

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended September 30, 2021



CITY OF VERO BEACH, FLORIDA

Prepared by: Finance Department

Cynthia D. Lawson
Finance Director

CITY OF VERO BEACH, FLORIDA

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
City Officials.....	2
Letter of Transmittal.....	3
Organizational Chart.....	8
GFOA Certificate of Achievement.....	9
FINANCIAL SECTION	
Report of Independent Auditor.....	12
Management's Discussion and Analysis.....	15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	28
Statement of Activities.....	29
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	30
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	31
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	32
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	33
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - General Fund.....	34
Statement of Net Position – Proprietary Funds.....	36-39
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	40-41
Statement of Cash Flows – Proprietary Funds.....	42-45
Statement of Fiduciary Net Position.....	46
Statement of Changes in Fiduciary Net Position.....	47
Notes to the Financial Statements.....	48-103
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability and Related Ratios – General Employee Retirement Plan.....	106
Schedule of Changes in Net Pension Liability and Related Ratios – Police Officers' Retirement Fund.....	107
Schedule of Changes in Net Pension Liability and Related Ratios – Firefighter's Relief and Pension Fund.....	108
Schedule of Employer Contributions – General Employee Retirement Plan.....	109
Schedule of Employer Contributions – Police Officers' Retirement Fund.....	110
Schedule of Employer Contributions – Firefighter's Relief and Pension Fund.....	111

CITY OF VERO BEACH, FLORIDA

TABLE OF CONTENTS

Schedule of Changes in Net OPEB Liability and Related Ratios – Other Postemployment Benefits Plan.....	112
Schedule of Employer Contributions – Other Postemployment Benefits Plan.....	113
Schedule of Investment Returns – All Pension Plans and Other Postemployment Benefit Plan.....	114
Combining and Individual Fund Financial Statements and Schedules:	
General Fund:	
Detailed Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	116-119
Nonmajor Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	120-121
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	122-123
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Confiscated Property Fund.....	124
Law Enforcement Education Fund.....	125
Historic Downtown Vero Beach Economic Development Zone Fund.....	126
General Government Capital and Construction Fund.....	127
Infrastructure and Real Estate Improvements Fund.....	128
Crestlawn Cemetery Fund.....	129

STATISTICAL SECTION (UNAUDITED)

TABLE

1 Net Position by Component.....	134-135
2 Changes in Net Position.....	136-139
3 Fund Balances, Governmental Funds.....	140-141
4 Changes in Fund Balances, Governmental Funds.....	142-143
5 Tax Revenues by Source, Governmental Funds.....	144
6 Assessed Value and Estimated Actual Value of Taxable Property.....	145
7 Property Tax Rates (\$1 per \$1,000 of Taxable Value) – Direct and Overlapping Governments.....	146
8 Principal Property Taxpayers.....	147
9 Property Tax Levies and Collections.....	148
10 Principal Payers of Water Service.....	149
11 Ratios of Outstanding Debt by Type.....	150
12 Computation of Legal Debt Margin.....	151
13 Computation of Direct and Overlapping Governmental Activities Debt.....	152
14 Pledged Revenue Coverage.....	153
15 Demographic and Economic Statistics.....	154
16 Principal Employers – Indian River County.....	155
17 Full-Time Equivalent City Government Employees by Function/Program.....	156
18 Operating Indicators by Function/Program.....	157
19 Capital Asset and Infrastructure Statistics by Function/Program.....	158

CITY OF VERO BEACH, FLORIDA
TABLE OF CONTENTS

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*..... 161

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..... 162-163

Schedule of Expenditures of Federal Awards and State Financial Assistance..... 164-165

Schedule of Findings and Questioned Costs..... 166-167

Schedule of Prior Audit Findings and Corrective Action Plan..... 168

Independent Auditor’s Management Letter..... 170-171

Report of Independent Accountant on Compliance With Local Government Investment Policies..... 172

This page left intentionally blank

INTRODUCTORY SECTION

City of Vero Beach, Florida

CITY OFFICIALS

As of September 30, 2021

CITY COUNCIL

Robert Brackett, Mayor

Rey Neville, Vice Mayor

Honey Minuse

Bob McCabe

Richard Winger

CITY MANAGER

Monte K. Falls

CITY CLERK

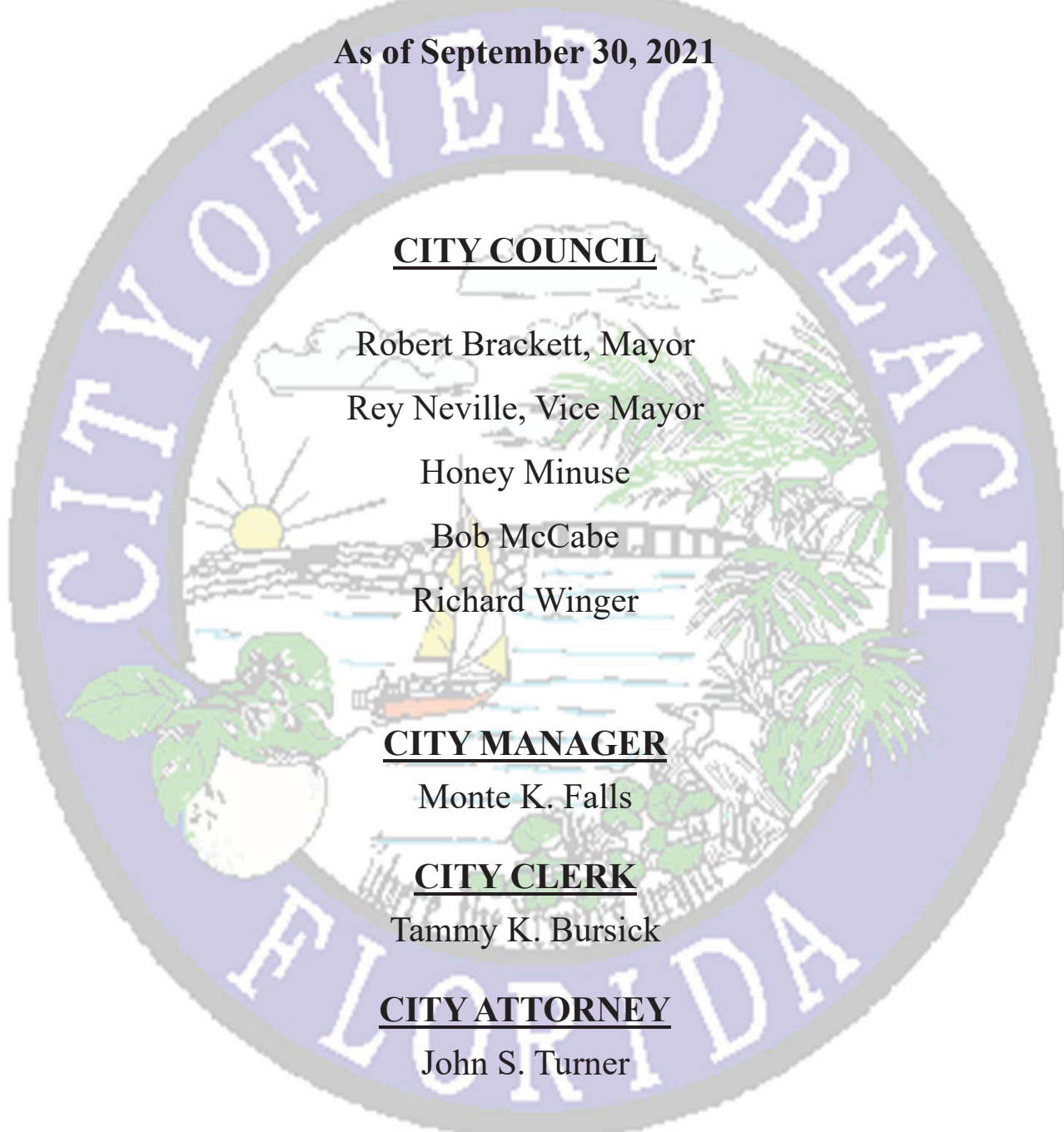
Tammy K. Bursick

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 24, 2022

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

The Annual Comprehensive Financial Report of the City of Vero Beach, Florida (the “City”), for the fiscal year ended September 30, 2021, 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 Annual Comprehensive 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 16,000 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, retirement and agriculture (which has declined in recent years). In addition to these economic drivers, the area has seen an increase 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 economic uncertainties associated with the COVID-19 outbreak which persisted into 2021, the City's financial position remained relatively strong as evidenced by several key financial indicators. The City's taxable assessed value increased for the eighth year in a row, by 4.3% to \$3.17 billion in 2021, after increasing 6.9% in 2020. In total, the City's taxable assessed value has increased 42.9% since 2013. The unemployment rate decreased to 4.6% in 2021 (after increasing to 5.9% in 2020 due 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, 34.2% is dedicated to public safety through our police department, with an additional 17.6% 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 (which was the same as the prior year's millage rate). As a result, property tax revenue increased 4.2% from the prior year and represented 35.0% of total general government revenue.

Utility and other tax collections (including intergovernmental revenue from State shared sales taxes) represent 38.0% of general government revenue. Total revenues for telecommunications tax, gas tax and State sales tax increased by 8.7% from last year, which is a substantial improvement over the original State projection of a 3.6% decrease due to the impact of the COVID-19 outbreak on the State's economy. State estimates for FY 21-22 projected that these revenue sources in total would decrease by 1.7% in the coming year, indicating that State revenue analysts are conservatively anticipating a slower recovery from the COVID-19 pandemic downturn than what is indicated by last year's actual results.

Transfers from the enterprise funds are designed to be a return to ownership for the general government. The total transfers of \$1.3 million for this fiscal year, primarily from the Water Sewer and Solid Waste utilities, represent 6% of total general government revenues (as compared to 7% in the prior year). It is worth noting that prior to the sale of the City's Electric utility enterprise fund in December 2018 these transfers were historically in the range of 27% - 35% of total general government revenues.

Most other revenue sources remained relatively level, with the exception of investment earnings which are down 100% (or \$2.2 million) from last year. Although the City's short-term investments (primarily Treasury bonds) earned over 3% returns in 2020, this trend reversed sharply in 2021 as earnings for government bonds fell to negative returns for the first time since 2013. Federal and state grants received as reimbursement for specific capital projects or emergency declarations vary from year to year.

Overall, general government expenditures are up by only 0.2% (\$40K) from the prior year. Although personnel costs increased due to a 3% salary increase for all employees and a 3.9% increase in health insurance rates, this was offset by vacancies (as a result of turnover) and reductions in required pension and Other Post Employment Benefits (OPEB) contributions based on updated actuarial valuations. 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 1.0% or \$173K, 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.

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, 2021, 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 annual comprehensive financial report for the fiscal year ended September 30, 2020. This was the thirty eighth 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 annual comprehensive 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 annual comprehensive 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.

