509	\$2,888,367
Population	24,876	25,710	26,467	N/A	22,430
Full value per capita (\$)	\$234,469	\$249,235	\$333,052	\$386,312	\$125,640
Annual Growth in Real GDP	7.0%	7.1%	4.4%	N/A	2.0%
<b>Financial Performance</b>					
Revenue (\$000)	\$88,665	\$96,342	\$110,148	\$118,779	\$52,335
Available fund balance (\$000)	\$78,869	\$90,927	\$104,802	\$114,543	\$29,526
Net unrestricted cash (\$000)	\$104,032	\$119,680	\$134,802	\$149,774	\$41,432
Available fund balance ratio (%)	89.0%	94.4%	95.1%	96.4%	57.1%
Liquidity ratio (%)	117.3%	124.2%	122.4%	126.1%	79.6%
<b>Leverage</b>					
Debt (\$000)	\$72,303	\$69,206	\$65,117	\$63,594	\$37,305
Adjusted net pension liabilities (\$000)	\$148,596	\$116,975	\$108,221	\$94,936	\$45,496
Adjusted net OPEB liabilities (\$000)	\$9,519	\$7,354	\$5,423	\$5,480	\$4,376
Other long-term liabilities (\$000)	\$3,148	\$3,114	\$3,078	\$3,026	\$1,726
Long-term liabilities ratio (%)	263.4%	204.1%	165.1%	140.6%	210.2%
<b>Fixed costs</b>					
Implied debt service (\$000)	\$5,364	\$5,071	\$4,833	\$4,523	\$2,477
Pension tread water contribution (\$000)	\$5,613	\$3,261	\$5,742	\$6,180	\$1,199
OPEB contributions (\$000)	\$737	\$678	\$598	\$558	\$179
Implied cost of other long-term liabilities (\$000)	\$215	\$221	\$217	\$214	\$115
Fixed-costs ratio (%)	13.5%	9.6%	10.3%	9.7%	9.6%

For definitions of the metrics in the table above please refer to the [US Cities and Counties Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [US Cities and Counties Median Report](#).

The real GDP annual growth metric cited above is for the North Port-Sarasota-Bradenton, FL Metropolitan Statistical Area.

[1] 2025 full value \$10.558 billion; FVPC \$398,926

Sources: US Census Bureau, Venice (City of) FL's financial statements and Moody's Ratings, US Bureau of Economic Analysis

## Profile

The City of Venice is located along the Gulf Coast in [Sarasota County](#) (Aaa stable), approximately 50 miles south of [Tampa](#) (Aa1 stable). The city provides general government services, including public safety, water, sewer and solid waste services and a municipal airport, to a population of approximately 29,000 residents.

## Detailed credit considerations

Venice's local economy is bolstered by strong residential property values, above-average incomes, and a stable, older population. Between 2023 and 2025, the city experienced a 52% increase in full value due to significant tax base growth, though future growth is expected to moderate to 4-5% annually. The population is predominantly older, with residents over 65 comprising about 60% of the population for more than a decade. Despite a median age of 69, the population has grown by 2-3% annually over the last decade, with an uptick in 2021 during the pandemic. An additional 10,000 residents are anticipated over the next decade, driven by Sarasota County's expansion and potential annexations by the city.

Venice's financial operations are stable, with positive revenue and expenditure variances in 2025. Sales tax and other non-ad valorem revenues and interest earnings are exceeding budget, and property tax collection remains robust. Governmental activities contribute 56% of city revenue, while water and sewer, stormwater, solid waste, and airport activities account for 44%; all performed well in 2024.

