

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2020



CITY OF VERO BEACH, FLORIDA

Prepared by: Finance Department

Cynthia D. Lawson
Finance Director

CITY OF VERO BEACH, FLORIDA
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INTRODUCTORY SECTION

City of Vero Beach, Florida

CITY OFFICIALS

As of September 30, 2020

CITY COUNCIL

Anthony W. Young, Mayor

Laura Moss, Vice Mayor

Robert Brackett

Joseph Graves

Rey Neville

CITY MANAGER

Monte K. Falls

CITY CLERK

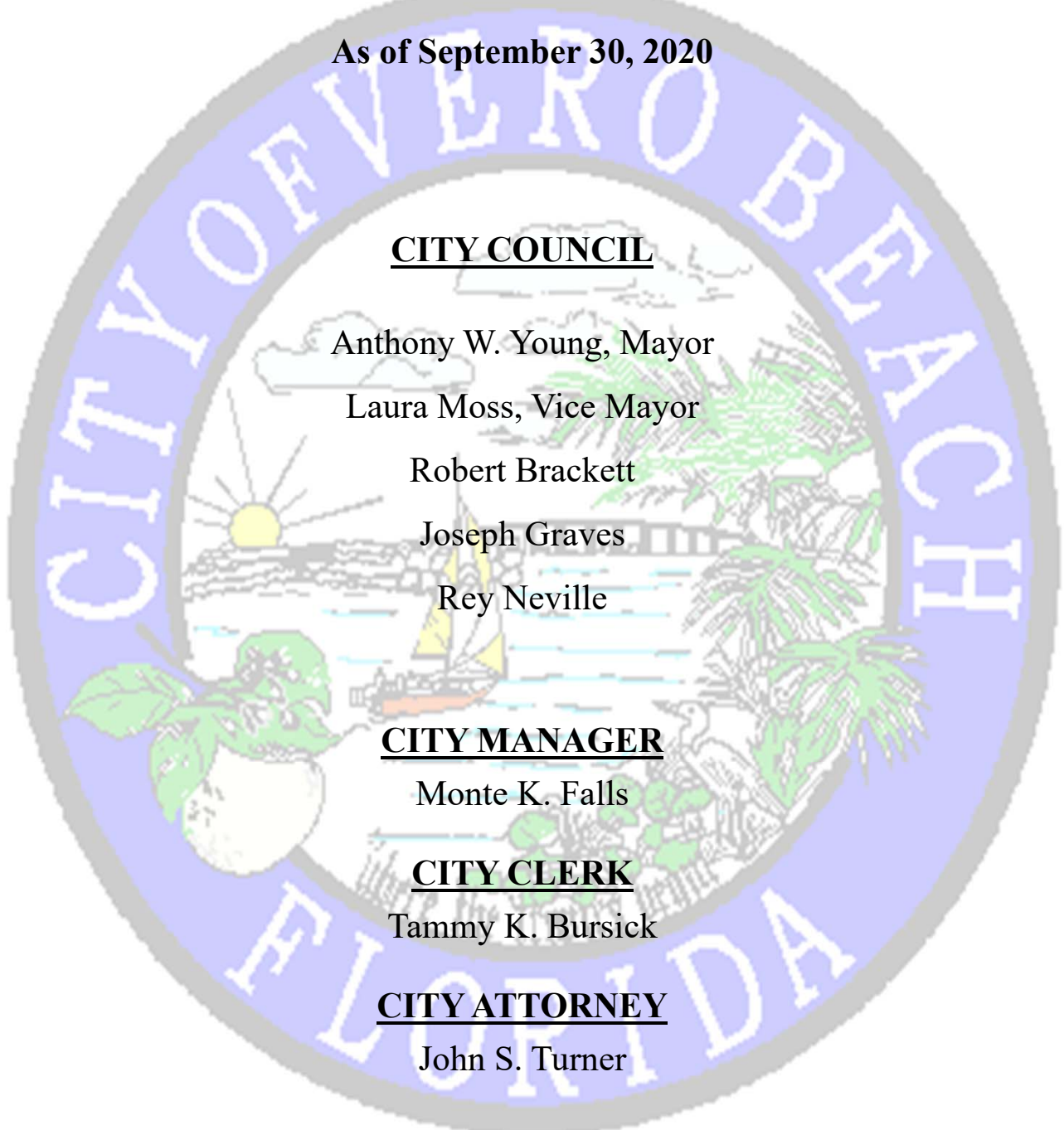
Tammy K. Bursick

CITY ATTORNEY

John S. Turner

FINANCE DIRECTOR

Cynthia D. Lawson



City of Vero Beach

1053 – 20th PLACE – P.O. BOX 1389
VERO BEACH, FLORIDA – 32961-1389
Telephone: (772) 978-4770 • Fax: (772) 978-4707

March 29, 2021

To the Council Members and the Citizens of the City of Vero Beach, Florida:

The Comprehensive Annual Financial Report of the City of Vero Beach, Florida (the “City”), for the fiscal year ended September 30, 2020, is hereby submitted as required to meet Florida Statutes 218.39 and Rules of the Florida Auditor General. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Management of the City and is contingent upon the comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data are reported in a manner designed to present fairly the financial position and results of operations and the cash flows of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The funds and entities related to the City included in this Comprehensive Annual Financial Report are within the financial accountability of the City Council. The criteria used in determining the reporting entity are consistent with the Governmental Accounting Standards Board (GASB) Statement No.14, *The Financial Reporting Entity*, as amended. As a result of applying the reporting entity criteria, no other component units exist over which the City has any financial accountability that would require inclusion in the City's financial statements.

State statutes require an annual audit by independent certified public accountants. The accounting firm of Cherry Bekaert LLP was selected by the City Council to perform this audit. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the Financial Section of this report. The auditor's reports related specifically to compliance are included in the Compliance Section.

Generally Accepted Accounting Principles (“GAAP”) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Vero Beach's MD&A can be found in the Financial Section, immediately following the report of the independent auditor.

Profile of the City

The City of Vero Beach is the County seat for Indian River County and is a political subdivision of the State of Florida. The City, through its Council-Manager form of government, provides a full range of services, including general government, public safety, public improvements, planning and zoning, and related general and administrative services, to approximately 17,000 residents. In addition, the City operates a water and sewer system, a solid waste collection system, a park and recreation system, a cemetery, an airport and a marina.

The City's fiscal year begins October 1st and ends September 30th, as required by Florida Statutes. All references to years in this report are to fiscal years ending on September 30th. The City's accounting, budgetary and financial reporting systems have been designed to conform to the standards set forth by the American Institute of Certified Public Accountants, the Governmental Accounting Standards Board and the State of Florida. Funds are structured to comply with the legal requirements of various revenue bond resolutions and the Charter and Ordinances of the City.

The City Manager and Finance Director maintain budgetary control, in conformance with the City Charter and Florida Statutes, through constant review. Budgetary responsibility for the General Fund is established at the departmental level and at the fund level for the Proprietary and all other budgeted funds. Detailed monthly budget reports are provided to each department. Quarterly summary financial reporting and interim financial information is provided for both internal and external use.

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse; and, that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The City's internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

As a recipient of federal and state financial assistance, the City is responsible for putting an adequate internal control structure in place to ensure compliance with applicable laws and regulations related to that assistance. This internal control structure is subject to periodic evaluation by management.

Local Economy

The City of Vero Beach and Indian River County rely on three primary economic activities: tourism, citrus and agriculture, and retirement. In addition to these economic drivers, the area has seen an increase in recent years in the healthcare and retail industries. Vero Beach is a family oriented community. Sunny beaches, beautiful weather and low-density housing attract tourists and future residents. In addition to its natural beauty, the City of Vero Beach has a vibrant arts and cultural scene which appeals to both visitors and residents.

Retirees are attracted by the climate and general lifestyle in Vero Beach. The median age in Indian River County was 47 in 1980, 47 in 2000 and 54.5 in 2019, as compared to the median age of 42.4 for the State of Florida as a whole in 2019.

Despite the potential for future economic uncertainties associated with the COVID-19 outbreak which emerged globally in March 2020, the City's financial position remained relatively strong as evidenced by several key financial indicators. The City's taxable assessed value increased for the seventh year in a row, by 6.9% to \$3.04 billion in 2020, after increasing 6.6% in 2019. In total, the City's taxable assessed value has increased 38.5% since 2013. The unemployment rate increased slightly after nine consecutive years of reductions, rising to 5.9% in 2020 from 3.7% in 2019. This increase is most likely attributable to the impacts of COVID-19. The City's leadership actively manages its assets and maintains an emphasis on quality of life and service delivery in order to attract new businesses and residents.

Long-Term Financial Planning/Financial Policies

The City of Vero Beach government strives to maintain compatibility between its vision for the future, its departmental goals and objectives, and the allocation of its financial and human resources. The vision of Vero Beach as one of central Florida's premier places to live, work and play is reflected in the City's organizational structure and the priorities expressed by its annual budget. Out of the total operating expenditures in the General Fund budget, 34.4% is dedicated to public safety through our police department, with an additional 18.3% budgeted for culture & recreation to maintain the City's parks and recreation facilities and provide recreation programs and community events.

Long-term financial planning also includes monitoring the City's water and sewer rates while providing quality service for customers. City officials and staff continue to pursue operational efficiency and cost savings. As a component of long-term financial planning, the City has a formally adopted General Fund fund balance policy which sets aside committed funds for emergency/disaster related expenditures, the payment of unfunded pension and other postemployment benefit (OPEB) liabilities, and future capital projects and infrastructure improvements.

Relevant Financial Policies

There are three main revenue sources for the City's general government: Ad valorem taxes; utility and other taxes (including State shared revenues); and transfers from business-type activities (enterprise funds).

The assessed taxable value of property within the City of Vero Beach increased this year in keeping with the continued strength of the local real estate market. In conjunction with this increase in values, the City adopted a millage rate of 2.5000 (a slight decrease from the prior year's millage rate of 2.5194). As a result, property tax revenue increased 6.0% from the prior year and represented 30.3% of total general government revenue.

Utility and other tax collections (including intergovernmental revenue from State shared sales taxes) represent 33.0% of general government revenue. Total revenues for telecommunications tax, gas tax and State sales tax increased by 0.5% from last year, which is less than the original State estimate of 1.2% growth due to the impact of the COVID-19 outbreak on the State's economy in the latter half of fiscal year 2020. State estimates for FY 20-21 projected that these revenue sources in total would decrease by another 3.6% in the coming year, indicating that State revenue analysts anticipate continued impacts to Florida's economy from COVID-19.

Transfers from the enterprise funds are designed to be a return to ownership for the general government, and have historically been in the 27% - 35% range of total general government revenues. The total transfers of \$1.6 million for this fiscal year, primarily from the Water Sewer and Solid Waste utilities, represent a substantial decrease to only 7% of total general government revenues (as compared to 24% in the prior year), due to the sale of the Electric utility enterprise fund in December 2018.

Most other revenue sources remained relatively level, with the exception of investment earnings which are up 440.0% (or \$1.8 million) from last year, as the earnings rate on the City's short-term investments continued to improve due to the positive impact of historically low interest rates. Federal and state grants received as reimbursement for specific capital projects vary from year to year.

Overall, general government expenditures are up by 2.2% (\$522K) from the prior year. This is primarily as a result of increased personnel costs (a 3% salary increase for all employees and a 3.9% increase in health insurance rates). The City also experienced unanticipated costs for COVID-19 related personnel, operating and equipment costs. The City continues its goal of limiting operating budgets and staffing to the minimum required for effective service delivery.

Water and Sewer enterprise fund revenues increased slightly, by 3.6% or \$598K, due to an increase in metered water sales (which are weather dependent) and sewer service charges. Charges for services and other utility income provided adequate revenue to meet operating and capital needs. The City continues to carefully monitor water and sewer utility rates in order to keep rates competitive while also maintaining rate sufficiency for operations, capital improvements and debt service coverage.

Major Initiatives

General Government Major general government policy objectives are to keep all infrastructures safe and functional, minimize the property tax burden to City taxpayers, and to carefully and thoughtfully manage growth. Significant funding is also provided to support and enhance a police presence adequate to suppress crime.

Water and Sewer The water and sewer system revenues met operating and capital needs for this fiscal year, with an overall increase in net position at year end. Careful rate management will continue to be a focus in order to maintain viable processing and distribution systems while planning for future supply needs. The major initiative within the Water and Sewer utility is the implementation of the Septic Tank Effluent Pump (STEP) program; this program was designed as a cost effective alternative to traditional sewer hook-ups in order to encourage homeowners to make voluntary connections to the City's sewer system. The City has also begun engineering work and financial planning for the relocation of water and sewer infrastructure from its current riverfront property site to another City location. For the FY 20-21 budget, the Water Sewer Utility also added six (6) full time positions in anticipation of the requirements of Senate Bill 712, also known as the 'Clean Waterways Act'.

Solid Waste The City provides solid waste services to cover the cost of collecting, hauling and disposing of solid waste and recovered material for its citizens. While the City's commercial and residential rates are equal to or lower than private haulers, the City offers a higher level of service to our customers. Examples of this superior service include *side yard pick-up*, *call back service* if the customer does not have their garbage out in time and *special pick-ups* by request.

Airport Modernization of the Vero Beach Municipal Airport continues with financial assistance from Federal and State grants. Improvements of the airstrip and associated taxiways, ramps and aprons are being completed per the Airport Master Plan. Airport revenue is primarily from rental operations and expenses are related to property management, property maintenance, and general administrative activities. The City receives federal and state grant subsidies for most capital improvements to the facilities. Capital expenditures continue per the Airport Master Plan as we rehabilitate and improve the aviation assets.

Marina The Marina has established itself as a popular boating haven along the Indian River, and occupancy and revenues are improving as part of the overall economic recovery. The Marina continues to pursue its long-term goal of superior services to boaters at reasonable cost. At present, the City Council is exploring various options to improve the Marina's aging capital infrastructure and recently authorized design and engineering services for Phase 1 of the Marina's Master Plan.

Risk Management The City has transitioned to fully insured workers compensation and third party general liability insurance. As a result, for the fiscal year ended September 30, 2020, the Liability Insurance internal service fund received no self-insurance premium revenues; instead, insurance premiums from third party providers were allocated directly to the appropriate operating fund. Claims expenses in the internal service fund were for 'legacy' claims of various types and the City has established adequate reserves to fund these outstanding claims to completion. The City's Human Resources department continues to manage closure of outstanding claims and serves as a liaison to the City's third party insurance providers. In addition, the risk manager identifies potential safety hazards and recommends corrective measures to reduce the City's exposure to loss.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Vero Beach for its comprehensive annual financial report for the fiscal year ended September 30, 2019. This was the thirty seventh consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

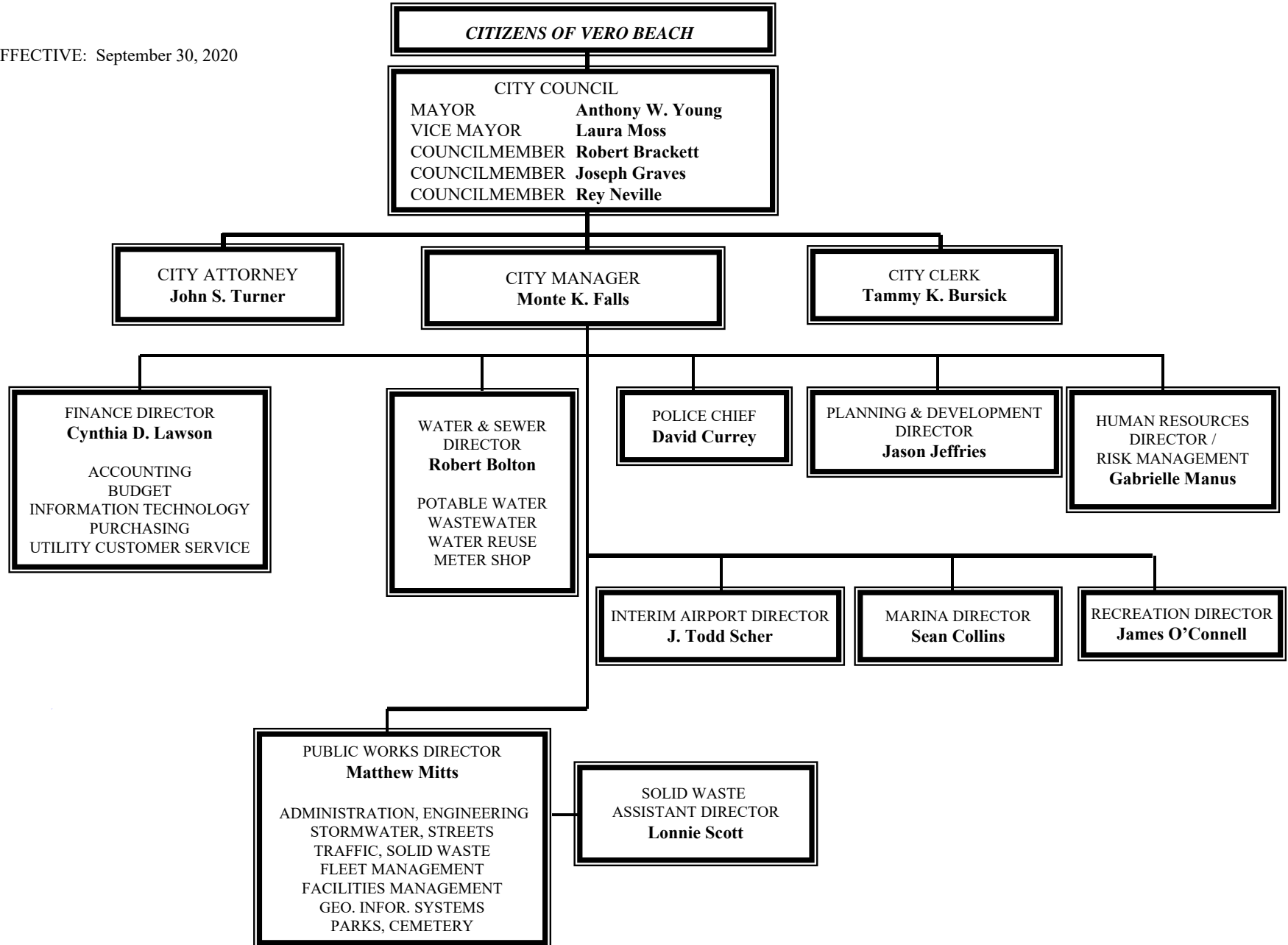
The preparation of this report was made possible by the financial policy direction established by the City Council, the support of the City Manager and the dedicated service of the entire staff of the Finance department. All who assisted in this report's preparation and publication have my sincere thanks for their contributions.



Cynthia D. Lawson
Finance Director

CITY OF VERO BEACH, FLORIDA ORGANIZATIONAL CHART

EFFECTIVE: September 30, 2020





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Vero Beach
Florida**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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Report of Independent Auditor

To the Honorable Mayor and Members of the City Council
City of Vero Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vero Beach, Florida (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as provided in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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 any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund statements and schedules and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2021 on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cheryl Behrman LLP". The signature is written in a cursive, flowing style.

Orlando, Florida
March 29, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section in the Comprehensive Annual Financial Report has been developed in accordance with the Governmental Accounting Standards Board (GASB) Statement Number 34 (GASB 34). It is intended to provide the readers of this report with a general overview and analysis of the financial activities of the City of Vero Beach for the fiscal year ended September 30, 2020.

Management's Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes, and currently known facts. Please read it in conjunction with additional information in the Transmittal Letter, the financial statements, and notes to the financial statements.

Financial Highlights

The City is in good financial condition. For the year ended September 30, 2020:

- The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$193.3 million (net position). Of this amount, \$72.2 million was from governmental activities and \$121.1 million was from business-type activities.
- Unrestricted net positions for governmental and business activities respectively were \$32.4 million and \$19.5 million.
- The City's revenues for governmental funds, excluding other financing sources, were \$26.2 million. The expenditures for governmental funds were \$29.0 million.
- The business-type activities of the City had total revenues of \$28.4 million and total expenses of \$24.3 million before special items and transfers.
- At the close of the current fiscal year, the governmental funds reported combined ending fund balances of \$72.8 million, a decrease of \$0.9 million in comparison with the prior year. Approximately \$15.6 million, or 21%, of this total amount is available for spending at the government's discretion (unassigned fund balance).
- The City's long-term debt for business-type activities decreased by \$1.8 million. Long-term liabilities for governmental activities decreased by \$0.7 million.

Overview of the Financial Statements

The *Introductory Section* of the report includes the letter of transmittal, a list of City officials, an organizational chart, and a copy of last year's Certificate of Achievement for Excellence in Financial Reporting.

The *Financial Section* of the report includes the Report of Independent Auditor, this MD&A, the basic financial statements, required supplementary information, and combining and individual fund statements & schedules.

The *MD&A* is prepared by management and is intended to serve as an introduction to the basic financial statements. It is written to provide an objective and easily readable analysis of the City's financial activities and a summary of basic financial information for the City.

The Basic Financial Statements include:

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

In addition to the Basic Financial Statements, the Financial Section also includes the following sections:

- Required Supplementary Information
- Combining & Individual Fund Statements and Schedules

After the Financial Section, other information about the City and its physical and financial environment is available in the *Statistical* and *Compliance* Sections.

Government-Wide Financial Statements. The government-wide financial statements are the statement of net position and the statement of activities. This summary information is designed to provide a broad overview of the City as a whole that is similar to private sector financial statements. The government-wide financial statements categorize the City's financial information as governmental or business-type, and the emphasis is on the change in net position. Governmental activities are primarily supported by property taxes, sales & other taxes, federal and state grants, transfers from the proprietary funds, and state shared revenues. Business-type activities are supported by charges to the users of services. Charges and fees are intended to recover all or a significant portion of costs.

The statement of net position shows the total assets, deferred outflow of resources, liabilities, and deferred inflows of resources for the City. Net position is sub-divided into three categories:

- Net investment in capital assets
- Restricted
- Unrestricted

The statement of activities presents information on all revenues and expenses of the City and the change in net position. Revenues and expenses are reported by major function and program. Governmental activities financed by the City include public safety, physical environment, transportation, culture and recreation, and general government services. Business-type activities financed by user fees and charges include water & sewer, airport, marina, and solid waste.

Fund Financial Statements. The fund financial statements follow the government-wide financial statements, and are expanded under the GASB 34 reporting model. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Vero Beach uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City categorizes funds into three basic fund types: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide statements, governmental fund related statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it may be useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This comparison highlights the long-term impact of the City's near-term financial decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances, offer a reconciliation to assist with this comparison.

The City maintains twelve individual governmental funds. The general fund and the general government capital and construction fund are the two major funds in this group. All other governmental funds have been combined into a single, aggregated presentation as non-major funds. Data for each individual non-major governmental fund is provided via the combining statements elsewhere in this report.

Proprietary Funds. The City's proprietary funds fall into two categories - enterprise funds and internal service funds. The proprietary fund financial statements provide separate information for the City's individual enterprise funds since they are considered to be major funds. None of the internal service funds are major funds; so data for internal service funds are aggregated in a separate column. Also, because the internal service funds represent activities that predominately satisfy internal governmental needs, balance sheet and other data for internal service funds are included as governmental activities, not business-type activities, in the government-wide financial statements.

The City's Enterprise funds are the basis for the business-type activities information in the government-wide financial statements. The proprietary fund statements provide more detail about individual Enterprise fund operations. The City of Vero Beach uses enterprise funds to account for its Water and Sewer, Airport, Marina, and Solid Waste operations.

Internal service funds are an accounting device used to accumulate and allocate costs internally among some of the City's various functions. Included in the internal service fund group are the City's risk-management and health insurance funds. Individual fund data for the internal services funds is provided in the form of combining statements elsewhere in this report, and is included in the governmental rather than business-type activities category in the government-wide financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has three pension trust funds to account for the General Employee Retirement Plan, the Police Officers' Retirement Fund and the Firefighter's Relief and Pension Fund. The City also has an Other Post Employment Benefits (OPEB) trust fund, for the provision of retiree health insurance premium subsidies. The basic fiduciary fund financial statements can be found after the basic proprietary fund financial statements.

Notes to Financial Statements provide additional information that is essential to a complete understanding of the data provided in both the government-wide and fund financial statements. The notes to the financial statements are the last section of the Basic Financial Statements and follow the fiduciary fund financial statements.

Other Information. Required Supplementary Information (RSI) is the next section in this report. In the City's case, RSI schedules show the changes in net position and employer contributions for the City's employee pension funds and Other Post Employment Benefits (OPEB) fund, and a schedule of investment returns for all fiduciary funds.

The Combining and Individual Fund Statements and Schedules section includes combining and individual fund statements for non-major and other funds, and various other statements and schedules of interest to the reader.

The Statistical Section presents information designed to give users a better historical perspective and to assist readers in assessing current financial status and trends of the governmental unit. Economic information is presented to allow a broader understanding of the financial and social environment in which the City government operates.

The Compliance Section contains various reports and schedules with information about the City's internal control, federal and state grants, and any additional comments from the auditor.

Government-Wide Financial Analysis

The Statement of Net Position and the concept of net position are useful indicators of a governmental entity's financial health and stability. In the case of the City, total assets (current and capital) plus deferred outflows of resources exceed total liabilities (current and long-term) and deferred inflows of resources by \$193.3 million. Further, the City has positive balances in all categories of net position-net investment in capital assets, restricted and unrestricted.

The City's combined net position increased by \$5.3 million from the amounts previously reported at the end of fiscal year 2019. Governmental activities are responsible for an increase of \$2.4 million, while the business-type activities are responsible for an increase of \$2.9 million. The primary reason for the governmental activities increase was a reduction in the net pension and other post employment benefits (OPEB) liabilities due to annual payments and actuarial improvements. The primary reason for the increase in net position for business-type activities was also a decrease in liabilities, including net pension, OPEB, customer deposits and outstanding debt.

The following schedule provides a comparative summary of net position for the City for fiscal years 2020 and 2019. For more detail see the Statement of Net Position in the Financial Section of this report immediately following this MD&A.

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 78,463,372	\$ 79,936,017	\$ 35,264,111	\$ 34,352,275	\$ 113,727,483	\$ 114,288,292
Capital assets, net	38,146,854	38,131,860	110,946,036	112,783,863	149,092,890	150,915,723
Total assets	116,610,226	118,067,877	146,210,147	147,136,138	262,820,373	265,204,015
Deferred Outflows of Resources						
Deferred Outflows-Pensions	1,625,419	1,448,597	-	604,885	1,625,419	2,053,482
Deferred Outflows-OPEB	1,828,061	637,782	531,396	188,492	2,359,457	826,274
Total deferred outflows	3,453,480	2,086,379	531,396	793,377	3,984,876	2,879,756
Liabilities						
Long-term liabilities	38,773,234	45,848,736	21,199,913	25,093,202	59,973,147	70,941,938
Other liabilities	1,569,909	1,648,729	2,493,592	3,294,926	4,063,501	4,943,655
Total liabilities	40,343,143	47,497,465	23,693,505	28,388,128	64,036,648	75,885,593
Deferred Inflows of Resources						
Deferred Inflows-Pensions	2,943,114	1,804,580	644,112	1,010,620	3,587,226	2,815,200
Deferred Inflows-OPEB	4,596,442	1,058,358	1,331,991	312,717	5,928,433	1,371,075
Total deferred inflows	7,539,556	2,862,938	1,976,103	1,323,337	9,515,659	4,186,275
Net Position						
Net investment in						
capital assets	35,984,984	35,627,735	101,614,410	101,288,693	137,599,394	136,916,428
Restricted	3,798,090	8,170,538	-	-	3,798,090	8,170,538
Unrestricted	32,397,933	25,995,580	19,457,525	16,929,357	51,855,458	42,924,937
Total net position	\$ 72,181,007	\$ 69,793,853	\$ 121,071,935	\$ 118,218,050	\$ 193,252,942	\$ 188,011,903

By far the largest portion of the City's net position is *investment in capital assets* (less any related outstanding debt used to acquire those assets). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate debt.

The City's net position is also grouped as *restricted* and *unrestricted*. Restricted net position is subject to restrictions on how the funds may be used. Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

The **Statement of Activities** reconciles and links net position to the sources of changes in net position. Program revenues and expenses are presented by function and with their positive or negative effect on net position. General revenues and transfers, and their effect on net position, are shown separately. The Statement of Activities combines the effects of all revenues, expenses and transfers to calculate net position by governmental activities, business-type activities, and in total. The schedule below provides a comparative summary of activities and the changes in net position for the City for the fiscal years ended September 30, 2020 and 2019. For more detailed information see the Statement of Activities in the Financial Section of this report.

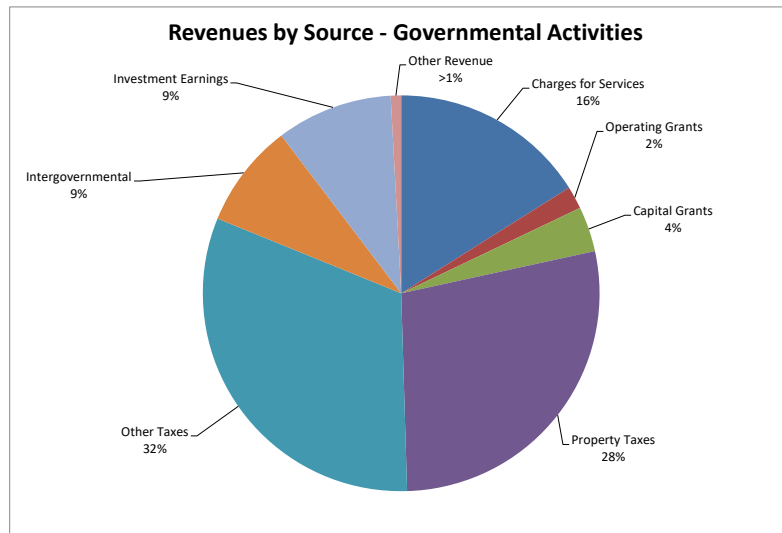
	Change in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for services	\$ 4,224,392	\$ 4,074,306	\$ 25,122,296	\$ 44,492,134	\$ 29,346,688	\$ 48,566,440
Operating grants	484,471	1,111,910	(21,432)	99,840	463,039	1,211,750
Capital grants	970,046	109,670	2,190,864	5,946,756	3,160,910	6,056,426
General Revenues						
Property Taxes	7,355,480	6,940,767	-	-	7,355,480	6,940,767
Other Taxes	8,327,824	7,835,291	-	-	8,327,824	7,835,291
Intergovernmental	2,242,366	2,238,673			2,242,366	2,238,673
Investment earnings	2,496,496	619,781	762,788	3,057,391	3,259,284	3,677,172
Other revenue (expense)	221,249	3,956,831	274,657	466,126	495,906	4,422,957
Total revenues	<u>26,322,324</u>	<u>26,887,229</u>	<u>28,329,173</u>	<u>54,062,247</u>	<u>54,651,497</u>	<u>80,949,476</u>
Expenses:						
General Government	8,232,024	20,276,511	-	-	8,232,024	20,276,511
Public Safety	8,382,265	9,316,420	-	-	8,382,265	9,316,420
Physical Environment	297,960	275,397	-	-	297,960	275,397
Transportation	3,581,215	3,045,625	-	-	3,581,215	3,045,625
Culture and Recreation	4,568,626	4,719,915	-	-	4,568,626	4,719,915
Interest on long-term debt	65,593	483,390	-	-	65,593	483,390
Electric System	-	-	-	19,332,640	-	19,332,640
Water and Sewer System	-	-	15,118,926	15,622,061	15,118,926	15,622,061
Municipal Airport	-	-	5,010,628	4,340,883	5,010,628	4,340,883
Municipal Marina	-	-	1,425,571	1,796,148	1,425,571	1,796,148
Solid Waste	-	-	2,727,650	2,759,977	2,727,650	2,759,977
Total expenses	<u>25,127,683</u>	<u>38,117,258</u>	<u>24,282,775</u>	<u>43,851,709</u>	<u>49,410,458</u>	<u>81,968,967</u>
Special Item - sale of electric utility	-	-	-	(19,990,579)	-	(19,990,579)
Change in net position before transfers	1,194,641	(11,230,029)	4,046,398	(9,780,041)	5,241,039	(21,010,070)
Transfers	<u>1,192,513</u>	<u>58,032,481</u>	<u>(1,192,513)</u>	<u>(58,032,481)</u>	<u>-</u>	<u>-</u>
Change in net position	2,387,154	46,802,452	2,853,885	(67,812,522)	5,241,039	(21,010,070)
Net position - beginning	<u>69,793,853</u>	<u>22,991,401</u>	<u>118,218,050</u>	<u>186,030,572</u>	<u>188,011,903</u>	<u>209,021,973</u>
Net position - ending	<u>\$ 72,181,007</u>	<u>\$ 69,793,853</u>	<u>\$ 121,071,935</u>	<u>\$ 118,218,050</u>	<u>\$ 193,252,942</u>	<u>\$ 188,011,903</u>

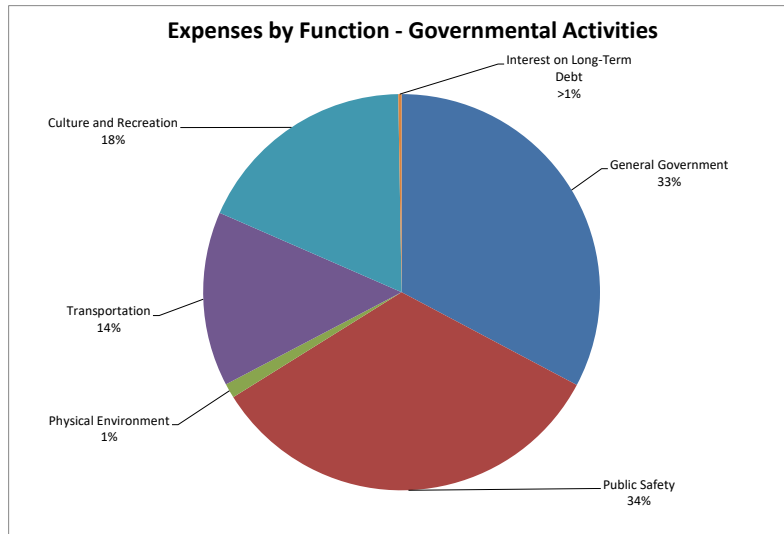
Governmental Activities. Net position of the City’s governmental-type activities increased by \$2.4 million from the amounts previously reported at the end of fiscal year 2019. The primary reason for this increase was the decrease in net pension and OPEB liabilities due to annual payments of actuarially determined contributions as well as the investment performance of the plans relative to actuarial assumptions.