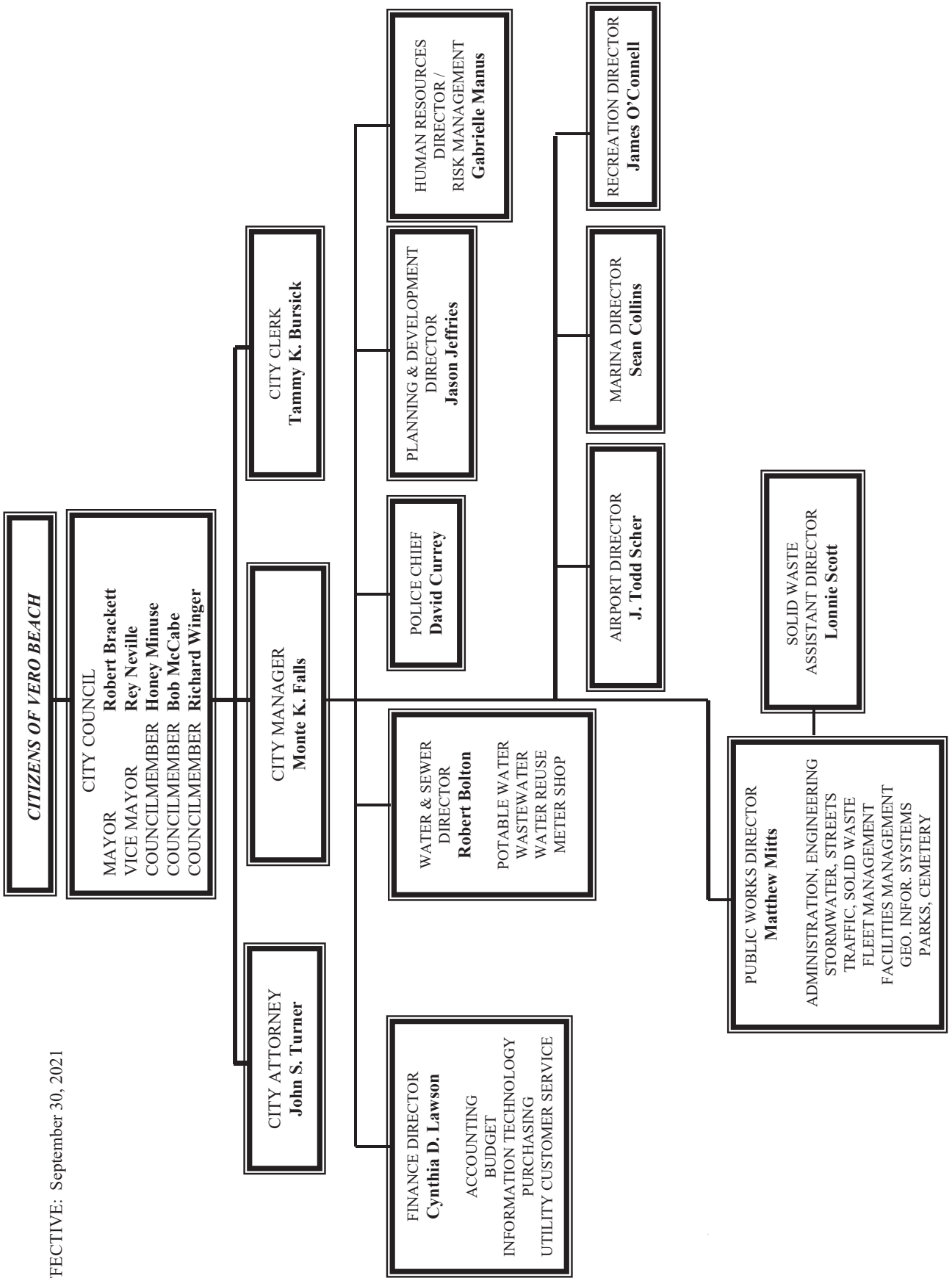


Cynthia D. Lawson
Finance Director

CITY OF VERO BEACH, FLORIDA

ORGANIZATIONAL CHART

EFFECTIVE: September 30, 2021





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Vero Beach
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

This page left intentionally blank

FINANCIAL SECTION

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, 2021, 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, 2021, 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 24, 2022 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.



Orlando, Florida
March 24, 2022

This page left intentionally blank

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section in the Annual Comprehensive 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, 2021.

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, 2021:

- The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$206.4 million (net position). Of this amount, \$75.9 million was from governmental activities and \$130.5 million was from business-type activities.
- Unrestricted net positions for governmental and business activities, respectively, were \$35.1 million and \$22.4 million.
- The City's revenues for governmental funds, excluding other financing sources, were \$24.7 million. The expenditures for governmental funds were \$30.7 million.
- The business-type activities of the City had total revenues of \$35.6 million and total expenses of \$24.9 million before transfers.
- At the close of the current fiscal year, the governmental funds reported combined ending fund balances of \$69.1 million, a decrease of \$3.6 million in comparison with the prior year. Approximately \$14.8 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 remained the same.

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 an internal service fund. The proprietary fund financial statements provide separate information for the City's individual enterprise funds since they are considered to be major funds. The City has a single internal service fund, which is shown in a separate column. Also, because the internal service fund represents an activity that predominately satisfies internal governmental needs, balance sheet and other data for the internal service fund 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. The City's single internal service fund is the City's liability self-insurance fund. Individual fund data for this internal services fund 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 \$206.4 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 \$13.1 million from the amounts previously reported at the end of fiscal year 2020. Governmental activities are responsible for an increase of \$3.7 million, while the business-type activities are responsible for an increase of \$9.4 million. The primary reason for the governmental activities increase was that the City's pension plans became a \$2.9 million net pension asset rather than a liability, as all three of the City's pension plans are at or above 100% in plan fiduciary net positions as a percentage of total pension liability due to investment earnings and updated actuarial valuations. The primary reason for the increase in net position for business-type activities was an increase in net capital assets, along with a substantial increase in accounts receivable for grant reimbursements due at year end for Airport capital projects.

The following schedule provides a comparative summary of net position for the City for fiscal years 2021 and 2020. 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	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 80,343,003	\$ 78,463,372	\$ 38,725,198	\$ 35,264,111	\$ 119,068,201	\$ 113,727,483
Capital assets, net	39,255,093	38,146,854	115,821,939	110,946,036	155,077,032	149,092,890
Total assets	119,598,096	116,610,226	154,547,137	146,210,147	274,145,233	262,820,373
Deferred Outflows of Resources						
Deferred Outflows-Pensions	1,923,452	1,625,419	443,562	-	2,367,014	1,625,419
Deferred Outflows-OPEB	1,511,670	1,828,061	448,383	531,396	1,960,053	2,359,457
Total deferred outflows	3,435,122	3,453,480	891,945	531,396	4,327,067	3,984,876
Liabilities						
Long-term liabilities	28,573,588	38,773,234	14,785,436	21,199,913	43,359,024	59,973,147
Other liabilities	2,082,611	1,569,909	4,953,456	2,493,592	7,036,067	4,063,501
Total liabilities	30,656,199	40,343,143	19,738,892	23,693,505	50,395,091	64,036,648
Deferred Inflows of Resources						
Deferred Inflows-Pensions	12,483,920	2,943,114	4,078,423	644,112	16,562,343	3,587,226
Deferred Inflows-OPEB	3,955,696	4,596,442	1,163,875	1,331,991	5,119,571	5,928,433
Total deferred inflows	16,439,616	7,539,556	5,242,298	1,976,103	21,681,914	9,515,659
Net Position						
Net investment in capital assets	36,987,009	35,984,984	108,025,692	101,614,410	145,012,701	137,599,394
Restricted	3,886,584	3,798,090	-	-	3,886,584	3,798,090
Unrestricted	35,063,810	32,397,933	22,432,200	19,457,525	57,496,010	51,855,458
Total net position	\$ 75,937,403	\$ 72,181,007	\$ 130,457,892	\$ 121,071,935	\$ 206,395,295	\$ 193,252,942

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, 2021 and 2020. For more detailed information see the Statement of Activities in the Financial Section of this report.

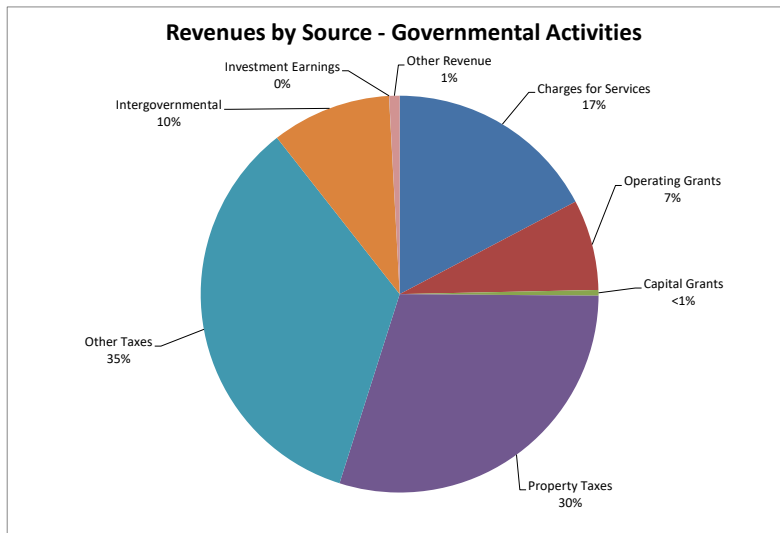
	Change in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for services	\$ 4,451,145	\$ 4,224,392	\$ 25,788,497	\$ 25,122,296	\$ 30,239,642	\$ 29,346,688
Operating grants	1,902,081	484,471	30,718	(21,432)	1,932,799	463,039
Capital grants	119,334	970,046	9,559,677	2,190,864	9,679,011	3,160,910
General Revenues						
Property Taxes	7,662,882	7,355,480	-	-	7,662,882	7,355,480
Other Taxes	8,896,821	8,327,824	-	-	8,896,821	8,327,824
Intergovernmental	2,503,948	2,242,366			2,503,948	2,242,366
Investment earnings	(3,297)	2,496,496	160	762,788	(3,137)	3,259,284
Other revenue (expense)	216,543	221,249	202,453	274,657	418,996	495,906
Total revenues	25,749,457	26,322,324	35,581,505	28,329,173	61,330,962	54,651,497
Expenses:						
General Government	7,936,719	8,232,024	-	-	7,936,719	8,232,024
Public Safety	7,098,090	8,382,265	-	-	7,098,090	8,382,265
Physical Environment	324,196	297,960	-	-	324,196	297,960
Transportation	3,636,391	3,581,215	-	-	3,636,391	3,581,215
Culture and Recreation	4,235,860	4,568,626	-	-	4,235,860	4,568,626
Interest on long-term debt	70,805	65,593	-	-	70,805	65,593
Electric System	-	-	-	-	-	-
Water and Sewer System	-	-	15,240,346	15,118,926	15,240,346	15,118,926
Municipal Airport	-	-	5,394,642	5,010,628	5,394,642	5,010,628
Municipal Marina	-	-	1,580,267	1,425,571	1,580,267	1,425,571
Solid Waste	-	-	2,671,293	2,727,650	2,671,293	2,727,650
Total expenses	23,302,061	25,127,683	24,886,548	24,282,775	48,188,609	49,410,458
Change in net position before transfers	2,447,396	1,194,641	10,694,957	4,046,398	13,142,353	5,241,039
Transfers	1,309,000	1,192,513	(1,309,000)	(1,192,513)	-	-
Change in net position	3,756,396	2,387,154	9,385,957	2,853,885	13,142,353	5,241,039
Net position - beginning	72,181,007	69,793,853	121,071,935	118,218,050	193,252,942	188,011,903
Net position - ending	\$ 75,937,403	\$ 72,181,007	\$ 130,457,892	\$ 121,071,935	\$ 206,395,295	\$ 193,252,942