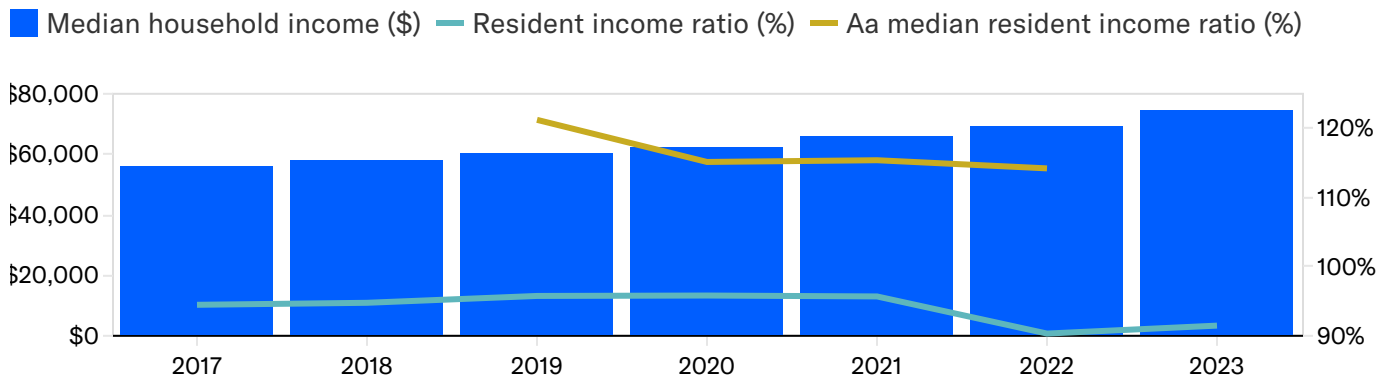
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The proposed \$162.8 million budget for fiscal 2026 represents a 4.6% increase over 2025 and includes a \$10 million fund balance appropriation, expected to be replenished by year-end through positive budget variances. The city employs conservative budgeting with built-in contingencies for any needed midyear adjustments. There are no significant changes in revenue or expenditure composition in the 2026 budget compared to previous years.

We anticipate Venice's leverage will remain manageable due to strong cash financing and a conservative approach to capital planning. The city maintains a \$169 million five-year capital plan, financed within the operating budget. The city has no plans to issue additional debt beyond the current issuance.

Exhibit 2

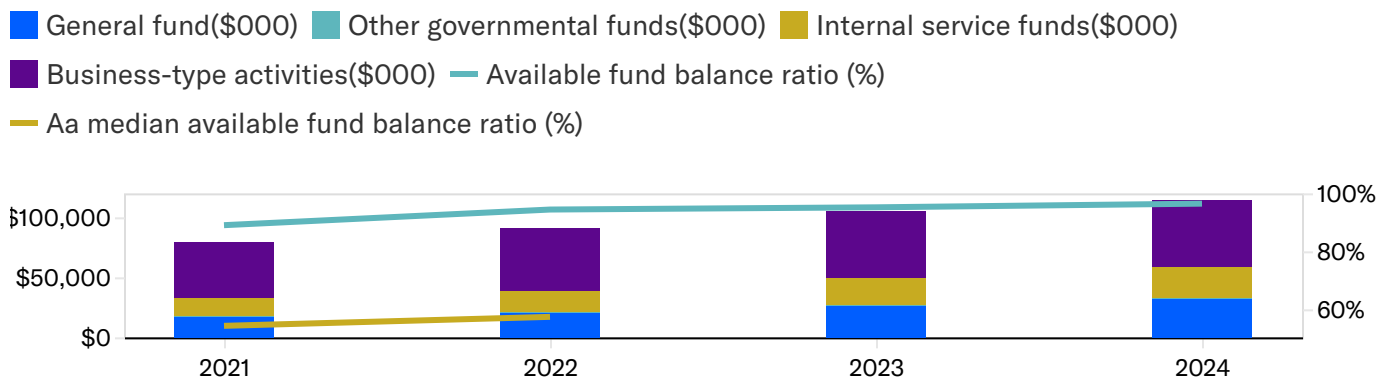
### Resident Income - Resident incomes are strong, especially for a significant pop. over 65