Property tax revenues increased by \$0.4 million over the amount collected in 2019, as the City adopted a slightly lower millage rate than the prior year but experienced a 6.9% rise in taxable property values. The City also had an increase of \$0.5 million in other taxes since the City collected a full year of franchise fees on electric utility sales by Florida Power & Light (FPL), instead of only three quarters collected in the prior year after the sale of the City’s utility to FPL in December 2018. In addition, the City has an increase of \$1.9 million in investment earnings due to a substantial increase in the earnings rate for the City’s pooled cash investments. The remainder of the City’s major revenue sources, including sales tax and intergovernmental sources, remained relatively stable from 2019 to 2020.

Total governmental activities expenses decreased by \$13.0 million or 34%. This is due primarily to the fact that a one time loss of \$11.0 million on the sale of real property belonging to the general government was recorded in the prior year. Aside from this loss, the decrease in expenses for governmental activities on a government-wide basis was \$2.0 million in general government and public safety due to a substantial decrease in total pension expense recognized.

The following graphs provide an analysis of the City’s revenue sources for governmental activities by type, and its governmental activities expenses by function.

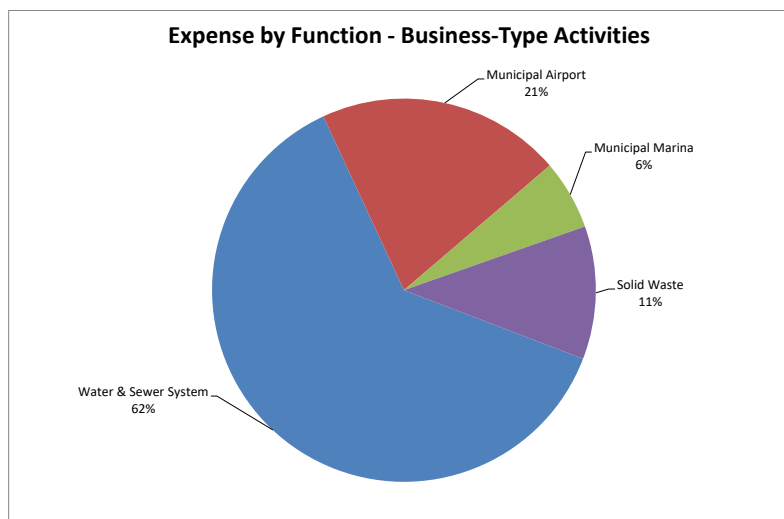




Business-type Activities: Net position of the City's business-type activities showed an increase of \$2.9 million from the amounts previously reported at the end of fiscal year 2019. This change is attributable primarily to a decrease in various liabilities for the City's enterprise funds, including pension, OPEB (for the reasons indicated above in the discussion of governmental activities) and customer deposits. A decrease of \$2.0 million in net capital assets (due to current year depreciation expense higher than asset additions) was offset by annual payments against long term debt, leaving the net investment in capital assets net position with only a \$0.3 million difference from prior year.

Total revenues for the business-type activities decreased by \$25.7 million or 48%. This was primarily due to the fact that the City's electric utility was sold in December 2018 and therefore electric utility revenues decreased from \$22.2 million in the prior fiscal year to zero in the current year. There was also a \$4.1 million decrease in Airport revenues attributable to \$3.7 million less in capital grants and contributions due to the timing of grant supported capital project expenditures. The revenues for the City's other business-type activities remained relatively stable, with a \$0.6 million increase in water & sewer revenues due to weather dependent variations in customer demand.

Total expenses for the business-type activities decreased by \$19.6 million. Again, this was primarily attributable to the sale of the electric utility in December 2018 which led to a decrease of \$19.1 million in operating expenses for the electric utility in 2020. Total operating expenses for the remaining business-type activities remained relatively level. The following graph provides an analysis of the City's business-type activity expenses by function.



Financial Analysis of the City's Funds.

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. As of the end of fiscal year 2020, the City's governmental funds reported combined ending fund balances of \$72.8 million, a decrease of \$0.9 million from the prior year. This is primarily due to a decrease of \$2.2 million in committed reserves as the City used the pension and OPEB reserves to make annual contributions, offset by an increase of \$1.3 million in restricted, assigned and unassigned reserves.

Total governmental revenue of \$26.2 million increased \$4.0 million from the previous year, due to a \$1.9 million increase in investment earnings (as a result of improved rates of return on investments), a \$0.5 million increase in electric utility franchise fees from a full year of the new FPL franchise agreement, a \$0.4 million increase in property taxes, and a \$1.2 million increase in grant revenues from disaster recovery (hurricane) and Coronavirus Aid, Relief, and Economic Security (CARES) Act funds for COVID-19 related expenses. Total governmental expenditures showed a decrease of \$3.2 million. This is primarily attributable to last year's one time payoff of debt resulting in a decrease of \$5.2 million in debt service expenses in the current year, combined with a \$1.0 million increase in capital expenditures and a \$1 million increase in operating expenditures due to increase salaries and personnel costs as well as unanticipated COVID-19 related expenditures.

The governmental fund balance of \$72.8 million is available for spending, subject to regulatory, statutory, and budgetary restrictions. Of the available balance, \$15.6 million, or 21%, is unassigned; the remainder of fund balance is non-spendable, restricted, committed or assigned and is not available for new spending because the funds have already been designated by law or covenant as follows:

Nonspendable:	
Inventory	\$ 112,412
Prepaid items	34,504
Restricted	
General Government	111,269
Public Safety	104,594
Culture & Recreation	877,063
Physical Environment	2,705,164
Committed	
Physical Environment	118,327
Unfunded Pension Liability Reserve	12,501,492
Other Post Employment Benefits (OPEB) Reserve	8,932,691
Capital and Infrastructure Reserve	21,000,000
Emergency (Disaster) Reserve	5,000,000
Assigned	5,643,185
Total Nonspendable, Restricted, Committed, Assigned	\$ 57,140,701

The General Fund is the City's major governmental fund. As of September 30, 2020, its fund balance was \$64.9 million, with \$15.6 million of that unassigned. This represents a \$0.5 million decrease from the prior year's total fund balance, with a \$2.2 million decrease in the committed amounts (due to programmed uses of these reserves for pension and OPEB payments) offset by the addition of \$1.5 million in assigned amounts (for appropriation of fund balance in the subsequent year's budget), and \$0.2 million in restricted/nonspendable balances.

General fund revenue for 2020 totaled \$19.3 million in the original budget and \$22.6 million in the final budget, with actual revenue received of \$22.6 million. These higher than anticipated revenues were

primarily investment earnings and grants revenue. General fund expenditures were under the final budget by \$450 thousand and under the original budget by \$334 thousand. The fiscal year ended with a net decrease in fund balance of \$518 thousand.

Proprietary Funds. The City's Enterprise Funds generate revenues and expenses that are shown as business-type activities in the government-wide financial statements. At the fund level, enterprise funds have unrestricted net position of \$19.5 million. Of this amount the Water & Sewer System has \$15.4 million and the Airport has \$5.3 million. There was an increase of \$2.9 million in the total net position of the enterprise funds in the current year. This is due primarily to an increase of \$2.5 million in the Water & Sewer utility, as a result of increased operating revenues (due to higher water sales) and stable operating expenses which resulted in \$2.4 million in operating income.

The Internal Service Funds (a category of the City's proprietary funds) are an accounting device used to accumulate and allocate costs internally among some of the City's various functions. At the fund level they have total net position of \$0.5 million, which is a decrease of \$0.3 million from the prior year, attributed primarily to the return of excess health insurance funds generated by prior year's premiums to various City funds.

General Fund Budgetary Highlights

Both the original and final budgets are estimates based on the best information available to management prior to year-end. By comparison to the original adopted budget, the actual revenues were \$3.3 million, or 17.3%, higher, and the actual expenditures were \$334 thousand, or 1.3%, lower. The actual net increase to the General Fund fund balance was \$606 thousand more than was projected in the final budget. This was a combination of revenues that were \$27 thousand higher than the final budget, expenditures that were \$446 thousand lower than the final budget and transfers in that were \$133 thousand higher than the final budget.

Original & Final Budget Comparison General Fund

	Original	Final	Change
REVENUES			
Taxes	\$ 13,319,998	\$ 13,493,532	\$ 173,534
Licenses and permits	153,500	188,277	34,777
Intergovernmental	1,858,547	1,787,045	(71,502)
Grants	-	1,193,074	1,193,074
Charges for services	2,773,907	2,688,568	(85,339)
Fines and forfeitures	159,000	645,714	486,714
Investment earnings	608,000	2,249,996	1,641,996
Rental	296,200	253,509	(42,691)
Contributions from private sources	13,000	9,076	(3,924)
Miscellaneous	83,000	61,735	(21,265)
Total Revenues	\$ 19,265,152	\$ 22,570,526	\$ 3,305,374
EXPENDITURES			
Current:			
General government	\$ 5,751,063	\$ 5,813,224	\$ 62,161
Public safety	8,643,045	8,453,327	(189,718)
Transportation	2,555,839	2,427,564	(128,275)
Culture/Recreation	4,531,242	4,630,242	99,000
Non-departmental	3,228,272	3,498,075	269,803
Total Expenditures	\$ 24,709,461	\$ 24,822,432	\$ 112,971

Changes in the budget during the year are based on either new or improved information or estimates of unforeseen events. The primary changes between the original and final budget are as follows:

- Taxes: Estimated tax collections were revised upward for increased collections in franchise fees and utility taxes.
- Investment earnings: Estimated interest earnings on City investments were increased based on year to date performance.
- Public Safety and Transportation Expenditures: The final budgeted expenditures for salaries and health insurance costs were lower than originally anticipated due to turnover and vacancies across multiple departments. In addition, pension costs were lower due to pension plan performance.
- General Government and Culture/Recreation: The final budget was increased to cover costs for payout of unused vacation and sick leave accruals for the retirements of several long term employees.
- Non-departmental Expenditures: The final budgeted expenditures were increased due to a transfer out of \$300 thousand to the General Capital and Construction Fund to use proceeds from code compliance fines for improvements to the Police department pistol range.

Capital Assets and Debt Administration

Capital Assets. The City's capital assets for its governmental and business-type activities as of September 30, 2020 are \$149.1 million (net of accumulated depreciation).

	Capital Assets (Net of Depreciation) (in 000s)					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 5,009	\$ 5,009	\$ 6,364	\$ 6,364	\$ 11,373	\$ 11,373
Intangible assets	825	825	-	-	825	825
Buildings	6,455	6,699	17,788	17,586	24,243	24,285
Improvements other than buildings	4,757	5,144	80,331	84,144	85,088	89,288
Machinery and equipment	3,771	4,117	3,179	2,628	6,950	6,745
Infrastructure	15,838	16,160	-	-	15,838	16,160
Construction in progress	1,493	179	3,285	2,062	4,778	2,241
Total capital assets, net	\$ 38,148	\$ 38,133	\$ 110,947	\$ 112,784	\$ 149,095	\$ 150,917

Capital assets include land, buildings, improvements other than buildings, intangible assets, infrastructure, machinery and equipment, and construction in progress and the change in each category are shown in the table above. Assets other than land and construction in progress are depreciable for the current year.

The net capital assets in government activities stayed at approximately the same level, due primarily to the City's current year investments in infrastructure and equipment being offset by annual depreciation expense. The net capital assets of the business-type assets decreased by \$1.9 million due to current year depreciation in excess of current year investments in additional capital assets and construction in progress. Additional information on the City's capital assets can be found in Note 7 of this report.

Long-Term Debt. At the end of the fiscal year, the City of Vero Beach had total long-term debt outstanding of \$17.6 million. Of this amount, \$9.2 million was in notes and bonds secured solely by specified revenue sources and \$2.1 million was debt backed by the full faith and credit of the government. In addition, the City has a liability for approximately \$1.2 million in legacy claims payable and \$5.1 million in compensated absences. For more information on the changes in long-term debt see Note 8.

In addition to long-term debt, the City has long term liabilities of \$15.4 million in net pension liability associated with various employee pension plans (see Note 13 in the Notes to Financial Statements) and \$26.7 million in net Other Post Employment Benefits (OPEB) liability (see Note 14).

Summary of Outstanding Long-Term Debt (in 000s)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue Bonds and Notes	\$ 1,105	\$ 1,190	\$ 9,173	\$ 10,859	\$ 10,278	\$ 12,049
Capital Lease-Purchases	944	1,314	87	148	1,031	1,462
Claims Payable	1,237	1,336	-	-	1,237	1,336
Compensated Absences	3,317	3,500	1,767	1,774	5,084	5,274
Total Long-Term Debt	\$ 6,603	\$ 7,340	\$ 11,027	\$ 12,781	\$ 17,630	\$ 20,121

Economic Factors and Next Year's Budgets and Rates

The State of Florida, by constitution, does not have a state personal income tax and therefore the State operates primarily using sales, gasoline and corporate income taxes. Local governments (cities, counties and school boards) rely primarily on property and a limited array of other permitted taxes (sales, gasoline, and utilities) and fees (franchise, occupational license) to finance governmental activities. For the business-type and certain other governmental activities (construction services and recreational programs), the user pays a related fee or charge associated with the service. In the case of business-type activities these fees are designed to cover expenses. For some governmental activities, such as recreation, these fees do not provide for full cost recovery and these activities are subsidized by general revenues. Fees for all services are examined and adjusted as needed.

The adopted Citywide budget for fiscal year 2021 is \$78.3 million. This budget shows a net increase of 8 Citywide staff positions. One (1) of these positions is in the General Fund and one (1) is in the Marina. The remaining six (6) positions have been added to the Water & Sewer utility budget in anticipation of the requirements of Florida Senate Bill 712, also known as the 'Clean Waterways Act'. Total budgeted salaries increased by \$565,000 as a result of these additional positions, as well as a City-wide salary increase of 3%.

Ad valorem tax revenues are projected to increase by 3.4% as a result of the adoption of a millage rate of 2.5000 (which was 2.95% greater than the rolled-back millage rate of 2.4284 mills) combined with a 3.9% increase in taxable property values. This was slightly lower than the prior year's millage rate of 2.5194. The increased tax revenue (combined with other expenditure reductions and revenue increases) was used primarily to offset a decrease in the amount of residual cash from the electric utility sale proceeds used to balance the General Fund budget (in year 3 of a 5 year transition plan) and to fund increases in personnel costs. State shared revenues for gas tax and State sales tax sharing, as well as the local communications service tax revenue were all projected to decrease slightly in the coming year (a total of 3.6% for all sources combined) due to the continued impacts of COVID-19 on the State economy.

The adopted budget for FY 20-21 reflects the City Council's continued commitment to public safety, recreation and quality municipal services for its residents and visitors, as well as long-term financial stability.

Requests for Information

This financial report is designed to provide a general overview of the City of Vero Beach's finances for all those with an interest in the City's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Vero Beach, P. O. Box 1389, Vero Beach, Florida 32961.

The City's Comprehensive Annual Financial Report is also available on-line at www.covb.org under City Departments – Finance.

BASIC FINANCIAL STATEMENTS

CITY OF VERO BEACH, FLORIDA
STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

	Primary Government		
	Governmental Activities	Business- type Activities	Total Primary Government
Assets			
Equity in pooled cash and investments	\$ 73,071,285	\$ 29,268,361	\$ 102,339,646
Cash with fiscal agent	223,254	-	223,254
Receivables, net	3,374,569	3,653,055	7,027,624
Inventories	112,412	527,562	639,974
Prepaid costs	79,504	-	79,504
Assets held for resale	1,602,348	-	1,602,348
Restricted assets:			
Equity in pooled cash and investments	-	1,815,133	1,815,133
Capital assets:			
Land and intangible assets	5,833,627	6,363,514	12,197,141
Construction in progress	1,492,521	3,284,613	4,777,134
Capital assets not being depreciated	<u>7,326,148</u>	<u>9,648,127</u>	<u>16,974,275</u>
Capital assets being depreciated	95,484,656	221,259,734	316,744,390
Accumulated depreciation	<u>(64,663,950)</u>	<u>(119,961,825)</u>	<u>(184,625,775)</u>
Capital assets being depreciated, net	<u>30,820,706</u>	<u>101,297,909</u>	<u>132,118,615</u>
Total capital assets	<u>38,146,854</u>	<u>110,946,036</u>	<u>149,092,890</u>
Total assets	<u>116,610,226</u>	<u>146,210,147</u>	<u>262,820,373</u>
Deferred outflows of resources			
Deferred outflows related to pensions	1,625,419	-	1,625,419
Deferred outflows related to OPEB	1,828,061	531,396	2,359,457
Total deferred outflows	<u>3,453,480</u>	<u>531,396</u>	<u>3,984,876</u>
Liabilities			
Accounts payable and accrued liabilities	1,569,909	1,428,414	2,998,323
Deposits	-	1,065,178	1,065,178
Long-term liabilities:			
Due within one year	1,059,040	1,853,623	2,912,663
Due in more than one year:			
Miscellaneous liabilities	5,543,725	9,173,374	14,717,099
Unearned revenue	-	232,715	232,715
Net pension liability	11,017,473	4,391,983	15,409,456
Net other postemployment benefits liability	21,152,996	5,548,218	26,701,214
Total liabilities	<u>40,343,143</u>	<u>23,693,505</u>	<u>64,036,648</u>
Deferred inflows of resources			
Deferred inflows related to pensions	2,943,114	644,112	3,587,226
Deferred inflows related to OPEB	4,596,442	1,331,991	5,928,433
Total deferred inflows	<u>7,539,556</u>	<u>1,976,103</u>	<u>9,515,659</u>
Net position			
Net investment in capital assets	35,984,984	101,614,410	137,599,394
Restricted for:			
Capital projects	1,064,438	-	1,064,438
Land purchases	1,465,184	-	1,465,184
Culture and recreation	877,063	-	877,063
Cemetery care	175,543	-	175,543
Wellness programs	111,269	-	111,269
Law enforcement	104,593	-	104,593
Unrestricted	<u>32,397,933</u>	<u>19,457,525</u>	<u>51,855,458</u>
Total net position	<u>\$ 72,181,007</u>	<u>\$ 121,071,935</u>	<u>\$ 193,252,942</u>

The notes to the financial statements are an integral part of this statement.

CITY OF VERO BEACH, FLORIDA
STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 8,232,024	\$ 2,427,301	\$ 473,872	\$ 77,409	\$ (5,253,442)	\$ -	\$ (5,253,442)
Public safety	8,382,265	992,799	8,349	855,320	(6,525,797)	-	(6,525,797)
Physical environment	297,960	299,475	-	-	1,515	-	1,515
Transportation	3,581,215	161,705	-	-	(3,419,510)	-	(3,419,510)
Culture/recreation	4,568,626	343,112	2,250	37,317	(4,185,947)	-	(4,185,947)
Interest and fiscal charges	65,593	-	-	-	(65,593)	-	(65,593)
Total governmental activities	<u>25,127,683</u>	<u>4,224,392</u>	<u>484,471</u>	<u>970,046</u>	<u>(19,448,774)</u>	<u>-</u>	<u>(19,448,774)</u>
Business-type activities:							
Water and sewer system	15,118,926	17,307,134	(45,321)	663,190	-	2,806,077	2,806,077
Municipal airport	5,010,628	3,247,175	4,491	1,527,674	-	(231,288)	(231,288)
Municipal marina	1,425,571	1,807,622	14,730	-	-	396,781	396,781
Solid waste	2,727,650	2,760,365	4,668	-	-	37,383	37,383
Total business-type activities	<u>24,282,775</u>	<u>25,122,296</u>	<u>(21,432)</u>	<u>2,190,864</u>	<u>-</u>	<u>3,008,953</u>	<u>3,008,953</u>
Total	<u>\$ 49,410,458</u>	<u>\$ 29,346,688</u>	<u>\$ 463,039</u>	<u>\$ 3,160,910</u>	<u>(19,448,774)</u>	<u>3,008,953</u>	<u>(16,439,821)</u>
General revenues:							
Property taxes					7,355,480	-	7,355,480
Sales and gas taxes					2,814,422	-	2,814,422
Utility taxes					5,513,402	-	5,513,402
Intergovernmental revenue					2,242,366	-	2,242,366
Investment earnings					2,496,496	762,788	3,259,284
Other revenue					221,249	274,657	495,906
Transfers - internal activities					1,192,513	(1,192,513)	-
Total general revenues and transfers					<u>21,835,928</u>	<u>(155,068)</u>	<u>21,680,860</u>
Change in net position					2,387,154	2,853,885	5,241,039
Net position - beginning					<u>69,793,853</u>	<u>118,218,050</u>	<u>188,011,903</u>
Net position - ending					<u>\$ 72,181,007</u>	<u>\$ 121,071,935</u>	<u>\$ 193,252,942</u>

The notes to the financial statements are an integral part of this statement.

CITY OF VERO BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	General Fund	General Government Capital and Construction	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Equity in pooled cash and investments	\$ 64,217,362	\$ 4,363,408	\$ 2,756,709	\$ 71,337,479
Cash with fiscal agent	-	223,254	-	223,254
Receivables, net:				
Accounts	774,809	-	55,520	830,329
Special assessments	-	10,709	-	10,709
Interest	234,491	2,026	17,149	253,666
Due from other funds	-	184,251	-	184,251
Due from other governments	905,835	957,420	403,636	2,266,891
Prepaid items	34,504	-	-	34,504
Inventories	112,412	-	-	112,412
Total assets	\$ 66,279,413	\$ 5,741,068	\$ 3,233,014	\$ 75,253,495
Liabilities				
Accounts payable and contracts payable	\$ 355,442	300,021	\$ 1,343	\$ 656,806
Accrued liabilities	841,007	-	2,658	843,665
Evidence escrow	-	-	35,023	35,023
Due to other funds	-	-	184,251	184,251
Total liabilities	<u>1,196,449</u>	<u>300,021</u>	<u>223,275</u>	<u>1,719,745</u>
Deferred inflows of resources				
Unavailable revenue	157,753	620,780	-	778,533
Fund balances				
Nonspendable	146,916	-	-	146,916
Restricted	111,269	677,082	3,009,739	3,798,090
Committed	47,552,510	-	-	47,552,510
Assigned	1,500,000	4,143,185	-	5,643,185
Unassigned	15,614,516	-	-	15,614,516
Total fund balances	<u>64,925,211</u>	<u>4,820,267</u>	<u>3,009,739</u>	<u>72,755,217</u>
Total liabilities, deferred inflows and fund balances	\$ 66,279,413	\$ 5,741,068	\$ 3,233,014	\$ 75,253,495

The notes to the financial statements are an integral part of this statement.

CITY OF VERO BEACH, FLORIDA**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION**

SEPTEMBER 30, 2020

Amounts reported for governmental activities in the statement of net position are different because:

Ending fund balance - governmental funds	\$ 72,755,217
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:	
Capital assets not being depreciated	7,326,148
Capital assets being depreciated, net	30,820,706
Assets held for resale	1,602,348
Some items are not recorded as revenues and expenditures in the governmental fund statement until available to pay liabilities of the current period. These items are recorded on the government-wide statements when revenues are earned.	
Deferred inflows for long-term special assessments receivable	10,709
Deferred inflows for FEMA reimbursements receivable	157,753
Deferred inflows for hazard mitigation grant reimbursements receivable	610,071
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities.	
Net position of governmental activities accounted for in internal service funds	537,602
Net pension amounts are not considered to represent financial assets or liabilities and, therefore, are not presented in a governmental fund, but are reported as deferred outflows, deferred inflows and liabilities in the government-wide statement of net position.	
Net pension liability	(11,017,473)
Deferred outflows related to pensions	1,625,419
Deferred inflows related to pensions	(2,943,114)
Net OPEB amounts are not considered to represent financial assets or liabilities and, therefore, are not presented in a governmental fund, but are reported as deferred inflows and liabilities in the government-wide statement of net position.	
Net OPEB liability	(21,152,996)
Deferred outflows related to OPEB	1,828,061
Deferred inflows related to OPEB	(4,596,442)
Certain liabilities, such as bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(2,049,057)
Accrued interest on long-term debt	(17,237)
Compensated absences	(3,316,708)
Total liabilities	<u>(5,383,002)</u>
Net position of governmental activities	<u>\$ 72,181,007</u>

The notes to the financial statements are an integral part of this statement.

CITY OF VERO BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2020

	General Fund	General Government Capital and Construction	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 13,517,629	\$ -	\$ 2,312,931	\$ 15,830,560
Licenses and permits	188,278	-	-	188,278
Intergovernmental	1,809,204	-	433,162	2,242,366
Grants	1,212,668	307,313	-	1,519,981
Charges for services	2,632,764	-	254,890	2,887,654
Fines and forfeitures	645,714	-	58,813	704,527
Investment earnings	2,235,037	128,008	67,309	2,430,354
Rentals	288,304	-	-	288,304
Contributions from private sources	5,730	32,597	-	38,327
Miscellaneous	61,929	-	702	62,631
Total revenues	<u>22,597,257</u>	<u>467,918</u>	<u>3,127,807</u>	<u>26,192,982</u>
Expenditures				
Current:				
General government	8,852,802	-	-	8,852,802
Public safety	8,386,309	-	433,162	8,819,471
Physical environment	-	-	224,814	224,814
Transportation	2,381,332	-	-	2,381,332
Culture and recreation	4,465,982	-	-	4,465,982
Debt service:				
Principal	-	582,694	85,000	667,694
Interest and fiscal charges	-	41,397	28,343	69,740
Capital outlay	289,562	3,245,697	-	3,535,259
Total expenditures	<u>24,375,987</u>	<u>3,869,788</u>	<u>771,319</u>	<u>29,017,094</u>
Deficiency of revenues under expenditures	<u>(1,778,730)</u>	<u>(3,401,870)</u>	<u>2,356,488</u>	<u>(2,824,112)</u>
Other financing sources (uses)				
Issuance of debt - capital leases	-	212,626	-	212,626
Sale of assets	49,607	36,621	-	86,228
Proceeds from insurance	54,389	19,582	-	73,971
Transfers in	1,591,576	2,586,787	249,364	4,427,727
Transfers out	(435,027)	-	(2,400,130)	(2,835,157)
Total other financing sources (uses)	<u>1,260,545</u>	<u>2,855,616</u>	<u>(2,150,766)</u>	<u>1,965,395</u>
Net change in fund balances	(518,185)	(546,254)	205,722	(858,717)
Fund balance - beginning	<u>65,443,396</u>	<u>5,366,521</u>	<u>2,804,017</u>	<u>73,613,934</u>
Fund balance - ending	<u>\$ 64,925,211</u>	<u>\$ 4,820,267</u>	<u>\$ 3,009,739</u>	<u>\$ 72,755,217</u>

The notes to the financial statements are an integral part of this statement.

CITY OF VERO BEACH, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

YEAR ENDED SEPTEMBER 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ (858,717)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Purchases and donations of capital assets	2,911,830
Loss on disposal of capital assets	(4,679)
Depreciation expense	(2,892,157)

In the governmental funds, revenues cannot be recognized until they are available to pay liabilities of the current period. In the statement of activities, revenue is recognized as soon as it is earned regardless of its availability.

Change in deferred inflows for unavailable revenues	(103,791)
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Bond and capital lease purchase proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds and entering into capital lease purchases increases long-term liabilities in the statement of net position. Repayment of bond principal and capital lease purchases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on long-term liabilities	667,694
Capital lease purchase proceeds	(212,626)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in accrual for compensated absences	183,386
Change in net pension liability and related deferrals	2,625,913
Change in net OPEB liability and related deferrals	402,618
Change in accrued interest on bonds payable	4,147

An internal service fund is used by management to charge the costs of certain services to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.

Change in net position of internal service funds	<u>(336,464)</u>
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Change in net position of governmental activities	<u>\$ 2,387,154</u>
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CITY OF VERO BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 13,319,998	\$ 13,493,532	\$ 13,517,629	\$ 24,097
Licenses and permits	153,500	188,277	188,278	1
Intergovernmental	1,858,547	1,787,045	1,809,204	22,159
Grants	-	1,193,074	1,212,668	19,594
Charges for services	2,773,907	2,688,568	2,632,764	(55,804)
Fines and forfeitures	159,000	645,714	645,714	-
Investment earnings	608,000	2,249,996	2,235,037	(14,959)
Rentals	296,200	253,509	288,304	34,795
Contributions from private sources	13,000	9,076	5,730	(3,346)
Miscellaneous	83,000	61,735	61,929	194
Total revenues	<u>19,265,152</u>	<u>22,570,526</u>	<u>22,597,257</u>	<u>26,731</u>
Expenditures				
Current:				
General government	5,751,063	5,813,224	5,754,404	58,820
Public safety	8,643,045	8,453,327	8,418,381	34,946
Transportation	2,555,839	2,427,564	2,401,003	26,561
Culture/Recreation	4,531,242	4,630,242	4,565,739	64,503
Non-departmental	3,228,272	3,498,075	3,236,460	261,615
Total expenditures	<u>24,709,461</u>	<u>24,822,432</u>	<u>24,375,987</u>	<u>446,445</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,444,309)</u>	<u>(2,251,906)</u>	<u>(1,778,730)</u>	<u>473,176</u>
Other financing sources (uses)				
Proceeds from insurance	-	54,389	54,389	-
Sale of assets	1,000	49,607	49,607	-
Transfers in	1,458,853	1,458,853	1,591,576	132,723
Transfers out	(136,696)	(435,027)	(435,027)	-
Total other financing sources (uses)	<u>1,323,157</u>	<u>1,127,822</u>	<u>1,260,545</u>	<u>132,723</u>
Net change in fund balances	<u>(4,121,152)</u>	<u>(1,124,084)</u>	<u>(518,185)</u>	<u>605,899</u>
Fund balance - beginning	<u>65,443,396</u>	<u>65,443,396</u>	<u>65,443,396</u>	<u>-</u>
Fund balance - ending	<u>\$ 61,322,244</u>	<u>\$ 64,319,312</u>	<u>\$ 64,925,211</u>	<u>\$ 605,899</u>

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CITY OF VERO BEACH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2020

	Business-type Activities - Enterprise Funds	
	Water and Sewer System	Municipal Airport
Assets		
Current assets		
Equity in pooled cash and investments	\$ 21,345,776	\$ 6,125,672
Receivables, net:		
Accounts	1,851,529	138,084
Special Assessments	161,139	-
Interest	61,027	13,723
Due from other governments	136,339	965,881
Inventories	506,258	-
Prepaid items	-	-
Restricted assets:		
Equity in pooled cash and investments	1,814,769	204
Total current assets	<u>25,876,837</u>	<u>7,243,564</u>
Capital assets:		
Land	184,989	1,722,672
Construction in progress	1,675,853	1,602,355
Capital assets not being depreciated	<u>1,860,842</u>	<u>3,325,027</u>
Capital assets being depreciated	141,891,576	74,302,273
Accumulated depreciation	(89,613,658)	(27,126,639)
Capital assets being depreciated, net	<u>52,277,918</u>	<u>47,175,634</u>
Total capital assets	<u>54,138,760</u>	<u>50,500,661</u>
Total assets	<u>80,015,597</u>	<u>57,744,225</u>
Deferred outflows of resources		
Deferred outflows related to OPEB	378,097	23,534
Total deferred outflows of resources	<u>378,097</u>	<u>23,534</u>
Total assets and deferred outflows of resources	<u>\$ 80,393,694</u>	<u>\$ 57,767,759</u>

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds			Governmental Activities
Municipal Marina	Solid Waste	Total	Internal Service Funds
\$ 611,536	\$ 1,185,377	\$ 29,268,361	\$ 1,733,806
23,463	292,687	2,305,763	-
-	-	161,139	-
-	2,463	77,213	12,974
2,135	4,585	1,108,940	-
21,304	-	527,562	-
-	-	-	45,000
-	160	1,815,133	-
<u>658,438</u>	<u>1,485,272</u>	<u>35,264,111</u>	<u>1,791,780</u>
4,455,853	-	6,363,514	-
6,405	-	3,284,613	-
<u>4,462,258</u>	<u>-</u>	<u>9,648,127</u>	<u>-</u>
2,535,859	2,530,026	221,259,734	8,047
(1,600,603)	(1,620,925)	(119,961,825)	(8,047)
<u>935,256</u>	<u>909,101</u>	<u>101,297,909</u>	<u>-</u>
<u>5,397,514</u>	<u>909,101</u>	<u>110,946,036</u>	<u>-</u>
<u>6,055,952</u>	<u>2,394,373</u>	<u>146,210,147</u>	<u>1,791,780</u>
15,408	114,357	531,396	-
<u>15,408</u>	<u>114,357</u>	<u>531,396</u>	<u>-</u>
<u>\$ 6,071,360</u>	<u>\$ 2,508,730</u>	<u>\$ 146,741,543</u>	<u>\$ 1,791,780</u>

Continued

The notes to the financial statements are an integral part of this statement.