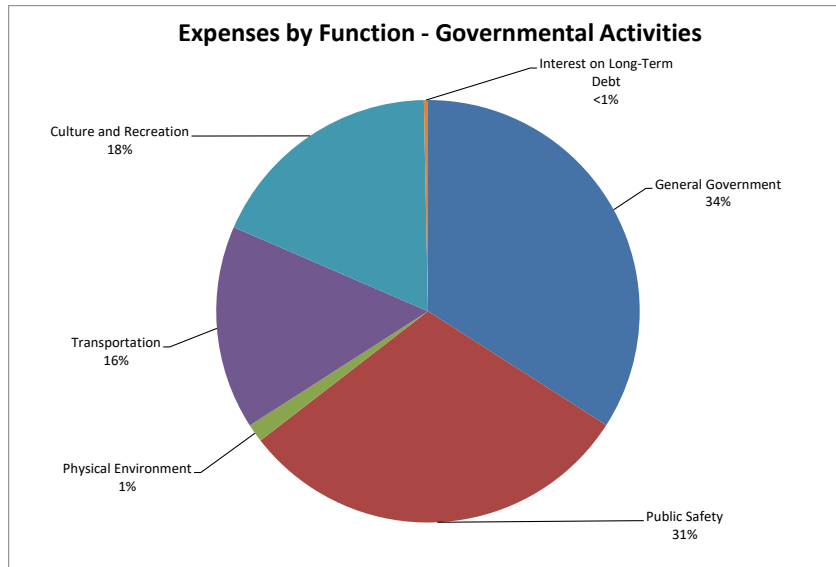
Governmental Activities. Net position of the City’s governmental-type activities increased by \$3.7 million from the amounts previously reported at the end of fiscal year 2020. The primary reason for this increase was that as of the end of the fiscal year, the City’s three pension plans became a \$2.9 million net pension asset rather than a liability, as all three of the City’s pension plans are at or above 100% in plan fiduciary net positions as a percentage of total pension liability due to the improved investment performance of the plans relative to actuarial assumptions.

Property tax revenues increased by \$0.3 million over the amount collected in 2020, as the City adopted the same millage rate as in the prior year but experienced a 4.3% rise in taxable property values. The City also had an increase of \$0.6 million in other taxes due primarily to an increase of \$0.4 million in discretionary sales surtax revenues, as the economic recovery post COVID-19 was more substantial than originally anticipated by State revenue analysts. The City had a decrease of \$2.5 million in investment earnings due to a negative earnings rate for the City’s pooled cash investments (held primarily in short term Treasury bonds and Federal instrumentalities) mirroring the overall performance of the fixed income investment market in 2021. The remainder of the City’s major revenue sources, including sales tax and intergovernmental sources, remained relatively stable from 2020 to 2021.

Total governmental activities expenses decreased by \$1.8 million or 7%. This is due primarily to the fact that on a government-wide basis the City recognized negative \$4.7 million net pension expense spread across all primary government activities, which is \$2.1 million greater than the net negative pension expense recognized in 2020.

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

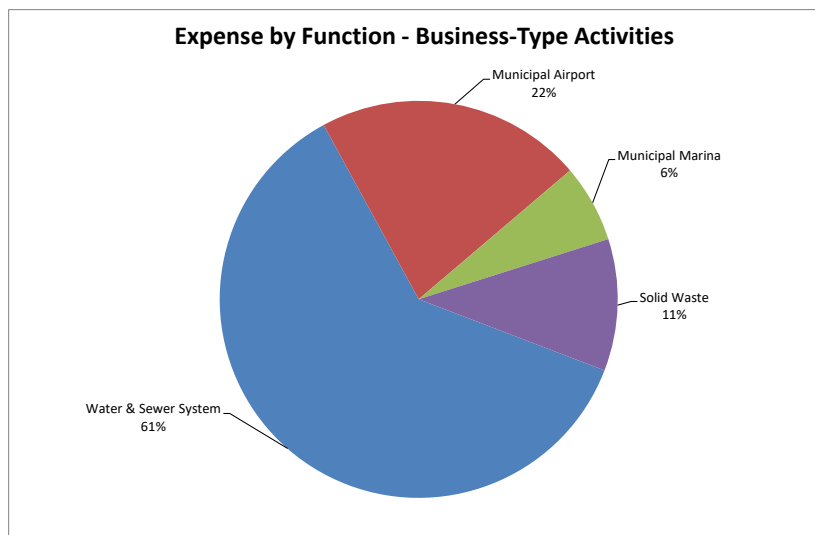




Business-type Activities: Net position of the City’s business-type activities showed an increase of \$9.4 million from the amounts previously reported at the end of fiscal year 2020. This change is attributable primarily to an increase of \$4.9 million in net capital assets, driven by the addition of \$ 11.0 million in airport capital projects and equipment (up from \$2.8 million in 2020). The airport fund capital projects also resulted in a \$3.4 million increase in accounts receivable for business-type activities as a whole, since airport projects were substantially funded by grant reimbursements which were due as of fiscal year end.

Total revenues for the business-type activities increased by \$7.3 million or 26%. This is due almost entirely to an increase of \$7.4 million in capital grants revenue for airport projects, as described above. All other revenue sources for the City’s business type activities remained relatively stable, with the exception of a \$0.8 million decrease in investment earnings (as short term fixed income earnings rates fell dramatically). This loss was offset by a \$0.2 million increase in marina revenues due to increased customer demand and a \$0.2 million increase in solid waste revenues due to a rate increase.

Total expenses for the business-type activities increased by \$0.7 million. Operating expenses for each of the City’s business-type activities remained relatively level, with minor increases for inflation and personnel costs across the board. 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 2021, the City's governmental funds reported combined ending fund balances of \$69.1 million, a decrease of \$3.6 million from the prior year. This is primarily due to a decrease of \$2.1 million in committed reserves as the City used the pension and OPEB reserves to make annual contributions, and a decrease of \$1.0 million in assigned fund balances as the City used assigned fund balances to increase expenditures in the general government capital and construction fund.

Total governmental revenue of \$24.7 million decreased \$1.5 million from the previous year, as the City received \$0.9 million less in disaster recovery grants than it did in the prior year and \$2.5 million less in investment earnings on short term fixed income instruments than it did in 2020 (as described earlier). These reductions were offset by additional property taxes and sales tax revenue. Total governmental expenditures showed an increase of \$1.6 million. This is attributable almost entirely to capital outlay, which increased by \$1.5 million in expenditures for general government capital and construction projects for improvements to City infrastructure for public safety, recreation and transportation.

The governmental fund balance of \$69.1 million is available for spending, subject to regulatory, statutory, and budgetary restrictions. Of the available balance, \$14.8 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	\$ 134,004
Prepaid items	224,454
Restricted	
General Government	111,269
Public Safety	94,839
Culture & Recreation	877,054
Physical Environment	2,803,422
Committed	
Physical Environment	160,746
Unfunded Pension Liability Reserve	10,841,162
Other Post Employment Benefits (OPEB) Reserve	8,461,164
Capital and Infrastructure Reserve	21,000,000
Emergency (Disaster) Reserve	5,000,000
Assigned	4,663,740
Total Nonspendable, Restricted, Committed, Assigned	\$ 54,371,854

The General Fund is the City's major governmental fund. As of September 30, 2021, its fund balance was \$62.3 million, with \$14.8 million of that unassigned. This represents a \$2.6 million decrease from the prior year's total fund balance, with a \$2.1 million decrease in the committed amounts (due to programmed uses of these reserves for pension and OPEB payments) and a \$0.8 decrease in unassigned fund balance (due to appropriation of excess unassigned fund balance to supplement the City's budget in 2021 in accordance with the adopted fund balance policy). This was offset by the addition of \$0.1 million in assigned amounts (for appropriation of fund balance in the subsequent year's budget), and an additional \$0.2 million in restricted/nonspendable balances for prepaid insurance expenses.

General fund revenue for 2021 totaled \$19.9 million in the original budget and \$20.3 million in the final budget, with actual revenue received of \$20.5 million. These higher than anticipated revenues were primarily in the following revenue sources: property taxes due to collections in excess of the budgeted 95%, telecommunications service tax higher than originally anticipated by State forecasts due to economic

recovery, and the continued receipt of disaster recovery grants revenue for hurricanes that occurred in prior years. General fund expenditures were under the final budget by \$502,000 (or 2.0%) and under the original budget by \$425,000 (or 1.7%). There was no single function to which this decrease in expenditures is attributable. It was a result of lower than anticipated operating expenditures across the board, rather than in any specific expenditure category. The fiscal year ended with a net decrease in fund balance of \$2,636,000.

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 \$22.4 million. Of this amount the Water & Sewer System has \$17.9 million and the Airport has \$5.3 million. There was an increase of \$9.4 million in the total net position of the enterprise funds in the current year. There was an increase of \$2.2 million in the Water & Sewer utility with the net operating income remaining at last year's level of \$2.4 million. In the Airport fund, there was an increase of \$6.6 million in net position, as the result of capital investments funded almost entirely by capital grants resulting in a direct increase to the net investment in capital.

The Internal Service Fund (a category of the City's proprietary funds) is an accounting device used to accumulate and allocate self-insurance costs internally among some of the City's various functions. At the fund level it has a total net position of \$0.5 million, which is the same as last year's net position. Payments for legacy insurance claims were made from reserves for estimated claims payable, resulting in no decrease in net position.

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 \$0.6 million, or 3.1%, higher, and the actual expenditures were \$425 thousand, or 1.7%, lower. The actual net increase to the General Fund fund balance was \$745 thousand more than was projected in the final budget. This was a combination of revenues that were \$243 thousand higher than the final budget and expenditures that were \$502 thousand lower than the final budget. Higher than anticipated revenues were received for property taxes due to collections in excess of the budgeted 95% rate, telecommunications service tax higher than originally anticipated by State forecasts due to economic recovery, and the continued receipt of disaster recovery grants revenue for hurricanes that occurred in prior years. Operating expenditures were down from the final budget slightly across all departments with no single event in particular responsible for the decreases.

Original & Final Budget Comparison			
General Fund			
	Original	Final	Change
REVENUES			
Taxes	\$ 13,660,970	\$ 13,902,083	\$ 241,113
Licenses and permits	153,500	207,196	53,696
Intergovernmental	1,770,002	1,879,633	109,631
Grants	-	406,857	406,857
Charges for services	3,148,970	3,065,808	(83,162)
Fines and forfeitures	188,000	346,130	158,130
Investment earnings	593,000	12,547	(580,453)
Rental	296,200	326,994	30,794
Contributions from private sources	-	22,740	22,740
Miscellaneous	76,000	99,806	23,806
Total Revenues	\$ 19,886,642	\$ 20,269,794	\$ 383,152
EXPENDITURES			
Current:			
General government	\$ 5,960,005	\$ 5,766,005	\$ (194,000)
Public safety	8,722,809	8,619,322	(103,487)
Transportation	2,541,086	2,461,386	(79,700)
Culture/Recreation	4,623,083	4,495,733	(127,350)
Non-departmental	2,993,586	3,575,587	582,001
Total Expenditures	\$ 24,840,569	\$ 24,918,033	\$ 77,464

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:

- Personnel Costs (all departments): Significant decreases in salary and health insurance costs in a number of departments due to turnover and vacancies during the year.
- Pensions (all departments): A decrease in pension contributions due to a \$238K reduction in the City's required payment for the unfunded general employee pension liability based on the most recent actuarial valuation. In addition, there was a \$108K savings in the City's contribution to the Fire Pension plan as a result of the most recent actuarial valuation and State contributions.
- Non-Departmental: An increase of \$460K in street lighting expenses due to the delayed payment of City street lighting accounts from prior years. As a result of the electric sale transition, payment of these accounts was on hold pending a reconciliation of the street light locations.