Source: Moody's Ratings

Exhibit 3

### Fund Balance - The city maintains strong reserves across operations

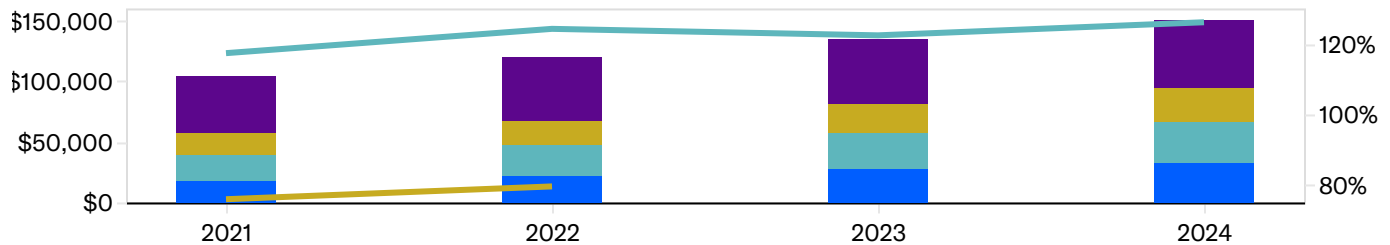


Source: Moody's Ratings

Exhibit 4

**Cash - Liquidity position includes funds intended for capital**

■ General fund 
 ■ Other governmental funds 
 ■ Internal service funds 
 ■ Business-type activities  
— Liquidity ratio (%) 
 — Aa median liquidity ratio (%)

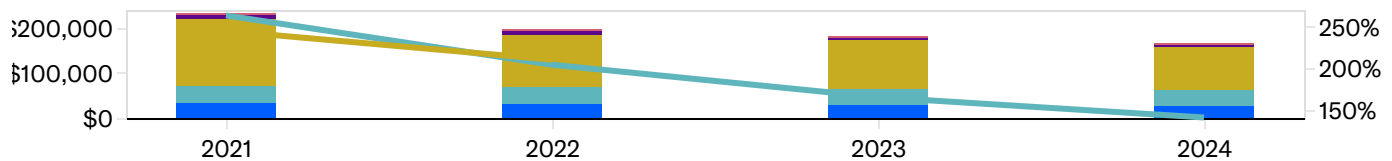


Source: Moody's Ratings

Exhibit 5

**Total Primary Government - Long Term Liabilities - Leverage is manageable**

■ Governmental Debt(\$000) 
 ■ Business-Type Activity Debt(\$000)  
■ Adjusted net pension liabilities(\$000) 
 ■ Adjusted net other post-employment liabilities(\$000)  
■ Other long-term liabilities(\$000) 
 — Long-term liabilities ratio (%)  
— Aa median long-term liabilities ratio (%)



Source: Moody's Ratings

**ESG considerations****Environmental**

The city has elevated exposure to environmental risk from its Gulf coast location. The city is not materially exposed to other risks associated with water management, waste and pollution and natural capital. The city benefits from a regional approach to climate impacts that guides and prioritizes ongoing infrastructure development. Additionally, the city has implemented policies that govern building codes and development and maintains a hazard mitigation plan, all targeted at increasing its resiliency.

**Social**

Venice is not materially exposed to risks associated with education, labor and income, housing, and health and safety. Demographics and access to basic services are positive.

**Governance**

Venice benefits from a strong institutional structure and low exposure to risks associated with policy credibility and effectiveness and budget management. Budget and audits are produced in a timely manner annually.

## Rating methodology and scorecard factors

The US Cities and Counties Methodology includes a scorecard, which summarizes the rating factors generally most important to city and county credit profiles. Because the scorecard is a summary, and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not map closely to the actual rating assigned.

Exhibit 6

### Venice (City of) FL

	Measure	Weight	Score
<b>Economy</b>			
Resident income ratio	91.3%	10.0%	A
Full value per capita	398,926	10.0%	Aaa
Economic growth metric	2.3%	10.0%	Aaa
<b>Financial Performance</b>			
Available fund balance ratio	96.4%	20.0%	Aaa
Liquidity ratio	126.1%	10.0%	Aaa
<b>Institutional Framework</b>			
Institutional Framework	Aa	10.0%	Aa
<b>Leverage</b>			
Long-term liabilities ratio	140.6%	20.0%	Aa
Fixed-costs ratio	9.7%	10.0%	Aaa
<b>Notching factors</b>			
No notchings applied			
Scorecard-Indicated Outcome			Aa1
<b>Assigned Rating</b>			<b>Aa1</b>

The Economic Growth metric cited above compares the five-year CAGR of real GDP for North Port-Sarasota-Bradenton, FL Metropolitan Statistical Area Metropolitan Statistical Area to the five-year CAGR of real GDP for the US.