CITY OF VERO BEACH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2020

	Business-type Activities - Enterprise Funds	
	Water and Sewer System	Municipal Airport
Liabilities		
Current liabilities:		
Accounts and contracts payable	\$ 474,861	\$ 437,593
Accrued liabilities	240,489	33,659
Claims payable	-	-
Customer deposits	-	260,625
Current portion of compensated absences	57,926	8,951
Revenue bonds and notes payable, not payable from restricted assets	702,324	17,822
Current portion of unearned revenue	-	21,652
Payable from restricted assets:		
Accrued interest payable	44,947	204
Customer deposits	742,833	-
Revenue bonds and notes payable	1,026,989	-
Total current liabilities	3,290,369	780,506
Noncurrent liabilities, net of current portion:		
Compensated absences	1,100,585	170,063
Revenue bonds and notes payable	7,460,557	19,637
Claims payable	-	-
Unearned revenue	-	232,715
Net pension liability	2,992,004	444,049
Net other postemployment benefits liability	3,826,684	289,936
Total noncurrent liabilities	15,379,830	1,156,400
Total liabilities	18,670,199	1,936,906
Deferred inflows of resources		
Deferred inflows related to pensions	438,948	65,020
Deferred inflows related to OPEB	953,187	58,189
Total deferred inflows of resources	1,392,135	123,209
Net position		
Net investment in capital assets	44,948,890	50,391,333
Unrestricted (deficit)	15,382,470	5,316,311
Total net position	60,331,360	55,707,644
Total liabilities, deferred inflows and net position	\$ 80,393,694	\$ 57,767,759

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds			Governmental Activities
Municipal Marina	Solid Waste	Total	Internal Service Funds
\$ 94,959	\$ 10,512	\$ 1,017,925	\$ 17,178
15,781	53,597	343,526	-
-	-	-	371,298
61,720	-	322,345	-
692	20,794	88,363	-
-	18,125	738,271	-
-	-	21,652	-
-	160	45,311	-
-	-	742,833	-
-	-	1,026,989	-
<u>173,152</u>	<u>103,188</u>	<u>4,347,215</u>	<u>388,476</u>
13,147	395,082	1,678,877	-
-	14,303	7,494,497	-
-	-	-	865,702
-	-	232,715	-
117,440	838,490	4,391,983	-
80,050	1,351,548	5,548,218	-
<u>210,637</u>	<u>2,599,423</u>	<u>19,346,290</u>	<u>865,702</u>
<u>383,789</u>	<u>2,702,611</u>	<u>23,693,505</u>	<u>1,254,178</u>
17,152	122,992	644,112	-
41,901	278,714	1,331,991	-
<u>59,053</u>	<u>401,706</u>	<u>1,976,103</u>	<u>-</u>
5,397,514	876,673	101,614,410	-
231,004	(1,472,260)	19,457,525	537,602
<u>5,628,518</u>	<u>(595,587)</u>	<u>121,071,935</u>	<u>537,602</u>
<u>\$ 6,071,360</u>	<u>\$ 2,508,730</u>	<u>\$ 146,741,543</u>	<u>\$ 1,791,780</u>

The notes to the financial statements are an integral part of this statement.

CITY OF VERO BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2020

	Business-type Activities - Enterprise Funds	
	Water and Sewer System	Municipal Airport
Operating revenues		
Charges for services	\$ 17,307,134	\$ 3,247,175
Miscellaneous	-	-
Total operating revenue	<u>17,307,134</u>	<u>3,247,175</u>
Operating expenses		
Production	3,015,155	-
Transmission and distribution	3,255,772	-
Administrative and general	2,732,845	-
Pollution control	1,437,614	-
Customer service	893,702	-
Claims expense	-	-
Operating charges	-	2,157,711
Depreciation	3,518,069	2,652,463
Total operating expenses	<u>14,853,157</u>	<u>4,810,174</u>
Operating income (loss)	<u>2,453,977</u>	<u>(1,562,999)</u>
Nonoperating revenues (expenses)		
Investment earnings	620,840	114,044
Interest/amortization expense	(229,141)	(1,786)
Loss on disposal of capital assets	(36,628)	(198,668)
Federal and state grant reimbursements	(45,321)	4,491
Miscellaneous revenue	22,453	31,132
Total nonoperating revenues (expenses)	<u>332,203</u>	<u>(50,787)</u>
Income (loss) before special item, capital contributions and transfers	2,786,180	(1,613,786)
Capital contributions and transfers		
Capital grants and contributions	663,190	1,527,674
Transfers In	53,681	7,952
Transfers Out	(1,005,000)	-
Total capital contributions and transfers	<u>(288,129)</u>	<u>1,535,626</u>
Changes in net position	2,498,051	(78,160)
Total net position - beginning	<u>57,833,309</u>	<u>55,785,804</u>
Total net position - end of year	<u>\$ 60,331,360</u>	<u>\$ 55,707,644</u>

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds			Governmental Activities
Municipal Marina	Solid Waste	Total	Internal Service Funds
\$ 1,807,622	\$ 2,760,365	\$ 25,122,296	\$ -
-	-	-	6,792
<u>1,807,622</u>	<u>2,760,365</u>	<u>25,122,296</u>	<u>6,792</u>
-	-	3,015,155	-
-	-	3,255,772	-
-	-	2,732,845	-
-	-	1,437,614	-
-	-	893,702	-
-	-	-	8,682
1,352,654	2,423,070	5,933,435	659
72,917	303,016	6,546,465	-
<u>1,425,571</u>	<u>2,726,086</u>	<u>23,814,988</u>	<u>9,341</u>
<u>382,051</u>	<u>34,279</u>	<u>1,307,308</u>	<u>(2,549)</u>
73	27,831	762,788	66,142
-	(1,564)	(232,491)	-
-	-	(235,296)	-
14,730	4,668	(21,432)	-
80,753	140,319	274,657	-
<u>95,556</u>	<u>171,254</u>	<u>548,226</u>	<u>66,142</u>
477,607	205,533	1,855,534	63,593
-	-	2,190,864	-
1,989	22,865	86,487	-
(101,000)	(173,000)	(1,279,000)	(400,057)
<u>(99,011)</u>	<u>(150,135)</u>	<u>998,351</u>	<u>(400,057)</u>
378,596	55,398	2,853,885	(336,464)
<u>5,249,922</u>	<u>(650,985)</u>	<u>118,218,050</u>	<u>874,066</u>
<u>\$ 5,628,518</u>	<u>\$ (595,587)</u>	<u>\$ 121,071,935</u>	<u>\$ 537,602</u>

The notes to the financial statements are an integral part of this statement.

CITY OF VERO BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2020

	Water and Sewer System	Municipal Airport
Operating activities		
Receipts from customers and users	\$ 17,494,563	\$ 3,379,309
Cash received from vendors for program expenses	-	-
Payment to vendors	(5,759,278)	(1,286,746)
Payments for personnel services	(6,134,766)	(1,082,872)
Benefit payments	-	-
Net cash provided by (used in) operating activities	<u>5,600,519</u>	<u>1,009,691</u>
Noncapital financing activities		
Transfers in	53,681	7,952
Transfers out	(1,005,000)	-
Net cash provided by (used in) noncapital financing activities	<u>(951,319)</u>	<u>7,952</u>
Capital and related financing activities		
Grant reimbursements	(45,321)	1,482
Purchase of capital assets	(2,923,692)	(2,777,602)
Capital contributions	698,964	4,268,239
Principal paid on bonds, notes and capital leases	(1,711,906)	(17,257)
Interest and agent fees paid on long-term financing	(238,076)	(1,867)
Net cash (used in) capital and related financing activities	<u>(4,220,031)</u>	<u>1,472,995</u>
Investing activities		
Purchases of pooled investments	(16,358,351)	(3,964,960)
Proceeds from sale and maturity of pooled investments	13,597,095	2,647,358
Interest received	624,144	114,418
Net cash provided by (used in) investing activities	<u>(2,137,112)</u>	<u>(1,203,184)</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,707,943)</u>	<u>1,287,454</u>
Cash and cash equivalents		
Beginning of year	<u>5,003,389</u>	<u>323,949</u>
End of year	<u>\$ 3,295,446</u>	<u>\$ 1,611,403</u>
Cash and cash equivalents classified as:		
Equity in pooled cash and investments	\$ 21,345,776	\$ 6,125,672
Restricted assets:		
Current:		
Equity in pooled cash and investments	1,814,769	204
Less: investments not meeting definition of cash equivalents	(19,865,099)	(4,514,473)
	<u>\$ 3,295,446</u>	<u>\$ 1,611,403</u>

Business-type Activities - Enterprise Funds			Governmental Activities
Municipal Marina	Solid Waste	Total	Internal Service Funds
\$ 1,920,681	\$ 2,944,369	\$ 25,738,922	\$ -
-	-	-	6,792
(1,018,147)	(943,709)	(9,007,880)	(1,962)
(351,885)	(1,690,358)	(9,259,881)	-
-	-	-	(107,682)
<u>550,649</u>	<u>310,302</u>	<u>7,471,161</u>	<u>(102,852)</u>
1,989	22,865	86,487	-
(101,000)	(173,000)	(1,279,000)	(400,057)
<u>(99,011)</u>	<u>(150,135)</u>	<u>(1,192,513)</u>	<u>(400,057)</u>
13,395	1,318	(29,126)	-
(131,221)	(101,295)	(5,933,810)	-
-	-	4,967,203	-
-	(17,575)	(1,746,738)	-
-	(1,635)	(241,578)	-
<u>(117,826)</u>	<u>(119,187)</u>	<u>(2,984,049)</u>	<u>-</u>
(6,895)	(572,240)	(20,902,446)	(1,449,587)
6,890	543,516	16,794,859	1,718,083
73	28,017	766,652	65,224
68	(707)	(3,340,935)	333,720
<u>333,880</u>	<u>40,273</u>	<u>(46,336)</u>	<u>(169,189)</u>
<u>277,302</u>	<u>336,388</u>	<u>5,941,028</u>	<u>412,697</u>
<u>\$ 611,182</u>	<u>\$ 376,661</u>	<u>\$ 5,894,692</u>	<u>\$ 243,508</u>
\$ 611,536	\$ 1,185,377	\$ 29,268,361	\$ 1,733,806
-	160	1,815,133	-
(354)	(808,876)	(25,188,802)	(1,490,298)
<u>\$ 611,182</u>	<u>\$ 376,661</u>	<u>\$ 5,894,692</u>	<u>\$ 243,508</u>

Continued

CITY OF VERO BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2020

	Water and Sewer System	Municipal Airport
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ 2,453,977	\$ (1,562,999)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	3,518,069	2,652,463
Miscellaneous revenue	22,453	31,132
Change in assets, liabilities and deferred outflows:		
Accounts receivable	144,903	23,503
Special assessments receivable	(4,530)	-
Inventories	154,606	-
Deferred outflows related to pensions	412,169	61,091
Accounts and contracts payable	17,514	(9,599)
Accrued liabilities	41,557	4,671
Accrued compensated absences	59,622	(90,922)
Unearned revenue	-	905
Claims payable	-	-
Net pension liability	(910,808)	(135,165)
Net other postemployment benefits liability	(83,932)	(4,930)
Deferred inflows related to pensions	(249,684)	(37,053)
Customer deposits	24,603	76,594
Total adjustments	<u>3,146,542</u>	<u>2,572,690</u>
Net cash provided by (used in) operating activities	<u>\$ 5,600,519</u>	<u>\$ 1,009,691</u>

Business-type Activities - Enterprise Funds			Governmental Activities
Municipal Marina	Solid Waste	Total	Internal Service Funds
\$ 382,051	\$ 34,279	\$ 1,307,308	\$ (2,549)
72,917	303,016	6,546,465	-
80,753	140,319	274,657	-
14,207	43,685	226,298	-
-	-	(4,530)	-
(2,532)	-	152,074	-
16,129	115,496	604,885	-
5,360	2,226	15,501	(1,303)
6,140	2,249	54,617	-
7,275	17,171	(6,854)	-
-	-	905	-
-	-	-	(99,000)
(35,744)	(255,247)	(1,336,964)	-
(4,207)	(22,920)	(115,989)	-
(9,799)	(69,972)	(366,508)	-
18,099	-	119,296	-
<u>168,598</u>	<u>276,023</u>	<u>6,163,853</u>	<u>(100,303)</u>
<u>\$ 550,649</u>	<u>\$ 310,302</u>	<u>\$ 7,471,161</u>	<u>\$ (102,852)</u>

CITY OF VERO BEACH, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2020

	Pension and Other Postemployment Benefits Trust Funds
Assets	
Cash and cash equivalents	\$ 303
Interest receivable	72,877
Other receivables	15,845
Investments	
Money market mutual funds	1,472,005
Mutual fund investments	105,604,093
Corporate stocks	31,240,979
Corporate bonds	8,057,206
Treasury and agency bonds and notes	5,685,109
Real estate	5,055,442
Mortgage/asset backed securities	671,106
Municipal bonds and notes	111,280
Total investments	<u>157,897,220</u>
Total assets	<u>157,986,245</u>
Liabilities	
Prepaid contributions	33,358
Refunds payable	6,042
Expenses payable	111,754
Total liabilities	<u>151,154</u>
Net position	
Restricted for pension and OPEB benefits	<u>\$ 157,835,091</u>

The notes to the financial statements are an integral part of this statement.

CITY OF VERO BEACH, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

YEAR ENDED SEPTEMBER 30, 2020

	Pension and Other Postemployment Benefits Trust Funds
Additions	
Contributions:	
Employer	\$ 5,892,634
Plan members	226,427
State (passed through the Police & Firefighter's Premium Tax Trust Fund)	433,162
	<hr/>
Total contributions	6,552,223
	<hr/>
Investment income:	
Interest and dividends	3,339,217
Net appreciation in fair value of investments	11,345,055
Total investments income	14,684,272
	<hr/>
Investment expense	(885,109)
	<hr/>
Net investment income	13,799,163
	<hr/>
Total additions	20,351,386
	<hr/>
Deductions	
Benefit payments	12,204,726
DROP plan benefits	723,908
Refunds of contributions	23,201
Administrative expenses	190,150
	<hr/>
Total deductions	13,141,985
	<hr/>
Change in net position	7,209,401
	<hr/>
Net position restricted for pension and OPEB benefits - beginning of year	150,625,690
	<hr/>
Net position restricted for pension and OPEB benefits - end of year	\$ 157,835,091
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The notes to the financial statements are an integral part of this statement.

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NOTES TO THE FINANCIAL STATEMENTS

CITY OF VERO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Vero Beach, Florida ("the City"), located in Indian River County, is a political subdivision of the State of Florida pursuant to Article VIII, Section 1(a) of the Constitution of the State of Florida. The legislative branch of the City is composed of a five-member elected Council. The City Council is governed by the City Charter and by state and local laws and regulations. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council appointed City Manager.

The financial statements of the City have been prepared in conformity with U.S. Generally Accepted Accounting Principles as applied to governmental units. Generally Accepted Accounting Principles ("GAAP") requires management to make use of estimates that affect reported amounts in the basic financial statements. Actual results could differ from estimates. Based upon the application of the criteria as set forth in Governmental Accounting Standards Board Statement (GASB) Statement No. 61, *The Financial Reporting Entity*, there are no potential component units or related organizations of the City. The more significant of the City's accounting policies are described below:

Reporting Entity

The accompanying financial statements present the financial position, results of operations, and cash flows of the City of Vero Beach, Florida, the primary government. The reporting entity for the City includes all functions of government for which the City Council is considered to be financially accountable.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund transfer activity has been removed from these statements, but interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. GASB Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of major funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

CITY OF VERO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In applying the “susceptible to accrual” concept to intergovernmental revenues pursuant to GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* as amended by GASB Statement No. 36, *Recipient Reporting of Certain Shared Nonexchange Revenues* (the City may act as either provider or recipient), the City recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are presented as unearned revenue by the City.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. All revenues are considered measurable and available only when cash is received by the City. Property taxes, utility taxes, communications taxes, sales taxes, fuel taxes, grant revenue, interest revenue, charges for services, and certain intergovernmental revenues are considered measurable and available and are thus susceptible to accrual. Local business tax revenues are not considered available, since neither a legally enforceable claim exists nor were the related services provided before October 1, 2020. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable. Exceptions to this general rule are principal and interest on general long-term obligations, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

Property taxes, utility taxes, communication taxes, sales and fuel taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for and reported in another fund.

The *General Government Capital and Construction Fund*. It accounts for the acquisition and construction of capital facilities and other capital assets for general government functions such as public safety, transportation, public works and recreation.

CITY OF VERO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The government reports the following major proprietary funds:

The *Water & Sewer System Fund* accounts for the activities of the government's water & sewer system for provision of water and sewer services to the customers within our designated service areas.

The *Municipal Airport Fund* accounts for the activities of the government's general aviation airport.

The *Municipal Marina Fund* accounts for the activities of the government's marina.

The *Solid Waste Fund* accounts for the activities of the government's solid waste disposal service to both commercial enterprises and residents.

Additionally, the government reports the following fund types:

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The *Permanent Fund* accounts for assets that are permanently restricted for cemetery care. The principal must be maintained intact and invested.

The *Pension and Other Post Employment Benefits (OPEB) Trust Funds* account for the activities of the General Employee Retirement Plan, the Police Officers' Retirement Fund, the Firefighter's Relief and Pension Fund, and the Other Post Employment Benefits plan, which accumulate resources for pension benefit and retiree health insurance payments for qualified city employees, police officers, and firefighters.

Agency Funds are used to accumulate resources held in a purely custodial capacity for the benefit of employees and retirees.

The *Internal Service Fund* accounts for self-insurance services provided to other departments of the City on a cost reimbursement basis for worker's compensation, automobile liability, general liability and health insurance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used, such as vehicle maintenance charges from the government's Fleet Management to various other functions of the government, are not eliminated in the statement of activities.

CITY OF VERO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Amounts reported as *Program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Restricted net position represents resources subject to restrictions beyond the City's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits and Investments

The City, for accounting and investment purposes, maintains a pooled cash and investment account for all funds. This gives the City the ability to invest large amounts of idle cash for short periods of time and to maximize earning potential. The "equity in pooled cash and investments" represents the amount owned by each fund. For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with maturities of three months or less when purchased to be cash equivalents. Pooled investments consist of U.S. Government Obligations, Wells Fargo Advantage Funds, Regions Bank and the Florida State Board of Administration's Local Government Investment Pool (SBA).

Investments, including those for Pension and Other Post Employment Benefits (OPEB) Trust Funds, are stated at fair value or amortized cost. Income from investments held by the individual funds is recorded in the respective fund as it is earned. All other investments owned by the City are accounted for in the City's investment pool. Income earned, from cash and pooled investments, is allocated to the respective funds based upon average monthly cash balances. All fair market valuations are based on quoted market prices.

Receivables and Payables

Activity between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year of a short-term nature and any other outstanding balances between funds are reported as due to and from other funds. The long-term portion of any borrowings between funds is reported as advances to and from other funds. Long-term advances of the governmental funds are recorded by the advancing fund as a receivable and a reservation of fund balance. Repayments reduce the corresponding receivable and the reserve. Any residual outstanding balances between the governmental activities and business-type activities at year-end are reported in the government-wide financial statements as internal balances.

All accounts and notes receivable are reported net of any allowances for uncollectibles.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Restricted Assets

Certain assets of the governmental activities, representing equity in pooled investments, are classified as restricted on the statement of net position because they are limited as to use by Federal, State or local law.

Certain proceeds of the City's enterprise revenue bonds and notes, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond and note covenants.

Other Assets

Inventories are comprised of materials and supplies held for consumption and are stated at cost on the basis of the weighted average method of accounting for the General Fund, Water and Sewer Fund, and the Municipal Marina Fund. The weighted average method of inventory results in charges against revenue on the basis of an average of the number of units acquired at each price level. Inventories are recognized as expenditures when they are used (consumption method), as opposed to when they are acquired (purchase method).

Prepaid items consist of prepaid postage costs, pension contributions and workers compensation costs that have been prepaid for the next fiscal year.

Inventories and prepaid items balances in the governmental fund types are offset by a fund balance reserve that indicates that they do not constitute "available spendable resources", even though they are a component of net current assets.

Capital Assets

Capital assets, including land, buildings, improvements other than buildings, intangible assets (i.e. software, easements and right-of-ways), infrastructure (i.e., roads, bridges, sidewalks, and similar items) and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial cost of \$1,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if constructed. Contributions or donations of capital assets received from federal, state or local sources are recorded as contributions when received and are stated at acquisition value.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest is capitalized on enterprise fund projects during the construction period based upon average accumulated project expenditures. The costs of normal maintenance and repairs that do not improve or extend the life of the respective assets are not capitalized.

Property, infrastructure, buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	40-50
Non-building improvements	10-20
Infrastructure	15-30
Machinery, equipment, software, and other	3-15

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Compensated Absences

It is the City's policy to grant all full-time employees annual leave between 10 and 25 days per year based upon the number of years of employment. In July 2012 (for employees not covered under a collective bargaining agreement) and in April 2015 (for those employees who are covered under collective bargaining) current annual leave balances were 'frozen'. In addition to the 'frozen' accrual, annual leave may be accumulated up to a limit of 25 working days for general employees and police officers (except lieutenants). Upon termination, the employee receives a cash payment for unused annual leave hours based upon the employee's then current wage rate.

Medical leave accrues to all full-time, permanent employees at a rate of one workday per month starting during the first full month of employment. In July 2012 (for employees not covered under a collective bargaining agreement) and in April 2015 (for those employees who are covered under collective bargaining) current medical leave balances were 'frozen'. Medical leave may be accumulated up to a maximum of 180 days in addition to the 'frozen' balance.

All eligible employees who leave the City due to resignation, retirement, permanent disability, or death, and who have been employed by the City for at least one year, receive a cash payment amount equal to the employee's accrued 'frozen' medical leave (up to a maximum of 120 days) multiplied by 3%-4% based on years of service (up to a maximum of 33 years) at the employee's final pay rate. For employees with more than one but less than three years of service, the minimum payment is 10%.

Accrued medical leave in excess of the 'frozen' amount is not eligible for a cash payout. In accordance with various specific provisions of existing City retirement plans, however, medical leave in excess of the amounts paid out may be used to increase an employee's length of continuous service for retirement benefits.

Accumulated compensated absences for annual leave and 'frozen' medical leave are recorded as liabilities in the government-wide and the proprietary funds when incurred. An expense for these amounts is reported in the governmental fund only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. In the proprietary funds bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are recorded net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred Inflows and Deferred Outflows of Resources

In addition to assets and liabilities, the statement of financial position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until that time. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental and business-type activities report deferred outflows and deferred inflows of resources related to the pension and other postemployment benefit plans.

Fund Equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (the government's highest level of decision-making authority). A formal resolution of the City Council is required to establish, modify, or rescind a fund balance commitment. The City reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance is the residual classification for the General Fund or negative fund balance in other governmental funds.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Internal service funds are used to record charges for services to all City departments and funds as transfers or operating revenue. All City funds record these payments to the internal service funds as transfers or operating expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. The City utilizes various investment instruments which are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

CITY OF VERO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

2. BUDGETARY INFORMATION

The City follows the procedures set forth below in establishing the budgetary data reflected in the financial statements:

Budgets are legally adopted for the General Fund, enterprise funds, and an internal service fund. Non major funds with legally adopted budgets include the special revenue funds for Confiscated Property, Law Enforcement Education and the Historic Downtown Vero Beach Economic Development Zone, the two capital projects funds and the Cemetery permanent fund.

The budget process begins in February and ends in September. Through a series of discussions and public meetings the City's level of service goals and anticipated revenues and expenditures for the next fiscal year are discussed and documented as the Annual Budget.

- Revenues are projected from rate structures, historical data, estimates and statistical trends available from City sources and outside agencies.
- Expenses are estimated on cost analyses, expected needs, and historical data produced by the finance and operating departments.

In July of each year, the City Manager presents a proposed annual budget to the City Council for the fiscal year beginning the following October 1st. In a series of meetings that are open to the public, the City Council meets to review the budget and thoroughly discuss it in detail and in overview.

The final adoption of the City's budget complies with the "Truth in Millage" Statute of Florida that mandates two public hearings prior to adoption of the ad valorem tax millage rate and the budget. Prior to October 1 of each year, the public hearings are completed, and the Council adopts the Final Budget and establishes the ad valorem tax millage rate.

The budget may be formally amended by City Council at any time during the fiscal year; however, in practice, it is usually amended one or two times per year. In fiscal year 2020 the budget was amended three times, in October 2019, April 2020 and November 2020 to recognize changes in projected revenues and expenditures for the general fund, enterprise funds and capital projects funds. Budget amounts shown in the financial statements reflect the amendments to the originally adopted budget.

The City Manager is authorized to reassign resources among the various account line items within an individual department without City Council approval, provided that the department's budgeted appropriation is not overspent in total. In addition, the City Manager may transfer resources among departments that are in the same fund without City Council approval provided that such transfer does not 1) exceed fifty thousand dollars in any one fiscal year and 2) does not exceed the total appropriation for that fund. As a result, the most stringent level of budgetary control is the departmental level, and the supplementary budget comparisons provide sufficient detail to demonstrate compliance at both the department and fund levels.

All legally adopted budgets are prepared in accordance with generally accepted accounting principles. Appropriations lapse at the end of the fiscal year.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

3. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of September 30, 2020:

Statement of net position	
Equity in pooled cash and investments	\$ 102,339,646
Restricted assets:	
Equity in pooled cash and investments	1,815,133
Statement of fiduciary net position	
Pension Trust funds:	
Investments	154,204,551
OPEB Trust fund:	
Investments	3,692,972
Total	<u>\$ 262,052,302</u>
Deposits and investments	
Bank deposits	
Checking and savings accounts	\$ 4,777,767
Investments:	
Cash and investment pool	99,363,012
Pension trust fund investments	154,204,551
OPEB trust fund investments	3,692,972
Cash on hand	14,000
Total	<u>\$ 262,052,302</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be returned. The City's cash deposits are fully insured by either federal depository insurance or by the multiple financial institution collateral pool pursuant to the Public Depository Security Act of the State of Florida.

The City maintains a cash and investment pool that is available for use by all funds except the Pension and Other Post Employment Benefits (OPEB) Trust Funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments."

City ordinances authorize the City to make investments through authorized depositories. The City's investment policy is designed to mirror the guidelines set forth in Florida Statute Section 218.415(15). As prescribed by the Florida statutes and City ordinance, the City's investment portfolio at September 30, 2020, and for the year then ended, includes money market mutual fund investments with Wells Fargo Advantage Funds and Regions Bank, the Florida State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (SBA) and investment in obligations of the U.S. Treasury and federal instrumentalities.

CITY OF VERO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

3. DEPOSITS AND INVESTMENTS - Continued

Wells Fargo Advantage Funds is the entity under which Wells Fargo Bank, N.A. conducts its investment management business. The City utilizes the Wells Fargo Advantage Government Money Market Fund - GVIXX to handle its pooled cash and investments, considered a money market mutual fund. The fund invests exclusively in high-quality, short term money market instruments that consist of U.S. Government obligations and repurchase agreements collateralized by U.S. Government obligations. This fund is rated AAAm by Standard and Poor's and Aaa-mf by Moody's.

Regions Bank serves as a Custodian for the investments of the City of Vero Beach. In accordance with the Custody Agreement, Regions Bank invests cash and funds not otherwise invested in the Fidelity Institutional Money Market Government Portfolio – Class I (FIGXX), which is rated AAAm by Standard and Poor's and Aaa-mf by Moody's, and is also considered a money market mutual fund.

The City has retained Insight Investment (formerly called Cutwater Asset Management (a subsidiary of Bank of New York Mellon) as the City's investment advisor for funds held with Regions Bank. Insight is responsible for the investment management of the City's assets in U.S. Treasury Notes, rated AA+ long-term /A-1+ short-term by Standard and Poor's and Aaa by Moody's. The City also has investments in various Federal Instrumentalities and Government-Sponsored Enterprises, including; Federal Home Loan Bank; Federal Farm Credit Bank; Federal National Mortgage Association; Federal Home Loan Mortgage Corporation; and Overseas Private Investment Corporation. The federal instrumentalities, which were assigned ratings by Standard and Poor's, were all rated AA+.

SBA investments are held in Florida PRIME (formerly Fund A) which is an open-pool investment fund operated by the SBA that operates in essentially the same fashion as a mutual fund and is open to non-pension assets of all Florida governmental entities. Florida PRIME is rated AAAm by Standard and Poor's and will buy only top tier, money-market assets of the highest quality. It is a qualifying investment pool with an objective to pool investments from participants in a portfolio of eligible securities that principally provides liquidity while preserving capital and secondarily provides competitive yields net of fees.

To the extent possible, the City will attempt to match its investments with overall anticipated cash flow requirements. Unless matched to a specific cash flow requirement, the City will not directly invest in securities maturing more than seven (7) years from the date of purchase. No more than 30% of the City's non-pension investment portfolio shall be placed in securities maturing in more than three (3) years; the average maturity of the portfolio as a whole may not exceed three years.

The deposits and investments of the Pension Trust Funds and the OPEB Trust Fund are held separately from those of other City funds. As prescribed by the Plan documents, the investment portfolios for these funds at September 30, 2020 and for the year then ended include investment obligations of the U.S. Treasury, various domestic and international stocks and bonds, and real estate.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

3. DEPOSITS AND INVESTMENTS – Continued

Custodial Credit Risk – Investments

The following is a summary of the City’s general investments as of September 30, 2020:

<u>Investment Type</u>	<u>Value</u>
U.S. Treasury notes	\$ 70,188,847
Federal instrumentalities	8,921,925
Mortgage backed securities	14,422,654
Money market mutual funds	5,417,653
Florida PRIME	411,933
Total	<u>\$ 99,363,012</u>

The types of deposits and investments and their level of risk exposure as of September 30, 2020 were typical of these items during the fiscal year then ended.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

3. DEPOSITS AND INVESTMENTS – Continued

The City categorizes its fair value measurements within the fair value hierarchy established in accordance with generally accepted accounting principles. The hierarchy is based on the valuation of inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Certain other investments are valued at amortized cost, which approximates fair value, or net asset value per share (NAV). As of September 30, 2020, the City had the following investments and effective duration presented in terms of years:

Investment Type	Assigned Value	Investment Maturity (In Years)			Valuation
		Less Than 1	From 1-3	Over 4	
General investments					
U.S. Treasury notes	\$ 70,188,847	\$ 18,260,891	\$ 49,838,278	\$ 2,089,678	2
Federal instrumentalities	8,921,925	1,449,065	4,765,106	2,707,754	2
Mortgage backed securities	14,422,654	-	2,485,836	11,936,818	2
Money market mutual funds	5,417,653	5,417,653	-	-	Amortized Cost
Florida PRIME	411,933	411,933	-	-	Amortized Cost
	<u>99,363,012</u>	<u>25,539,542</u>	<u>57,089,220</u>	<u>16,734,250</u>	
Pension fund investments					
Money market mutual funds	1,472,005	1,472,005	-	-	1
Mutual fund investments	101,911,121	101,911,121	-	-	1
Corporate stocks	31,240,979	31,240,979	-	-	1
Corporate bonds	8,057,206	-	999,158	7,058,048	2
U.S. Treasury bonds and notes	1,117,158	-	-	1,117,158	2
Federal instrumentalities	4,567,951	2,189,363	2,378,588	-	2
Mortgage/asset-backed securities	671,106	161	-	670,945	2
Real estate investment trust	5,055,442	5,055,442	-	-	NAV
Municipal bonds & notes	111,280	-	59,070	52,210	2
	<u>154,204,248</u>	<u>141,869,071</u>	<u>3,436,816</u>	<u>8,898,361</u>	
OPEB fund investments					
Mutual fund investments	<u>3,692,972</u>	<u>3,692,972</u>	<u>-</u>	<u>-</u>	
	<u>\$257,260,232</u>	<u>\$171,101,585</u>	<u>\$ 60,526,036</u>	<u>\$25,632,611</u>	

There are no restrictions or limitations on withdrawals of investments valued at amortized cost; however, Florida PRIME may, on the occurrence of an event that has a material impact on liquidity or operations, impose restrictions on withdrawals for up to 48 hours. The investments valued at NAV may be redeemed quarterly with 60 days' notice and have no unfunded commitments.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

3. DEPOSITS AND INVESTMENTS – Continued

U.S. Treasury bonds and notes, federal instrumentalities, mortgage/asset-backed securities, corporate bonds and municipal bonds and notes in Level 2 of the fair value hierarchy are valued by surveying various market makers and dealers, as well as data from the new issue market.

The following table discloses credit ratings by investment type for the City's investments at September 30, 2020:

Investment Type	S&P Credit Rating	Total Assigned Value
General investments		
U.S. Treasury notes	AA+	\$ 70,188,847
Federal instrumentalities	AA+	8,921,925
Mortgage backed securities	AAA	14,422,654
Money market mutual funds	AAA _m	5,417,653
Florida PRIME	AAA _m	411,933
		<u>\$ 99,363,012</u>

		General Employee Retirement Plan	Police Officers' Retirement Fund	Firefighter's Relief and Pension Fund	OPEB Trust Fund	Total Assigned Value
Pension and OPEB fund investments						
Money market mutual funds	AAA _m	\$ -	\$ 838,527	\$ 633,478	\$ -	\$ 1,472,005
Mutual fund investments	Not Rated	99,282,581	1,941,698	686,842	3,692,972	105,604,093
Corporate stocks	Not Rated	-	27,514,737	3,726,242	-	31,240,979
Corporate bonds	AA+	-	-	42,147	-	42,147
	AA	-	-	7,658	-	7,658
	AA-	-	-	5,454	-	5,454
	A+	-	-	10,030	-	10,030
	A	-	1,221,213	71,853	-	1,293,066
	A-	-	3,308,852	9,998	-	3,318,850
	BBB+	-	3,319,486	23,615	-	3,343,101
	BBB	-	-	26,919	-	26,919
	BBB-	-	-	9,982	-	9,982
U.S. Treasury bonds and notes	AA+	-	1,117,158	-	-	1,117,158
Federal instrumentalities	AA+	-	3,124,353	-	-	3,124,353
	Not Rated	-	1,443,598	-	-	1,443,598
Mortgage/asset backed securities	Not Rated	-	141,804	529,302	-	671,106
Real estate investment trust	Not Rated	-	3,901,582	1,153,860	-	5,055,442
Municipal bonds & notes	AAA	-	-	5,161	-	5,161
	AA+	-	-	5,377	-	5,377
	AA	-	-	68,549	-	68,549
	AA-	-	-	5,579	-	5,579
	A-	-	-	26,613	-	26,613
		<u>99,282,581</u>	<u>47,873,008</u>	<u>7,048,659</u>	<u>3,692,972</u>	<u>157,897,220</u>
		\$ 99,282,581	\$ 47,873,008	\$ 7,048,659	\$ 3,692,972	\$ 257,260,232

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

4. RECEIVABLES

Receivables are comprised of the following at year end September 30, 2020:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts	\$ 2,488,373	\$ 2,596,167
Allowance for uncollectible receivables	(1,645,070)	(290,404)
Special assessments	10,709	161,139
Interest	253,666	77,213
Due from other governments	<u>2,266,891</u>	<u>1,108,940</u>
	<u>\$ 3,374,569</u>	<u>\$ 3,653,055</u>

The Water and Sewer Fund and Solid Waste Fund operating revenues are generally recognized on the basis of cycle billings rendered monthly. Revenues for services delivered during September that have not been read as of year-end are accrued based upon meter readings taken at the beginning of October and billed in October.