Capital Assets and Debt Administration

Capital Assets. The City's capital assets for its governmental and business-type activities as of September 30, 2021 are \$155.1 million (net of accumulated depreciation).

	Capital Assets (Net of Depreciation) (in 000s)					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 5,009	\$ 5,009	\$ 6,364	\$ 6,364	\$ 11,373	\$ 11,373
Intangible assets	825	825	-	-	825	825
Buildings	8,376	6,455	17,253	17,788	25,629	24,243
Improvements other than buildings	4,418	4,757	83,896	80,331	88,314	85,088
Machinery and equipment	3,919	3,771	3,529	3,179	7,448	6,950
Infrastructure	15,678	15,838	-	-	15,678	15,838
Construction in progress	1,030	1,493	4,780	3,285	5,810	4,778
Total capital assets, net	\$ 39,255	\$ 38,148	\$ 115,822	\$ 110,947	\$ 155,077	\$ 149,095

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 increased by \$1.1 million due primarily to an increase in the City's current year investments in infrastructure and equipment for public safety, recreation and transportation. The net capital assets of the business-type assets increased by \$4.9 million due primarily to airport fund investments in runway and apron rehabilitation projects (improvements other than buildings). 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 \$15.8 million. Of this amount, \$7.4 million was in notes and bonds secured solely by specified revenue sources and \$2.3 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 \$4.9 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 a long term liability of \$26.1 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	
	2021	2020	2021	2020	2021	2020
Revenue Bonds and Notes	\$ 1,015	\$ 1,105	\$ 7,456	\$ 9,173	\$ 8,471	\$ 10,278
Capital Lease-Purchases	1,209	944	81	87	1,290	1,031
Claims Payable	1,165	1,237	-	-	1,165	1,237
Compensated Absences	3,254	3,317	1,621	1,767	4,875	5,084
Total Long-Term Debt	\$ 6,643	\$ 6,603	\$ 9,158	\$ 11,027	\$ 15,801	\$ 17,630

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 City-wide budget for fiscal year 2022 is \$91.5 million. This budget shows a net increase of 3 City-wide staff positions. One (1) of these positions is in the General Fund for an additional street sweeper operator. The remaining two (2) positions have been added to the Water & Sewer utility budget for increased maintenance staffing. Total budgeted salaries increased by \$529,000 as a result of these additional positions, as well as a City-wide salary increase of 2% and increased health insurance costs.

Ad valorem tax revenues are projected to increase by 6.6% as a result of the adoption of a millage rate of 2.5000 (which was 4.60% greater than the rolled-back millage rate of 2.3901 mills) combined with a 6.1% increase in taxable property values. This was the same as the prior year’s millage rate. 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 4 of a 5 year transition plan) and to fund increased in personnel costs. The budgeted amounts for State shared revenues for gas tax and State sales tax sharing, and the local communications service tax revenue were all projected to decrease slightly in the coming year (a total of 1.7% for all sources combined) when compared to the actual amounts received in fiscal year 2021 due to conservative State estimates of the continued impacts of COVID-19 on the State economy.

The adopted budget for FY 21-22 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 Annual Comprehensive 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, 2021

	Primary Government		
	Governmental Activities	Business- type Activities	Total Primary Government
Assets			
Equity in pooled cash and investments	\$ 71,368,476	\$ 26,948,196	\$ 98,316,672
Cash with fiscal agent	247,553	-	247,553
Seized property	5,000	-	5,000
Receivables, net	3,809,611	8,281,313	12,090,924
Inventories	134,004	351,077	485,081
Prepaid costs	275,904	203,896	479,800
Assets held for resale	1,602,348	-	1,602,348
Restricted assets:			
Equity in pooled cash and investments	-	2,871,986	2,871,986
Net pension asset	2,900,107	68,730	2,968,837
Capital assets:			
Land and intangible assets	5,833,627	6,363,514	12,197,141
Construction in progress	1,030,102	4,779,562	5,809,664
Capital assets not being depreciated	<u>6,863,729</u>	<u>11,143,076</u>	<u>18,006,805</u>
Capital assets being depreciated	97,611,701	229,808,496	327,420,197
Accumulated depreciation	<u>(65,220,337)</u>	<u>(125,129,633)</u>	<u>(190,349,970)</u>
Capital assets being depreciated, net	<u>32,391,364</u>	<u>104,678,863</u>	<u>137,070,227</u>
Total capital assets	<u>39,255,093</u>	<u>115,821,939</u>	<u>155,077,032</u>
Total assets	<u>119,598,096</u>	<u>154,547,137</u>	<u>274,145,233</u>
Deferred outflows of resources			
Deferred outflows related to pensions	1,923,452	443,562	2,367,014
Deferred outflows related to OPEB	1,511,670	448,383	1,960,053
Total deferred outflows	<u>3,435,122</u>	<u>891,945</u>	<u>4,327,067</u>
Liabilities			
Accounts payable and accrued liabilities	2,082,611	2,729,942	4,812,553
Deposits	-	2,223,514	2,223,514
Long-term liabilities:			
Due within one year	1,054,240	1,870,519	2,924,759
Due in more than one year:			
Miscellaneous liabilities	5,588,399	7,287,673	12,876,072
Unearned revenue	1,281,193	211,063	1,492,256
Net other postemployment benefits liability	20,649,756	5,416,181	26,065,937
Total liabilities	<u>30,656,199</u>	<u>19,738,892</u>	<u>50,395,091</u>
Deferred inflows of resources			
Deferred inflows related to pensions	12,483,920	4,078,423	16,562,343
Deferred inflows related to OPEB	3,955,696	1,163,875	5,119,571
Total deferred inflows	<u>16,439,616</u>	<u>5,242,298</u>	<u>21,681,914</u>
Net position			
Net investment in capital assets	36,987,009	108,025,692	145,012,701
Restricted for:			
Capital projects	1,061,305	-	1,061,305
Land purchases	1,465,107	-	1,465,107
Culture and recreation	877,054	-	877,054
Cemetery care	277,010	-	277,010
Wellness programs	111,269	-	111,269
Law enforcement	94,839	-	94,839
Unrestricted	<u>35,063,810</u>	<u>22,432,200</u>	<u>57,496,010</u>
Total net position	<u>\$ 75,937,403</u>	<u>\$ 130,457,892</u>	<u>\$ 206,395,295</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, 2021

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	\$ 7,936,719	\$ 2,693,997	\$ 1,835,312	\$ -	\$ (3,407,410)	\$ -	\$ (3,407,410)
Public safety	7,098,090	652,494	66,769	118,074	(6,260,753)	-	(6,260,753)
Physical environment	324,196	451,082	-	-	126,886	-	126,886
Transportation	3,636,391	137,446	-	60	(3,498,885)	-	(3,498,885)
Culture/recreation	4,235,860	516,126	-	1,200	(3,718,534)	-	(3,718,534)
Interest and fiscal charges	70,805	-	-	-	(70,805)	-	(70,805)
Total governmental activities	<u>23,302,061</u>	<u>4,451,145</u>	<u>1,902,081</u>	<u>119,334</u>	<u>(16,829,501)</u>	<u>-</u>	<u>(16,829,501)</u>
Business-type activities:							
Water and sewer system	15,240,346	17,480,539	27,347	914,587	-	3,182,127	3,182,127
Municipal airport	5,394,642	3,276,411	3,003	8,645,090	-	6,529,862	6,529,862
Municipal marina	1,580,267	2,057,574	-	-	-	477,307	477,307
Solid waste	2,671,293	2,973,973	368	-	-	303,048	303,048
Total business-type activities	<u>24,886,548</u>	<u>25,788,497</u>	<u>30,718</u>	<u>9,559,677</u>	<u>-</u>	<u>10,492,344</u>	<u>10,492,344</u>
Total	<u>\$ 48,188,609</u>	<u>\$ 30,239,642</u>	<u>\$ 1,932,799</u>	<u>\$ 9,679,011</u>	<u>(16,829,501)</u>	<u>10,492,344</u>	<u>(6,337,157)</u>
General revenues:							
Property taxes					7,662,882	-	7,662,882
Sales and gas taxes					3,238,206	-	3,238,206
Utility taxes					5,658,615	-	5,658,615
Intergovernmental revenue not restricted to specific functions/programs					2,503,948	-	2,503,948
Investment income (loss)					(3,297)	160	(3,137)
Other revenue					216,543	202,453	418,996
Transfers - internal activities					1,309,000	(1,309,000)	-
Total general revenues and transfers					<u>20,585,897</u>	<u>(1,106,387)</u>	<u>19,479,510</u>
Change in net position					3,756,396	9,385,957	13,142,353
Net position - beginning					<u>72,181,007</u>	<u>121,071,935</u>	<u>193,252,942</u>
Net position - ending					<u>\$ 75,937,403</u>	<u>\$ 130,457,892</u>	<u>\$ 206,395,295</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, 2021

	General Fund	General Government Capital and Construction	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Equity in pooled cash and investments	\$ 62,832,070	\$ 3,532,433	\$ 3,360,646	\$ 69,725,149
Cash with fiscal agent	-	247,553	-	247,553
Seized property	-	-	5,000	5,000
Receivables, net:				
Accounts	754,144	-	-	754,144
Special assessments	-	10,709	-	10,709
Interest	226,192	1,361	16,909	244,462
Due from other governments	2,190,248	120,883	476,383	2,787,514
Prepaid items	222,346	-	2,108	224,454
Inventories	134,004	-	-	134,004
Total assets	\$ 66,359,004	\$ 3,912,939	\$ 3,861,046	\$ 74,132,989
Liabilities				
Accounts payable and contracts payable	\$ 293,215	\$ 824,154	\$ 2,489	\$ 1,119,858
Accrued liabilities	842,846	-	2,927	845,773
Evidence escrow	-	-	78,207	78,207
Unearned revenue	1,281,193	-	-	1,281,193
Total liabilities	<u>2,417,254</u>	<u>824,154</u>	<u>83,623</u>	<u>3,325,031</u>
Deferred inflows of resources				
Unavailable revenue	1,652,975	10,709	-	1,663,684
Fund balances				
Nonspendable	356,350	-	2,108	358,458
Restricted	111,269	-	3,775,315	3,886,584
Committed	45,463,072	-	-	45,463,072
Assigned	1,585,664	3,078,076	-	4,663,740
Unassigned	14,772,420	-	-	14,772,420
Total fund balances	<u>62,288,775</u>	<u>3,078,076</u>	<u>3,777,423</u>	<u>69,144,274</u>
Total liabilities, deferred inflows and fund balances	\$ 66,359,004	\$ 3,912,939	\$ 3,861,046	\$ 74,132,989