Sources: US Census Bureau, Venice (City of) FL's financial statements and Moody's Ratings

## Appendix

Exhibit 7

### Key Indicators Glossary

	Definition	Typical Source*
<b>Economy</b>		
Resident income ratio	Median Household Income (MHI) for the city or county, adjusted for Regional Price Parity (RPP), as a % of the US MHI	MHI: US Census Bureau - American Community Survey 5-Year Estimates RPP: US Bureau of Economic Analysis
Full value	Estimated market value of taxable property in the city or county	State repositories; audited financial statements; continuing disclosures
Population	Population of the city or county	US Census Bureau - American Community Survey 5-Year Estimates
Full value per capita	Full value / population	
Economic growth metric	Five year CAGR of real GDP for Metropolitan Statistical Area or county minus the five-year CAGR of real GDP for the US	Real GDP: US Bureau of Economic Analysis
<b>Financial performance</b>		
Revenue	Sum of revenue from total governmental funds, operating and non-operating revenue from total business-type activities, and non-operating revenue from internal services funds, excluding transfers and one-time revenue, e.g., bond proceeds or capital contributions	Audited financial statements
Available fund balance	Sum of all fund balances that are classified as unassigned, assigned or committed in the total governmental funds, plus unrestricted current assets minus current liabilities from the city's or county's business-type activities and internal services funds	Audited financial statements
Net unrestricted cash	Sum of unrestricted cash in governmental activities, business type activities and internal services fund, net of short-term debt	Audited financial statements
Available fund balance ratio	Available fund balance (including net current assets from business-type activities and internal services funds) / Revenue	
Liquidity ratio	Net unrestricted cash / Revenue	
<b>Leverage</b>		
Debt	Outstanding long-term bonds and all other forms of long-term debt across the governmental and business-type activities, including debt of another entity for which it has provided a guarantee disclosed in its financial statements	Audited financial statements; official statements
Adjusted net pension liabilities (ANPL)	Total primary government's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Adjusted net OPEB liabilities (ANOL)	Total primary government's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Other long-term liabilities (OLTL)	Miscellaneous long-term liabilities reported under the governmental and business-type activities entries	Audited financial statements
Long-term liabilities ratio	Debt + ANPL + ANOL + OLTL / Revenue	
<b>Fixed costs</b>		
Implied debt service	Annual cost to amortize city or county's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Ratings
Pension tread water contribution	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Ratings
OPEB contribution	City or county's actual contribution in a given period	Audited financial statements
Implied cost of OLTL	Annual cost to amortize city or county's other long-term liabilities over 20 years with level payments	Audited financial statements; Moody's Ratings
Fixed-costs ratio	Implied debt service + Pension tread water + OPEB contributions + Implied cost of OLTL / Revenue	

\*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US Cities and Counties Methodology](#).

Source: Moody's Ratings

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Research Update:

# Venice, FL's Series 2025 Capital Improvement Revenue Bonds Assigned 'AA+' Rating; Outlook Is Stable

August 8, 2025

## Overview

- S&P Global Ratings assigned its 'AA+' rating to [Venice](#), Fla.'s \$14.6 million series 2025 capital improvement revenue bonds.
- At the same time, we affirmed our 'AA+' rating on the city's outstanding general obligation (GO) bonds.
- The outlook is stable.
- The rating is based on the application of our [Methodology For Rating U.S. Governments](#), Sept. 9, 2024.

## Rationale

### Security

The GO bonds are secured by the city's full faith, credit, and taxing power, including an unlimited property tax pledge. Venice's non-ad valorem revenue bonds are secured by the city's covenant to annually budget and appropriate debt service from legally available non-ad valorem revenue. We rate the non-ad valorem bonds on par with our GO rating on the city, which supports our view that the pledged revenues are not limited in scope nor are there sizable competing claims that warrant notching below the city's GO rating. Bond proceeds will fund capital improvements within the city, which include a new fire station, an Emergency Operations Center storage facility, and a new solid waste/recycling and fleet maintenance facility.