Special assessments receivable are recorded at the time the related project is completed and are secured by liens on the property benefited. Revenue in governmental funds is deferred until such time it becomes an available, spendable, or appropriable resource. Special assessment revenues are recorded in the government-wide and enterprise fund financial statements when earned.

The City provides an allowance for water and sewer and solid waste accounts receivable that may become uncollectible, which ranges from 2 - 3% of sales. The amount of bad debt expense at September 30, 2020 was approximately \$73,827 for both utilities. No other allowances for uncollectible accounts are maintained, since other fund accounts receivable are considered collectible as reported at September 30, 2020.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As of September 30, 2020, accounts payable and accrued liabilities consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts and contracts payable	\$ 673,984	\$ 1,017,925
Accrued liabilities	878,688	343,526
Accrued interest on long-term debt	17,237	45,311
Current portion of unearned revenue	<u>-</u>	<u>21,652</u>
	<u>\$ 1,569,909</u>	<u>\$ 1,428,414</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2020, was as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General fund capital and construction	\$ 184,251	\$ -
Infrastructure & real estate improvements	-	184,251
	<u>\$ 184,251</u>	<u>\$ 184,251</u>

This balance resulted from a short-term interfund loan to cover an unrestricted cash deficit.

For the year ended September 30, 2020, the interfund transfers consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Totals</u>
	<u>General Fund</u>	<u>General Government Capital & Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Proprietary Funds</u>	
General Fund	\$ -	\$ 300,000	\$ 135,027	\$ -	\$ 435,027
Nonmajor Governmental Funds	-	2,286,787	113,343	-	2,400,130
Proprietary Funds					
Water & sewer system fund	1,005,000	-	-	-	1,005,000
Municipal marina fund	101,000	-	-	-	101,000
Solid waste	173,000	-	-	-	173,000
Internal Service Funds	312,576	-	994	86,487	400,057
	<u>\$ 1,591,576</u>	<u>\$ 2,586,787</u>	<u>\$ 249,364</u>	<u>\$ 86,487</u>	<u>\$ 4,514,214</u>

The City's routine budgeted transfers from the General Fund and nonmajor governmental funds are for the payment of debt service obligations and the transfer of revenues from the capital project fund that collects local government infrastructure sales tax revenue to the capital project fund with the budgetary authority to expend this revenue. The General Fund transferred ad valorem tax revenue to the Historic Downtown Vero Beach Economic Development Zone fund for the associated tax increment for FY 2020, to be used for capital projects. The General Fund also transferred code compliance fines to the capital project fund to be used for improvements to the Police pistol range.

The transfers from the various proprietary funds into the General Fund are budgeted amounts which represent a financial return to the City's general government for the operation of these utilities and business-type enterprises; this transfer is budgeted at 6% of each fund's annual operating revenue. The transfer from internal service funds to all other funds is a return of excess balances from the closed self-insured health insurance fund.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

7. CAPITAL ASSETS

Primary government

Capital asset activity for the primary government for the year ended September 30, 2020 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 5,008,547	\$ -	\$ -	\$ -	\$ 5,008,547
Intangible assets	825,080	-	-	-	825,080
Construction in progress	178,697	1,349,256	-	(35,432)	1,492,521
	<u>6,012,324</u>	<u>1,349,256</u>	<u>-</u>	<u>(35,432)</u>	<u>7,326,148</u>
Capital assets being depreciated:					
Buildings	16,198,708	58,934	(1,434)	-	16,256,208
Improvements other than buildings	18,676,395	66,785	(16,915)	-	18,726,265
Machinery and equipment	13,718,683	823,334	(389,174)	2,593	14,155,436
Infrastructure	45,697,794	648,953	-	-	46,346,747
	<u>94,291,580</u>	<u>1,598,006</u>	<u>(407,523)</u>	<u>2,593</u>	<u>95,484,656</u>
Less accumulated depreciation for:					
Buildings	(9,499,947)	(302,992)	1,434	-	(9,801,505)
Improvements other than buildings	(13,532,383)	(452,556)	15,604	-	(13,969,335)
Machinery and equipment	(9,601,972)	(1,166,075)	386,070	(2,857)	(10,384,834)
Infrastructure	(29,537,742)	(970,534)	-	-	(30,508,276)
	<u>(62,172,044)</u>	<u>(2,892,157)</u>	<u>403,108</u>	<u>(2,857)</u>	<u>(64,663,950)</u>
Total capital assets being depreciated, net	<u>32,119,536</u>	<u>(1,294,151)</u>	<u>(4,415)</u>	<u>(264)</u>	<u>30,820,706</u>
Governmental activities capital assets, net	<u>\$ 38,131,860</u>	<u>\$ 55,105</u>	<u>\$ (4,415)</u>	<u>\$ (35,696)</u>	<u>\$ 38,146,854</u>

Depreciation of governmental activities by function

General Government	\$ 1,004,006
Public Safety	566,109
Transportation	633,276
Physical Environment	82,505
Cultural and Recreation	<u>606,261</u>
	<u>\$ 2,892,157</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

7. CAPITAL ASSETS – Continued

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 6,363,514	\$ -	\$ -	\$ -	\$ 6,363,514
Construction in progress	2,062,358	2,819,041	-	(1,596,786)	3,284,613
	<u>8,425,872</u>	<u>2,819,041</u>	<u>-</u>	<u>(1,596,786)</u>	<u>9,648,127</u>
Capital assets being depreciated:					
Buildings	33,868,313	1,092,623	(519,390)	-	34,441,546
Improvements other than buildings	174,661,858	1,382,605	(187,900)	-	175,856,563
Machinery and equipment	10,064,852	1,246,187	(346,821)	(2,593)	10,961,625
	<u>218,595,023</u>	<u>3,721,415</u>	<u>(1,054,111)</u>	<u>(2,593)</u>	<u>221,259,734</u>
Less accumulated depreciation for:					
Buildings	(16,281,900)	(692,635)	320,721	-	(16,653,814)
Improvements other than buildings	(90,518,122)	(5,158,681)	151,273	-	(95,525,530)
Machinery and equipment	(7,437,010)	(695,149)	346,821	2,857	(7,782,481)
	<u>(114,237,032)</u>	<u>(6,546,465)</u>	<u>818,815</u>	<u>2,857</u>	<u>(119,961,825)</u>
Total capital assets being depreciated, net	<u>104,357,991</u>	<u>(2,825,050)</u>	<u>(235,296)</u>	<u>264</u>	<u>101,297,909</u>
Business-type activities capital assets, net	<u>\$ 112,783,863</u>	<u>\$ (6,009)</u>	<u>\$ (235,296)</u>	<u>\$ (1,596,522)</u>	<u>\$ 110,946,036</u>

Depreciation of business-type activities by function

Water & sewer system	\$ 3,518,069
Municipal airport	2,652,463
Municipal marina	72,917
Solid waste	303,016
	<u>\$ 6,546,465</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

8. LONG TERM DEBT

The City's outstanding long-term liabilities include bonds payable, loans payable, claims payable, capital lease-purchase contracts and compensated absences. Compensated absences are liquidated by all funds affected (primarily the general fund, electric fund and water and sewer fund) and the due within-one-year portion of the compensated absences is based upon a 5% estimate of the ending balance. Claims payable also uses a percentage basis for estimating its portion of worker's compensation and general liability 'legacy' claims that are due within one year. The estimate is approximately 30% of the ending balance.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental Activities:					
Revenue Notes	\$ 1,190,000	\$ -	\$ (85,000)	\$ 1,105,000	\$ 90,000
Capital Lease-Purchase	1,314,125	212,626	(582,694)	944,057	431,907
Claims Payable	1,336,000	-	(99,000)	1,237,000	371,298
Compensated Absences	3,500,094	77,770	(261,156)	3,316,708	165,835
Totals	<u>\$ 7,340,219</u>	<u>\$ 290,396</u>	<u>\$ (1,027,850)</u>	<u>\$ 6,602,765</u>	<u>\$ 1,059,040</u>
Business-type Activities:					
Revenue Bonds and Notes	\$ 10,858,541	\$ -	\$ (1,686,069)	\$ 9,172,472	\$ 1,716,624
Capital Lease-Purchase	147,954	-	(60,669)	87,285	48,637
Compensated Absences	1,774,094	130,769	(137,623)	1,767,240	88,362
Totals	<u>\$ 12,780,589</u>	<u>\$ 130,769</u>	<u>\$ (1,884,361)</u>	<u>\$ 11,026,997</u>	<u>\$ 1,853,623</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

8. LONG TERM DEBT – Continued

	Balance as of 9/30/20
Revenue Notes - Governmental activities	
<i>Series 2016 Capital Improvement Revenue Note</i>	
In March 2016, the City issued a \$1,400,000 capital improvement revenue note to finance a portion of the costs for the reconstruction of Airport Drive (34th Ave). Principal payments are due annually beginning on October 1, 2016 through October 1, 2030. The note bears interest at 2.47%, payable semiannually on April 1 and October 1 of each year until maturity. The note is secured by, and payable from, non-ad valorem revenues. Principal and interest paid for the current year was \$113,343.	
	<u>\$ 1,105,000</u>
Total governmental activities	<u>\$ 1,105,000</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

8. LONG TERM DEBT – Continued

Balance as of
9/30/20

Revenue Bonds and Notes – Business-type activities

Series 2013 Water & Sewer System Refunding Revenue Note

In July 2013, the City issued a \$8,465,000 refunding revenue note to refinance the remaining principal on a loan agreement originally entered into in 2008 for the refunding of the Water & Sewer Fund Sunshine Loans and the Water & Sewer System 2003A Revenue Bonds. Principal payments are due annually on December 1 through December 1, 2021. The note bears interest at 1.68% payable semi-annually on June 1 and December 1 of each year until maturity. The note is secured by all lawfully available Water and Sewer revenues of the City. Principal and interest paid for the current year was \$1,125,334 and Water and Sewer Net Revenues were \$6,615,000.

\$ 2,220,000

WW310201 State Revolving Fund (SRF) Clean Water Construction Loan (Original and Amendment #2)

In November 2009, the City entered into a loan agreement with the State of Florida Department of Environmental Protection for construction of capital improvements in the Water & Sewer system fund. In December 2012, this agreement was amended to increase the available funding for the City's project. The loan agreement was finalized in July 2012 based on actual project costs. The final principal amount of the original loan is \$10,278,159 (including disbursements, capitalized interest and service fees) at an interest rate of 2.62%. The final principal amount of Amendment #2 is \$1,684,394 (including disbursements and service fees) at an interest rate of 2.26%. Payments on both principal amounts are due semiannually on February 15 and August 15 through August 15, 2030. Interest payments on both principal amounts are payable semiannually on February 15 and August 15 each year until maturity. The note is secured by Gross Revenues derived yearly from the operation of the Water and Sewer system, after payment of Operation and Maintenance expense and the satisfaction of all senior obligations. Principal and interest paid for the current year was \$756,531 and Water and Sewer Net Revenues were \$6,615,000.

6,656,281

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

8. LONG TERM DEBT – Continued

Balance as of
9/30/20

DW310220 State Revolving Fund (SRF) Drinking Water Construction Loan

In January 2010, the City entered into a loan agreement with the State of Florida Department of Environmental Protection for construction of capital improvements in the Water & Sewer system fund. The loan agreement was finalized in January 2012 based on actual project costs. The final principal amount of the loan is \$313,150 (including disbursements and capitalized interest) at an interest rate of 2.82%. The SRF also disbursed funding in the amount of \$1,752,336 towards project costs which was categorized as principal forgiveness and recorded as a grant. Principal payments are due semiannually on April 15 and October 15 through October 15, 2030. Interest is payable semiannually on April 15 and October 15 each year until maturity. The note is secured by Gross Revenues derived yearly from the operation of the Water and Sewer system, after payment of Operation and Maintenance expense and the satisfaction of all senior obligations. Principal and interest paid for the current year was \$20,331 and Water and Sewer Net Revenues were \$6,615,000.

\$ 185,570

DW310221 State Revolving Fund (SRF) Drinking Water Construction Loan

In December 2010, the City entered into a loan agreement with the State of Florida Department of Environmental Protection for construction of capital improvements in the Water & Sewer system fund. The loan agreement was finalized in January 2012 based on actual project costs. The final principal amount of the loan is \$196,800 (including disbursements and service fees) at an interest rate of 2.43%. Principal payments are due semiannually on April 15 and October 15 through October 15, 2030. Interest is payable semiannually on April 15 and October 15 each year until maturity. The note is secured by Gross Revenues derived yearly from the operation of the Water and Sewer system, after payment of Operation and Maintenance expense and the satisfaction of all senior obligations. Principal and interest paid for the current year was \$11,889 and Water and Sewer Net Revenues were \$6,615,000.

110,621

Total business-type activities

\$ 9,172,472

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

8. LONG TERM DEBT – Continued

The debt obligations all allow for the obligors to take whatever legal actions are necessary to collect the amounts due in the event of default. The following debt obligations have additional remedies in the event of defaults as follows:

- **Series 2016 Capital Improvement Revenue Note** – The note holder may declare the entire debt then remaining unpaid immediately due and payable. The City would be obligated to pay all costs of collection and enforcement of the provisions of the note, as well as late fees if the full amount is not paid within five (5) days after it is due.
- **Series 2013 Water & Sewer System Refunding Revenue Note** – The note holder may declare the entire debt then remaining unpaid immediately due and payable. The City would be obligated to pay all costs of collection and enforcement of the provisions of the note, as well as late fees if the full amount is not paid within fifteen (15) days after it is due.
- **State Revolving Fund (SRF) Loans** – The Florida Department of Environmental Protection (DEP), subject to the rights of prior liens on the pledged revenue, may establish rates and collect fees for use of the water and sewer systems to fund fulfillment of the agreement, require an accounting of the pledged utility revenues, prevent unlawful activities or violations of the rights of the DEP, request a court to appoint a receiver to manage the City's water and sewer systems, intercept the delinquent amount (plus penalties) from any funds due to the City from State of Florida revenue or tax sharing funds, notify financial market credit rating agencies and potential creditors of the default, sue for payment of amounts due (along with interest and costs of collection), or accelerate the repayment schedule and increase the interest rate as much as 1.667 times.
- **Capital Lease-Purchase Agreements** – The lender has the right to take any combination of remedial steps including declaring all payments to the end of the then current budget year to be immediately due and payable, requiring the City to deliver any or all of the equipment and additional collateral to the lender, forcibly taking possession of the equipment if it is not delivered timely by the City, and taking any necessary legal actions to enforce its rights (with the City liable for all costs of enforcement).

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

8. LONG TERM DEBT – Continued

Capital Lease-Purchases

The City leases various vehicles and capital equipment under municipal lease-purchase agreements. These agreements have terms of 4-6 years and ownership of the assets transfers to the City at the end of the capital lease-purchase period. These agreements include non-appropriation clauses under which possession of the vehicles reverts to the bank, with no further obligations to the City, if the City should fail to appropriate the funds for the lease payments in any given fiscal year. The City currently has the following capital lease-purchase agreements outstanding at September 30, 2020:

	Balance as of 9/30/20
Capital Lease-Purchases - Governmental activities	
<i>KS State Bank Agreement #3351254</i>	
In March 2017 the City entered into a capital lease-purchase with KS State Bank to purchase various fleet and police department vehicles for both governmental and business-type activities. The original amount of the borrowing for governmental activities is \$701,267. Principal and interest payments are due annually beginning on August 30, 2017 through August 30, 2021. The interest rate for this agreement is 2.83%. Principal and interest paid for the current year (attributable to governmental activities) was \$150,146.	\$ 146,014
<i>KS State Bank Agreement #3352836</i>	
In January 2018 the City entered into a capital lease-purchase with KS State Bank to purchase various fleet and police department vehicles for both governmental and business-type activities. The original amount of the borrowing for governmental activities is \$707,945. Principal and interest payments are due annually beginning on August 1, 2018 through August 1, 2022. The interest rate for this agreement is 2.93%. Principal and interest paid for the current year (attributable to governmental activities) was \$152,420.	291,947
<i>KS State Bank Agreement #3354915</i>	
In February 2019 the City entered into a capital lease-purchase with KS State Bank to purchase various fleet and police department vehicles for both governmental and business-type activities. The original amount of the borrowing for governmental activities is \$480,073. Principal and interest payments are due annually beginning on August 15, 2019 through August 15, 2023. The interest rate for this agreement is 3.95%. Principal and interest paid for the current year (attributable to governmental activities) was \$105,651.	293,470

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

8. LONG TERM DEBT – Continued

	Balance as of 9/30/20
Capital Lease-Purchases - Governmental activities (continued)	
<i>KS State Bank Agreement #3357959</i>	
In September 2020 the City entered into a capital lease-purchase with KS State Bank to purchase various fleet and police department vehicles for governmental activities. The original amount of the borrowing for governmental activities is \$212,626. Principal and interest payments are due annually beginning on December 15, 2020 through December 15, 2024. The interest rate for this agreement is 2.88%. Principal and interest paid for the current year (attributable to governmental activities) was \$-0-	212,626
Total governmental activities	\$ 944,057

Capital Lease-Purchases - Business-type activities

KS State Bank Agreement #3351254

In March 2017 the City entered into a capital lease-purchase with KS State Bank to purchase various fleet and police department vehicles for both governmental and business-type activities. The original amount of the borrowing for business-type activities is \$738,740. Principal and interest payments are due annually beginning on August 30, 2017 through August 30, 2021. The interest rate for this agreement is 2.83%. Principal and interest paid for the current year (attributable to business-type activities) was \$23,464.	\$ 22,869
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KS State Bank Agreement #3352836

In January 2018 the City entered into a capital lease-purchase with KS State Bank to purchase various fleet and police department vehicles for both governmental and business-type activities. The original amount of the borrowing for business-type activities is \$72,108. Principal and interest payments are due annually beginning on August 1, 2018 through August 1, 2022. The interest rate for this agreement is 2.93%. Principal and interest paid for the current year (attributable to business-type activities) was \$15,455.	29,736
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CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

8. LONG TERM DEBT – Continued

Capital Lease-Purchases - Business-type activities (continued)	Balance as of 9/30/20
<i>KS State Bank Agreement #3354915</i>	
In February 2019 the City entered into a capital lease-purchase with KS State Bank to purchase various fleet and police department vehicles for both governmental and business-type activities. The original amount of the borrowing for business-type activities is \$56,731. Principal and interest payments are due annually beginning on August 15, 2019 through August 15, 2023. The interest rate for this agreement is 3.95%. Principal and interest paid for the current year (attributable to business-type activities) was \$12,415.	34,680
Total business-type activities	\$ 87,285

Annual debt service requirements to maturity for long-term debt are as follows:

Governmental Activities:

Years Ended September 30,	Capital Improvement Revenue Note Series 2016		KS State Bank Capital Lease-Purchase # 3351254 (partial)	
	Principal	Interest (FY)	Principal	Interest (FY)
2021	\$ 90,000	26,182	\$ 146,014	\$ 4,132
2022	90,000	23,959	-	-
2023	95,000	21,674	-	-
2024	95,000	19,328	-	-
2025	100,000	16,920	-	-
2026-2030	520,000	46,930	-	-
2031	115,000	1,420	-	-
	\$ 1,105,000	\$ 156,413	\$ 146,014	\$ 4,132

Years Ended September 30,	KS State Bank Capital Lease-Purchase # 3352836 (partial)		KS State Bank Capital Lease-Purchase # 3354915 (partial)	
	Principal	Interest (FY)	Principal	Interest (FY)
2021	\$ 143,866	\$ 8,554	\$ 94,058	\$ 11,592
2022	148,081	4,339	97,775	7,877
2023	-	-	101,637	4,015
	\$ 291,947	\$ 12,893	\$ 293,470	\$ 23,484

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

8. LONG TERM DEBT – Continued

Years Ended September 30,	KS State Bank Capital Lease-Purchase # 3357959	
	Principal	Interest (FY)
2021	\$ 43,754	\$ 1,548
2022	40,437	4,864
2023	41,602	3,699
2024	42,800	2,501
2025	44,033	1,268
	\$ 212,626	\$ 13,880

Business-type Activities

Water and Sewer Fund:

Years Ended September 30,	Water & Sewer Refunding Rev Note Series 2013		SRF Clean Water WW 310201 (Orig & Amendment 2)	
	Principal	Interest (FY)	Principal	Interest (FY)
2021	\$ 1,100,000	\$ 28,056	\$ 591,838	\$ 167,162
2022	1,120,000	9,408	607,130	151,870
2023	-	-	622,818	136,182
2024	-	-	638,913	120,087
2025	-	-	655,424	103,576
2026-2030	-	-	3,540,158	254,842
	\$ 2,220,000	\$ 37,464	\$ 6,656,281	\$ 933,719

Years Ended September 30,	SRF Drinking Water DW 310220		SRF Drinking Water DW 310221	
	Principal	Interest (FY)	Principal	Interest (FY)
2021	\$ 15,418	\$ 5,125	\$ 9,369	\$ 2,632
2022	15,855	4,687	9,597	2,402
2023	16,305	4,237	9,832	2,168
2024	16,768	3,774	10,072	1,927
2025	17,244	3,298	10,319	1,681
2026-2030	93,852	8,859	55,503	4,496
2031	10,128	143	5,929	72
	\$ 185,570	\$ 30,123	\$ 110,621	\$ 15,378

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

8. LONG TERM DEBT – Continued

Water and Sewer Fund (continued):

Years Ended September 30,	KS State Bank Capital Lease-Purchase # 3351254 (partial)		KS State Bank Capital Lease-Purchase # 3352836 (partial)	
	Principal	Interest (FY)	Principal	Interest (FY)
2021	\$ 8,116	\$ 230	\$ 4,575	\$ 272
2022	-	-	4,708	138
	\$ 8,116	\$ 230	\$ 9,283	\$ 410

Airport Fund:

Years Ended September 30,	KS State Bank Capital Lease-Purchase # 3351254 (partial)		KS State Bank Capital Lease-Purchase # 3352836 (partial)	
	Principal	Interest (FY)	Principal	Interest (FY)
2021	\$ 5,745	\$ 163	\$ 5,470	\$ 325
2022	-	-	5,630	165
	\$ 5,745	\$ 163	\$ 11,100	\$ 490

	KS State Bank Capital Lease-Purchase # 3354915 (partial)	
	Principal	Interest (FY)
2021	\$ 6,608	\$ 814
2022	6,868	553
2023	7,139	282
	\$ 20,615	\$ 1,649

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

8. LONG TERM DEBT – Continued

Solid Waste Fund:

Years Ended September 30,	KS State Bank Capital Lease-Purchase # 3351254 (partial)		KS State Bank Capital Lease-Purchase # 3352836 (partial)	
	Principal	Interest (FY)	Principal	Interest (FY)
2021	\$ 9,008	\$ 255	\$ 4,609	\$ 274
2022	-	-	4,744	139
	\$ 9,008	\$ 255	\$ 9,353	\$ 413

	KS State Bank Capital Lease-Purchase # 335915 (partial)	
	Principal	Interest (FY)
2021	\$ 4,509	\$ 556
2022	4,686	378
2023	4,870	192
	\$ 14,065	\$ 1,126

Defeased Debt

The following bonds have been defeased by investments in governmental obligations held in escrow for payment of principal and interest:

	Year Defeased	Original Bond Amount	Defeased Outstanding at 9/30/20
Water and Sewer Revenue Bonds, Series 1991	1993	\$ 16,500,000	\$ 2,330,000
Water and Sewer Refunding Revenue Bonds, Series 1993B	2003	18,085,000	2,270,000

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

9. LEASES

Rental Income

The City is involved in various leasing arrangements, wherein land and buildings with a carrying value of \$3,200 are leased to outside parties. Rental income of \$288,304 was recorded in the General Fund for the year ended September 30, 2020.

The Airport Fund is involved in various leasing arrangements for its facilities. These leases consist of operating leases for land, buildings, and other improvements. The Airport has been updating its leases to include various legal provisions and an escalation clause for monthly rental payments. This annual escalation clause is based upon the United States Department of Labor, Consumer Price Index. The majority of the Airport leases are subject to federal requirements established by the Federal Aviation Administration. Rental income of \$2,635,041 was recorded in the Airport Fund for the year ended September 30, 2020.

The following is a schedule, by years, of minimum future rental income on non-cancellable operating leases as of September 30, 2020:

<u>Years Ended September 30,</u>	<u>Amount</u>
2021	\$ 2,496,607
2022	1,960,272
2023	1,909,531
2024	1,846,568
2025	1,820,386
2026-2030	8,750,630
2031-2035	6,334,574
2036-2040	3,021,182
2041-2045	2,495,207
2046-2050	<u>1,005,708</u>
Total	<u>\$ 31,640,665</u>

10. RISK MANAGEMENT

Effective October 1, 1988, the City made a decision to retain additional risks in certain areas. A Self-Insurance program and a related internal service fund were established to provide coverage for statutory worker's compensation, automobile liability and general liability. The City still maintained outside commercial coverage for property damage, airport liability and excess liability. The City purchased commercial insurance policies for the water treatment plant, airport, public official liability and other "catastrophic" occurrences and workers' compensation claims in excess of \$250,000 for employees with statutory limits per accident. All departments of the City participated in the self-insurance program. Payments were made by various funds to the self-insurance funds based on past experience of the amounts needed to pay current year claims. The City did not have any settlements that exceeded coverage in any of the prior three fiscal years.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

10. RISK MANAGEMENT – Continued

Effective October 1, 2012, the City transitioned to fully insured workers compensation and third party general liability insurance (with a self-insurance retention). As a result, for the fiscal year ended September 30, 2020, the Liability Insurance internal service fund received no self-insurance premium revenues; instead, insurance premiums from third party insurance providers were allocated as direct charges to the appropriate operating fund.

Claims expenses within the Liability Insurance internal service fund were for 'legacy' claims of various types and the City has established adequate reserves to fund these outstanding claims to completion.

The City moved to a fully insured health insurance plan effective October 1, 2012. As a result, for the fiscal year ended September 30, 2020, the Health Insurance internal service fund received no premium revenues and the City has undertaken a closeout of this fund by returning all excess funds generated by prior year's premiums to the various City funds.

The claims liability reported in the Fund at September 30, 2020 is based on the requirements of GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues" as amended by GASB Statement No. 30 "Risk Financing Omnibus", which requires that claims liabilities be based upon the estimated ultimate costs of settling the claims and that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The change in the Fund's claim liability amount during the past two fiscal years is as follows:

	<u>Liability Insurance</u>
Estimated Liability, September 30, 2018	\$ 1,416,000
Claims & changes in estimates	7,758
Claim payments	<u>(87,758)</u>
Estimated liability, September 30, 2019	1,336,000
Claims & changes in estimates	8,680
Claim payments	<u>(107,680)</u>
Estimated liability, September 30, 2020	<u>\$ 1,237,000</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

11. RESTRICTED ASSETS

The Water and Sewer, Marina and Solid Waste enterprise funds have certain cash and investments that are restricted either by bond resolutions, ordinances, or governmental regulations. The following is a summary of restricted assets by fund at September 30, 2020:

	Water and Sewer System	All Other Proprietary Funds	Total
Sinking funds	\$ 1,071,936	\$ -	\$ 1,071,936
Debt service	-	364	364
Customer deposits	742,833	-	742,833
	<u>\$ 1,814,769</u>	<u>\$ 364</u>	<u>\$ 1,815,133</u>

12. PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the City for the fiscal year ended September 30, 2020 was 2.5000 mills.

Property taxes are billed and collected within the same fiscal period, and are reflected on the modified accrual basis. Ad valorem taxes on property values have a lien assessment and date of January 1, with the millage established during September. The fiscal year for which taxes are levied begins October 1. All taxes are due and payable on November 1 with discounts allowed for early payments at the rate of 4% in November, 3% in December, 2% in January and 1% in February. All unpaid taxes become delinquent on April 1. Unpaid taxes are collected via the sale of tax certificates on or prior to June 1. The tax certificate money is then sent to the appropriate taxing agency, in accordance with its tax levy, to complete its ad valorem tax revenue requirement. Property tax revenues are recognized in the fiscal year for which they are levied and also become due and payable.

13. PENSION PLANS

The City administers three single-employer public employee retirement systems (PERS); the General Employee Retirement Plan, the Police Officers' Retirement Fund, and the Firefighter's Relief and Pension Fund. All three of the City's pension plans provide retirement, disability, and death benefits as established by City Ordinance. All of these pension plans are included as trust funds in the City's financial statements and separate reports for these pension plans are not available. For the year ended September 30, 2020, the City recognized total pension expense of \$643,391 for the three pension plans. In regards to governmental funds, net pension liabilities have been liquidated by the General Fund, Crestlawn Cemetery Fund and Police & Firefighter Premium Tax Trust Fund.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

13. PENSION PLANS – Continued

GENERAL EMPLOYEE RETIREMENT PLAN

General Information about the Plan

Plan description. The General Employee Retirement Plan is a single employer defined benefit pension plan that provides pensions for all permanent full time general employees of the City. The plan was established by City Ordinance and adopted by Resolution, and the City Council has the authority to establish and amend the benefit terms. Management of the General Employee Retirement Plan is vested in the General Employee Retirement Plan Committee which consists of five members – the City Manager, City Clerk, City Attorney, City Finance Director and City Human Resources Director.

Benefits provided. Effective June 30, 2015, the accrued benefits of all participants of the General Employee Retirement Plan were frozen, with no future service accruals and no new entrants; all eligible participants on that date became fully vested and their benefit was calculated according to the Plan provisions currently in effect.

Retirement benefits for the City's General Employee Retirement Plan are calculated at 2.25 percent of average basic monthly compensation for each year of service accrued before October 1, 2010, plus 1.60 percent of average basic monthly compensation for each year of service accrued after September 30, 2010. Average basic monthly compensation is the average salary of the participant's highest five consecutive years within the last 10 years of consecutive service preceding retirement (or July 1, 2015 in the case of active participants in the now frozen Plan). Participants with 25 years of service or those who were at age 65 on September 30, 2010 receive 2.25 percent of average basic monthly compensation for each of the first 25 years of continuous service, plus 0.5 percent for each year thereafter. Normal retirement age is 65, and pension benefits are reduced by 1.5 percent for each year preceding normal retirement for benefits accrued before October 1, 2010 and 3 percent for each year preceding normal retirement for benefits accrued after that date.

Disability benefits are equal to normal pension accrued but not less than 25 percent of basic monthly compensation at the date of disability; provided however that the disability benefit, when combined with workers compensation and social security payments, cannot exceed 100 percent of the salary at the time of disability. The death benefit is payable to the designated beneficiary as though the participant had retired on their date of death, and begins when the participant would have reached age 55. Benefit terms provide for an annual cost of living adjustment (COLA) of 1 percent per year for all participants who retired on or after October 1, 1998; at their discretion, the City Council may grant a COLA annually to those who retired prior to that date.

Employees covered by benefit terms. At September 30, 2020, the following employees were covered by the General Employee Retirement Plan benefit terms.

Inactive plan members or members or beneficiaries currently receiving benefits	420
Inactive plan members entitled to but not yet receiving benefits	106
Active plan members	183
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	709
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CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

13. PENSION PLANS – Continued

Contributions. The City establishes the required annual contribution to the plan based on an actuarially determined contribution recommended by an independent actuary. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of the plan members.

As noted above, all additional benefit accruals and employee contributions ceased as of July 1, 2015 when the plan was frozen. As a result, all future City contributions are payments toward amortization of the unfunded accrued liability and are no longer related to payroll.

Net Pension Liability – General Employee Retirement Plan

The City's net pension liability for the General Employee Retirement Plan was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2020.

Actuarial assumptions. The total pension liability in the October 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	N/A
Salary Increases, including inflation	N/A
Investment Rate of Return	6.50%, net of investment expense, including inflation
Cost-of-living adjustments	1% per year

In accordance with the requirements of Florida Statute Section 112.63(f) the mortality tables for the City's valuation match the tables used by the Florida Retirement System Pension Plan, specifically the PUB-2010 base tables, set back one year for males, projected generationally using scale MP-2018 for healthy actives and inactive. For disabled retirees, the mortality table is the PUB-2010 disabled table, set forward three years for both males and females, projected generationally using scale MP-2018.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

13. PENSION PLANS – Continued

The long-term expected rate of return on General Employee Retirement Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	47.5 %	6.40 %
International Equity	7.5	7.05
Fixed Income	37.5	1.15
Emerging Markets Equity	2.5	9.00
Real Estate	5.0	4.50
Total	<u>100 %</u>	

For fiscal year ended September 30, 2020, the annual money-weighted rate of return on the plan investments, net of investment expenses, was 8.09%.

Discount rate. The discount rate used to measure the total pension liability for the General Employee Retirement Plan is 6.5%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made equal to the difference between the actuarially determined contribution and the member contributions. Since member contributions ceased as of June 30, 2015 when the plan was frozen, the City is responsible for the entire actuarially determined contribution. Based on those assumptions, the General Employee Retirement Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the plan.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

13. PENSION PLANS – Continued

Changes in the Net Pension Liability – General Employee Retirement Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/2019	\$ 111,587,866	\$ 96,425,798	\$ 15,162,068
Changes for the year:			
Service cost	324,630	-	324,630
Interest	7,021,159	-	7,021,159
Differences between expected and actual experience	(277,492)	-	(277,492)
Changes of assumptions	-	-	-
Contributions - employer	-	3,069,174	(3,069,174)
Net investment income	-	7,610,589	(7,610,589)
Benefit payments (including refunds of employee contributions)	(7,789,336)	(7,789,336)	-
Administrative expenses	-	(72,977)	72,977
Net Changes	<u>(721,039)</u>	<u>2,817,450</u>	<u>(3,538,489)</u>
Balances at 9/30/2020	<u>\$ 110,866,827</u>	<u>\$ 99,243,248</u>	<u>\$ 11,623,579</u>

A portion of the net pension liability is expected to be paid by the City's enterprise funds (based on each fund's pensionable payroll in 2015 when the plan was frozen) and therefore has been allocated to these funds as follows as of September 30, 2020.

	Net Pension Liability
Governmental activities	\$ 7,231,596
Business-type activities:	
Water & sewer system	2,992,004
Airport	444,049
Municipal marina	117,440
Solid waste	838,490
Total Business-type activities	4,391,983
Grand Total	\$ 11,623,579

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

13. PENSION PLANS – Continued

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the General Employee Retirement Fund, calculated using the discount rate of 6.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%).