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, 2021

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

Ending fund balance - governmental funds	\$ 69,144,274
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	6,863,729
Capital assets being depreciated, net	32,391,364
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	1,652,975
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	530,765
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 or assets in the government-wide statement of net position.	
Net pension asset	2,900,107
Deferred outflows related to pensions	1,923,452
Deferred inflows related to pensions	(12,483,920)
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	(20,649,756)
Deferred outflows related to OPEB	1,511,670
Deferred inflows related to OPEB	(3,955,696)
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	(2,223,433)
Accrued interest on long-term debt	(26,979)
Compensated absences	(3,254,206)
Total liabilities	<u>(5,504,618)</u>
Net position of governmental activities	<u>\$ 75,937,403</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, 2021

	General Fund	General Government Capital and Construction	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 14,010,610	\$ -	\$ 2,696,544	\$ 16,707,154
Licenses and permits	207,212	-	-	207,212
Intergovernmental	2,057,866	-	446,082	2,503,948
Grants	406,859	586,849	-	993,708
Charges for services	3,041,933	-	365,426	3,407,359
Fines and forfeitures	341,208	-	4,246	345,454
Investment income (loss)	(2,974)	383	(75)	(2,666)
Rentals	326,999	-	-	326,999
Contributions from private sources	22,740	119,816	-	142,556
Miscellaneous	100,118	-	-	100,118
Total revenues	<u>20,512,571</u>	<u>707,048</u>	<u>3,512,223</u>	<u>24,731,842</u>
Expenditures				
Current:				
General government	9,114,727	-	-	9,114,727
Public safety	8,358,822	-	460,082	8,818,904
Physical environment	-	-	246,959	246,959
Transportation	2,357,766	-	-	2,357,766
Culture and recreation	4,297,850	-	-	4,297,850
Debt service:				
Principal	-	604,298	90,000	694,298
Interest and fiscal charges	-	34,881	26,182	61,063
Capital outlay	286,189	4,760,899	14,899	5,061,987
Total expenditures	<u>24,415,354</u>	<u>5,400,078</u>	<u>838,122</u>	<u>30,653,554</u>
Deficiency of revenues under expenditures	<u>(3,902,783)</u>	<u>(4,693,030)</u>	<u>2,674,101</u>	<u>(5,921,712)</u>
Other financing sources (uses)				
Issuance of debt - capital leases	-	868,674	-	868,674
Sale of assets	35,000	35,650	-	70,650
Proceeds from insurance	15,930	46,515	-	62,445
Transfers in	1,309,000	2,000,000	209,765	3,518,765
Transfers out	(93,583)	-	(2,116,182)	(2,209,765)
Total other financing sources (uses)	<u>1,266,347</u>	<u>2,950,839</u>	<u>(1,906,417)</u>	<u>2,310,769</u>
Net change in fund balances	(2,636,436)	(1,742,191)	767,684	(3,610,943)
Fund balance - beginning	<u>64,925,211</u>	<u>4,820,267</u>	<u>3,009,739</u>	<u>72,755,217</u>
Fund balance - ending	<u>\$ 62,288,775</u>	<u>\$ 3,078,076</u>	<u>\$ 3,777,423</u>	<u>\$ 69,144,274</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, 2021

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

Net change in fund balances - total governmental funds \$ (3,610,943)

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	4,089,016
Depreciation expense	(2,980,777)

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	885,151
---	---------

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	694,298
Capital lease purchase proceeds	(868,674)

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	62,502
Change in net pension asset and related deferrals	4,674,807
Change in net OPEB liability and related deferrals	827,595
Change in accrued interest on bonds payable	(9,742)

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>(6,837)</u>
--	----------------

Change in net position of governmental activities	<u><u>\$ 3,756,396</u></u>
---	----------------------------

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

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 13,660,970	\$ 13,902,083	\$ 14,010,610	\$ 108,527
Licenses and permits	153,500	207,196	207,212	16
Intergovernmental	1,770,002	1,879,633	2,057,866	178,233
Grants	-	406,857	406,859	2
Charges for services	3,148,970	3,065,808	3,041,933	(23,875)
Fines and forfeitures	188,000	346,130	341,208	(4,922)
Investment income (loss)	593,000	12,547	(2,974)	(15,521)
Rentals	296,200	326,994	326,999	5
Contributions from private sources	-	22,740	22,740	-
Miscellaneous	76,000	99,806	100,118	312
Total revenues	<u>19,886,642</u>	<u>20,269,794</u>	<u>20,512,571</u>	<u>242,777</u>
Expenditures				
Current:				
General government	5,960,005	5,766,005	5,597,549	168,456
Public safety	8,722,809	8,619,322	8,559,070	60,252
Transportation	2,541,086	2,461,386	2,364,259	97,127
Culture/Recreation	4,623,083	4,495,733	4,352,430	143,303
Non-departmental	2,993,586	3,575,587	3,542,046	33,541
Total expenditures	<u>24,840,569</u>	<u>24,918,033</u>	<u>24,415,354</u>	<u>502,679</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,953,927)</u>	<u>(4,648,239)</u>	<u>(3,902,783)</u>	<u>745,456</u>
Other financing sources (uses)				
Proceeds from insurance	-	15,930	15,930	-
Sale of assets	1,000	35,000	35,000	-
Transfers in	1,309,000	1,309,000	1,309,000	-
Transfers out	(184,099)	(93,583)	(93,583)	-
Total other financing sources (uses)	<u>1,125,901</u>	<u>1,266,347</u>	<u>1,266,347</u>	<u>-</u>
Net change in fund balances	<u>(3,828,026)</u>	<u>(3,381,892)</u>	<u>(2,636,436)</u>	<u>745,456</u>
Fund balance - beginning	<u>64,925,211</u>	<u>64,925,211</u>	<u>64,925,211</u>	<u>-</u>
Fund balance - ending	<u>\$ 61,097,185</u>	<u>\$ 61,543,319</u>	<u>\$ 62,288,775</u>	<u>\$ 745,456</u>

This page left intentionally blank

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

SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds	
	Water and Sewer System	Municipal Airport
Assets		
Current assets:		
Equity in pooled cash and investments	\$ 22,542,749	\$ 2,714,623
Receivables, net:		
Accounts	2,099,963	129,445
Special Assessments	139,827	-
Interest	58,214	12,713
Due from other governments	30,828	5,375,293
Inventories	323,540	-
Prepaid items	89,888	59,009
Restricted assets:		
Equity in pooled cash and investments	2,871,574	120
Total current assets	<u>28,156,583</u>	<u>8,291,203</u>
Noncurrent assets:		
Net pension asset	46,860	6,922
Total noncurrent assets	<u>46,860</u>	<u>6,922</u>
Capital assets:		
Land	184,989	1,722,672
Construction in progress	2,315,582	2,224,198
Capital assets not being depreciated	<u>2,500,571</u>	<u>3,946,870</u>
Capital assets being depreciated	141,270,932	83,211,985
Accumulated depreciation	(91,734,690)	(29,939,367)
Capital assets being depreciated, net	<u>49,536,242</u>	<u>53,272,618</u>
Total capital assets	<u>52,036,813</u>	<u>57,219,488</u>
Total assets	<u>80,240,256</u>	<u>65,517,613</u>
Deferred outflows of resources		
Deferred outflows related to pensions	302,177	44,843
Deferred outflows related to OPEB	319,042	19,687
Total deferred outflows of resources	<u>621,219</u>	<u>64,530</u>
Total assets and deferred outflows of resources	<u>\$ 80,861,475</u>	<u>\$ 65,582,143</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 Fund
\$ 856,857	\$ 833,967	\$ 26,948,196	\$ 1,643,327
22,750	407,798	2,659,956	-
-	-	139,827	-
-	2,359	73,286	12,782
26	2,097	5,408,244	-
27,537	-	351,077	-
36,617	18,382	203,896	51,450
-	292	2,871,986	-
<u>943,787</u>	<u>1,264,895</u>	<u>38,656,468</u>	<u>1,707,559</u>
1,820	13,128	68,730	-
<u>1,820</u>	<u>13,128</u>	<u>68,730</u>	<u>-</u>
4,455,853	-	6,363,514	-
239,782	-	4,779,562	-
<u>4,695,635</u>	<u>-</u>	<u>11,143,076</u>	<u>-</u>
2,524,068	2,801,511	229,808,496	8,047
(1,681,736)	(1,773,840)	(125,129,633)	(8,047)
<u>842,332</u>	<u>1,027,671</u>	<u>104,678,863</u>	<u>-</u>
<u>5,537,967</u>	<u>1,027,671</u>	<u>115,821,939</u>	<u>-</u>
<u>6,483,574</u>	<u>2,305,694</u>	<u>154,547,137</u>	<u>1,707,559</u>
11,859	84,683	443,562	-
12,149	97,505	448,383	-
<u>24,008</u>	<u>182,188</u>	<u>891,945</u>	<u>-</u>
<u>\$ 6,507,582</u>	<u>\$ 2,487,882</u>	<u>\$ 155,439,082</u>	<u>\$ 1,707,559</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, 2021

	Business-type Activities - Enterprise Funds	
	Water and Sewer System	Municipal Airport
Liabilities		
Current liabilities:		
Accounts and contracts payable	\$ 376,359	\$ 1,771,236
Accrued liabilities	306,063	35,291
Claims payable	-	-
Customer deposits	-	340,358
Current portion of compensated absences	51,397	8,791
Revenue bonds and notes payable, not payable from restricted assets	710,773	12,498
Current portion of unearned revenue	-	21,652
Payable from restricted assets:		
Accrued interest payable	35,881	120
Capital project deposit	984,991	-
Customer deposits	804,184	-
Revenue bonds and notes payable	1,046,518	-
Total current liabilities	4,316,166	2,189,946
Noncurrent liabilities, net of current portion:		
Compensated absences	976,545	167,025
Revenue bonds and notes payable	5,703,265	7,139
Claims payable	-	-
Unearned revenue	-	211,063
Net other postemployment benefits liability	3,732,753	283,817
Total noncurrent liabilities	10,412,563	669,044
Total liabilities	14,728,729	2,858,990
Deferred inflows of resources		
Deferred inflows related to pensions	2,778,576	412,223
Deferred inflows related to OPEB	833,590	50,397
Total deferred inflows of resources	3,612,166	462,620
Net position		
Net investment in capital assets	44,576,257	56,940,940
Unrestricted (deficit)	17,944,323	5,319,593
Total net position	62,520,580	62,260,533
Total liabilities, deferred inflows and net position	\$ 80,861,475	\$ 65,582,143