### Credit highlights

The rating reflects our view of Venice's robust reserve position, bolstered by a track record of positive operations and incomes in line with those of national and countywide peers. Elevated pensions on a per capita basis and elevated debt levels limit upward rating potential.

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## Venice, FL's Series 2025 Capital Improvement Revenue Bonds Assigned 'AA+' Rating; Outlook Is Stable

Venice's tax base and population continue to grow as it annexes unincorporated areas within Sarasota County. Additionally, several residential developments are ongoing within the city, and management is continuing its push to redevelop the waterfront. Like other southern Florida municipalities, the city's population grows during the winter months, by an estimated 9,000.

Operations remain positive as revenues outpace conservatively budgeted revenues and as expenditure savings continue. Robust property tax revenues (49% of revenues) and strong sales tax receipts (16% of revenues) offset growing costs. In recent years, the city has been able to take on additional expenses without weakening its operations, demonstrated by its takeover of emergency medical services from the county. The city anticipates ending 2025 with positive results. The proposed 2026 budget calls for \$173.6 million across all funds, while the general fund budget is \$59.1 million. At the current time, the city is budgeting for a \$5.1 million use of unassigned fund balance. We expect the city will maintain at least balanced operations, if not positive given the city's track record of conservative budgeting.

After this issuance, the city will have roughly \$78.1 million in outstanding debt, with a large percentage related to its enterprise fund. Venice, in addition to participating in the state pension plan, it maintains police and firefighter pension plans, which were closed for new hires in 2014. We note the city has traditionally overfunded contributions for these plans, with an upcoming focus on the firefighter plan as the police plan has been fully funded. We note the city offers postemployment benefits (OPEB) to those employees who qualify. The pension plans as of Sept. 30, 2024, are:

- Municipal Police Officer Pension Plan: 104.1% funded with a \$1.8 million net pension asset;
- Municipal Firefighters' Pension Plan: 76.07% funded with an \$11.9 million net pension liability; and
- Florida Retirement System (84% funded) and the health insurance subsidy program (4%).
- OPEB Plan: 0% funded with a \$5.9 million liability.

The 'AA+' rating also reflects our view of the following:

- The city's broad and expanding tax base is located in Sarasota County, with incomes slightly above those of countywide and national peers. Management attributes strong assessed value growth to population growth, property valuation growth, steady building permits, and notable development projects. Robust private investment and employment gains will likely contribute to further growth in the tax and employment bases in the near term.
- Management is proactive in its planning for larger capital projects through its comprehensive five-year capital improvement plan, is guided by the city's formal debt management policy, and overall is prudent in its budgeting. Management also pursues comprehensive measures to address Venice's exposure to physical environmental risks from rising sea levels and hurricanes. Lastly, the city implemented a three-year financial plan with the fiscal 2023 budget, which it intends to update annually. The city is also taking steps to mitigate cyber risk.
- The city anticipates operations will remain positive in fiscal 2025. The city has built up a sizable level of reserves, in line with those of state peers. Moving forward, we do not expect substantial draws on reserves. We note the city has a privately placed debt obligation; however, we do not view this as a contingent liquidity risk.
- Debt service costs are manageable, but pension liabilities are elevated on a per capita basis. The city has additional debt plans to be funded through enterprise funds. Management has no plans for general fund debt issuances, as the city aims to fund pay-go capital projects from

- reserves and within its budget. Over the longer term, Venice's net debt and pension liabilities could moderate on a per capita basis as its population grows.
- The institutional framework assessment is in line with other Florida municipalities , reflecting a generally predictable operating environment with some potential for voter initiative changes and flexibility to raise local revenue sources despite the state limitation on nonvoted millage rate. For more information on our institutional framework assessment for Florida counties, see [Institutional Framework Assessment: Florida Local Governments](#), Sept. 9, 2024.