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net Pension Liability	\$ 23,358,749	\$ 11,623,579	\$ 1,720,376

Pension plan fiduciary net position. Detailed information about the General Employee Retirement Fund fiduciary net position is available in the combining statements beginning on page 102.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – General Employee Retirement Fund

For the year ended September 30, 2020, the General Employee Retirement Fund recognized total pension expense of \$162,772. A portion of this total pension expense is expected to be paid by the City’s enterprise funds (based on each fund’s pensionable payroll in 2015 when the plan was frozen) and, therefore, has been allocated to these funds as follows:

	Pension Expense
Governmental activities	\$ 101,718
Business-type activities:	
Water & sewer system	41,684
Airport	6,111
Municipal marina	1,589
Solid waste	11,670
Total Business-type activities	61,054
Grand Total	\$ 162,772

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

13. PENSION PLANS – Continued

At September 30, 2020, the General Employee Retirement Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 122,469
Net difference between projected and actual earnings on pension plan investments	-	1,584,188
Assumption changes	-	-
Total	<u>\$ -</u>	<u>\$ 1,706,657</u>

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

Year ended September 30:

2021	\$ (1,183,484)
2022	(273,527)
2023	50,092
2024	<u>(299,738)</u>
Total	<u>\$ (1,706,657)</u>

POLICE OFFICERS' RETIREMENT FUND

General Information about the Plan

Plan description. The Police Officers' Retirement Fund is a single employer defined benefit pension plan that provides pensions for all permanent full-time police officers employed by the City. This Plan was established and is amended by City Ordinance and is subject to compliance with Chapter 185, Florida Statutes. Management of the Police Officers' Retirement Fund is vested in a Board of Trustees, which consists of five members – two City residents appointed by City Council, two police officer participants elected by active plan members and a fifth member chosen by the previous four and appointed by City Council.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

13. PENSION PLANS – Continued

Benefits provided. Retirement benefits for the Police Officers’ Retirement Fund are calculated at 3 percent of average monthly salary times credited service (plus \$5 times credited service). Average monthly salary is one-twelfth the average of compensation (including incentives and up to 300 hours of overtime annually) for the five highest years of credited service. Normal retirement is the earlier of age 55 with 10 years of credited service, or 25 years of credited service with no age requirement. For early retirement, accrued pension benefits are reduced by 2.5% for each year prior to the normal retirement date. Disability benefits are the greater of either the accrued benefit at the time of disability or 50 percent of the average monthly salary. The pre-retirement death benefit payable to the designated survivor is the greater of either the accrued benefit or 25 percent of average monthly salary. Participants are fully vested after ten years of credited service and if employment is terminated prior to vesting, the participant receives a refund of their contributions with interest. Benefit terms provide for a 1 percent COLA annually on October 1st.

Deferred Retirement Option Program. Members of the Police Officers’ Retirement Fund are eligible to enter the Deferred Retirement Option Plan (DROP) at the normal retirement date. The accrued benefit is frozen and no further employee contributions are payable after DROP entry. The accrued benefit accumulates at the net investment return on fund assets less an administrative fee. The maximum DROP participation is 5 years. DROP participants are not eligible for pre-retirement death or disability benefits. As of September 30, 2020, \$424,130 is payable to DROP Participants.

Employees covered by benefit terms. At September 30, 2020, the following employees were covered by the benefit terms of the Police Officers’ Retirement Fund.

Inactive plan members or members or beneficiaries currently receiving benefits	54
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	53
	109
	109

Contributions. The City establishes the required annual contribution to the plan based on an actuarially determined contribution recommended by an independent actuary. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of the plan members.

For the Police Officers’ Retirement Fund, for the year ended September 30, 2020, the contribution rate of plan members is 5.5 percent of compensation for those participants hired prior to October 1, 2012 and 8 percent of compensation for those hired on or after that date. The City’s contribution rate was 29.84 percent of annual payroll. The City’s contribution was reduced by State of Florida Chapter revenue generated by insurance premium tax.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

13. PENSION PLANS – Continued

Net Pension Liability - Police Officers' Retirement Fund

The City's net pension liability for the Police Officers' Retirement Fund was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2020.

Actuarial assumptions. The total pension liability in the October 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.5%
Salary Increases, including inflation	Age based
Investment Rate of Return	7.55%, net of investment expenses and inflation

In accordance with the requirements of Florida statutes, the mortality tables used in the valuation are the same as the mortality assumptions used for special risk employees in the valuation of the Florida Retirement System (FRS) as of the July 1, 2019 FRS valuation report.

The actuarial assumptions used in the October 1, 2020 valuation were based on the results of an actuarial experience study dated June 30, 2020.

The long-term expected rate of return on the Police Officers' Retirement 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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	45 %	7.5 %
International Equity	15	8.5
Domestic Fixed Income	25	2.5
Global Bond	5	3.5
Real Estate	10	4.5
Total	<u>100 %</u>	

For fiscal year ended September 30, 2020, the annual money-weighted rate of return on the plan investments, net of investment expenses, was 13.83%.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

13. PENSION PLANS – Continued

Discount rate. The discount rate used to measure the total pension liability for the Police Officers' Retirement Fund was 7.55%. The projection of cash flows used to determine the discount rate assumed that City contributions (including State premium tax contributions) will be made equal to the difference between the actuarially determined contribution and the member contribution. Based on those assumptions, the Police Officers' Retirement Fund fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the plan.

Changes in the Net Pension Liability - Police Officers' Retirement Fund

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/2019	\$ 48,288,930	\$ 43,697,336	\$ 4,591,594
Changes for the year:			
Service cost	570,050	-	570,050
Interest	3,621,631	-	3,621,631
Differences between expected and actual experience	291,454	-	291,454
Changes of assumptions	1,112,988	-	1,112,988
Contributions - employer	-	765,548	(765,548)
Contributions - State	-	291,898	(291,898)
Contributions - employee	-	226,427	(226,427)
Net investment income	-	6,006,647	(6,006,647)
Benefit payments (including refunds of employee contributions)	(3,034,784)	(3,034,784)	-
Administrative expenses	-	(102,391)	102,391
Net Changes	2,561,339	4,153,345	(1,592,006)
Balances at 9/30/2020	\$ 50,850,269	\$ 47,850,681	\$ 2,999,588

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Police Officers' Retirement Fund, calculated using the discount rate of 7.65%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65%) or 1-percentage-point higher (8.65%).

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
Net Pension Liability (Asset)	\$ 9,250,288	\$ 2,999,588	\$ (2,184,582)

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

13. PENSION PLANS – Continued

Pension plan fiduciary net position. Detailed information about the Police Officers’ Retirement Fund fiduciary net position is available in the combining statements beginning on page 102.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Police Officers’ Retirement Fund

For the year ended September 30, 2020, the Police Officers’ Retirement Fund recognized pension expense of \$544,486. At September 30, 2020, the Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 243,154	\$ 31,385
Net difference between projected and actual earnings on pension plan investments	-	1,849,184
Changes of assumptions	<u>939,124</u>	<u>-</u>
Total	<u>\$ 1,182,278</u>	<u>\$ 1,880,569</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Police Officers’ pension will be recognized in pension expense as follows:

Year ended September 30:	
2021	\$ (260,527)
2022	(38,828)
2023	148,002
2024	<u>(546,938)</u>
Total	<u>\$ (698,291)</u>

FIREFIGHTER’S RELIEF AND PENSION FUND

General Information about the Plan

Plan description. The Firefighter’s Relief and Pension Fund is a single employer defined benefit pension plan that provides pensions for a group of former Fire Department employees of the City. This Plan was established and is amended by City Ordinance and is subject to compliance with Chapter 175, Florida Statutes. In October 1981, the South Indian River County Fire District took over operation of the City’s Fire Department. At that time, full-time firemen were given the option of joining the Florida Retirement System or remaining in the City’s plan. Twenty full-time firemen and all of the volunteers elected to remain in the City’s plan, but no new members are being added. Management of the Firefighter’s Relief and Pension Fund is vested in a Board of Trustees, which consists of five members – retired firefighters who are members of the plan and elected by the retirees.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

13. PENSION PLANS – Continued

Benefits provided. Retirement benefits for the Firefighter’s Relief and Pension Fund are calculated at 3 percent of final average compensation times years of credited service (plus \$25 times credited service). Final average compensation is the average of compensation over the highest 3 years of employment. The post retirement death benefit is determined by the form of benefit elected upon retirement; these options include 10 Years Certain and Life, Single Life Annuity or the 50%, 66⅔%, 75% and 100% Joint and Survivor Options. Benefit terms provide for a 2 percent COLA annually on October 1st.

Employees covered by benefit terms. At September 30, 2020, the following employees were covered by the benefit terms of the Firefighter’s Relief and Pension Fund.

Inactive plan members or members or beneficiaries currently receiving benefits	12
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	-
	12

At the present time, all members of the plan (which is closed to new entrants) are retirees or beneficiaries.

Contributions. The City establishes the required annual contribution to the plan based on an actuarially determined contribution recommended by an independent actuary. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

For the Firefighter’s Relief and Pension Fund there is no contribution by plan members and no annual payroll, as all plan members are retirees or beneficiaries. The City funds the entire actuarially determined contribution, less the amount provided by State of Florida Chapter revenue from insurance premium tax.

Net Pension Liability - Firefighter’s Relief and Pension Fund

The City’s net pension liability for the Firefighter’s Relief and Pension Fund was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2019 rolled forward to September 30, 2020.

Actuarial assumptions. The total pension liability in the October 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.5%
Salary Increases, including inflation	N/A
Investment Rate of Return	6.00%

Mortality rates used in this valuation match the Florida Retirement System (FRS) July 1, 2019 assumptions for the Special Risk class in accordance with Florida Statutes. These mortality assumptions are based on the RP-2000 Mortality Table for Annuitants with mortality improvements projected to all future years after 2000 using Scale BB.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

13. PENSION PLANS – Continued

For the Firefighter’s Relief and Pension Fund, a full actuarial experience study has not been performed. Since there are no active employees, there are only two relevant assumptions – the assumed investment rate of return and the mortality rates. Both are reviewed annually by the Board.

The long-term expected rate of return on Firefighter’s Relief and Pension 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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of September 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	45 %	7.5 %
International Equity	10	8.5
Domestic Fixed Income	25	2.5
Global Bond/Non-Core Fixed Income	10	3.5
Real Estate	10	4.5
Total	<u>100 %</u>	

For fiscal year ended September 30, 2020, the annual money-weighted rate of return on the plan investments, net of investment expenses, was -0.9%.

Discount rate. The discount rate used to measure the total pension liability for the Firefighter’s Relief and Pension Fund was 6.00%. The projection of cash flows used to determine the discount rate assumed that City contributions (including State premium tax contributions) will be equal to the actuarially determined contributions as there are no member contributions). Based on those assumptions, the Firefighter’s Relief and Pension Plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the plan.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

13. PENSION PLANS – Continued

Changes in the Net Pension Liability - Firefighter’s Relief and Pension Fund

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/2019	\$ 8,198,570	\$ 7,618,187	\$ 580,383
Changes for the year:			
Service cost	-	-	-
Interest	470,078	-	470,078
Differences between expected and actual experience	(106,292)	-	(106,292)
Changes of assumptions	-	-	-
Contributions - employer	-	100,007	(100,007)
Contributions - State	-	141,264	(141,264)
Contributions - employee	-	-	-
Net investment income	-	(68,609)	68,609
Benefit payments (including refunds of employee contributions)	(727,877)	(727,877)	-
Administrative expenses	-	(14,782)	14,782
Net Changes	<u>(364,091)</u>	<u>(569,997)</u>	<u>205,906</u>
Balances at 9/30/2020	<u>\$ 7,834,479</u>	<u>\$ 7,048,190</u>	<u>\$ 786,289</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Firefighter’s Relief and Pension Fund, calculated using the discount rate of 6.00%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%).

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net Pension Liability (Asset)	\$ 1,439,117	\$ 786,289	\$ 216,831

Pension plan fiduciary net position. Detailed information about the Firefighter’s Relief and Pension Plan’s fiduciary net position is available in the combining statements beginning on page 102.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

13. PENSION PLANS – Continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Firefighter’s Relief and Pension Fund

For the year ended September 30, 2020, the Firefighter’s Relief and Pension Fund recognized pension expense of \$(63,867). At September 30, 2020, the Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	443,141	-
Changes of assumptions	-	-
Total	<u>\$ 443,141</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Firefighter’s pension will be recognized in pension expense as follows:

Year ended September 30:	
2021	\$ 47,723
2022	135,983
2023	157,304
2024	<u>102,131</u>
Total	<u>\$ 443,141</u>

AGGREGATE PENSION PLAN INFORMATION

The aggregate amount of net pension liabilities, related deferred outflows or resources and deferred inflows of resources, and pension and pension expense for the City’s defined benefit pension plans are as follows:

	<u>General Employee Retirement Plan</u>	<u>Police Officers' Retirement Fund</u>	<u>Firefighter's Relief and Pension Fund</u>	<u>Totals</u>
Net pension liability	\$ 11,623,579	\$ 2,999,588	\$ 786,289	\$ 15,409,456
Deferred outflows of resources	-	1,182,278	443,141	1,625,419
Deferred inflows of resources	1,706,657	1,880,569	-	3,587,226
Pension expense	162,772	544,486	(63,867)	643,391

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

General Information about the Plan

Plan Description. Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. The other post employment benefits plan is a single employer defined benefit plan administered by the City. The plan is included as a trust fund in the City's financial statements and a separate report for the Plan is not available. The City, by policy, has elected to provide retirees with a subsidy. Members who leave employment with the City and begin to receive retirement benefits immediately are eligible to continue enrollment as retirees. Police officers must be age 55 with 10 years of service or any age with 25 years of service, or age 50 with 10 years of service for early retirement. General employee members must be age 65 with 5 years of service, or age 55 with 5 years of service for early retirement. Disabled members are eligible for the same benefit as other retirees. Retirees under all City pension Plans may also continue their life insurance benefit at a reduced level of \$20,000 prior to age 70 and \$10,000 after age 70.

In June 2017, the City established a qualifying OPEB trust and an OPEB Trust Committee to administer the Trust. The OPEB Trust Committee consists of the City Manager, Finance Director and Human Resources Director. In regards to governmental funds, net OPEB liabilities have been liquidated by the General Fund and Crestlawn Cemetery Fund.

Benefits Provided. To help pay for the medical coverage of retired employees, the City provides a subsidy through a Premium Assistance Program. The amount of the subsidy for general employees is 2.75% of the base plan premium per year of service; for police officers, the subsidy is 4% of the base plan premium per year of service. The Premium Assistance Program subsidy is available only for the retiree portion of the health insurance premium, although retirees may elect spouse and dependent coverage entirely at their own expense. Apart from this direct subsidy, a liability arises because the full premiums charged by the City's health insurance vendor are based on a blending of the experience among younger active employees and retired non-Medicare employees. Since retirees generally have higher costs, the City is actually subsidizing the cost of the retiree and dependent coverage even when retirees pay all or a significant portion of the blended premium. This is called the "implicit rate subsidy". Based on its policy, the City has assumed an obligation to pay for this implicit subsidy for the covered lifetimes of the current retirees and their dependents, as well as for the covered lifetimes of current employees after they retire in the future, and this significantly impacts the City's OPEB liability.

Effective January 1, 2015 it became mandatory for all retirees and dependents turning 65 after that date to enroll in Medicare Part B and change coverage to a Medicare Advantage plan to remain covered under the City's insurance program. Retirees who attained age 65 prior to January 1, 2015 were allowed to continue coverage under the core City plan and migration to a Medicare Advantage plan is optional for these members.

Employees covered by benefit terms. Membership of the Plan consisted of the following at October 1, 2019, the date of the latest actuarial valuation:

	Number in Plan
Active participants	306
Retired participants	238
	<u>544</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN – Continued

Contributions. The City establishes the required annual contribution to the plan based on an actuarially determined contribution recommended by an independent actuary. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Actuarially determined contribution rates are calculated as of October 1, which is 12 months prior to the end of the fiscal year in which contributions are made and reported. The City has the authority to establish and amend the funding policy for its OPEB Plan.

Net OPEB Liability

The City's net OPEB liability was measured as of September 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated October 1, 2019 and rolled forward to the September 30, 2020 measurement date.

Actuarial assumptions. The total OPEB liability in the October 1, 2019 valuation (rolled-forward to the measurement date of September 30, 2020) was determined using the following actuarial assumptions.

Inflation	2.5 %
Salary Increases, including inflation	3.75% to 6.50%, including inflation, varies based on service or age
Investment Rate of Return	6.00%
Healthcare Cost Trend Rates	Trend starting 6.5% for 2020 and decreasing gradually to 3.99% ultimate trend rate - based on the Getzen Model

Mortality rates were based on the adjusted Pub-2010 mortality tables with generational mortality improvements as used for Regular and Special Risk class members in the July 1, 2019 actuarial valuation of the Florida Retirement System (FRS). They are based on the results of a statewide experience study covering the period 2013-2018.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The following is the OPEB VantageTrust portfolio's target allocation of assets, as well as best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	54 %	7.5 - 8.5 %
Fixed Income	34	2.50
Multi-Strategy *	12	various
Total	100 %	

* includes real estate investment trust (REIT's), convertible securities and derivative based strategies

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN – Continued

For fiscal year ended September 30, 2020, the annual rate of return on the plan investments, net of investment expenses, was 7.92%.

Discount Rate. The discount rate used to measure the total OPEB liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that City would continue to fund the actuarially determined contribution. Based on this assumption, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Single Discount Rate of 6.00% was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 9/30/2019	\$ 33,128,365	\$ 2,884,369	\$ 30,243,996
Changes for the year:			
Service cost	598,599	-	598,599
Interest	1,981,623	-	1,981,623
Differences between expected and actual experience	2,221,808	-	2,221,808
Change in Benefit Terms	-	-	-
Changes in assumptions and other inputs	(6,136,371)	-	(6,136,371)
Contributions - employer	-	1,957,905	(1,957,905)
Contributions - employee	-	-	-
Net investment income	-	250,536	(250,536)
Benefit payments	(1,399,838)	(1,399,838)	-
Administrative expenses	-	-	-
Net Changes	<u>(2,734,179)</u>	<u>808,603</u>	<u>(3,542,782)</u>
Balances at 9/30/2020	<u>\$ 30,394,186</u>	<u>\$ 3,692,972</u>	<u>\$ 26,701,214</u>

The City’s net OPEB liability is allocated to both the governmental activities and the business-type activities based on their share of the actual OPEB premium costs.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN – Continued

For the fiscal year ending September 30, 2020, the net OPEB liability is allocated as follows:

	<u>Net OPEB Liability</u>
Governmental Activities	<u>\$ 21,152,996</u>
Business-Type Activities	
Water & Sewer Fund	3,826,684
Airport Fund	289,936
Marina Fund	80,050
Solid Waste Fund	<u>1,351,548</u>
Total Business Type Activities	<u>5,548,218</u>
Total Net OPEB Liability	<u>\$ 26,701,214</u>

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the OPEB plan, calculated using the discount rate of 6.00%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%).

	<u>1% Decrease (5.0%)</u>	<u>Current Discount Rate (6.0%)</u>	<u>1% Increase (7.0%)</u>
Net OPEB Liability	\$ 30,647,515	\$ 26,701,214	\$ 23,424,307

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate. The following presents the net OPEB liability of the OPEB plan, calculated using the same healthcare cost trend rate as employed in the most recent funding valuation as well as what the net pension liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 23,085,104	\$ 26,701,214	\$ 31,123,703

OPEB plan fiduciary net position. Detailed information about the OPEB Plan fiduciary net position is available in the combining statements beginning on page 102.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN – Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2020, the OPEB plan recognized total OPEB expense of \$1,439,298. The City's OPEB expense is allocated to both the governmental activities and the business-type activities based on their share of the actual OPEB premium costs. For the fiscal year ending September 30, 2020, the OPEB expense is allocated as follows:

	<u>OPEB Expense</u>
Governmental Activities	\$ 1,117,393
Business-Type Activities	
Water & Sewer Fund	232,936
Airport Fund	13,683
Marina Fund	11,677
Solid Waste Fund	63,609
Total Business Type Activities	<u>321,905</u>
Total OPEB Expense	<u>\$ 1,439,298</u>

At September 30, 2020, the OPEB plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,768,378	\$ 1,019,517
Net difference between projected and actual earnings on pension plan investments	-	24,866
Changes of assumptions	591,079	4,884,050
Total	<u>\$ 2,359,457</u>	<u>\$ 5,928,433</u>

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

Year ended September 30:	
2021	\$ (951,120)
2022	(951,120)
2023	(935,590)
2024	(731,146)
Total	<u>\$ (3,568,976)</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

**Combining Statement of Fiduciary Net Position
Pension and Other Post Employment Benefits (OPEB) Trust Funds**

	General Employee Pension	Police Officers' Pension	Firefighter's Relief and Pension	OPEB Trust Fund	Totals
Assets					
Cash and cash equivalents	\$ -	\$ 303	\$ -	\$ -	\$ 303
Accrued interest receivable	-	65,643	7,234	-	72,877
Other receivables	667	15,178	-	-	15,845
Investments, at fair value					
Money market mutual funds	-	838,527	633,478	-	1,472,005
Mutual fund investments	99,282,581	1,941,698	686,842	3,692,972	105,604,093
Corporate stocks	-	27,514,737	3,726,242	-	31,240,979
Corporate bonds	-	7,849,551	207,655	-	8,057,206
Treasury and agency bonds & notes:					
U.S. Treasury bonds & notes	-	1,117,158	-	-	1,117,158
Federal instrumentalities	-	4,567,951	-	-	4,567,951
Mortgage/asset backed securities	-	141,804	529,302	-	671,106
Real estate	-	3,901,582	1,153,860	-	5,055,442
Municipal bonds & notes	-	-	111,280	-	111,280
Total investments, at fair value	<u>99,282,581</u>	<u>47,873,008</u>	<u>7,048,659</u>	<u>3,692,972</u>	<u>157,897,220</u>
Total assets	<u>99,283,248</u>	<u>47,954,132</u>	<u>7,055,893</u>	<u>3,692,972</u>	<u>157,986,245</u>
Liabilities					
Prepaid employer contribution	-	33,358	-	-	33,358
Refunds payable	-	6,042	-	-	6,042
Expenses payable	40,000	64,051	7,703	-	111,754
Total liabilities	<u>40,000</u>	<u>103,451</u>	<u>7,703</u>	<u>-</u>	<u>151,154</u>
Net position					
Restricted for pension and OPEB benefits	<u>\$ 99,243,248</u>	<u>\$ 47,850,681</u>	<u>\$ 7,048,190</u>	<u>\$ 3,692,972</u>	<u>\$ 157,835,091</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

**Combining Statement of Changes in Fiduciary Net Position
Pension and Other Post Employment Benefits (OPEB) Trust Funds**

	General Employee Pension	Police Officers' Pension	Firefighter's Relief and Pension	OPEB Trust Fund	Totals
Additions					
Contributions:					
Employer	\$ 3,069,174	\$ 765,548	\$ 100,007	\$ 1,957,905	\$ 5,892,634
Employee	-	226,427	-	-	226,427
State	-	291,898	141,264	-	433,162
Total contributions	<u>3,069,174</u>	<u>1,283,873</u>	<u>241,271</u>	<u>1,957,905</u>	<u>6,552,223</u>
Investment earnings					
Interest and dividends	2,264,843	869,612	204,762	-	3,339,217
Net appreciation in fair value of investments	5,838,928	5,460,069	(207,814)	253,871	11,345,054
Total investment income	<u>8,103,771</u>	<u>6,329,681</u>	<u>(3,052)</u>	<u>253,871</u>	<u>14,684,271</u>
Investment expense	(493,182)	(323,034)	(65,557)	(3,335)	(885,108)
Net investment income	<u>7,610,589</u>	<u>6,006,647</u>	<u>(68,609)</u>	<u>250,536</u>	<u>13,799,163</u>
Total additions	<u>10,679,763</u>	<u>7,290,520</u>	<u>172,662</u>	<u>2,208,441</u>	<u>20,351,386</u>
Deductions					
Benefit payments	7,780,696	2,296,315	727,877	1,399,838	12,204,726
DROP plan benefits	-	723,908	-	-	723,908
Refunds of contributions	8,640	14,561	-	-	23,201
Administrative expenses	72,977	102,391	14,782	-	190,150
Total deductions	<u>7,862,313</u>	<u>3,137,175</u>	<u>742,659</u>	<u>1,399,838</u>	<u>13,141,985</u>
Change in net position	2,817,450	4,153,345	(569,997)	808,603	7,209,401
Net position restricted for pension and OPEB benefits, beginning	<u>96,425,798</u>	<u>43,697,336</u>	<u>7,618,187</u>	<u>2,884,369</u>	<u>150,625,690</u>
Net position restricted for pension and OPEB benefits, ending	<u>\$ 99,243,248</u>	<u>\$ 47,850,681</u>	<u>\$ 7,048,190</u>	<u>\$ 3,692,972</u>	<u>\$ 157,835,091</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

15. DEFERRED COMPENSATION PLAN

The City offers a deferred compensation plan to its employees in addition to the pension plans. Participation is optional. The City has adopted the provisions of IRS code Section 457(g) and GASB Statement No. 32 "Accounting and Financial Reporting for IRS Code Section 457 Deferred Compensation Plans". Under these provisions, all assets and income of the plan are held in trust for the exclusive benefit of participants. Accordingly, the assets and liabilities of the plan are not reported within the City's financial statements.

16. FUND BALANCES – GOVERNMENTAL FUNDS

In accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies fund balances based primarily on the extent to which it is bound to observe the constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

	<u>General Fund</u>	<u>General Government Capital & Construction</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:				
Inventory	\$ 112,412	\$ -	\$ -	\$ 112,412
Prepaid items	34,504	-	-	34,504
	<u>146,916</u>	<u>-</u>	<u>-</u>	<u>146,916</u>
Restricted:				
General Government	111,269	-	-	111,269
Public Safety	-	-	104,594	104,594
Culture & Recreation	-	-	877,063	877,063
Physical Environment	-	677,082	2,028,082	2,705,164
	<u>111,269</u>	<u>677,082</u>	<u>3,009,739</u>	<u>3,798,090</u>
Committed:				
Physical Environment	118,327	-	-	118,327
Unfunded Pension Liability Reserve	12,501,492	-	-	12,501,492
Other Post Employment Benefits (OPEB) Reserve	8,932,691	-	-	8,932,691
Capital and Infrastructure Reserve	21,000,000	-	-	21,000,000
Emergency (Disaster) Reserve	5,000,000	-	-	5,000,000
	<u>47,552,510</u>	<u>-</u>	<u>-</u>	<u>47,552,510</u>
Assigned	1,500,000	4,143,185	-	5,643,185
Unassigned	15,614,516	-	-	15,614,516
Total fund balances - governmental funds	<u>\$ 64,925,211</u>	<u>\$ 4,820,267</u>	<u>\$ 3,009,739</u>	<u>\$ 72,755,217</u>

The restricted funds for public safety are for law enforcement education and confiscated property. The restricted culture and recreation funds are monies from private donations which were designated by the donors for capital improvements and maintenance for City recreation facilities. The funds restricted for physical environment are primarily sales tax revenues (and associated interest earnings) limited by Florida Statutes to expenditures for capital equipment and improvements and associated debt service. This category also includes ad valorem tax increment revenues restricted for capital improvements in the Historic Downtown economic development zone.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

16. FUND BALANCES – GOVERNMENTAL FUNDS (continued)

The following are the purposes of the General Fund committed reserves, in accordance with the City's adopted General Fund fund balance policy (Resolution 2019-21):

- The Unfunded Pension Liability Reserve is set aside for annual payments of the General Fund's portion of the actuarially determined contribution for the General Employee Retirement Plan.
- The Other Post Employment Benefits (OPEB) reserve is used annually for payment of the City's OPEB obligations for former electric utility employees.
- The Capital and Infrastructure Reserve is available for capital projects and infrastructure upgrades as appropriated by City Council in future budgets.
- The emergency (disaster) reserves are designated for expenditures in the event of an emergency, primarily tropical storms and hurricanes.

The remaining committed General Fund balances are for tree planting and replacement per various City resolutions and ordinances.

The assigned fund balance in the General Fund represents the amount appropriated to balance the budget in the subsequent fiscal year. The assigned fund balance in the General Government Capital and Construction Fund is proceeds from property sales assigned by City Council budget action for capital expenditures.

17. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets is as follows as of September 30, 2020:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Capital assets:		
Capital assets not being depreciated	\$ 7,326,148	\$ 9,648,127
Capital assets being depreciated, net	<u>30,820,706</u>	<u>101,297,909</u>
	38,146,854	110,946,036
Related debt:		
Contracts payable (retainage)	112,813	71,869
Total bonds, notes payable, and capital lease-purchases	<u>2,049,057</u>	<u>9,259,757</u>
Net investment in capital assets	<u><u>\$ 35,984,984</u></u>	<u><u>\$ 101,614,410</u></u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

18. COMMITMENTS AND CONTINGENCIES

Construction Commitments

The City has the following construction commitments with contractors as of September 30, 2020:

Fund	Contractor/Project Description	Project Description	Contract Amount	Paid to Date	Retainage Payable	Balance to Completion
Governmental Activities						
	Barth Construction Inc.	VBPD Roof Replacement & Window Upgrade	\$ 1,118,429	\$ 1,001,059	\$ 111,229	\$ 6,141
	Barth Construction Inc.	VBPD Covered Parking	38,000	14,254	1,584	22,162
		Total Governmental	1,156,429	1,015,313	112,813	28,303
Business-Type Activities						
Municipal Airport	A Great Fence	Airfield Security Improvements	\$ 422,577	\$ 338,159	\$ 37,573	\$ 46,845
	DG Investment Intermediate Holdings	Airfield Security Improvements	409,120	308,664	34,296	66,160
		Total Business-Type	831,697	646,823	71,869	113,005
		TOTAL	\$ 1,988,126	\$ 1,662,136	\$ 184,682	\$ 141,308

Litigation

In the normal course of its activities, the City has become a party in various legal actions, including property tax assessment appeals. Management of the City is of the opinion that the outcome of such actions will not have a material effect on the financial position of the City and, therefore, has not reflected loss reserves in the financial statements.

Grants

Hurricane Matthew. In October 2016, the City of Vero Beach was impacted by Hurricane Matthew and experienced significant costs associated with emergency protective measures, restoration of electric utility services, post-storm debris removal and damage to City infrastructure. On October 8, 2016 there was a Federal Major Disaster declaration that made the City eligible for Federal and State public assistance funding to reimburse a share of the eligible project costs associated with this storm. In January 2017, the City Council approved a Public Assistance State Agreement for Hurricane Matthew (FEMA-4283-DR-FL), which enabled the City to apply for and receive public assistance funding. Through March 2021, the City has submitted Project Worksheets (PWs) totaling \$3,483,510. Of this total amount, \$3,483,510 was obligated by the Federal Emergency Management Agency (FEMA) prior to September 30, 2020, which has been recognized on the financial statements. The City has received \$ 2,913,357 in funding to date.

Hurricane Irma. In September 2017, the City of Vero Beach was hit by Hurricane Irma and again experienced significant expenses for storm preparedness, emergency response, electric utility restoration, debris removal and damage to City facilities. On September 20, 2017 there was a Federal Major Disaster making the City eligible for Federal and State public assistance funding to reimburse a share of the eligible program costs associated with this storm. In April 2019, the City Council approved a Public Assistance State Agreement for Hurricane Irma (FEMA-4337-DR-FL), which enabled the City to apply for and receive public assistance funding. Through March 2021, the City has submitted Project Worksheets (PWs) totaling \$3,310,318. Of this total amount, \$1,373,913 was obligated by the Federal Emergency Management Agency (FEMA) prior to September 30, 2020, which has been recognized on the financial statements. The City has received \$1,269,536 in funding to date.

Hurricane Dorian. In late August 2019, the City of Vero Beach was part of an emergency declaration due to Hurricane Dorian. Although the impact to the City from this storm was minimal, the City is eligible to recover costs

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

18. COMMITMENTS AND CONTINGENCIES – Continued

for pre-impact protective actions and sand replacement for beach erosion. On October 21, 2019 there was a Federal Major Disaster making the City eligible for Federal and State public assistance funding to reimburse a share of the eligible program costs associated with this storm. In April 2020, the City Council approved a Public Assistance State Agreement for Hurricane Irma (FEMA-4468-DR-FL) which enabled the City to apply for and receive public assistance funding. Through March 2021, the City has submitted Project Worksheets (PWs) totaling \$183,193. Of this total amount, \$111,800 was obligated by the Federal Emergency Management Agency (FEMA) prior to September 30, 2020, which has been recognized on the financial statements. The City has received \$152,661 in funding to date.