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 Fund
\$ 89,244	\$ 16,060	\$ 2,252,899	\$ 11,794
22,948	54,796	419,098	-
-	-	-	349,523
93,981	-	434,339	-
703	20,152	81,043	-
-	19,687	742,958	-
-	-	21,652	-
-	292	36,293	-
-	-	984,991	-
-	-	804,184	-
-	-	1,046,518	-
<u>206,876</u>	<u>110,987</u>	<u>6,823,975</u>	<u>361,317</u>
13,358	382,885	1,539,813	-
-	37,456	5,747,860	-
-	-	-	815,477
-	-	211,063	-
74,867	1,324,744	5,416,181	-
<u>88,225</u>	<u>1,745,085</u>	<u>12,914,917</u>	<u>815,477</u>
<u>295,101</u>	<u>1,856,072</u>	<u>19,738,892</u>	<u>1,176,794</u>
108,970	778,654	4,078,423	-
35,301	244,587	1,163,875	-
<u>144,271</u>	<u>1,023,241</u>	<u>5,242,298</u>	<u>-</u>
5,537,967	970,528	108,025,692	-
530,243	(1,361,959)	22,432,200	530,765
<u>6,068,210</u>	<u>(391,431)</u>	<u>130,457,892</u>	<u>530,765</u>
<u>\$ 6,507,582</u>	<u>\$ 2,487,882</u>	<u>\$ 155,439,082</u>	<u>\$ 1,707,559</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, 2021

	Business-type Activities - Enterprise Funds	
	Water and Sewer System	Municipal Airport
Operating revenues		
Charges for services	\$ 17,480,539	\$ 3,276,411
Total operating revenue	<u>17,480,539</u>	<u>3,276,411</u>
Operating expenses		
Production	3,210,987	-
Transmission and distribution	3,129,725	-
Administrative and general	2,662,350	-
Pollution control	1,455,676	-
Customer service	911,920	-
Claims expense	-	-
Operating charges	-	2,545,274
Depreciation	3,642,142	2,848,150
Total operating expenses	<u>15,012,800</u>	<u>5,393,424</u>
Operating income (loss)	<u>2,467,739</u>	<u>(2,117,013)</u>
Nonoperating revenues (expenses)		
Investment income (loss)	(661)	877
Interest/amortization expense	(194,411)	(1,218)
Loss on disposal of capital assets	(33,135)	-
Federal and state grant reimbursements	27,347	3,003
Miscellaneous revenue	32,754	22,150
Total nonoperating revenues (expenses)	<u>(168,106)</u>	<u>24,812</u>
Income (loss) before capital contributions and transfers	<u>2,299,633</u>	<u>(2,092,201)</u>
Capital contributions and transfers		
Capital grants and contributions	914,587	8,645,090
Transfers Out	(1,025,000)	-
Total capital contributions and transfers	<u>(110,413)</u>	<u>8,645,090</u>
Changes in net position	<u>2,189,220</u>	<u>6,552,889</u>
Total net position - beginning	<u>60,331,360</u>	<u>55,707,644</u>
Total net position - end of year	<u>\$ 62,520,580</u>	<u>\$ 62,260,533</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 Fund
<u>\$ 2,057,574</u>	<u>\$ 2,973,973</u>	<u>\$ 25,788,497</u>	<u>\$ -</u>
<u>2,057,574</u>	<u>2,973,973</u>	<u>25,788,497</u>	<u>-</u>
-	-	3,210,987	-
-	-	3,129,725	-
-	-	2,662,350	-
-	-	1,455,676	-
-	-	911,920	-
-	-	-	6,206
1,487,343	2,292,042	6,324,659	-
92,132	336,349	6,918,773	-
<u>1,579,475</u>	<u>2,628,391</u>	<u>24,614,090</u>	<u>6,206</u>
<u>478,099</u>	<u>345,582</u>	<u>1,174,407</u>	<u>(6,206)</u>
2	(58)	160	(631)
-	(1,723)	(197,352)	-
(792)	(41,179)	(75,106)	-
-	368	30,718	-
65,383	82,166	202,453	-
<u>64,593</u>	<u>39,574</u>	<u>(39,127)</u>	<u>(631)</u>
542,692	385,156	1,135,280	(6,837)
-	-	9,559,677	-
(103,000)	(181,000)	(1,309,000)	-
<u>(103,000)</u>	<u>(181,000)</u>	<u>8,250,677</u>	<u>-</u>
439,692	204,156	9,385,957	(6,837)
<u>5,628,518</u>	<u>(595,587)</u>	<u>121,071,935</u>	<u>537,602</u>
<u>\$ 6,068,210</u>	<u>\$ (391,431)</u>	<u>\$ 130,457,892</u>	<u>\$ 530,765</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, 2021

	Water and Sewer System	Municipal Airport
Operating activities		
Receipts from customers and users	\$ 17,347,522	\$ 3,368,393
Payment to vendors	(6,170,377)	(1,842,183)
Payments for personnel services	(6,356,914)	(913,701)
Benefit payments	-	-
Net cash provided by (used in) operating activities	4,820,231	612,509
Noncapital financing activities		
Grant reimbursements	27,347	7,011
Transfers out	(1,025,000)	-
Net cash provided by (used in) noncapital financing activities	(997,653)	7,011
Capital and related financing activities		
Purchase of capital assets	(1,642,772)	(8,228,866)
Capital contributions	2,004,611	4,215,450
Principal paid on bonds, notes and capital leases	(1,729,314)	(17,822)
Interest and agent fees paid on long-term financing	(203,477)	(1,302)
Net cash (used in) capital and related financing activities	(1,570,952)	(4,032,540)
Investing activities		
Purchases of pooled investments	(18,004,339)	(2,230,132)
Proceeds from sale and maturity of pooled investments	16,081,999	4,973,866
Interest received	2,152	1,887
Net cash provided by (used in) investing activities	(1,920,188)	2,745,621
Net increase (decrease) in cash and cash equivalents	331,438	(667,399)
Cash and cash equivalents		
Beginning of year	3,295,446	1,611,403
End of year	\$ 3,626,884	\$ 944,004
Cash and cash equivalents classified as:		
Equity in pooled cash and investments	\$ 22,542,749	\$ 2,714,623
Restricted assets:		
Current:		
Equity in pooled cash and investments	2,871,574	120
Less: investments not meeting definition of cash equivalents	(21,787,439)	(1,770,739)
	\$ 3,626,884	\$ 944,004

Business-type Activities - Enterprise Funds			Governmental Activities
Municipal Marina	Solid Waste	Total	Internal Service Funds
\$ 2,155,931	\$ 2,941,028	\$ 25,812,874	\$ -
(1,204,968)	(1,023,718)	(10,241,246)	(11,834)
(371,376)	(1,617,516)	(9,259,507)	-
-	-	-	(78,206)
<u>579,587</u>	<u>299,794</u>	<u>6,312,121</u>	<u>(90,040)</u>
2,109	2,856	39,323	-
(103,000)	(181,000)	(1,309,000)	-
<u>(100,891)</u>	<u>(178,144)</u>	<u>(1,269,677)</u>	<u>-</u>
(233,377)	(496,098)	(10,601,113)	-
-	-	6,220,061	-
-	24,715	(1,722,421)	-
-	(1,591)	(206,370)	-
<u>(233,377)</u>	<u>(472,974)</u>	<u>(6,309,843)</u>	<u>-</u>
(6,876)	(473,851)	(20,715,198)	(1,142,393)
6,875	772,973	21,835,713	1,140,241
2	46	4,087	96
<u>1</u>	<u>299,168</u>	<u>1,124,602</u>	<u>(2,056)</u>
<u>245,320</u>	<u>(52,156)</u>	<u>(142,797)</u>	<u>(92,096)</u>
611,182	376,661	5,894,692	243,508
<u>\$ 856,502</u>	<u>\$ 324,505</u>	<u>\$ 5,751,895</u>	<u>\$ 151,412</u>
\$ 856,857	\$ 833,967	\$ 26,948,196	\$ 1,643,327
-	292	2,871,986	-
(355)	(509,754)	(24,068,287)	(1,491,915)
<u>\$ 856,502</u>	<u>\$ 324,505</u>	<u>\$ 5,751,895</u>	<u>\$ 151,412</u>

Continued

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

YEAR ENDED SEPTEMBER 30, 2021

	Water and Sewer System	Municipal Airport
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ 2,467,739	\$ (2,117,013)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	3,642,142	2,848,150
Miscellaneous revenue	32,754	22,150
Change in assets, liabilities and deferred outflows:		
Accounts receivable	(248,434)	8,639
Special assessments receivable	21,312	-
Inventories	182,718	-
Prepaid items	(89,888)	(59,009)
Deferred outflows related to pensions	(302,177)	(44,843)
Accounts and contracts payable	(28,582)	11,752
Accrued liabilities	65,574	1,632
Accrued compensated absences	(130,569)	(3,198)
Unearned revenue	-	(21,652)
Claims payable	-	-
Net pension liability	(3,038,864)	(450,971)
Net other postemployment benefits liability	(154,473)	(10,064)
Deferred inflows related to pensions	2,339,628	347,203
Customer deposits	61,351	79,733
Total adjustments	<u>2,352,492</u>	<u>2,729,522</u>
Net cash provided by (used in) operating activities	<u>\$ 4,820,231</u>	<u>\$ 612,509</u>
Noncash Capital and Related Financing Activities		
Capital lease addition	<u>\$ -</u>	<u>\$ -</u>
Transfers of capital assets	<u>\$ -</u>	<u>\$ -</u>
Noncash capital contributions	<u>\$ -</u>	<u>\$ -</u>

Business-type Activities - Enterprise Funds			Governmental Activities
Municipal Marina	Solid Waste	Total	Internal Service Fund
\$ 478,099	\$ 345,582	\$ 1,174,407	\$ (6,206)
92,132	336,349	6,918,773	-
65,383	82,166	202,453	-
713	(115,111)	(354,193)	-
-	-	21,312	-
(6,233)	-	176,485	-
(36,617)	(18,382)	(203,896)	(6,450)
(11,859)	(84,683)	(443,562)	-
(5,715)	5,548	(16,997)	(5,384)
7,167	1,199	75,572	-
222	(12,839)	(146,384)	-
-	-	(21,652)	-
-	-	-	(72,000)
(119,260)	(851,618)	(4,460,713)	-
(8,524)	(44,079)	(217,140)	-
91,818	655,662	3,434,311	-
32,261	-	173,345	-
<u>101,488</u>	<u>(45,788)</u>	<u>5,137,714</u>	<u>(83,834)</u>
<u>\$ 579,587</u>	<u>\$ 299,794</u>	<u>\$ 6,312,121</u>	<u>\$ (90,040)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SEPTEMBER 30, 2021

	Pension and Other Postemployment Benefits Trust Funds
Assets	
Interest receivable	\$ 94,847
Other receivables	15,318
Investments:	
Money market mutual funds	2,316,003
Mutual fund investments - equities	118,948,239
Mutual fund investments - fixed income	2,982,859
Corporate stocks	37,822,200
Corporate bonds	3,303,685
Treasury and agency bonds and notes	5,088,896
Real estate	4,872,997
Mortgage/asset backed securities	4,914,848
Municipal bonds and notes	148,662
Total investments	<u>180,398,389</u>
Total assets	<u>180,508,554</u>
Liabilities	
Prepaid contributions	2,287
Refunds payable	6,764
Expenses payable	<u>103,036</u>
Total liabilities	<u>112,087</u>
Net position	
Restricted for pension benefits	175,403,026
Restricted for OPEB benefits	4,993,441
Total net position	<u>\$ 180,396,467</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, 2021

	Pension and Other Postemployment Benefits Trust Funds
Additions	
Contributions:	
Employer	\$ 5,451,385
Plan members	248,609
State (passed through the Police & Firefighter's Premium Tax Trust Fund)	446,082
	<hr/>
Total contributions	6,146,076
	<hr/>
Investment income:	
Interest and dividends	3,520,756
Net appreciation in fair value of investments	26,792,451
Total investments income	30,313,207
	<hr/>
Investment expense	(1,013,427)
	<hr/>
Net investment income	29,299,780
	<hr/>
Total additions	35,445,856
	<hr/>
Deductions	
Benefit payments	12,643,465
Refunds of contributions	34,067
Administrative expenses	206,948
	<hr/>
Total deductions	12,884,480
	<hr/>
Change in net position	22,561,376
	<hr/>
Net position restricted for pension and OPEB benefits - beginning of year	157,835,091
	<hr/>
Net position restricted for pension and OPEB benefits - end of year	\$ 180,396,467
	<hr/> <hr/>

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

CITY OF VERO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

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, 2021

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, 2021. 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, 2021

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.