Environmental, social, and governance

Venice faces elevated environmental physical risks given its location on the Gulf Coast. To address these risks, it is working with Sarasota County on resiliency projects and with the Army Corps of Engineers on beach replenishment and is undertaking several projects on its own. These include elevating roads to mitigate the impact from flooding, building seawalls, and moving city assets, including its water plant, out of flood plains. Venice also has very strong reserves, which help bridge the gap before it receives Federal Emergency Management Agency reimbursements. We consider the city's social and governance factors neutral in our analysis.

Outlook

The stable outlook reflects S&P Global Ratings' expectation that Venice will likely maintain balanced-to-positive operations and that reserves will remain commensurate with those of similarly rated peers, guided by conservative budgeting.

Downside scenario

We could lower the rating if reserves were to decrease materially without a plan to rebuild them or if the city's debt or economic metrics were to weaken significantly.

Upside scenario

Assuming all other rating factors remain stable or improve, we could raise the rating if the county's economic output grows, with improvement in Venice's local income metrics to levels in line with those of higher-rated nationwide peers.

Venice, Florida--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	1.77
Economy	2.5
Financial performance	1
Reserves and liquidity	1
Management	1.35
Debt and liabilities	3.00

Venice, Florida--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	--	--	83	84

## Venice, FL's Series 2025 Capital Improvement Revenue Bonds Assigned 'AA+' Rating; Outlook Is Stable

### Venice, Florida--key credit metrics

	Most recent	2024	2023	2022
County PCPI % of U.S.	--	--	122	119
Market value (\$000s)	--	10,558,383	10,258,889	8,832,659
Market value per capita (\$)	--	384,781	373,866	338,728
Top 10 taxpayers % of taxable value	--	8	9.2	9.2
County unemployment rate (%)	--	3.6	3.1	3.1
Local median household EBI % of U.S.	--	--	104	100
Local per capita EBI % of U.S.	--	--	129	133
Local population	--	--	27,440	26,076
<b>Financial performance</b>				
Operating fund revenues (\$000s)	--	47,247	44,306	41,586
Operating fund expenditures (\$000s)	--	45,839	42,277	36,580
Net transfers and other adjustments (\$000s)	--	4,076	4,004	(1,591)
Operating result (\$000s)	--	5,484	6,033	3,415
Operating result % of revenues	--	11.6	13.6	8.2
Operating result three-year average %	--	11.1	10	5.2
<b>Reserves and liquidity</b>				
Available reserves % of operating revenues	--	62.5	56	47.9
Available reserves (\$000s)	--	29,536	24,802	19,922
<b>Debt and liabilities</b>				
Debt service cost % of revenues	--	4.4	4.5	4.9
Net direct debt per capita (\$)	1,537	1,006	1,073	1,198
Net direct debt (\$000s)	42,170	27,614	29,452	31,227
Direct debt 10-year amortization (%)	48	56	--	--
Pension and OPEB cost % of revenues	--	15.0	13.0	14.0
NPLs per capita (\$)	--	1,837	2,252	1,720
Combined NPLs (\$000s)	--	50,397	61,804	44,846

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

#### Ratings List

##### New Issue Ratings

US\$14,565,000 Venice, Florida, Capital Improvement Revenue Bonds, Series 2025, dated: September 24, 2025, due: July 01, 2045

Long Term Rating AA+/Stable

##### New Rating

##### Local Government

Venice, FL Non-Ad Valorem Revenues AA+/Stable

##### Ratings Affirmed

##### Local Government

Venice, FL Unlimited Tax General Obligation AA+/Stable

## Venice, FL's Series 2025 Capital Improvement Revenue Bonds Assigned 'AA+' Rating; Outlook Is Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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Signature:   
James Clinch (Aug 11, 2025 17:35:36 EDT)

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# Memo for Resolution Authorizing Issue Not to Exceed \$17.5M - COUNCIL PACKET

Final Audit Report

2025-08-11

Created:	2025-08-11
By:	Linda Senne (LSenne@venicefl.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAAcK-mpYsYuGcykyjGMgVZhNvaj-FfkCr9

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