COVID-19

During 2020 an outbreak of a novel strain of coronavirus (“COVID-19”) emerged globally. As a result of the spread of COVID-19, economic uncertainties have arisen that could negatively impact the City’s revenue and operations for an indeterminable time period. Other financial impacts could occur that are unknown at this time.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2020

Schedule of Changes in Net Pension Liability and Related Ratios – General Employee Retirement Plan
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 324,630	\$ 468,239	\$ 510,973	\$ 557,046	\$ 689,965	\$ 1,455,560	\$ 1,525,171
Interest	7,021,159	6,953,167	6,960,909	6,853,564	6,546,450	7,466,958	7,257,316
Change of benefit terms	-	-	-	-	-	(1,270,795)	-
Differences between expected and actual experience	(277,492)	3,324,807	(334,153)	1,132,034	358,687	2,986,908	-
Changes of assumptions	-	(1,933,292)	-	-	3,151,956	-	-
Benefit payments (including refunds of member contributions)	(7,789,336)	(7,457,236)	(6,970,975)	(6,719,219)	(6,439,345)	(6,104,373)	(6,050,479)
Net change in total pension liability	(721,039)	1,355,685	166,754	1,823,425	4,307,713	4,534,258	2,732,008
Total pension liability - beginning	111,587,866	110,232,181	110,065,427	108,242,002	103,934,289	99,400,031	96,668,023
Total pension liability - ending (a)	\$ 110,866,827	\$ 111,587,866	\$ 110,232,181	\$ 110,065,427	\$ 108,242,002	\$ 103,934,289	\$ 99,400,031
Plan fiduciary net position							
Contributions - employer	\$ 3,069,174	\$ 12,002,990	\$ 4,377,313	\$ 4,499,935	\$ 4,274,277	\$ 4,889,995	\$ 4,972,378
Contributions - employee	-	-	-	-	-	373,250	461,199
Net investment income	7,610,589	4,106,761	6,963,235	8,865,531	7,205,701	859,603	6,975,362
Benefit payments (including refunds of member contributions)	(7,789,336)	(7,457,236)	(6,970,975)	(6,719,219)	(6,439,345)	(6,104,373)	(6,050,479)
Administrative expense	(72,977)	(89,490)	(73,138)	(27,102)	(20,457)	(32,265)	-
Other	-	-	-	14,461	-	-	-
Net change in plan fiduciary net position	2,817,450	8,563,025	4,296,435	6,633,606	5,020,176	(13,790)	6,358,460
Plan fiduciary net position - beginning	96,425,798	87,862,773	83,566,338	76,932,732	71,912,556	71,926,346	65,567,886
Plan fiduciary net position - ending (b)	\$ 99,243,248	\$ 96,425,798	\$ 87,862,773	\$ 83,566,338	\$ 76,932,732	\$ 71,912,556	\$ 71,926,346
City's net pension liability - ending (a) - (b)	\$ 11,623,579	\$ 15,162,068	\$ 22,369,408	\$ 26,499,089	\$ 31,309,270	\$ 32,021,733	\$ 27,473,685
Plan fiduciary net position as a percentage of the total pension liability	89.52%	86.41%	79.71%	75.92%	71.07%	69.19%	72.36%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,456,663	\$ 15,704,293
City's net pension liability as percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	207.2%	174.9%

Notes to Schedule:

Employer Contributions. For 2019, the employer contribution included both the actuarially determined contribution of \$4,278,984 and an excess contribution of \$7,724,006 from the proceeds of the sale of the Electric Utility to Florida Power & Light

Benefit changes. The pension plan was frozen as of June 30, 2015, with no future service accruals and no new entrants. As a result there are no employee contributions or covered employee payroll amounts for fiscal year ended 9/30/16.

Change of assumptions. For 2019 and 2016, the mortality rates were updated in accordance with Florida Statue Section 112.63(f)

Information is not available for years preceding fiscal year 2014.

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2020

Schedule of Changes in Net Pension Liability and Related Ratios – Police Officers’ Retirement Fund
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 570,050	\$ 605,715	\$ 637,288	\$ 575,896	\$ 543,187	\$ 550,357	\$ 478,211
Interest	3,621,631	3,525,391	3,416,827	3,264,313	3,086,536	3,009,258	2,881,001
Change of benefit terms	-	-	-	-	-	-	118,425
Differences between expected and actual experience	291,454	49,124	(149,084)	133,676	26,221	(642,610)	96,146
Changes of assumptions	1,112,988	-	495,820	1,274	710,848	44,151	41,761
Benefit payments (including refunds of member contributions)	(3,034,784)	(2,738,251)	(2,087,518)	(2,063,153)	(2,141,125)	(1,793,418)	(2,248,284)
Net change in total pension liability	2,561,339	1,441,979	2,313,333	1,912,006	2,225,667	1,167,738	1,367,260
Total pension liability - beginning	48,288,930	46,846,951	44,533,618	42,621,612	40,395,945	39,228,207	37,860,947
Total pension liability - ending (a)	\$ 50,850,269	\$ 48,288,930	\$ 46,846,951	\$ 44,533,618	\$ 42,621,612	\$ 40,395,945	\$ 39,228,207
Plan fiduciary net position							
Contributions - employer	\$ 765,548	\$ 788,992	\$ 773,856	\$ 756,381	\$ 853,491	\$ 852,721	\$ 869,837
Contributions - State	291,898	280,231	258,540	241,345	252,594	228,139	233,451
Contributions - employee	226,427	212,777	213,729	208,521	191,664	191,782	167,975
Net investment income	6,006,647	1,563,321	4,119,480	4,336,908	2,915,646	385,598	3,088,757
Benefit payments (including refunds of member contributions)	(3,034,784)	(2,738,251)	(2,087,518)	(2,063,153)	(2,141,125)	(1,793,418)	(2,248,284)
Administrative expense	(102,391)	(91,872)	(135,607)	(116,981)	(107,071)	(86,344)	(86,354)
Net change in plan fiduciary net position	4,153,345	15,198	3,142,480	3,363,021	1,965,199	(221,522)	2,025,382
Plan fiduciary net position - beginning	43,697,336	43,682,138	40,539,658	37,176,637	35,211,438	35,432,960	33,407,578
Plan fiduciary net position - ending (b)	\$ 47,850,681	\$ 43,697,336	\$ 43,682,138	\$ 40,539,658	\$ 37,176,637	\$ 35,211,438	\$ 35,432,960
City's net pension liability - ending (a) - (b)	\$ 2,999,588	\$ 4,591,594	\$ 3,164,813	\$ 3,993,960	\$ 5,444,975	\$ 5,184,507	\$ 3,795,247
Plan fiduciary net position as a percentage of the total pension liability	94.10%	90.49%	93.24%	91.03%	87.22%	87.17%	90.33%
Covered payroll	\$ 3,543,511	\$ 3,363,227	\$ 3,259,812	\$ 3,261,894	\$ 3,169,645	\$ 2,938,951	\$ 2,899,869
City's net pension liability as percentage of covered payroll	84.7%	136.5%	97.1%	122.4%	171.8%	176.4%	130.9%

Notes to Schedule:

Benefit changes. In 2014, the valuation was adjusted for the fact that leave payouts are not capped for pension purposes.

Change of assumptions. The net assumed return was revised at October 1, 2020 to 7.55%. For measurement date 9/30/2020, as mandated by Florida Law, the assumed rates of mortality were changed to the rates used in the July 1, 2019 Florida Retirement System (FRS) valuation report for special risk employees, with appropriate adjustments based on plan demographics

Information is not available for years preceding fiscal year 2014.

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2020

Schedule of Changes in Net Pension Liability and Related Ratios – Firefighter’s Relief and Pension Fund
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	470,078	475,071	480,914	460,574	503,480	515,130	529,277
Change of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(106,292)	176,997	164,840	147,994	(321,469)	168,392	-
Changes of assumptions	-	-	-	466,714	160,377	164,475	-
Benefit payments (including refunds of member contributions)	(727,877)	(742,693)	(743,573)	(728,993)	(714,699)	(720,087)	(773,744)
Net change in total pension liability	(364,091)	(90,625)	(97,819)	346,289	(372,311)	127,910	(244,467)
Total pension liability - beginning	8,198,570	8,289,195	8,387,014	8,040,725	8,413,036	8,285,126	8,529,593
Total pension liability - ending (a)	\$ 7,834,479	\$ 8,198,570	\$ 8,289,195	\$ 8,387,014	\$ 8,040,725	\$ 8,413,036	\$ 8,285,126
Plan fiduciary net position							
Contributions - employer	\$ 100,007	\$ 121,788	\$ 146,657	\$ 84,119	\$ 104,007	\$ 65,751	\$ 42,311
Contributions - State	141,264	138,674	138,704	183,499	225,939	271,303	296,198
Net investment income	(68,609)	185,191	563,174	873,992	676,519	84,490	702,893
Benefit payments (including refunds of member contributions)	(727,877)	(742,693)	(743,573)	(728,993)	(714,699)	(720,087)	(773,744)
Administrative expense	(14,782)	(20,425)	(15,720)	(16,663)	(18,271)	(17,351)	(8,167)
Net change in plan fiduciary net position	(569,997)	(317,465)	89,242	395,954	273,495	(315,894)	259,491
Plan fiduciary net position - beginning	7,618,187	7,935,652	7,846,410	7,450,456	7,176,961	7,492,855	7,233,364
Plan fiduciary net position - ending (b)	\$ 7,048,190	\$ 7,618,187	\$ 7,935,652	\$ 7,846,410	\$ 7,450,456	\$ 7,176,961	\$ 7,492,855
City's net pension liability - ending (a) - (b)	\$ 786,289	\$ 580,383	\$ 353,543	\$ 540,604	\$ 590,269	\$ 1,236,075	\$ 792,271
Plan fiduciary net position as a percentage of the total pension liability	89.96%	92.92%	95.73%	93.55%	92.66%	85.31%	90.44%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's net pension liability as percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Benefit changes . There have been no changes in benefit provisions since GASB 68 implementation.

Change of assumptions . In the October 1, 2019 valuation the mortality assumption was updated to match those used by the Florida Retirement System (FRS) for the Special Risk class in its July 1, 2019 actuarial valuation report in accordance with Florida Statutes.

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2020

Schedule of Employer Contributions – General Employee Retirement Plan
Last Ten Fiscal Years

Year Ending September 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 3,069,174	\$ 4,278,984	\$ 4,377,313	\$ 4,499,935	\$ 4,274,277	\$ 4,889,995	\$ 4,972,378	\$ 4,641,428	\$ 4,153,621	\$ 4,115,761
Contributions in relation to the actuarially determined contribution	3,069,174	12,002,990	4,377,313	4,499,935	4,274,277	4,889,995	4,972,378	4,641,428	4,153,621	4,115,761
Contribution deficiency (excess)	\$ -	\$ (7,724,006)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,704,293	\$ 16,224,526	\$ 17,094,905	\$ 18,830,488	\$ 19,305,268
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	31.14%	30.65%	27.15%	22.06%	21.32%

Notes to Schedule

Valuation Date:

Actuarially determined contributions is calculated using an October valuation date as of the beginning of the year in which contributions are reported.

Methods and Assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	7
Asset valuation method	5-year smoothed market
Inflation	N/A
Salary Increases	N/A
Investment rate of return	6.5% net of investment expenses, including inflation
Retirement age	Rates based on age ranging from 55-70 years, with 100% retirement at age 70
Mortality	Current: PUB-2010 base tables, set back one year for males, projected generationally using scale MP-2018 for healthy actives and inactive. For disabled retirees, the PUB - 2010 disabled table, set forward three years for both males and females, projected generationally using scale MP-2018
	Fiscal year 2018 and prior: 50% RP-2000 Combined Healthy White Collar and 50% RP-2000 Combined Healthy Blue Collar with Scale BB. RP-2000 Disabled Retiree Mortality table with four year set back for males and two year set forward for females

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2020

Schedule of Employer Contributions – Police Officers’ Retirement Fund
Last Ten Fiscal Years

Year Ending September 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 1,057,446	\$ 1,069,223	\$ 1,032,396	\$ 997,726	\$ 1,106,085	\$ 1,080,860	\$ 1,103,288	\$ 1,124,361	\$ 1,069,836	\$ 1,003,043
Contributions in relation to the actuarially determined contribution	1,057,446	1,069,223	1,032,396	997,726	1,106,085	1,080,860	1,103,288	1,124,361	1,069,836	1,003,043
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,543,511	\$ 3,363,227	\$ 3,259,812	\$ 3,261,894	\$ 3,169,645	\$ 2,938,951	\$ 2,899,869	\$ 2,947,305	\$ 3,013,887	\$ 3,297,317
Contributions as a percentage of covered payroll	29.84%	31.79%	31.67%	30.59%	34.90%	36.79%	38.05%	38.15%	35.50%	30.42%

Notes to Schedule

Valuation Date:

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

Methods and Assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary Increases	Scale of increase rates from 3.75% to 8.0% depending on age
Investment rate of return	7.55% net of investment related expenses, 7.65% in prior year
Retirement age	Members with less than 25 year of service are assumed to retire early at a rate of 5% per year from ages 50-54, at a rate of 50% in the year of the Normal Retirement Date with 100% to retire by age 56+. Members with 25 years of service or more retire at a rate of 15% under the age of 50, between 20% and 50% per year from ages 50-54 with 100% retired by age 55+
Mortality	In accordance with the requirements of Florida statutes, the mortality tables used in this valuation are the same as the mortality assumptions for special risk employees used in the valuation of the Florida Retirement System (FRS) as of the July 1, 2019 FRS valuation report.

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2020

Schedule of Employer Contributions – Firefighter’s Relief and Pension Fund
Last Ten Fiscal Years

Year Ending September 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 241,271	\$ 260,242	\$ 285,361	\$ 267,618	\$ 329,946	\$ 337,054	\$ 338,509	\$ 328,294	\$ 333,686	\$ 309,977
Contributions in relation to the actuarially determined contribution	241,271	260,242	285,361	267,618	329,946	337,054	338,509	328,294	333,686	309,977
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation Date:

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

Methods and Assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	10 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary Increases	N/A
Investment rate of return	6.00% net of investment expenses, including inflation
Retirement age	N/A
Mortality	RP-2000 Mortality Table for Annuitants (for post-retirement mortality) with mortality improvements projected to all future years after 2000 using Scale BB.

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2020

**Schedule of Changes in Net OPEB Liability and Related Ratios –
Other Postemployment Benefits Plan
Last Ten Fiscal Years**

	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 598,599	\$ 526,731	\$ 541,547	\$ 517,526
Interest	1,981,623	1,951,770	1,880,643	1,806,107
Change of benefit terms	-	-	-	-
Differences between expected and actual experience	2,221,808	(1,722,633)	-	-
Changes of assumptions	(6,136,371)	998,719	-	-
Benefit payments	(1,399,838)	(1,257,980)	(1,185,885)	(1,024,866)
Net change in total OPEB liability	(2,734,179)	496,607	1,236,305	1,298,767
Total OPEB liability - beginning	33,128,365	32,631,758	31,395,453	30,096,686
Total OPEB liability - ending (a)	\$ 30,394,186	\$ 33,128,365	\$ 32,631,758	\$ 31,395,453
Plan fiduciary net position				
Contributions - employer	\$ 1,957,905	\$ 2,093,039	\$ 2,056,291	\$ 1,971,583
Net investment income	250,536	99,958	89,274	42,955
Benefit payments	(1,399,838)	(1,257,980)	(1,185,885)	(1,024,866)
Administrative expense	-	-	-	-
Net change in plan fiduciary net position	808,603	935,017	959,680	989,672
Plan fiduciary net position - beginning	2,884,369	1,949,352	989,672	-
Plan fiduciary net position - ending (b)	\$ 3,692,972	\$ 2,884,369	\$ 1,949,352	\$ 989,672
City's net OPEB liability - ending (a) - (b)	\$ 26,701,214	\$ 30,243,996	\$ 30,682,406	\$ 30,405,781
Plan fiduciary net position as a percentage of the total OPEB liability	12.15%	8.71%	5.97%	3.15%
Covered employee payroll	\$ 18,038,730	\$ 19,799,596	\$ 22,166,418	\$ 18,157,544
City's net OPEB liability as percentage of covered employee payroll	148.02%	152.75%	138.42%	167.46%

Notes to Schedule:

Note . The OPEB trust fund was established in June 2017, so no historical information for prior years is available.

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2020

Schedule of Employer Contributions – Other Postemployment Benefits Plan
Last Ten Fiscal Years

Year Ending September 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 1,957,905	\$ 2,093,039	\$ 2,056,291	\$ 1,971,853	\$ 2,127,974	\$ 2,077,932	\$ 2,448,550	\$ 3,689,977	\$ 3,926,000	\$ 3,798,000
Contributions in relation to the actuarially determined contribution	1,957,905 (2)	2,093,039 (2)	2,056,291 (2)	1,971,853	774,300	784,887	1,193,698	1,109,982	857,000	1,398,000 (1)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ 1,353,674	\$ 1,293,045	\$ 1,254,852	\$ 2,579,995	\$ 3,069,000	\$ 2,400,000
Covered employee payroll	\$ 18,038,730	\$ 19,799,596	\$ 22,166,418	\$ 18,157,544	\$ 18,701,186	\$ 18,701,186	\$ 20,448,071	\$ 20,448,071	\$ 23,150,255	\$ 23,555,000
Contributions as a percentage of covered employee payroll	10.85%	10.57%	9.28%	10.86%	4.14%	4.20%	5.84%	5.43%	3.70%	5.94%

Notes to Schedule

Note 1: The City's estimate of contributions for all fiscal years to date was revised in 2010 due to corrections in assumptions for calculation of City contributions.

Note 2: A qualifying OPEB Trust was established in June 2017

Valuation Date:

Actuarially determined contributions are calculated using an October valuation date as of the beginning of the year in which contributions are reported, and are rolled forward for years for which a complete annual valuation was not required.

Methods and Assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage, closed
Remaining amortization period	24
Asset valuation method	Market Value
Inflation	2.50%
Salary Increases	3.75 % to 6.5 %
Investment rate of return	6.0% net of investment expenses, including inflation
Healthcare cost trend rate	Based on the Getzen Model, with trend starting at 6.50% and gradually decreasing to an ultimate trend rate of 3.99%.
Mortality	Mortality tables used for Regular Class and Special Risk Class members in the July 1, 2019 actuarial valuation of the Florida Retirement System. Based on a statewide experience study covering 2013-2018 with generational projection.

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2020

Schedule of Investment Returns – All Pension Plans and Other Postemployment Benefits Plan
Last Ten Fiscal Years

Annual money-weighted rate of return, net of investment expense

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Employees' Retirement Plan	8.09%	4.56%	8.47%	11.69%	10.17%	1.20%	10.69%	12.85%	18.74%	1.60%
Police Officers' Retirement Fund	13.83%	3.60%	10.16%	11.45%	7.99%	0.87%	9.08%	14.17%	19.27%	-1.69%
Firefighter's Relief and Pension Fund	-0.90%	2.40%	7.40%	12.10%	9.70%	1.20%	10.00%	13.60%	15.50%	0.00%
Other Post Employment Benefits (OPEB) Plan	7.92%	4.22%	6.27%	9.07%	-	-	-	-	-	-

Note: The OPEB trust fund was established in June 2017; there is no investment data available prior to funding of the trust.

COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES

CITY OF VERO BEACH, FLORIDA
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property taxes	\$ 7,261,169	\$ 7,355,475	\$ 7,355,480	\$ 5
Utility taxes	2,507,000	2,723,980	2,724,013	33
Electric utility franchise fee	1,680,000	1,528,000	1,550,687	22,687
Telecommunications tax	1,170,717	1,242,170	1,238,702	(3,468)
Local option gas tax	546,112	496,652	501,491	4,839
Local business tax	155,000	147,255	147,256	1
Total taxes	13,319,998	13,493,532	13,517,629	24,097
Licenses and permits:				
Sign permit fees	7,500	7,080	7,080	-
Burglar alarm permit fees	45,000	44,863	44,863	-
Miscellaneous license fees	101,000	136,334	136,335	1
Total licenses and permits	153,500	188,277	188,278	1
Intergovernmental revenues:				
State revenue sharing	586,704	572,023	572,023	-
State sales tax revenue	1,271,843	1,215,022	1,237,181	22,159
Total intergovernmental revenues	1,858,547	1,787,045	1,809,204	22,159
Grants:				
OJP grants	-	3,483	23,076	19,593
FEMA (Hurricanes Frances, Jeanne & Matthew)	-	1,186,723	1,186,724	1
Miscellaneous grants	-	2,868	2,868	-
Total grants	-	1,193,074	1,212,668	19,594
Charges for Services:				
Planning department	90,000	100,651	100,651	-
Administrative services	1,883,270	1,883,270	1,883,270	-
Recreation	366,000	202,896	202,652	(244)
Airport security	96,637	96,637	41,077	(55,560)
Police department special details	338,000	243,409	243,409	-
Public works	-	161,705	161,705	-
Total charges for services	2,773,907	2,688,568	2,632,764	(55,804)
Fines, forfeitures and seizures				
	159,000	645,714	645,714	-
Miscellaneous revenues:				
Investment earnings	608,000	2,249,996	2,235,037	(14,959)
Rentals	296,200	253,509	288,304	34,795
Contributions from private sources	13,000	9,076	5,730	(3,346)
Miscellaneous	83,000	61,735	61,929	194
Total miscellaneous revenues	1,000,200	2,574,316	2,591,000	16,684
Total revenues	19,265,152	22,570,526	22,597,257	26,731
Expenditures				
Current:				
General government:				
City council:				
Personnel services	79,069	71,669	71,528	141
Operating	8,950	4,680	4,482	198
Total city council	88,019	76,349	76,010	339
City clerk:				
Personnel services	441,651	444,951	444,622	329
Operating	95,900	92,473	86,705	5,768
Capital outlay	-	3,428	9,094	(5,666)
Total city clerk	537,551	540,852	540,421	431
City manager:				
Personnel services	347,710	353,210	352,903	307
Operating	11,400	7,100	6,458	642
Total city manager	359,110	360,310	359,361	949
City hall:				
Operating	125,037	120,137	110,571	9,566

CITY OF VERO BEACH, FLORIDA
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
City attorney:				
Personnel services	\$ 405,033	\$ 331,333	\$ 330,765	\$ 568
Operating	20,540	17,840	14,310	3,530
Total city attorney	425,573	349,173	345,075	4,098
Human resources:				
Personnel services	377,387	382,387	382,191	196
Operating	81,335	75,235	70,263	4,972
Capital outlay	-	1,100	936	164
Total human resources	458,722	458,722	453,390	5,332
Finance administration:				
Personnel services	825,078	829,628	829,036	592
Operating	52,219	75,119	73,250	1,869
Total finance administration	877,297	904,747	902,286	2,461
Information technology:				
Personnel services	594,305	644,505	644,368	137
Operating	146,675	149,025	144,799	4,226
Capital outlay	39,500	23,550	23,518	32
Total information technology	780,480	817,080	812,685	4,395
Purchasing:				
Personnel services	527,002	611,602	611,335	267
Operating	20,991	20,141	17,039	3,102
Capital outlay	5,633	4,513	4,507	6
Total purchasing	553,626	636,256	632,881	3,375
Planning:				
Personnel services	483,554	486,404	486,081	323
Operating	38,700	35,300	32,608	2,692
Total planning	522,254	521,704	518,689	3,015
Public works - fleet management:				
Personnel services	5,113	6,734	10,502	(3,768)
Operating	2,927	4,206	6,141	(1,935)
Capital outlay	10,000	10,000	-	10,000
Total public works - fleet management	18,040	20,940	16,643	4,297
Public works - facilities management:				
Personnel services	632,552	628,952	628,698	254
Operating	169,570	129,570	111,518	18,052
Total public works - facilities management	802,122	758,522	740,216	18,306
Public works - GIS:				
Personnel services	199,382	245,482	244,458	1,024
Operating	3,850	2,950	1,718	1,232
Total public works - GIS	203,232	248,432	246,176	2,256
Total general government	5,751,063	5,813,224	5,754,404	58,820
Public safety:				
Police:				
Personnel services	7,648,375	7,489,217	7,488,172	1,045
Operating	879,564	829,569	798,130	31,439
Capital outlay	115,106	134,541	132,079	2,462
Total public safety	8,643,045	8,453,327	8,418,381	34,946
Transportation:				
Public works - administration:				
Personnel services	476,224	471,624	470,219	1,405
Operating	69,892	57,917	48,874	9,043
Total public works - administration	546,116	529,541	519,093	10,448

Continued

CITY OF VERO BEACH, FLORIDA

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Public works - streets/stormwater/traffic:				
Personnel services	\$ 1,101,558	\$ 1,054,358	\$ 1,053,982	\$ 376
Operating	373,289	334,049	327,642	6,407
Capital outlay	27,000	16,040	15,824	216
Total public works - streets	1,501,847	1,404,447	1,397,448	6,999
Public works - engineering & survey:				
Personnel services	440,211	425,911	425,499	412
Operating	62,665	62,665	55,116	7,549
Capital outlay	5,000	5,000	3,847	1,153
Total public works - engineering & survey	507,876	493,576	484,462	9,114
Total transportation	2,555,839	2,427,564	2,401,003	26,561
Culture and recreation:				
Public works - grounds maintenance:				
Personnel services	1,531,045	1,592,345	1,588,097	4,248
Operating	616,986	608,356	558,463	49,893
Capital outlay	64,800	59,930	57,678	2,252
Total public works - grounds maintenance	2,212,831	2,260,631	2,204,238	56,393
Recreation - leisure square:				
Personnel services	228,617	266,417	265,821	596
Operating	142,647	158,647	160,248	(1,601)
Capital outlay	15,300	10,300	9,449	851
Total recreation - leisure square	386,564	435,364	435,518	(154)
Recreation - community center:				
Personnel services	66,311	54,211	53,839	372
Operating	57,478	57,478	56,135	1,343
Total recreation - community center	123,789	111,689	109,974	1,715
Recreation - riverside tennis complex:				
Personnel services	106,827	102,527	102,247	280
Operating	10,205	14,505	13,831	674
Total recreation - riverside tennis complex	117,032	117,032	116,078	954
Recreation - parks, playgrounds & rental facilities:				
Personnel services	86,852	92,152	91,825	327
Operating	193,305	192,577	192,934	(357)
Capital outlay	2,000	10,028	9,967	61
Total recreation - parks, playgrounds & rental facilities	282,157	294,757	294,726	31
Recreation - recreation programs & community events:				
Personnel services	268,568	236,868	236,568	300
Operating	43,520	23,520	19,887	3,633
Capital outlay	4,000	4,000	3,849	151
Total recreation - parks, playgrounds & rental facilities	316,088	264,388	260,304	4,084
Recreation - beach lifeguards:				
Personnel services	689,314	692,814	692,397	417
Operating	19,138	17,188	17,070	118
Capital outlay	17,100	17,900	17,743	157
Total recreation - beach lifeguards	725,552	727,902	727,210	692
Recreation - administration:				
Personnel services	362,179	412,879	412,448	431
Operating	3,550	4,500	4,172	328
Capital outlay	1,500	1,100	1,071	29
Total recreation - administration	367,229	418,479	417,691	788
Total culture and recreation	4,531,242	4,630,242	4,565,739	64,503

CITY OF VERO BEACH, FLORIDA

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Nondepartmental:				
Personnel services	\$ 1,809,223	\$ 1,610,540	\$ 1,608,793	\$ 1,747
Operating	1,419,049	1,887,535	1,627,667	259,868
Total nondepartmental	<u>3,228,272</u>	<u>3,498,075</u>	<u>3,236,460</u>	<u>261,615</u>
Total expenditures	<u>24,709,461</u>	<u>24,822,432</u>	<u>24,375,987</u>	<u>446,445</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,444,309)</u>	<u>(2,251,906)</u>	<u>(1,778,730)</u>	<u>473,176</u>
Other financing sources (uses)				
Proceeds from insurance	-	54,389	54,389	-
Gain on sale of assets	1,000	49,607	49,607	-
Transfers in:				
Water & sewer fund	1,005,000	1,005,000	1,005,000	-
Solid waste fund	173,000	173,000	173,000	-
Marina fund	101,000	101,000	101,000	-
Health insurance fund	179,853	179,853	312,576	132,723
Total transfers in	<u>1,458,853</u>	<u>1,458,853</u>	<u>1,591,576</u>	<u>132,723</u>
Transfers out:				
Construction fund	-	(300,000)	(300,000)	-
Cemetery fund	(48,000)	(48,000)	(48,000)	-
Economic development zone fund	(88,696)	(87,027)	(87,027)	-
Total transfers out	<u>(136,696)</u>	<u>(435,027)</u>	<u>(435,027)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,323,157</u>	<u>1,127,822</u>	<u>1,260,545</u>	<u>132,723</u>
Net change in fund balances	<u>(4,121,152)</u>	<u>(1,124,084)</u>	<u>(518,185)</u>	<u>605,899</u>
Fund balance - beginning	<u>65,443,396</u>	<u>65,443,396</u>	<u>65,443,396</u>	<u>-</u>
Fund balance - ending	<u>\$ 61,322,244</u>	<u>\$ 64,319,312</u>	<u>\$ 64,925,211</u>	<u>\$ 605,899</u>

CITY OF VERO BEACH, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	Special Revenue Funds				
	Confiscated Property	Law Enforcement Education	Historic Downtown Vero Beach Economic Development Zone	Police & Firefighter Premium Tax Trust	Asset Management
Assets					
Equity in pooled cash and investments	\$ 69,013	\$ 15,083	\$ 160,545	\$ -	\$ 1,458,800
Cash with fiscal agent	-	-	-	-	-
Receivables, net:					
Accounts	55,520	-	-	-	-
Special assessments	-	-	-	-	-
Interest	-	-	-	-	6,701
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 124,533</u>	<u>\$ 15,083</u>	<u>\$ 160,545</u>	<u>\$ -</u>	<u>\$ 1,465,501</u>
Liabilities, deferred inflows and fund balances					
Liabilities:					
Accounts and contracts payable	-	-	-	-	317
Accrued liabilities	-	-	-	-	-
Evidence escrow	35,023	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>35,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>317</u>
Fund balances:					
Restricted:	89,510	15,083	160,545	-	1,465,184
Assigned	-	-	-	-	-
Total fund balances	<u>89,510</u>	<u>15,083</u>	<u>160,545</u>	<u>-</u>	<u>1,465,184</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 124,533</u>	<u>\$ 15,083</u>	<u>\$ 160,545</u>	<u>\$ -</u>	<u>\$ 1,465,501</u>

Special Revenue Funds		Debt Service Fund	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Whitaker Trust	Downey Little Flower	Debt Service	Infrastructure & Real Estate Improvements	Crestlawn Cemetery	
\$ 716,001	\$ 158,186	\$ -	\$ -	\$ 179,081	\$ 2,756,709
-	-	-	-	-	-
-	-	-	-	-	55,520
-	-	-	-	-	-
2,711	310	-	7,427	-	17,149
-	-	-	-	-	-
-	-	-	403,636	-	403,636
<u>\$ 718,712</u>	<u>\$ 158,496</u>	<u>\$ -</u>	<u>\$ 411,063</u>	<u>\$ 179,081</u>	<u>\$ 3,233,014</u>
111	34	-	1	880	1,343
-	-	-	-	2,658	2,658
-	-	-	-	-	35,023
-	-	-	184,251	-	184,251
<u>111</u>	<u>34</u>	<u>-</u>	<u>184,252</u>	<u>3,538</u>	<u>223,275</u>
718,601	158,462	-	226,811	175,543	3,009,739
-	-	-	-	-	-
<u>718,601</u>	<u>158,462</u>	<u>-</u>	<u>226,811</u>	<u>175,543</u>	<u>3,009,739</u>
<u>\$ 718,712</u>	<u>\$ 158,496</u>	<u>\$ -</u>	<u>\$ 411,063</u>	<u>\$ 179,081</u>	<u>\$ 3,233,014</u>

CITY OF VERO BEACH, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue Funds				
	Confiscated Property	Law Enforcement Education	Historic Downtown Vero Beach Economic Development Zone	Police & Firefighter Premium Tax Trust	Asset Management
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	433,162	-
Grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	55,520	3,293	-	-	-
Investment earnings	-	-	-	-	44,667
Contributions from private sources	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>55,520</u>	<u>3,293</u>	<u>-</u>	<u>433,162</u>	<u>44,667</u>
Expenditures					
Current:					
Public safety	-	-	-	433,162	-
Physical environment	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>433,162</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>55,520</u>	<u>3,293</u>	<u>-</u>	<u>-</u>	<u>44,667</u>
Other financing sources (uses)					
Capital lease proceeds	-	-	-	-	-
Sale of assets	-	-	-	-	-
Proceeds from insurance	-	-	-	-	-
Transfers in	-	-	87,027	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>87,027</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>55,520</u>	<u>3,293</u>	<u>87,027</u>	<u>-</u>	<u>44,667</u>
Fund balance (deficit) - beginning	<u>33,990</u>	<u>11,790</u>	<u>73,518</u>	<u>-</u>	<u>1,420,517</u>
Fund balance - ending	<u>\$ 89,510</u>	<u>\$ 15,083</u>	<u>\$ 160,545</u>	<u>\$ -</u>	<u>\$ 1,465,184</u>

Special Revenue Funds		Debt Service Fund	Capital Projects Funds	Permanent Fund	
Whitaker Trust	Downey Little Flower	Debt Service	Infrastructure & Real Estate Improvements	Crestlawn Cemetery	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 2,312,931	\$ -	\$ 2,312,931
-	-	-	-	-	433,162
-	-	-	-	-	-
-	-	-	-	254,890	254,890
-	-	-	-	-	58,813
17,474	4,616	-	171	381	67,309
-	-	-	-	-	-
-	-	-	702	-	702
<u>17,474</u>	<u>4,616</u>	<u>-</u>	<u>2,313,804</u>	<u>255,271</u>	<u>3,127,807</u>
-	-	-	-	-	433,162
-	-	-	-	224,814	224,814
-	-	85,000	-	-	85,000
-	-	28,343	-	-	28,343
-	-	-	-	-	-
-	-	<u>113,343</u>	<u>-</u>	<u>224,814</u>	<u>771,319</u>
<u>17,474</u>	<u>4,616</u>	<u>(113,343)</u>	<u>2,313,804</u>	<u>30,457</u>	<u>2,356,488</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	113,343	-	48,994	249,364
(35,787)	-	-	(2,364,343)	-	(2,400,130)
<u>(35,787)</u>	<u>-</u>	<u>113,343</u>	<u>(2,364,343)</u>	<u>48,994</u>	<u>(2,150,766)</u>
(18,313)	4,616	-	(50,539)	79,451	205,722
<u>736,914</u>	<u>153,846</u>	<u>-</u>	<u>277,350</u>	<u>96,092</u>	<u>2,804,017</u>
<u>\$ 718,601</u>	<u>\$ 158,462</u>	<u>\$ -</u>	<u>\$ 226,811</u>	<u>\$ 175,543</u>	<u>\$ 3,009,739</u>

CITY OF VERO BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONFISCATED PROPERTY FUND

YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ -	\$ 55,520	\$ 55,520	\$ -
Total revenues	-	55,520	55,520	-
Net change in fund balances	-	55,520	55,520	-
Fund balance - beginning	33,990	33,990	33,990	-
Fund balance - ending	\$ 33,990	\$ 89,510	\$ 89,510	\$ -