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, 2021

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, 2021

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 costs consist of prepaid postage costs, insurance premiums, 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.

Assets Held for Resale

Assets held for resale consist of a building, turbines and related spare parts that were part of the City's electric utility, which was sold in fiscal year 2019. These assets, which are still in place but not functional, met the test for impairment of assets established by the GASB and were recorded as 'assets held for resale' at their net realizable value.

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. The costs of normal maintenance and repairs that do not improve or extend the life of the respective assets are not capitalized.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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.

CITY OF VERO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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 2021 the budget was amended two times, in May 2021 and November 2021, 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.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

2. BUDGETARY INFORMATION – Continued

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.

3. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of September 30, 2021:

Statement of net position	
Equity in pooled cash and investments	\$ 98,316,672
Restricted assets:	
Equity in pooled cash and investments	2,871,986
Statement of fiduciary net position	
Pension Trust funds:	
Investments	175,404,948
OPEB Trust fund:	
Investments	4,993,441
Total	<u>\$ 281,587,047</u>
Deposits and investments	
Bank deposits	
Checking and savings accounts	\$ 8,665,429
Investments:	
Cash and investment pool	92,469,435
Pension trust fund investments	175,404,948
OPEB trust fund investments	4,993,441
Cash on hand	53,794
Total	<u>\$ 281,587,047</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.

CITY OF VERO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

3. DEPOSITS AND INVESTMENTS - Continued

The City maintains a cash and investment pool that is available for use by all funds except the Pension and 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, 2021, 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.

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 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 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, 2021 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, 2021

3. DEPOSITS AND INVESTMENTS – Continued

Custodial Credit Risk – Investments

The following is a summary of the City’s general investments as of September 30, 2021:

Investment Type	Value
U.S. Treasury notes	\$ 70,062,738
Federal instrumentalities	6,742,990
Mortgage backed securities	13,839,106
Money market mutual funds	1,412,027
Florida PRIME	412,574
Total	\$ 92,469,435

The types of deposits and investments and their level of risk exposure as of September 30, 2021 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, 2021

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, 2021, 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	\$ 70,062,738	\$ 13,920,549	\$ 56,142,189	\$ -	2
Federal instrumentalities	6,742,990	279,433	5,041,775	1,421,782	2
Mortgage backed securities	13,839,106	-	2,044,777	11,794,329	2
Money market mutual funds	1,412,027	1,412,027	-	-	Amortized Cost
Florida PRIME	412,574	412,574	-	-	Amortized Cost
	<u>92,469,435</u>	<u>16,024,583</u>	<u>63,228,741</u>	<u>13,216,111</u>	
Pension fund investments					
Money market mutual funds	2,316,003	2,316,003	-	-	1
Mutual fund investments-equities	113,954,798	113,954,798	-	-	1
Mutual fund investments-fixed income	2,982,859	2,982,859	-	-	
Corporate stocks	37,822,200	37,822,200	-	-	1
Corporate bonds	3,303,685	-	111,724	3,191,961	2
U.S. Treasury bonds and notes	5,088,896	-	190,143	4,898,753	2
Mortgage/asset-backed securities	4,914,848	-	18,452	4,896,396	2
Real estate investment trust	4,872,997	4,872,997	-	-	NAV
Municipal bonds & notes	148,662	5,184	58,087	85,391	2
	<u>175,404,948</u>	<u>161,954,041</u>	<u>378,406</u>	<u>13,072,501</u>	
OPEB fund investments					
Mutual fund investments-equities	<u>4,993,441</u>	<u>4,993,441</u>	<u>-</u>	<u>-</u>	
	<u>\$272,867,824</u>	<u>\$182,972,065</u>	<u>\$ 63,607,147</u>	<u>\$26,288,612</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, 2021

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, 2021:

Investment Type	S&P Credit Rating	Total Assigned Value
General investments		
U.S. Treasury notes	AA+	\$ 70,062,738
Federal instrumentalities	AA+	6,742,990
Mortgage backed securities	AA+	13,839,106
Money market mutual funds	AAA	1,412,027
Florida PRIME	AAA	412,574
		<u>\$ 92,469,435</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	\$ -	\$ 1,774,710	\$ 541,293	\$ -	\$ 2,316,003
Mutual fund investments-equities	Not Rated	112,867,961	570,813	516,024	4,993,441	118,948,239
Mutual fund investments-fixed income	Not Rated	-	2,678,906	303,953	-	2,982,859
Corporate stocks	Not Rated	-	33,850,911	3,971,289	-	37,822,200
Corporate bonds	AA+	-	-	37,870	-	37,870
	AA	-	-	10,793	-	10,793
	A+	-	-	40,845	-	40,845
	A	-	-	18,809	-	18,809
	A-	-	1,107,000	75,433	-	1,182,433
	BBB+	-	1,725,496	27,970	-	1,753,466
	BBB	-	-	65,473	-	65,473
	BBB-	-	-	193,996	-	193,996
U.S. Treasury bonds and notes	AA+	-	4,403,919	684,977	-	5,088,896
Mortgage/asset backed securities	Not Rated	-	4,469,746	445,102	-	4,914,848
Real estate investment trust	Not Rated	-	3,963,217	909,780	-	4,872,997
Municipal bonds & notes	AAA	-	-	24,357	-	24,357
	AA+	-	-	5,184	-	5,184
	AA	-	-	81,745	-	81,745
	AA-	-	-	5,533	-	5,533
	A	-	-	5,251	-	5,251
	A-	-	-	26,592	-	26,592
		<u>112,867,961</u>	<u>54,544,718</u>	<u>7,992,269</u>	<u>4,993,441</u>	<u>180,398,389</u>
		\$ 112,867,961	\$ 54,544,718	\$ 7,992,269	\$ 4,993,441	\$ 272,867,824

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

4. RECEIVABLES

Receivables are comprised of the following at September 30, 2021:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts	\$ 2,104,368	\$ 2,861,425
Allowance for uncollectible receivables	(1,350,224)	(201,469)
Special assessments	10,709	139,827
Interest	257,244	73,286
Due from other governments	2,787,514	5,408,244
	<u>\$ 3,809,611</u>	<u>\$ 8,281,313</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 1 - 3% of sales. The amount of bad debt expense at September 30, 2021 was approximately \$16,215 for both utilities. No other allowances for uncollectible accounts are maintained, since other fund accounts receivable are considered collectible as reported at September 30, 2021.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As of September 30, 2021, accounts payable and accrued liabilities consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts and contracts payable	\$ 1,131,652	\$ 2,252,899
Accrued liabilities	845,773	419,098
Evidence escrow	78,207	-
Accrued interest on long-term debt	26,979	36,293
Current portion of unearned revenue	-	21,652
	<u>\$ 2,082,611</u>	<u>\$ 2,729,942</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

There were no interfund balances as of September 30, 2021.

For the year ended September 30, 2021, the interfund transfers consisted of the following:

Transfers Out	Transfers In				Totals
	General Fund	General Government Capital & Construction Fund	Nonmajor Governmental Funds	Proprietary Funds	
General Fund	\$ -	\$ -	\$ 93,583	\$ -	\$ 93,583
Nonmajor Governmental Funds	-	2,000,000	116,182	-	2,116,182
Proprietary Funds					
Water & sewer system fund	1,025,000	-	-	-	1,025,000
Municipal marina fund	103,000	-	-	-	103,000
Solid waste	181,000	-	-	-	181,000
	<u>\$ 1,309,000</u>	<u>\$ 2,000,000</u>	<u>\$ 209,765</u>	<u>\$ -</u>	<u>\$ 3,518,765</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 2021 to be used for capital projects.

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.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

7. CAPITAL ASSETS

Primary government

Capital asset activity for the primary government for the year ended September 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 5,008,547	\$ -	\$ -	\$ -	\$ 5,008,547
Intangible assets	825,080	-	-	-	825,080
Construction in progress	1,492,521	843,530	-	(1,305,949)	1,030,102
	<u>7,326,148</u>	<u>843,530</u>	<u>-</u>	<u>(1,305,949)</u>	<u>6,863,729</u>
Capital assets being depreciated:					
Buildings	16,256,208	2,622,302	(1,036,456)	(43,178)	17,798,876
Improvements other than buildings	18,726,265	70,158	-	(5,336)	18,791,087
Machinery and equipment	14,155,436	1,412,383	(1,636,869)	(34,547)	13,896,403
Infrastructure	46,346,747	807,097	(24,903)	(3,606)	47,125,335
	<u>95,484,656</u>	<u>4,911,940</u>	<u>(2,698,228)</u>	<u>(86,667)</u>	<u>97,611,701</u>
Less accumulated depreciation for:					
Buildings	(9,801,505)	(356,917)	705,095	30,344	(9,422,983)
Improvements other than buildings	(13,969,335)	(409,155)	-	5,336	(14,373,154)
Machinery and equipment	(10,384,834)	(1,248,134)	1,624,425	31,043	(9,977,500)
Infrastructure	(30,508,276)	(966,571)	24,902	3,245	(31,446,700)
	<u>(64,663,950)</u>	<u>(2,980,777)</u>	<u>2,354,422</u>	<u>69,968</u>	<u>(65,220,337)</u>
Total capital assets being depreciated, net	<u>30,820,706</u>	<u>1,931,163</u>	<u>(343,806)</u>	<u>(16,699)</u>	<u>32,391,364</u>
Governmental activities capital assets, net	<u>\$ 38,146,854</u>	<u>\$ 2,774,693</u>	<u>\$ (343,806)</u>	<u>\$(1,322,648)</u>	<u>\$ 39,255,093</u>

Depreciation of governmental activities by function

General Government	\$ 956,762
Public Safety	646,865
Transportation	719,956
Physical Environment	81,691
Cultural and Recreation	575,503
	<u>\$ 2,980,777</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