CITY OF VERO BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - LAW ENFORCEMENT EDUCATION FUND

YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ -	\$ 3,293	\$ 3,293	\$ -
Total revenues	-	3,293	3,293	-
Net change in fund balances	-	3,293	3,293	-
Fund balance - beginning	11,790	11,790	11,790	-
Fund balance - ending	\$ 11,790	\$ 15,083	\$ 15,083	\$ -

CITY OF VERO BEACH, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL - HISTORIC DOWNTOWN VERO BEACH ECONOMIC DEVELOPMENT ZONE

YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Other financing sources				
Transfers in	\$ 88,696	\$ 87,027	\$ 87,027	\$ -
Total other financing sources	<u>88,696</u>	<u>87,027</u>	<u>87,027</u>	<u>-</u>
Net change in fund balances	88,696	87,027	87,027	-
Fund balance - beginning	<u>73,518</u>	<u>73,518</u>	<u>73,518</u>	<u>-</u>
Fund balance - ending	<u>\$ 162,214</u>	<u>\$ 160,545</u>	<u>\$ 160,545</u>	<u>\$ -</u>

CITY OF VERO BEACH, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL - GENERAL GOVERNMENT CAPITAL AND CONSTRUCTION FUND

YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ -	\$ 922,896	\$ 307,313	\$ (615,583)
Investment earnings	1,000	127,000	128,008	1,008
Contributions from private sources	388,000	32,600	32,597	(3)
Total revenues	<u>389,000</u>	<u>1,082,496</u>	<u>467,918</u>	<u>(614,578)</u>
Expenditures				
Debt Service:				
Principal and interest	718,652	669,392	624,091	45,301
Capital outlay	4,850,796	3,823,933	3,245,697	578,236
Total expenditures	<u>5,569,448</u>	<u>4,493,325</u>	<u>3,869,788</u>	<u>623,537</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,180,448)</u>	<u>(3,410,829)</u>	<u>(3,401,870)</u>	<u>8,959</u>
Other financing sources (uses)				
Issuance of debt - capital leases	420,966	212,626	212,626	-
Sale of assets	30,000	36,600	36,621	21
Proceeds from insurance	-	19,600	19,582	(18)
Transfers in	2,493,000	2,593,000	2,586,787	(6,213)
Total other financing sources (uses)	<u>2,943,966</u>	<u>2,861,826</u>	<u>2,855,616</u>	<u>(6,210)</u>
Net change in fund balances	<u>(2,236,482)</u>	<u>(549,003)</u>	<u>(546,254)</u>	<u>2,749</u>
Fund balance - beginning	<u>5,366,521</u>	<u>5,366,521</u>	<u>5,366,521</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,130,039</u>	<u>\$ 4,817,518</u>	<u>\$ 4,820,267</u>	<u>\$ 2,749</u>

CITY OF VERO BEACH, FLORIDA**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL - INFRASTRUCTURE AND REAL ESTATE IMPROVEMENTS FUND**

YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 2,482,206	\$ 2,284,294	\$ 2,312,931	\$ 28,637
Investment earnings	400	173	171	(2)
Miscellaneous	-	702	702	-
Total revenues	<u>2,482,606</u>	<u>2,285,169</u>	<u>2,313,804</u>	<u>28,635</u>
Other financing sources (uses)				
Transfers out	(2,564,343)	(2,364,343)	(2,364,343)	-
Total other financing sources (uses)	<u>(2,564,343)</u>	<u>(2,364,343)</u>	<u>(2,364,343)</u>	<u>-</u>
Net change in fund balances	(81,737)	(79,174)	(50,539)	28,635
Fund balance - beginning	<u>277,350</u>	<u>277,350</u>	<u>277,350</u>	<u>-</u>
Fund balance - ending	<u>\$ 195,613</u>	<u>\$ 198,176</u>	<u>\$ 226,811</u>	<u>\$ 28,635</u>

CITY OF VERO BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CRESTLAWN CEMETERY FUND

YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 182,000	\$ 254,600	\$ 254,890	\$ 290
Investment earnings	500	350	381	31
Total revenues	<u>182,500</u>	<u>254,950</u>	<u>255,271</u>	<u>321</u>
Expenditures				
Current:				
Physical environment	<u>226,795</u>	<u>226,795</u>	<u>224,814</u>	<u>1,981</u>
Total expenditures	<u>226,795</u>	<u>226,795</u>	<u>224,814</u>	<u>1,981</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(44,295)</u>	<u>28,155</u>	<u>30,457</u>	<u>2,302</u>
Other financing sources				
Transfers in	<u>48,888</u>	<u>48,888</u>	<u>48,994</u>	<u>106</u>
Total other financing sources	<u>48,888</u>	<u>48,888</u>	<u>48,994</u>	<u>106</u>
Net change in fund balances	4,593	77,043	79,451	2,408
Fund balance - beginning	<u>96,092</u>	<u>96,092</u>	<u>96,092</u>	<u>-</u>
Fund balance - ending	<u>\$ 100,685</u>	<u>\$ 173,135</u>	<u>\$ 175,543</u>	<u>\$ 2,408</u>

CITY OF VERO BEACH, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2020

	<u>Health Insurance</u>	<u>Liability Insurance</u>	<u>Total</u>
Assets			
Current assets:			
Equity in pooled cash and investments	\$ -	\$ 1,733,806	\$ 1,733,806
Receivables, net:			
Interest	-	12,974	12,974
Prepaid costs	-	45,000	45,000
Total current assets	<u>-</u>	<u>1,791,780</u>	<u>1,791,780</u>
Capital assets:			
Capital assets being depreciated	-	8,047	8,047
Accumulated depreciation	-	(8,047)	(8,047)
Capital assets being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ 1,791,780</u>	<u>\$ 1,791,780</u>
Liabilities			
Current liabilities:			
Accounts payable and contracts payable	\$ -	\$ 17,178	\$ 17,178
Claims payable	-	371,298	371,298
Total current liabilities	<u>-</u>	<u>388,476</u>	<u>388,476</u>
Noncurrent liabilities:			
Claims payable	-	865,702	865,702
Total noncurrent liabilities	<u>-</u>	<u>865,702</u>	<u>865,702</u>
Total liabilities	<u>-</u>	<u>1,254,178</u>	<u>1,254,178</u>
Net position			
Unrestricted	-	537,602	537,602
Total net position	<u>-</u>	<u>537,602</u>	<u>537,602</u>
Total liabilities and net position	<u>\$ -</u>	<u>\$ 1,791,780</u>	<u>\$ 1,791,780</u>

CITY OF VERO BEACH, FLORIDA**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS**

YEAR ENDED SEPTEMBER 30, 2020

	<u>Health Insurance</u>	<u>Liability Insurance</u>	<u>Total</u>
Operating revenue			
Miscellaneous	\$ 6,792	\$ -	\$ 6,792
Total operating revenue	<u>6,792</u>	<u>-</u>	<u>6,792</u>
Operating expenses			
Claims expense	-	8,682	8,682
Operating charges	659	-	659
Total operating expenditures	<u>659</u>	<u>8,682</u>	<u>9,341</u>
Operating income (loss)	<u>6,133</u>	<u>(8,682)</u>	<u>(2,549)</u>
Nonoperating revenues			
Investment earnings	6,676	59,466	66,142
Total nonoperating revenue	<u>6,676</u>	<u>59,466</u>	<u>66,142</u>
Transfers			
Transfers out	(400,057)	-	(400,057)
Total transfers	<u>(400,057)</u>	<u>-</u>	<u>(400,057)</u>
Changes in net position	(387,248)	50,784	(336,464)
Net position - beginning of year	<u>387,248</u>	<u>486,818</u>	<u>874,066</u>
Net position - end of year	<u>\$ -</u>	<u>\$ 537,602</u>	<u>\$ 537,602</u>

CITY OF VERO BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

YEAR ENDED SEPTEMBER 30, 2020

	<u>Health Insurance</u>	<u>Liability Insurance</u>	<u>Total</u>
Operating activities			
Cash received from vendors for program expenses	\$ 6,792	\$ -	\$ 6,792
Payments to vendors	(1,511)	(451)	(1,962)
Benefit payments	-	(107,682)	(107,682)
Net cash provided by (used in) operating activities	<u>5,281</u>	<u>(108,133)</u>	<u>(102,852)</u>
Noncapital financing activities			
Transfers out	(400,057)	-	(400,057)
Net cash used in noncapital financing activities	<u>(400,057)</u>	<u>-</u>	<u>(400,057)</u>
Investing activities			
Purchases of pooled investments	(251,250)	(1,198,337)	(1,449,587)
Cash received on sale of pooled investments	379,248	1,338,835	1,718,083
Interest received	5,905	59,319	65,224
Net cash provided by investing activities	<u>133,903</u>	<u>199,817</u>	<u>333,720</u>
Change in cash and cash equivalents	<u>(260,873)</u>	<u>91,684</u>	<u>(169,189)</u>
Cash and cash equivalents			
Beginning of year	<u>260,873</u>	<u>151,824</u>	<u>412,697</u>
End of year	<u>\$ -</u>	<u>\$ 243,508</u>	<u>\$ 243,508</u>
Cash and cash equivalents classified as:			
Equity in pooled cash and investments	\$ -	\$ 1,733,806	\$ 1,733,806
Less: investments not meeting definition of cash equivalents	-	(1,490,298)	(1,490,298)
	<u>\$ -</u>	<u>\$ 243,508</u>	<u>\$ 243,508</u>
Reconciliation of operating income (loss) to net cash used in operating activities			
Operating income (loss)	\$ 6,133	\$ (8,682)	\$ (2,549)
Change in assets, liabilities and deferred outflows:			
Accounts payable and contracts payable	(852)	(451)	(1,303)
Claims payable	-	(99,000)	(99,000)
Total adjustments	<u>(852)</u>	<u>(99,451)</u>	<u>(100,303)</u>
Net cash provided by (used in) operating activities	<u>\$ 5,281</u>	<u>\$ (108,133)</u>	<u>\$ (102,852)</u>

CITY OF VERO BEACH, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

YEAR ENDED SEPTEMBER 30, 2020

	<u>Balance</u> <u>October 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>September 30, 2020</u>
<i>Health and Life Insurance Fund</i>				
Assets				
Cash and cash equivalents	\$ -	\$ 4,223,181	\$ (4,223,181)	\$ -
Liabilities				
Accounts payable	\$ -	\$ 4,223,181	\$ (4,223,181)	\$ -
<i>Retirement Premium Assistance Fund</i>				
Assets				
Cash and cash equivalents	\$ -	1,041,952	(1,041,952)	\$ -
Liabilities				
Escrow	\$ -	1,041,952	(1,041,952)	\$ -
<i>Total All Agency Funds</i>				
Assets				
Cash and cash equivalents	\$ -	\$ 5,265,133	\$ (5,265,133)	\$ -
Liabilities				
Accounts payable	\$ -	\$ 4,223,181	\$ (4,223,181)	\$ -
Escrow	-	1,041,952	(1,041,952)	-
Total liabilities	\$ -	\$ 5,265,133	\$ (5,265,133)	\$ -

CITY OF VERO BEACH, FLORIDA

SCHEDULE OF EXPENDITURES OF LOCAL FINANCIAL ASSISTANCE

FOR THE YEAR ENDED SEPTEMBER 30, 2020

LOCAL AGENCY, PASS-THROUGH ENTITY LOCAL PROJECT	DATE OF AWARD	PROJECT IDENTIFICATION NUMBER	PROGRAM OR AWARD AMT	TOTAL EXPENDITURES
UNITED STATES TENNIS ASSOCIATION				
Facility Recovery Grant Award	5/12/20	Riverside Racquet Complex	\$ 2,250	\$ 2,250
TOTAL EXPENDITURES OF LOCAL FINANCIAL ASSISTANCE				\$ 2,250

NOTES TO SCHEDULE OF EXPENDITURES OF LOCAL FINANCIAL ASSISTANCE

NOTE 1 - ACCOUNTING POLICIES:

The Schedule of Expenditures of Local Financial Assistance was prepared with the accounting policies described in 'Note 1 -Summary of Significant Accounting Policies' of the Notes to the Financial Statements.

STATISTICAL SECTION

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CITY OF VERO BEACH, FLORIDA
STATISTICAL SECTION

Statistical Section

This part of the City of Vero Beach, Florida's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends (Tables 1-4)

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity (Tables 5-10)

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax, and the municipal sales tax.

Debt Capacity (Tables 11-14)

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Economic and Demographic Information (Tables 15-17)

These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information (Tables 18-19)

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF VERO BEACH, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (TABLE 1) - UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Governmental Activities				
Net investment in capital assets	\$ 35,984,984	\$ 35,627,735	\$ 41,230,126	\$ 40,283,960
Restricted	3,798,090	8,170,538	4,118,073	5,257,686
Unrestricted	<u>32,397,933</u>	<u>25,995,580</u> (6)	<u>(22,356,798)</u> (4)	<u>(17,430,737)</u>
Total Governmental Activities				
Net Position	<u>\$ 72,181,007</u>	<u>\$ 69,793,853</u>	<u>\$ 22,991,401</u>	<u>\$ 28,110,909</u>
Business-Type Activities				
Net investment in capital assets	\$ 101,614,410	\$ 101,288,693 (6)	\$ 152,332,030	\$ 149,467,827
Restricted	-	-	2,000,000	2,000,000
Unrestricted	<u>19,457,525</u>	<u>16,929,357</u>	<u>31,698,542</u> (5)	<u>29,333,484</u>
Total Business-Type Activities				
Net Position	<u>\$ 121,071,935</u>	<u>\$ 118,218,050</u>	<u>\$ 186,030,572</u>	<u>\$ 180,801,311</u>
Primary Government				
Net investment in capital assets	\$ 137,599,394	\$ 136,916,428	\$ 193,562,156	\$ 189,751,787
Restricted	3,798,090	8,170,538	6,118,073	7,257,686
Unrestricted	<u>51,855,458</u>	<u>42,924,937</u>	<u>9,341,744</u>	<u>11,902,747</u>
Total Primary Government				
Net Position	<u>\$ 193,252,942</u>	<u>\$ 188,011,903</u>	<u>\$ 209,021,973</u>	<u>\$ 208,912,220</u>

(1) Impacted by addition of \$19.8 million in net pension liability due to implementation of GASB 68

(2) Impacted by addition of \$18.6 million in net pension liability due to implementation of GASB 68

(3) Impacted by reallocation of \$8.8 million in net OPEB obligations to business-type entities

(4) Impacted by addition of \$5.4 million in net OPEB liability due to implementation of GASB 75

(5) Impacted by addition of \$6.9 million in net OPEB liability due to implementation of GASB 75

(6) Impacted by sale of Electric System to Florida Power & Light in December 2018 and transfer of residual sale proceeds to the General Fund

2016	2015	2014	2013	2012	2011
\$ 36,988,494	\$ 35,672,967	\$ 28,542,240	\$ 29,631,269	\$ 29,908,083	\$ 28,499,031
5,729,880	5,088,640	5,400,588	5,165,879	4,600,854	5,028,407
<u>(15,944,231) (3)</u>	<u>(22,913,106) (1)</u>	<u>(4,475,195)</u>	<u>(2,216,098)</u>	<u>(402,043)</u>	<u>4,227,519</u>
<u>\$ 26,774,143</u>	<u>\$ 17,848,501</u>	<u>\$ 29,467,633</u>	<u>\$ 32,581,050</u>	<u>\$ 34,106,894</u>	<u>\$ 37,754,957</u>
\$ 165,590,074	\$ 161,203,319	\$ 170,783,743	\$ 177,072,568	\$ 171,182,649	\$ 174,571,428
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
<u>36,187,202 (3)</u>	<u>42,128,961 (2)</u>	<u>50,692,532</u>	<u>47,424,788</u>	<u>50,423,511</u>	<u>46,207,638</u>
<u>\$ 203,777,276</u>	<u>\$ 205,332,280</u>	<u>\$ 223,476,275</u>	<u>\$ 226,497,356</u>	<u>\$ 223,606,160</u>	<u>\$ 222,779,066</u>
\$ 202,578,568	\$ 196,876,286	\$ 199,325,983	\$ 206,703,837	\$ 201,090,732	\$ 203,070,461
7,729,880	7,088,640	7,400,588	7,165,879	6,600,854	7,028,407
<u>20,242,971</u>	<u>19,215,855</u>	<u>46,217,337</u>	<u>45,208,690</u>	<u>50,021,468</u>	<u>50,435,155</u>
<u>\$ 230,551,419</u>	<u>\$ 223,180,781</u>	<u>\$ 252,943,908</u>	<u>\$ 259,078,406</u>	<u>\$ 257,713,054</u>	<u>\$ 260,534,023</u>

CITY OF VERO BEACH, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (TABLE 2) - UNAUDITED

	2020	2019	2018	2017
<u>Program Revenues</u>				
Governmental activities:				
Charges for Services:				
General Government	\$ 2,427,301	\$ 2,806,806	\$ 3,636,392	\$ 3,604,995
Public Safety	992,799	481,695	258,911	220,653
Physical Environment	299,475	192,322	218,324	233,292
Transportation	161,705	-	-	-
Culture/Recreation	343,112	593,483	499,926	527,190
Operating Grants and Contributions	484,471	1,111,910	79,794	570,180
Capital Grants and Contributions	970,046	109,670	347,023	2,113,592
Total Governmental Activities Program Revenues	5,678,909	5,295,886	5,040,370	7,269,902
Business-Type Activities:				
Charges for Services:				
Electric System	-	19,789,486 (2)	92,290,247	86,654,495
Water and Sewer System	17,307,134	16,709,377	16,484,264	16,902,369
Municipal Airport	3,247,175	3,410,340	2,936,011	2,667,741
Municipal Marina	1,807,622	1,754,644	1,781,640	1,545,493
Solid Waste	2,760,365	2,828,287	2,858,130	2,832,737
Recreation	-	-	-	-
Operating Grants and Contributions	(21,432)	99,840	2,128,768	804,917
Capital Grants and Contributions	2,190,864	5,946,756	2,561,161	7,168,130
Total Business-Type Activities Program Revenues	27,291,728	50,538,730	121,040,221	118,575,882
Total Program Revenues	\$ 32,970,637	\$ 55,834,616	\$ 126,080,591	\$ 125,845,784
<u>Expenses</u>				
Governmental activities:				
General Government	\$ 8,232,024	\$ 20,276,511	\$ 10,777,489	\$ 10,461,740
Public Safety	8,382,265	9,316,420	8,257,722	8,647,963
Physical Environment	297,960	275,397	225,226	214,628
Transportation	3,581,215	3,045,625	2,525,844	2,410,448
Culture and Recreation	4,568,626	4,719,915	4,681,936	4,644,893
Interest and Fiscal Charges	65,593	483,390	263,554	277,386
Total Governmental Activities Expenses	25,127,683	38,117,258	26,731,771	26,657,058
Business-Type Activities:				
Electric System	-	19,332,640 (2)	81,136,691	90,705,047
Water and Sewer System	15,118,926	15,622,061	14,437,913	13,604,066
Municipal Airport	5,010,628	4,340,883	3,905,791	3,226,727
Municipal Marina	1,425,571	1,796,148	1,441,555	1,377,152
Solid Waste	2,727,650	2,759,977	2,615,601	2,552,714
Recreation	-	-	-	-
Total Business-Type Activities Expenses	24,282,775	43,851,709	103,537,551	111,465,706
Total Expenses	\$ 49,410,458	\$ 81,968,967	\$ 130,269,322	\$ 138,122,764

(1) Recreation enterprise fund eliminated - Recreation program revenues and expenses moved to General Fund

(2) Electric System results reflect partial year due to sale to Florida Power & Light in December 2018.

	2016	2015	2014	2013	2012	2011
\$	3,659,324	\$ 3,120,124	\$ 3,023,348	\$ 3,209,874	\$ 3,322,533	\$ 3,249,020
	188,395	194,385	174,406	177,152	166,584	129,944
	339,528	194,881	164,918	170,416	127,392	92,702
	-	-	-	-	-	-
	516,220	509,375	-	-	-	-
	484,508	513,190	635,643	519,600	527,612	-
	1,253,687	91,742	179,446	282,007	82,739	88,014
	<u>6,441,662</u>	<u>4,623,697</u>	<u>4,177,761</u>	<u>4,359,049</u>	<u>4,226,860</u>	<u>3,559,680</u>
	91,981,478	92,830,617	93,252,348	90,957,716	86,941,142	84,281,650
	16,188,317	16,029,976	15,665,556	15,482,251	17,312,617	18,434,117
	2,516,607	2,514,581	2,442,121	2,303,092	2,310,893	2,592,932
	1,498,695	1,546,143	1,684,381	1,720,499	1,715,912	1,647,314
	2,747,822	2,740,889	2,705,412	2,586,679	2,487,424	2,498,231
	-	- (1)	579,465	564,041	561,910	562,592
	-	-	44,794	-	-	177,937
	<u>2,735,272</u>	<u>1,271,305</u>	<u>2,605,464</u>	<u>2,209,793</u>	<u>1,199,221</u>	<u>2,585,075</u>
	<u>117,668,191</u>	<u>116,933,511</u>	<u>118,979,541</u>	<u>115,824,071</u>	<u>112,529,119</u>	<u>112,779,848</u>
\$	<u>124,109,853</u>	<u>\$ 121,557,208</u>	<u>\$ 123,157,302</u>	<u>\$ 120,183,120</u>	<u>\$ 116,755,979</u>	<u>\$ 116,339,528</u>
\$	9,595,925	\$ 9,237,771	\$ 10,889,683	\$ 12,037,462	\$ 9,797,132	\$ 12,958,247
	8,374,255	7,498,780	7,491,964	7,454,292	7,585,350	7,776,116
	208,813	193,287	197,150	171,260	155,472	133,192
	2,683,590	3,835,253	2,151,441	2,325,155	2,479,329	2,652,809
	4,664,530	4,735,272	1,824,566	1,781,225	866,935	807,693
	<u>276,390</u>	<u>249,296</u>	<u>257,600</u>	<u>253,000</u>	<u>620,728</u>	<u>528,045</u>
	<u>25,803,503</u>	<u>25,749,659</u>	<u>22,812,404</u>	<u>24,022,394</u>	<u>21,504,946</u>	<u>24,856,102</u>
	84,176,814	84,536,494	84,916,435	84,658,883	81,518,083	81,241,261
	13,643,485	13,133,789	13,213,332	13,437,853	14,787,816	15,390,337
	3,239,835	3,314,122	3,072,287	3,180,768	3,133,745	3,086,270
	1,255,700	1,340,805	1,508,790	1,646,038	1,701,291	1,717,969
	2,550,937	2,287,153	2,266,298	2,116,377	2,301,788	2,268,793
	-	- (1)	2,659,264	2,495,572	3,336,862	3,462,899
	<u>104,866,771</u>	<u>104,612,363</u>	<u>107,636,406</u>	<u>107,535,491</u>	<u>106,779,585</u>	<u>107,167,529</u>
\$	<u>130,670,274</u>	<u>\$ 130,362,022</u>	<u>\$ 130,448,810</u>	<u>\$ 131,557,885</u>	<u>\$ 128,284,531</u>	<u>\$ 132,023,631</u>

CITY OF VERO BEACH, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (TABLE 2) - UNAUDITED

	2020	2019	2018	2017
<u>Net (Expense)/Revenue</u>				
Governmental activities	\$ (19,448,774)	\$ (32,821,372)	\$ (21,691,401)	\$ (19,387,156)
Business-Type Activities	3,008,953	6,687,021	17,502,670	7,110,176
Total Primary Government Net Expense	<u>\$ (16,439,821)</u>	<u>\$ (26,134,351)</u>	<u>\$ (4,188,731)</u>	<u>\$ (12,276,980)</u>
<u>General Revenues and Other Changes in Net Position</u>				
Governmental activities:				
Property Taxes, Levied for General Purposes	\$ 7,355,480	\$ 6,940,767	\$ 6,504,063	\$ 6,067,927
Sales and gas taxes	2,814,422	2,838,430	2,814,155	2,666,342
Utility Taxes	5,513,402	4,996,861	3,506,556	3,387,171
Intergovernmental revenue: state revenue sharing	2,242,366	2,238,673	2,184,765	2,152,732
Investment Earnings	2,496,496	619,781	59,253	79,629
Other revenues	221,249	3,956,831	441,187	102,235
Transfers	1,192,513	58,032,481	6,353,386	6,267,886
Total Governmental Activities	<u>21,835,928</u>	<u>79,623,824</u>	<u>21,863,365</u>	<u>20,723,922</u>
Business-Type Activities:				
Investment Earnings	762,788	3,057,391	121,409	139,248
Other revenues	274,657	466,126	719,471	165,839
Transfers	(1,192,513)	(58,032,481)	(6,353,386)	(6,267,886)
Total Business-Type Activities	<u>(155,068)</u>	<u>(54,508,964)</u>	<u>(5,512,506)</u>	<u>(5,962,799)</u>
Total general revenues	<u>\$ 21,680,860</u>	<u>\$ 25,114,860</u>	<u>\$ 16,350,859</u>	<u>\$ 14,761,123</u>
<u>Changes in net position before special/extraordinary items</u>				
Governmental activities:	\$ 2,387,154	\$ 46,802,452	\$ 171,964	\$ 1,336,766
Business-Type Activities:	2,853,885	(47,821,943)	11,990,164	1,147,377
<u>Special/Extraordinary Items</u>				
Special Item - sale electric utility	\$ -	\$ (19,990,579)	\$ -	\$ -
Special Item - loss on impairment of assets	-	-	-	(24,123,342)
Governmental activities - Release of settlement reserve	-	-	-	-
<u>Changes in Net Position</u>				
Governmental activities:	\$ 2,387,154	\$ 46,802,452	\$ 171,964	\$ 1,336,766
Business-Type Activities:	2,853,885	(67,812,522)	11,990,164	1,147,377
Total Primary Government Change in Net Position	<u>\$ 5,241,039</u>	<u>\$ (21,010,070)</u>	<u>\$ 12,162,128</u>	<u>\$ 2,484,143</u>

2016	2015	2014	2013	2012	2011
\$ (19,361,841)	\$ (21,125,662)	\$ (18,634,643)	\$ (19,663,345)	\$ (17,278,086)	\$ (21,296,422)
12,801,420	12,321,148	11,343,135	8,288,580	5,749,534	5,612,319
<u>\$ (6,560,421)</u>	<u>\$ (8,804,514)</u>	<u>\$ (7,291,508)</u>	<u>\$ (11,374,765)</u>	<u>\$ (11,528,552)</u>	<u>\$ (15,684,103)</u>
\$ 5,456,351	\$ 4,335,449	\$ 4,189,203	\$ 4,115,113	\$ 4,245,008	\$ 4,238,150
2,542,706	2,525,140	2,558,056	2,234,588	2,225,963	2,829,121
3,371,684	3,321,721	3,413,665	3,492,793	3,438,308	3,463,808
1,679,141	1,645,349	1,607,641	1,525,146	1,478,492	1,558,925
167,602	228,767	89,954	46,097	216,447	298,044
500,070	94,948	144,557	121,400	117,811	54,178
6,401,986	6,656,986	5,147,454	5,236,999	4,678,934	4,140,811
<u>20,119,540</u>	<u>18,808,360</u>	<u>17,150,530</u>	<u>16,772,136</u>	<u>16,400,963</u>	<u>16,583,037</u>
294,211	296,383	126,448	68,290	220,054	355,413
(80,706)	(177,305)	(1,134,393)	270,430	223,142	143,184
(6,401,986)	(6,656,986)	(5,147,454)	(5,236,999)	(4,678,934)	(4,140,811)
<u>(6,188,481)</u>	<u>(6,537,908)</u>	<u>(6,155,399)</u>	<u>(4,898,279)</u>	<u>(4,235,738)</u>	<u>(3,642,214)</u>
<u>\$ 13,931,059</u>	<u>\$ 12,270,452</u>	<u>\$ 10,995,131</u>	<u>\$ 11,873,857</u>	<u>\$ 12,165,225</u>	<u>\$ 12,940,823</u>
\$ 757,699	\$ (2,317,302)	\$ (1,484,113)	\$ (2,891,209)	\$ (877,123)	\$ (4,713,385)
6,612,939	5,783,240	5,187,736	3,390,301	1,513,796	1,970,105
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	1,471,137	-	-
\$ 757,699	\$ (2,317,302)	\$ (1,484,113)	\$ (1,420,072)	\$ (877,123)	\$ (4,713,385)
6,612,939	5,783,240	5,187,736	3,390,301	1,513,796	1,970,105
<u>\$ 7,370,638</u>	<u>\$ 3,465,938</u>	<u>\$ 3,703,623</u>	<u>\$ 1,970,229</u>	<u>\$ 636,673</u>	<u>\$ (2,743,280)</u>

CITY OF VERO BEACH, FLORIDA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (TABLE 3) - UNAUDITED

	2020	2019	2018	2017	2016
General Fund					
Nonspendable					
Inventories and Prepays	\$ 146,916	\$ 169,356	\$ 112,934	\$ 185,022	\$ 189,311
Restricted					
General Government	111,269	-	-	-	-
Committed for:					
Encumbrances	-	-	-	-	-
Physical environment	118,327	81,302	62,387	72,543	64,708
Emergency (Disaster) Reserve	5,000,000	4,779,885 (2)	2,000,000	1,009,706	2,000,000 (1)
Unfunded Pension Liability Reserve	12,501,492	14,400,000 (2)	-	-	-
OPEB Reserve	8,932,691	9,450,000 (2)	-	-	-
Capital & Infrastructure Reserve	21,000,000	21,000,000 (2)	-	-	-
Assigned	1,500,000	-	-	-	-
Unassigned	<u>15,614,516</u>	<u>15,562,853</u>	<u>8,134,137</u>	<u>8,064,718</u>	<u>7,951,818</u>
Total General Fund	<u>64,925,211</u>	<u>65,443,396</u>	<u>10,309,458</u>	<u>9,331,989</u>	<u>10,205,837</u>
All Other Governmental Funds					
Restricted					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	104,594	45,780	45,709	42,769	44,933
Culture & recreation	877,063	890,760	862,736	857,656	854,849
Physical environment	2,705,164	7,233,998	3,209,628	4,357,261	4,830,098
Assigned	4,143,185	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>7,830,006</u>	<u>8,170,538</u>	<u>4,118,073</u>	<u>5,257,686</u>	<u>5,729,880</u>
Total Governmental Funds	<u>\$ 72,755,217</u>	<u>\$ 73,613,934</u>	<u>\$ 14,427,531</u>	<u>\$ 14,589,675</u>	<u>\$ 15,935,717</u>

Note: This schedule has been updated retroactively to reflect implementation of GASB 54 - *Fund Balance Reporting and Governmental Funds Type Definitions* based on information contained in prior year audited financial statements.

(1) City adoption of formal General Fund fund balance policy by City Council resolution designated \$2 million as emergency (disaster) reserve

(2) City adoption of revised General Fund fund balance policy by City Council resolution increased Emergency (disaster) reserve to \$5 million (less current year hurricane expenditures), designated \$14.4 million as Unfunded Pension Liability Reserve, \$9.45 million OPEB Reserve and \$21.0 million Capital & Infrastructure Reserve.

For more detail regarding fund balance classification, see Note. 16 Fund Balances - Governmental Funds in the Notes to the Financial Statements.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 152,542	\$ 142,414	\$ 163,813	\$ 166,727	\$ 135,474
-	-	-	-	-
-	-	-	-	19,536
3,521	3,063	2,742	2,128	2,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>9,847,661</u>	<u>9,420,477</u>	<u>8,927,984</u>	<u>7,643,813</u>	<u>7,726,170</u>
<u>10,003,724</u>	<u>9,565,954</u>	<u>9,094,539</u>	<u>7,812,668</u>	<u>7,883,180</u>
\$ -	\$ -	\$ -	\$ -	\$ -
30,100	30,763	34,777	49,183	43,255
871,255	903,189	900,833	927,148	964,074
4,187,285	4,466,636	4,230,269	3,622,395	4,122,164
-	-	-	-	-
<u>(66,293)</u>	<u>(88,058)</u>	<u>(82,783)</u>	<u>(105,954)</u>	<u>(103,086)</u>
<u>5,022,347</u>	<u>5,312,530</u>	<u>5,083,096</u>	<u>4,492,772</u>	<u>5,026,407</u>
<u>\$ 15,026,071</u>	<u>\$ 14,878,484</u>	<u>\$ 14,177,635</u>	<u>\$ 12,305,440</u>	<u>\$ 12,909,587</u>

CITY OF VERO BEACH, FLORIDA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (TABLE 4) - UNAUDITED

	2020	2019	2018	2017
<u>Revenues</u>				
Taxes	\$ 15,830,560	\$ 14,929,923	\$ 12,972,024	\$ 12,276,567
Licenses and permits	188,278	185,509	146,704	164,629
Intergovernmental	2,242,366	2,238,672	2,184,765	2,152,732
Special assessments	-	-	-	-
Grants	1,519,981	297,314	689,739	2,116,519
Charges for services	2,887,654	3,097,172	3,733,279	3,694,367
Fines and forfeitures	704,527	307,807	190,888	173,786
Investment earnings	2,430,354	532,738	46,575	63,328
Rentals	288,304	325,092	387,474	384,965
Contributions from private sources	38,327	103,376	251,590	14,495
Miscellaneous	62,631	164,991	80,605	96,727
Total Revenues	26,192,982	22,182,594	20,683,643	21,138,115
<u>Expenditures</u>				
Current:				
General government	8,852,802	8,369,684	8,953,247	9,115,028
Public safety	8,819,471	8,612,310	8,046,156	7,706,238
Physical environment	224,814	206,813	197,833	191,852
Transportation	2,381,332	2,272,557	2,251,096	2,166,364
Culture and recreation	4,465,982	4,368,873	4,188,960	4,109,130
Debt Service:				
Principal	667,694	5,370,430 (2)	1,206,477	1,935,632
Interest and Fiscal Charges	69,740	575,130 (2)	274,346	287,813
Capital outlay	3,535,259	2,494,713	3,751,507	4,568,829
Total Expenditures	29,017,094	32,270,510	28,869,622	30,080,886
Excess of Revenues Over (Under) Expenditures	(2,824,112)	(10,087,916)	(8,185,979)	(8,942,771)
<u>Other Financing Sources (Uses)</u>				
Capital Contributions	-	-	-	1,500
Transfer in - electric system residual	-	53,956,464	-	-
Transfers in	4,427,727	18,452,942	9,966,426	10,498,894
Transfers out	(2,835,157)	(7,411,862)	(3,092,399)	(3,710,367)
Proceeds from sale of assets	86,228	3,786,982	64,106	45,014
Payments to refunded bond escrow agent	-	-	-	-
Proceeds from insurance	73,971	9,720	377,757	60,421
Issuance of debt	212,626	480,073	707,945	701,267
Total Other Financing Sources (Uses)	1,965,395	69,274,319	8,023,835	7,596,729
Net Change in Fund Balances	\$ (858,717)	\$ 59,186,403	\$ (162,144)	\$ (1,346,042)
Debt Service as a Percentage of Noncapital Expenditures	2.8%	20.5% (2)	5.7%	8.6%

(1) Debt service percentage is calculated on the actual principal paid.

(2) Includes final payoff of Series 2007B2 Dodgertown Loan in February 2019.

2016	2015	2014	2013	2012	2011	
\$ 11,518,440	\$ 10,344,495	\$ 10,320,454	\$ 10,002,824	\$ 10,008,688	\$ 10,163,606	
197,406	141,970	128,494	143,097	138,185	106,574	
2,157,674	2,144,791	2,148,831	2,044,746	2,051,908	2,106,289	
-	2,186	3,420	3,631	11,516	22,864	
1,259,662	103,990	273,850	278,376	71,223	87,707	
3,617,980	3,286,376	2,846,518	3,045,522	3,131,087	2,988,790	
144,900	147,881	138,627	118,992	112,523	106,210	
128,604	182,099	66,746	33,809	174,841	61,684	
388,401	274,493	89,501	89,501	89,501	221,525	
277,805	-	-	-	-	-	
134,848	80,673	143,276	121,400	118,336	90,201	
<u>19,825,720</u>	<u>16,708,954</u>	<u>16,159,717</u>	<u>15,881,898</u>	<u>15,907,808</u>	<u>15,955,450</u>	
7,659,359	6,928,971	6,646,807	6,722,124	6,940,344	7,115,755	
7,692,670	7,154,142	7,261,340	7,215,246	7,335,551	7,463,952	
183,932	174,602	170,195	147,408	130,280	133,192	
2,404,555	2,182,186	1,956,491	2,080,976	2,291,290	2,483,447	
4,078,615	3,905,673	1,756,644	1,750,289	827,972	758,802	
1,775,302	1,634,857	1,368,021	516,402	1,965,190	1,133,960	
264,037	249,296	257,600	253,000	620,728	528,045	
<u>3,985,919</u>	<u>2,733,758</u>	<u>1,189,224</u>	<u>927,595</u>	<u>1,329,616</u>	<u>2,203,566</u>	
<u>28,044,389</u>	<u>24,963,485</u>	<u>20,606,322</u>	<u>19,613,040</u>	<u>21,440,971</u>	<u>21,820,719</u>	
<u>(8,218,669)</u>	<u>(8,254,531)</u>	<u>(4,446,605)</u>	<u>(3,731,142)</u>	<u>(5,533,163)</u>	<u>(5,865,269)</u>	
-	1,500	-	-	-	-	
-	-	-	-	-	-	
10,211,440	10,104,049	9,448,012	8,892,541	17,298,437	10,553,456	
(3,285,488)	(2,926,422)	(4,300,558)	(3,467,864)	(12,431,825)	(6,412,645)	
77,191	14,275	-	-	-	-	
-	-	-	-	(5,827,724)	-	
-	-	-	-	-	-	
<u>2,125,172</u>	<u>1,228,001</u>	<u>-</u>	<u>178,788</u>	<u>5,890,000</u>	<u>-</u>	
<u>9,128,315</u>	<u>8,421,403</u>	<u>5,147,454</u>	<u>5,603,465</u>	<u>4,928,888</u>	<u>4,140,811</u>	
<u>\$ 909,646</u>	<u>\$ 166,872</u>	<u>\$ 700,849</u>	<u>\$ 1,872,323</u>	<u>\$ (604,275)</u>	<u>\$ (1,724,458)</u>	
8.4%	8.3%	8.3%	4.1%	12.8%	8.5%	(1)

CITY OF VERO BEACH, FLORIDA
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (TABLE 5) - UNAUDITED
(IN THOUSANDS)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Utility Tax</u>	<u>Sales Tax</u>	<u>Communications Tax</u>	<u>Gas Tax</u>	<u>Total</u>
2011	\$ 4,238	\$ 2,138	\$ 1,835	\$ 1,326	\$ 447	\$ 9,984
2012	4,245	2,155	1,710	1,284	470	9,863
2013	4,115	2,104	1,794	1,388	440	9,841
2014	4,189	2,182	2,066	1,231	492	10,160
2015	4,335	2,210	2,017	1,112	508	10,182
2016	5,456	2,258	2,041	1,112	502	11,369
2017	6,068	2,238	2,168	1,149	499	12,122
2018	6,504	2,294	2,295	1,212	519	12,824
2019	6,941	2,550	2,329	1,204	509	13,533
2020	7,355	2,724	2,313	1,239	501	14,132

CITY OF VERO BEACH, FLORIDA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS (TABLE 6) - UNAUDITED

(IN THOUSANDS)

<u>Fiscal Year (1)</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Less: Real Property Exemption</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Total Estimated Actual Taxable Value</u>
2011	\$ 2,879,538	\$ 171,206	\$ 793,714	\$ 2,257,030	1.9367	\$ 2,821,288 (2)
2012	2,712,834	147,293	704,412	2,155,716	2.0336	2,694,645 (2)
2013	2,598,970	139,189	644,906	2,093,254	2.0336	2,640,821
2014	2,658,073	147,307	678,888	2,126,492	2.0336	2,677,414
2015	2,784,816	142,220	719,444	2,207,592	2.0336	2,927,202
2016	3,128,774	142,282	900,249	2,370,807	2.3800	3,271,233
2017	3,400,919	132,744	1,043,306	2,490,357	2.5194	3,533,840
2018	3,683,348	133,629	1,148,123	2,668,855	2.5194	3,817,008
2019	3,898,992	114,872	1,167,688	2,846,175	2.5194	4,013,894
2020	4,045,044	175,309	1,177,041	3,043,312	2.5000	4,220,383

(1): Values are established as of January 1 of the previous calendar year, i.e., January 1, 2005, taxable values apply to the fiscal year ending 2006.

(2): Based on taxable assessed value at 80% of actual taxable value

Source: Indian River County Property Appraiser

CITY OF VERO BEACH, FLORIDA
PROPERTY TAX RATES (\$1 PER \$1,000 OF TAXABLE VALUE)
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS (TABLE 7) - UNAUDITED
(IN THOUSANDS)

Fiscal Year	Total Direct & Overlapping Rates	City of Vero Beach	OVERLAPPING RATES (1)				
			Indian River County	School District	Emergency Services District	Indian River Memorial Hospital	Special Districts
2011	17.0533	1.9367	3.0892	8.2500	1.7148	0.9386	1.1240
2012	17.0915	2.0336	3.0892	8.2440	1.7148	0.9386	1.0713
2013	17.1040	2.0336	3.0892	8.3029	1.7148	0.9386	1.0249
2014	17.3707	2.0336	3.2620	8.1160	1.9799	0.9698	1.0094
2015	17.3156	2.0336	3.3375	7.9950	1.9799	0.9899	0.9797
2016	17.8742	2.3800	3.3602	7.9550	2.2551	0.9951	0.9288
2017	17.3212	2.5194	3.3602	7.4100	2.3010	0.8443	0.8863
2018	17.1391	2.5194	3.4604	7.0530	2.3655	0.8894	0.8514
2019	16.8729	2.5194	3.4604	6.7930	2.3655	0.9122	0.8224
2020	16.5648	2.5000	3.5475	6.5690	2.3655	0.8011	0.7817

Source: Indian River County Property Appraiser

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Vero Beach.

CITY OF VERO BEACH, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
YEAR 2020 AND YEAR 2011 (TABLE 8) - UNAUDITED

2020			
TAXPAYER	Taxable Assessed	Rank	Percentage of Total Taxable
	Value		Assessed Value
Florida Power & Light Company	\$ 58,605	1	1.93%
3700 Ocean Drive LLC	19,322	2	0.63%
Piper Aircraft Inc	12,556	3	0.41%
New Piper Aircraft Inc The	11,274	4	0.37%
IRT Partners LP	10,966	5	0.36%
Cabana Beach Hotel & Resort LLC	10,648	6	0.35%
TGM LLC (Less)	10,641	7	0.35%
Ocean Drive at Vero Beach LLC	9,129	8	0.30%
Quail Valley LLC	8,826	9	0.29%
Backus Land Management LLC	8,392	10	0.28%
Total Principal Property Taxpayers	<u>\$ 160,359</u>		
Total Taxable Assessed Value	<u>\$ 3,043,312</u>		

2011			
TAXPAYER	Taxable Assessed	Rank	Percentage of Total Taxable
	Value		Assessed Value
New Piper Aircraft Inc	\$ 20,206	1	0.90%
Flamevine Properties I LLC	14,006	2	0.62%
Cabana Beach Hotel & Resort LLC	13,847	3	0.61%
Bellsouth Telecommunications	11,317	4	0.50%
Ocean Drive at Vero Beach LLC	9,711	5	0.43%
Quail Valley LLC	8,862	6	0.39%
IRT Partners LP	8,511	7	0.38%
Logan Acquisitions Corp (Less)	8,164	8	0.36%
Kimley-Horn & Associates LLC	7,591	9	0.34%
Indian River Plaza LLC	7,329	10	0.32%
Total Principal Property Taxpayers	<u>\$ 109,544</u>		
Total Taxable Assessed Value	<u>\$ 2,257,030</u>		

Source: Indian River County Property Appraiser

CITY OF VERO BEACH, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (TABLE 9) - UNAUDITED
(IN THOUSANDS)

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2011	\$ 4,371	\$ 4,233	96.8%	\$ 4	\$ 4,237	96.9%
2012	4,384	4,246	96.9%	1	4,247	96.9%
2013	4,257	3,994	93.8%	121	4,115	96.7%
2014	4,330	4,099	94.7%	90	4,189	96.7%
2015	4,504	4,262	94.6%	73	4,335	96.3%
2016	5,669	5,380	94.9%	76	5,456	96.2%
2017	6,277	5,968	95.1%	99	6,067	96.7%
2018	6,767	6,374	94.2%	128	6,502	96.1%
2019	7,192	6,816	94.8%	122	6,938	96.5%
2020	7,643	7,230	94.6%	123	7,353	96.2%

Source: Indian River County Property Appraiser and Tax Collector

CITY OF VERO BEACH, FLORIDA
PRINCIPAL PAYERS OF WATER SERVICE
FISCAL YEAR 2020 (TABLE 10) - UNAUDITED

Ten Largest Water Users - Fiscal Year 2020

	<u>Customer</u>	<u>Gallon Usage</u>	<u>Water Revenue*</u>	<u>Percentage of Total Sales</u>
1	New Piper Aircraft Inc	40,234,000	\$ 111,149	1.47%
2	IR Memorial Hospital	31,031,000	261,889	3.45%
3	Johns Island	14,716,000	118,348	1.56%
4	IRC School Board	12,517,000	90,940	1.20%
5	Los Angeles Dodgers / MILB	9,013,000	29,274	0.39%
6	Treasure Coast Isle Condo	8,957,000	29,191	0.38%
7	The Pines of Vero Condo Assoc	7,245,000	33,376	0.44%
8	Driftwood Resort	6,418,000	19,241	0.25%
9	Cabana Beach Hotel & Resort	6,218,000	18,881	0.25%
10	The Moorings Development Co	5,870,000	28,813	0.04%
Total Principal Users of Water Service		<u>142,219,000</u>	<u>\$ 741,101</u>	<u>9.43%</u>

* - disparity in ranking order between water usage and revenue is caused by rate structure tiers.
Source: City of Vero Beach Customer Service

CITY OF VERO BEACH, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS (TABLE 11) - UNAUDITED

(IN THOUSANDS)

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	
	Infrastructure Loans	Capital Lease-Purchase	Capital Improvement & Revenue Notes	(1) Per Capita	Electric Revenue Bonds	Water and Sewer Revenue Bonds	Capital Lease-Purchase	(2) Capital Improvement & Revenue Notes Per Capita		
2011	\$ -	\$ -	\$ 12,793	\$ 841	\$ 46,900	\$ -	\$ -	\$ 34,238	\$ 1,423	\$ 93,931
2012	-	-	10,890	711	43,475	-	-	32,278	1,329	86,643
2013	-	-	10,552	680	39,900	-	-	27,368	1,180	77,820
2014	-	89	9,095	592	36,175	-	-	22,432	1,028	67,791
2015	-	1,033	7,745	548	32,300	-	56	20,705	931	61,838
2016	-	1,347	7,780	558	28,250	-	405	18,941	835	56,724
2017	-	1,538	6,355	471	24,025	-	894	17,140	738	49,952
2018	-	1,592	5,802	437	19,625	-	707	15,296	625	43,022
2019	-	1,314	1,190	145	- (3)	-	148	10,859	282	13,511
2020	-	944	1,105	117	-	-	87	9,172	237	11,309

(1) The City's population is used to compute per capita on governmental debt.

(2) The City's service territory encompasses approximately 26 sq. miles inside and outside the city limits.

The utility service population of 57,000 was used to compute per capita on business-type debt until the sale of the electric utility system to Florida Power & Light in December 2018. Post sale, the utility service population of 39,000 is used to compute per capita on business-type debt.

(3) The City defeased the outstanding Series 2003A Electric Refunding Revenue bonds in January 2019 using proceeds from the sale to Florida Power & Light.

CITY OF VERO BEACH, FLORIDA
COMPUTATION OF LEGAL DEBT MARGIN
(TABLE 12) - UNAUDITED

There is no debt limitation in either the Florida Statutes (F.S. 200.181) or City ordinances.

The City has no outstanding general obligation debt.

The City has not had general obligation debt in over twenty years.

CITY OF VERO BEACH, FLORIDA

COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

FISCAL YEAR 2020 (TABLE 13) - UNAUDITED

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Other Debt:			
Indian River County Capital Lease	\$ 12,133	15.54%	\$ 1,885
Other Debt:			
Indian River County School District Certificates of Participation	90,389,593	15.54%	14,046,543
		Total Overlapping Debt	<u>14,048,428</u>
Series 2016 Capital Improvement Revenue Note	1,105,000	100%	1,105,000
Capital Lease Payable	944,057	100%	944,057
		Total Direct Debt	<u>2,049,057</u>
		Total Direct and Overlapping Debt	<u>\$ 16,097,485</u>

Source: Information on outstanding debt from Indian River County Comprehensive Annual Financial Report 2020 and Indian River County School Board Annual Financial Report 2019-2020

Note: Overlapping governments are those that coincide with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Vero Beach.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentage was estimated by determining the portion of the County (and School District) taxable assessed value that is within the City's boundaries and dividing it by the total County taxable assessed value.

CITY OF VERO BEACH, FLORIDA
PLEDGED REVENUE COVERAGE
WATER AND SEWER SYSTEM
LAST TEN FISCAL YEARS (TABLE 14) - UNAUDITED
(IN THOUSANDS)

Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2011	\$ 18,589	\$ 11,567	\$ 7,022	\$ 1,454	\$ 888	\$ 2,342	3.00
2012	17,411	10,751	6,660	1,495	777	2,272	2.93
2013	15,545	9,511	6,034	1,468	635	2,103	2.87
2014	15,710	9,580	6,129	516	437	953	6.43
2015	16,178	9,523	6,655	1,529	388	1,917	3.47
2016	16,271	10,247	6,024	1,558	357	1,915	3.15
2017	17,026	10,133	6,893	1,587	326	1,913	3.60
2018	17,193	11,074	6,119	1,621	294	1,915	3.20
2019	17,427	11,528	5,899	1,678	263	1,941	3.04
2020	17,950	11,335	6,615	1,712	229	1,941	3.41

(1) Gross Revenues includes all revenues of the system (charges for services, interest and miscellaneous).

(2) Direct Operating Expenses includes all expenses of operating the system except depreciation.

CITY OF VERO BEACH, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS (TABLE 15) - UNAUDITED

<u>Year</u>	<u>Vero Beach Population (3)</u>	<u>Total (1) Personal Income (in thousands)</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate (2)</u>
2011	15,222	\$6,736,286	\$48,726	13.6%
2012	15,318	7,080,348	50,977	12.6%
2013	15,527	7,429,653	52,855	8.6%
2014	15,989	7,731,263	54,448	7.9%
2015	16,017	9,139,102	63,140	7.2%
2016	16,358	10,055,169	67,978	6.7%
2017	16,751	10,380,777	68,491	4.6%
2018	16,919	11,312,198	73,274	3.9%
2019	17,236	11,972,633	76,059	3.7%
2020	17,503	12,924,659	80,818	5.9%

(1) Total personal Income for Indian River County / Source: Bureau of Economic Analysis

(2) Source: U.S. Bureau of Labor Statistics

(3) Source: U.S. Census Bureau - QuickFacts

CITY OF VERO BEACH, FLORIDA
PRINCIPAL EMPLOYERS INDIAN RIVER COUNTY
YEAR 2020 AND YEAR 2011 (TABLE 16) - UNAUDITED

Employer	2020		Percentage of Total County Employment
	Number of Employees	Ranking	
Cleveland Clinic Indian River Hospital	2,112	1	3.53%
School District of Indian River County	2,039	2	3.41%
Indian River County	1,455	3	2.43%
Publix Supermarkets	1,380	4	2.31%
Piper Aircraft, Inc.	980	5	1.64%
Wal-Mart / Wal-Mart Neighborhood Market	806	6	1.35%
Sebastian River Medical Center	750	7	1.26%
Visiting Nurse Association	500	8	0.84%
John's Island	495	9	0.83%
Indian River Estates	486	10	0.81%
Total Principal Employers	11,003		18.41%
Total County Employees	59,759		

Employer	2011		Percentage of Total County Employment
	Number of Employees		
School District of Indian River County	2,013		3.82%
Indian River Medical Center	1,608		3.05%
Indian River County	1,354		2.57%
Publix Supermarkets	1,006		1.91%
New Piper Aircraft, Inc	700		1.33%
Sebastian River Medical Center	569		1.08%
John's Island	550		1.04%
City of Vero Beach	492		0.93%
Visiting Nurse Association	399		0.76%
Indian River Estates	350		0.66%
Total Principal Employers	9,041		17.15%
Total County Employees	52,706		

Source: Indian River County Chamber of Commerce, Bureau of Labor Statistics

CITY OF VERO BEACH, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (TABLE 17) - UNAUDITED

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<u>Governmental Activities</u>										
General Government										
City Clerk	5	5	5	5	5	5	4	4	4	4
City Manager	2	2	2	2	2	2	2	2	2	2
City Attorney	3	4	4	4	3	3	3	4	4	4
Human Resources	(2) 4	4	4	4	4	2	2	2	3	3
Finance	21	22	25	25	25	23	22	24	24	28
Planning & Development	4	4	5	5	4	6	6	7	7	8
Fleet Management	7	7	8	8	8	8	8	9	9	10
Facilities Management	7	7	7	7	7	7	7	7	8	10
Geographical Information Systems	2	2	2	2	2	2	2	3	3	3
Risk Management	(2) -	-	-	-	-	2	2	2	3	3
Public Safety	78	78	76	76	76	72	72	74	76	86
Physical Environment	1	1	1	1	1	1	1	1	1	1
Transportation	25	25	25	25	24	24	24	29	34	40
Culture & Recreation	48	49	50	50	49	46	30	33	34	35
Total	207	210	214	214	210	203	185	201	212	237
<u>Business-Type Activities</u>										
Electric System	(3) -	-	78	80	93	101	106	107	108	113
Water and Sewer System	67	67	55	53	51	54	58	62	72	74
Municipal Airport	12	12	12	12	10	8	8	9	10	10
Municipal Marina	4	3	3	3	2	2	2	5	6	6
Solid Waste	23	23	23	23	23	23	23	24	26	27
Recreation	(1) -	-	-	-	-	-	16	17	17	17
Total	106	105	171	171	179	188	213	224	239	247
Citywide Totals:	313	315	385	385	389	391	398	425	451	484

(1) Recreation enterprise fund eliminated - Recreation program employees moved to General Fund

(2) Risk Management staff was moved to the General Fund under Human Resources for FY 15-16.

(3) Electric Utility sold to Florida Power & Light in December 2018.

Source: City of Vero Beach, Florida Annual Budgets

CITY OF VERO BEACH, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (TABLE 18) - UNAUDITED

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Function/Program										
Public Safety										
Police Department										
Traffic Violations	2,010	1,793	2,238	2,353	2,403	2,757	2,349	3,209	1,459	2,041
Parking Tickets	2,088	4,794	4,377	4,852	2,051	1,517	1,589	1,484	2,024	2,680
Physical Arrests	523	648	693	781	839	676	617	529	724	855
Transportation										
Streets and Highways										
Miles Paved	-	-	-	-	-	-	-	-	-	-
Asphalt for road maintenance (tons)	2,824	630	2,874	48	114	1,134	1,217	33	377	4,105
Sidewalks Repaired & Constructed (sq. ft.)	4,402	114,225	18,380	2,357	60	10,062	12,039	24,971	35,100	15,058
Physical Environment										
Stormwater Ditches Maintained (miles) 4 x per year	12	12	12	12	12	12	12	12	12	12
Culture and Recreation										
Parks and Public Grounds (acreage maintained)	243	243	265	280	280	280	280	229	229	229
Electric System										
Customers	-	- (2)	35,850	35,610	35,338	34,881	34,602	34,308	34,068	33,931
Residential Consumption (KW in 000s)	-	100,403 (2)	374,577	361,274	382,341	363,558	349,808	337,620	339,355	360,331
Commercial Consumption (KW in 000s)	-	89,789 (2)	336,692	339,887	351,600	344,425	339,867	336,932	346,042	346,105
Industrial Consumption (KW in 000s)	-	4,051 (2)	14,512	14,696	14,160	14,052	15,340	14,261	14,130	14,015
Water System										
Customers	24,191	23,990	23,868	23,565	23,318	23,039	22,964	22,624	22,435	22,403
Water Consumption (GAL in 000s)	1,398,292	1,426,586	1,418,950	1,435,104	1,394,434	1,373,600	1,320,004	1,318,175	1,380,994	1,624,906
Irrigation Water Consumption (GAL in 000s)	287,249	302,852	301,147	326,065	292,529	282,684	272,586	278,612	322,867	396,500
Reuse Water Consumption (GAL in 000s)	915,955	930,789	874,530	942,372	915,013	912,420	859,760	817,103	649,450	531,145
Solid Waste										
Customers	8,250	8,250	8,419	8,426	8,392	8,332	8,764	8,707	8,647	8,613
Refuse Collected (TONS)	15,480	16,600	16,910	16,611	16,486	16,462	16,139	15,928	15,872	15,425
Yard Trash Collected (TONS)	2,095	1,858	1,894	2,162	2,338	2,261	2,168	2,183	2,010	2,251
Recyclables Collected (TONS)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	13	16	11

(1) Information not available - recycling provided by Indian River County

(2) Electric System results reflect partial year due to sale to Florida Power & Light in December 2018.

CITY OF VERO BEACH, FLORIDA

CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS (TABLE 19) - UNAUDITED

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public Safety										
Police Department										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	43	43	45	41	35	41	41	36	35	36
Transportation										
Streets and Highways										
Miles Maintained (Paved & Unpaved)	108.00	108.00	108.00	108.00	108.00	108.00	108.00	108.00	108.00	108.00
Physical Environment										
Storm Sewers (miles)	69	69	69	69	69	69	69	69	69	69
Stormwater Ditches (miles)	12	12	12	12	12	12	12	12	12	12
Culture and Recreation										
Parks	17	17	17	17	17	17	17	17	17	17
Recreation Centers	6	6	6	6	6	6	6	7	7	7
Electric System										
Steam: 3 Units (total output MW)	(1) -	-	-	-	-	85.000	85.000	119.000	119.000	119.000
Gas Turbine 1 Unit (total output MW)	(1) -	-	-	-	-	38.000	38.000	38.000	38.000	38.000
Water										
Water Mains (miles)	290	290	290	290	290	290	290	290	290	290
Service Lines	11,975	11,975	11,975	11,975	11,975	11,975	11,975	11,975	11,975	11,967
Fire Hydrants	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,231
Storage Capacity (MGD)	13.80	13.80	13.80	13.80	13.80	13.80	13.80	13.80	13.80	13.80
Wastewater										
Gravity Sewer Lines (miles)	132	132	132	132	132	132	132	132	132	132
Force Mains (miles)	65	65	65	65	65	65	65	65	64	63
Manholes	2,862	2,724	2,697	2,672	2,660	2,660	2,660	2,660	2,660	2,660
Treatment Capacity (MGD)	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Solid Waste										
Collection Trucks	11	11	11	11	11	12	12	12	12	12

(1) Power plant decommissioned in FY 16

SINGLE AUDIT ACT COMPLIANCE

**Report of Independent Auditor 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***

To the Honorable Mayor and Members of the City Council
City of Vero Beach, 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vero Beach, Florida, (the "City") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cheryl Behrman LLP". The signature is written in a cursive, flowing style.

Orlando, Florida
March 29, 2021

**Report of Independent Auditor on Compliance for Each Major Federal Program
and State Financial Assistance Project and on Internal Control Over Compliance
Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General**

To the Honorable Mayor and Members of the City Council
City of Vero Beach, Florida

Report on Compliance for the Major Federal Program and State Financial Assistance Project

We have audited the City of Vero Beach, Florida's (the "City's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the State of Florida Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on the City's major federal programs and state financial assistance projects for the year ended September 30, 2020. The City's major federal program and state financial assistance project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs and the requirements of laws, regulations, contracts, and grants applicable to its state financial assistance project.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program and state financial assistance project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program and state financial assistance project. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion on Each Major Federal Program and State Financial Assistance Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and state financial assistance project for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program and state financial assistance project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and state financial assistance project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state financial assistance project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state financial assistance project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state financial assistance project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



Orlando, Florida
March 29, 2021

CITY OF VERO BEACH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED SEPTEMBER 30, 2020

FEDERAL / STATE AGENCY, PASS-THROUGH ENTITY FEDERAL PROGRAM / STATE PROJECT	CFDA / CSFA#	DATE OF AWARD	PROJECT IDENTIFICATION NUMBER	PROGRAM OR AWARD AMT	TOTAL EXPENDITURES
DEPARTMENT OF JUSTICE					
Bureau of Justice Assistance					
Bulletproof Vest Partnership Program	16.607	10/24/07	2010-B4BX10055011	\$ 7,731	\$ 7,731
Florida Department of Law Enforcement					
Patrol Rifles	16.738	10/1/19	2020-JAGD-INRI-1-Y5-029	4,166	4,166
Radar Speed Signs / Forensic Light Source	16.738	10/1/19	2020-JAGC-INRI-1-Y5-054	11,950	11,179
					<u>15,345</u>
TOTAL DEPARTMENT OF JUSTICE					<u>23,076</u>
DEPARTMENT OF HOMELAND SECURITY					
Florida Division of Emergency Management					
Disaster Grants - Public Assistance (Hurricane Irma)	97.036	9/10/17	Z1180	1,265,531	348,924
Disaster Grants - Public Assistance (Hurricane Dorian)	97.036	10/21/19	Z1574	83,850	83,850
					<u>432,774</u>
Hazard Mitigation Grant	97.039	5/17/18	4283-51-R H0064	888,253	840,002
TOTAL DEPARTMENT OF HOMELAND SECURITY					<u>1,272,776</u>
DEPARTMENT OF TRANSPORTATION					
Federal Aviation Administration (FAA)					
Airport Improvement Program	20.106	7/24/19	3-12-0083-041-2019	168,996	171,606
Airport Improvement Program	20.106	9/4/20	3-12-0083-042-2020	2,942,558	4,410
COVID-19: Airport Improvement Program (CARES Act Grant)	20.106	5/5/20	3-12-0083-043-2020	1,042,438	11,965
TOTAL DEPARTMENT OF TRANSPORTATION					<u>187,981</u>
DEPARTMENT OF THE TREASURY					
Florida Division of Emergency Management					
COVID-19: IRC CARES Act Funding Agreement	21.019	8/18/20	N/A	610,736	75,634
TOTAL EXPENDITURES OF FEDERAL AWARDS					<u>\$ 1,559,467</u>

CITY OF VERO BEACH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED SEPTEMBER 30, 2020

FEDERAL / STATE AGENCY, PASS-THROUGH ENTITY FEDERAL PROGRAM / STATE PROJECT	CFDA / CSFA#	DATE OF AWARD	PROJECT IDENTIFICATION NUMBER	PROGRAM OR AWARD AMT	TOTAL EXPENDITURES
FLORIDA DEPARTMENT OF TRANSPORTATION					
Aviation Development Grants	55.004	9/13/16	439717-1-94-01	\$ 967,743	\$ 359,081
Aviation Development Grants	55.004	12/20/19	439717-2-94-01	352,000	300,629
Aviation Development Grants	55.004	9/13/16	439716-1-94.01	800,000	439,241
Aviation Development Grants	55.004	2/28/17	437981-1-94-01	3,255,664	46,079
Aviation Development Grants	55.004	5/13/16	434602-1-94-01	2,801,600	20,616
Aviation Development Grants	55.004	3/11/19	431034-2-94-01	2,485,000	100,792
Aviation Development Grants	55.004	9/18/18	442101-1-94-01	4,000,000	47,860
Aviation Development Grants	55.004	11/21/18	444286-1-94-01	60,000	14,761
Aviation Development Grants	55.004	6/4/19	445378-1-94-01	25,000	9,534
Aviation Development Grants	55.004	3/30/20	434636-1-94-01	70,000	200
Aviation Development Grants	55.004	5/17/19	445444-1-94-01	120,000	77,409
TOTAL FLORIDA DEPARTMENT OF TRANSPORTATION					1,416,202
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE					\$ 1,416,202

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

NOTE 1 - ACCOUNTING POLICIES:

The Schedule of Expenditures of Federal Awards and State Financial Assistance was prepared with the accounting policies described in 'Note 1 -Summary of Significant Accounting Policies' of the Notes to the Financial Statements. The City's federal awards did not include indirect cost reimbursement and; therefore, the City did not elect to use the 10 percent de minimus cost rate, as covered by 2 CFR 200.214.

NOTE 2 - DISASTER GRANTS:

Following a Presidential declaration of a major disaster or emergency, the Federal Emergency Management Agency awards grants to assist affected entities with the response to, and recovery from, such disasters. In fiscal year 2020, FEMA approved \$322,003 of eligible expenditures for Hurricane Irma, an event that occurred in September 2017. Of this amount, \$322,003 was incurred during the fiscal year ended September 30, 2018 and September 30, 2019. Also in fiscal year 2020, FEMA approved \$83,850 of eligible expenditures for Hurricane Dorian, an event that occurred in September 2019. Of this amount, \$83,850 was incurred during the fiscal year ended September 30, 2019.

In addition to the reimbursements received from FEMA, the City receives a funding match ranging from 5% - 12.5% from the State of Florida Department of Emergency Management. The state match is not included in the SEFA in accordance with guidance provided by the State of Florida Auditor General. The state funding match related to the FEMA expenditures reported above is \$33,360.

NOTE 3 - LOCAL ASSISTANCE:

The City received local financial assistance that did not require a Single Audit under the federal or state single audit acts. These financial assistance projects are presented on page 138 of this report.

CITY OF VERO BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2020

Part I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards and State Financial Assistance Section

Internal control over major programs:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x none reported

Type of auditor's report on compliance for the major federal program and state financial assistance project: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) and Chapter 10.550, Rules of the Auditor General? yes x no

CITY OF VERO BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2020

Part I - Summary of Auditor's Results (continued)

Federal Awards and State Financial Assistance Section (continued)

Identification of major federal and state programs:

Federal Program:

Name of Program	CFDA Number
Department of Homeland Security Hazard Mitigation Grant	97.039

State Program:

Name of Program	CSFA Number
Florida Department of Transportation Aviation Development Grants	55.004

Dollar threshold used to determine Type A programs:

Federal	\$ 750,000
State	\$ 425,046

Auditee qualified as low-risk auditee for federal purposes? x yes no

Part II - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no findings required to be reported in accordance with *Government Auditing Standards*.

Part III - Federal Awards Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major federal programs, as required to be reported by 2CFR 200.516(a)

There were no findings required to be reported by 2 CFR 200.516(a).

Part IV - State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major state financial assistance projects, as required to be reported by Chapter 10.550, Rules of the Auditor General.

There were no findings required to be reported by Chapter 10.550, Rules of the Auditor General.

CITY OF VERO BEACH, FLORIDA
SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN

YEAR ENDED SEPTEMBER 30, 2020

Prior Audit Findings:

There were no audit findings in the prior year.

Corrective Action Plan:

There were no audit findings in the current year's independent auditor's reports that required corrective action.

Independent Auditor’s Management Letter

To the Honorable Mayor and Members of the City Council
City of Vero Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vero Beach, Florida (“the City”), as of and for the fiscal year ended September 30, 2020 and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 29, 2021.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (“Uniform Guidance”); and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Report of Independent Auditor on Compliance for Each Major Federal Program and State Financial Assistance Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General; Schedule of Findings and Questioned Costs; and Report of Independent Accountant on Compliance with Local Government Investment Policies. Disclosures in those reports and schedule, which are dated March 29, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of Vero Beach, Florida was established by the State of Florida pursuant to Article VIII, Section 1(a) of the Constitution of the State of Florida. There are no component units related to this entity.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, the results of our tests did not indicate the City met any of the specified conditions of a financial emergency contained in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by the same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

The purpose of this management letter is to communicate certain matters prescribed by Chapter 10.550, Rules of the Auditor General. Accordingly, this management letter is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cheryl Behrman LLP". The signature is written in a cursive, flowing style.

Orlando, Florida
March 29, 2021

**Report of Independent Accountant on Compliance
With Local Government Investment Policies**

To the Honorable Mayor and Members of the City Council
City of Vero Beach, Florida

We have examined the City of Vero Beach, Florida's (the "City's") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2020. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with the local investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2020.

The purpose of this report is to comply with the audit requirements of Section 218.415, Florida Statutes, and Rules of the Auditor General.



Orlando, Florida
March 29, 2021