7. CAPITAL ASSETS – Continued

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 6,363,514	\$ -	\$ -	\$ -	\$ 6,363,514
Construction in progress	3,284,613	3,093,334	-	(1,598,385)	4,779,562
	<u>9,648,127</u>	<u>3,093,334</u>	<u>-</u>	<u>(1,598,385)</u>	<u>11,143,076</u>
Capital assets being depreciated:					
Buildings	34,441,546	215,237	(11,648)	43,177	34,688,312
Improvements other than buildings	175,856,563	8,775,919	(316,189)	8,942	184,325,235
Machinery and equipment	10,961,625	1,366,980	(1,568,203)	34,547	10,794,949
	<u>221,259,734</u>	<u>10,358,136</u>	<u>(1,896,040)</u>	<u>86,666</u>	<u>229,808,496</u>
Less accumulated depreciation for:					
Buildings	(16,653,814)	(758,008)	7,106	(30,344)	(17,435,060)
Improvements other than buildings	(95,525,530)	(5,192,612)	297,728	(8,581)	(100,428,995)
Machinery and equipment	(7,782,481)	(968,153)	1,516,099	(31,043)	(7,265,578)
	<u>(119,961,825)</u>	<u>(6,918,773)</u>	<u>1,820,933</u>	<u>(69,968)</u>	<u>(125,129,633)</u>
Total capital assets being depreciated, net	<u>101,297,909</u>	<u>3,439,363</u>	<u>(75,107)</u>	<u>16,698</u>	<u>104,678,863</u>
Business-type activities capital assets, net	<u>\$ 110,946,036</u>	<u>\$ 6,532,697</u>	<u>\$ (75,107)</u>	<u>\$ (1,581,687)</u>	<u>\$ 115,821,939</u>

Depreciation of business-type activities by function

Water & sewer system	\$ 3,642,142
Municipal airport	2,848,150
Municipal marina	92,132
Solid waste	336,349
	<u>\$ 6,918,773</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

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. All of the City's bonds, notes and capital lease-purchase contracts are considered direct debt for disclosure purposes. 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	\$ 1,105,000	\$ -	\$ (90,000)	\$ 1,015,000	\$ 90,000
Capital Lease-Purchase	944,057	868,674	(604,298)	1,208,433	452,007
Claims Payable	1,237,000	-	(72,000)	1,165,000	349,523
Compensated Absences	3,316,708	169,419	(231,921)	3,254,206	162,710
Totals	<u>\$ 6,602,765</u>	<u>\$ 1,038,093</u>	<u>\$ (998,219)</u>	<u>\$ 6,642,639</u>	<u>\$ 1,054,240</u>
Business-type Activities:					
Revenue Bonds and Notes	\$ 9,172,472	\$ -	\$ (1,716,624)	\$ 7,455,848	\$ 1,752,583
Capital Lease-Purchase	87,285	53,831	(59,628)	81,488	36,893
Compensated Absences	1,767,240	11,271	(157,655)	1,620,856	81,043
Totals	<u>\$11,026,997</u>	<u>\$ 65,102</u>	<u>\$ (1,933,907)</u>	<u>\$ 9,158,192</u>	<u>\$ 1,870,519</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

8. LONG TERM DEBT – Continued

	Balance as of
	9/30/21
Revenue Notes - Governmental activities	<u> </u>
<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 \$116,182.	\$ 1,015,000
	<u> </u>
Total governmental activities	<u> </u> <u> </u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

8. LONG TERM DEBT – Continued

Balance as of
9/30/21

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 \$1,121,896 and Water and Sewer Net Revenues were \$6,170,000.

\$ 1,120,000

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 \$756,468 and Water and Sewer Net Revenues were \$6,170,000.

6,064,443

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

8. LONG TERM DEBT – Continued

	Balance as of 9/30/21
<i>DW310220 State Revolving Fund (SRF) Drinking Water Construction Loan</i>	
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 \$20,325 and Water and Sewer Net Revenues were \$6,170,000.	\$ 170,153
<i>DW310221 State Revolving Fund (SRF) Drinking Water Construction Loan</i>	
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 \$11,886 and Water and Sewer Net Revenues were \$6,170,000.	101,252
Total business-type activities	\$ 7,455,848

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

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, 2021

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, 2021:

	Balance as of 9/30/21
Capital Lease-Purchases - Governmental activities	
<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.	\$ 148,081
<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.	199,411
<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 \$45,301.	168,873

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

8. LONG TERM DEBT – Continued

Capital Lease-Purchases - Governmental activities (continued)	Balance as of 9/30/21
<i>KS State Bank Agreement #3358236</i>	
In December 2020 the City entered into a capital lease-purchase with KS State Bank to purchase police department vehicles for governmental activities. The original amount of the borrowing for governmental activities is \$675,107. Principal and interest payments are due annually beginning on April 1, 2021 through April 1, 2025. The interest rate for this agreement is 2.88%. Principal and interest paid for the current year (attributable to governmental activities) was \$144,326.	\$ 538,018
<i>KS State Bank Agreement #3358617</i>	
In April 2021 the City entered into a capital lease-purchase with KS State Bank to purchase various fleet vehicles for both governmental and business-type activities. The original amount of the borrowing for governmental activities is \$193,567. Principal and interest payments are due annually beginning on August 1, 2021 through August 1, 2025. The interest rate for this agreement is 2.89%. Principal and interest paid for the current year (attributable to governmental activities) was \$41,335.	154,050
Total governmental activities	\$ 1,208,433
Capital Lease-Purchases - Business-type activities	
<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 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 \$15,453.	\$ 15,082
<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 \$12,412.	23,565

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

8. LONG TERM DEBT – Continued

Capital Lease-Purchases - Business-type activities (continued)	<u>Balance as of 9/30/21</u>
<i>KS State Bank Agreement #3358617</i>	
In April 2021 the City entered into a capital lease-purchase with KS State Bank to purchase various fleet vehicles for both governmental and business-type activities. The original amount of the borrowing for business-type activities is \$53,831. Principal and interest payments are due annually beginning on August 1, 2021 through August 1, 2025. The interest rate for this agreement is 2.89%. Principal and interest paid for the current year (attributable to business-type activities) was \$11,702.	\$ 42,841
Total business-type activities	<u>\$ 81,488</u>

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 # 3352836 (partial)	
	Principal	Interest (FY)	Principal	Interest (FY)
2022	\$ 90,000	\$ 23,959	\$ 148,081	\$ 4,339
2023	95,000	21,674	-	-
2024	95,000	19,328	-	-
2025	100,000	16,920	-	-
2026	100,000	14,450	-	-
2027-2031	535,000	33,901	-	-
	\$ 1,015,000	\$ 130,232	\$ 148,081	\$ 4,339

Years Ended September 30,	KS State Bank Capital Lease-Purchase # 3354915 (partial)		KS State Bank Capital Lease-Purchase # 3357959	
	Principal	Interest (FY)	Principal	Interest (FY)
2022	\$ 97,775	\$ 7,877	\$ 40,437	\$ 4,864
2023	101,636	4,015	41,602	3,699
2024	-	-	42,800	2,501
2025	-	-	44,034	1,268
	\$ 199,411	\$ 11,892	\$ 168,873	\$ 12,332

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

8. LONG TERM DEBT – Continued

Governmental Activities (continued):

Years Ended September 30,	KS State Bank Capital Lease-Purchase # 3358236		KS State Bank Capital Lease-Purchase # 3358617 (partial)	
	Principal	Interest (FY)	Principal	Interest (FY)
2022	\$ 128,831	\$ 15,495	\$ 36,883	\$ 1,548
2023	132,542	11,785	37,949	4,864
2024	136,359	7,967	39,045	3,699
2025	140,286	4,040	40,173	1,268
	\$ 538,018	\$ 39,287	\$ 154,050	\$ 11,379

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)
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	-	-	672,363	86,637
2027-2030	-	-	2,867,795	168,205
	\$ 1,120,000	\$ 9,408	\$ 6,064,443	\$ 766,557

Years Ended September 30,	SRF Drinking Water DW 310220		SRF Drinking Water DW 310221	
	Principal	Interest (FY)	Principal	Interest (FY)
2022	\$ 15,855	\$ 4,687	\$ 9,598	\$ 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	17,734	2,808	10,571	1,429
2027-2031	86,247	6,194	50,860	3,140
	\$ 170,153	\$ 24,998	\$ 101,252	\$ 12,747

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

8. LONG TERM DEBT – Continued

Water and Sewer Fund (continued):

Years Ended September 30,	KS State Bank Capital Lease-Purchase # 3352836 (partial)	
	Principal	Interest (FY)
2022	\$ 4,708	\$ 138
	\$ 4,708	\$ 138

Airport Fund:

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)
2022	\$ 5,630	\$ 165	\$ 6,868	\$ 553
2023	-	-	7,139	282
	\$ 5,630	\$ 165	\$ 14,007	\$ 835

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

8. LONG TERM DEBT – Continued

Solid Waste Fund:

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)
2022	\$ 4,744	\$ 139	\$ 4,686	\$ 378
2023	-	-	4,872	192
	\$ 4,744	\$ 139	\$ 9,558	\$ 570

	KS State Bank Capital Lease-Purchase # 3358617 (partial)	
	Principal	Interest (FY)
2022	\$ 10,257	\$ 1,238
2023	10,554	942
2024	10,859	637
2025	11,171	323
	\$ 42,841	\$ 3,140

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 9/30/21
Water and Sewer Revenue Bonds, Series 1991	1993	\$ 16,500,000	\$ 1,205,000
Water and Sewer Refunding Revenue Bonds, Series 1993B	2003	18,085,000	1,165,000

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

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 \$326,999 was recorded in the General Fund for the year ended September 30, 2021.

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 \$2,631,440 was recorded in the Airport Fund for the year ended September 30, 2021.

The following is a schedule, by years, of minimum future rental income on non-cancellable operating leases as of September 30, 2021:

<u>Years Ended September 30,</u>	<u>Amount</u>
2022	\$ 2,647,604
2023	2,122,912
2024	2,157,088
2025	2,129,493
2026	2,107,848
2027-2031	9,891,537
2032-2036	7,001,740
2037-2041	3,811,993
2042-2046	3,544,937
2047-2051	1,440,647
Total	<u>\$ 36,855,799</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, 2021

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, 2021, 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 claims liability reported in the Fund at September 30, 2021 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, 2019	\$ 1,336,000
Claims & changes in estimates	8,680
Claim payments	<u>(107,680)</u>
Estimated liability, September 30, 2020	1,237,000
Claims & changes in estimates	6,206
Claim payments	<u>(78,206)</u>
Estimated liability, September 30, 2021	<u>\$ 1,165,000</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

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, 2021:

	Water and Sewer System	All Other Proprietary Funds	Total
Sinking funds	\$ 1,082,399	\$ -	\$ 1,082,399
Debt service	-	412	412
Capital project deposit	984,991	-	984,991
Customer deposits	804,184	-	804,184
	<u>\$ 2,871,574</u>	<u>\$ 412</u>	<u>\$ 2,871,986</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, 2021 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, 2021, the City recognized total pension expense of (\$2,261,756) 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, 2021

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, 2021, the following employees were covered by the General Employee Retirement Plan benefit terms.

Inactive plan members or members or beneficiaries currently receiving benefits	428
Inactive plan members entitled to but not yet receiving benefits	96
Active plan members	164
	688
	688

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

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 (Asset) – General Employee Retirement Plan

The City's net pension asset for the General Employee Retirement Plan was measured as of September 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of October 1, 2021.

Actuarial assumptions. The total pension liability in the October 1, 2021 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	6.25%, 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, 2021

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, 2021 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	45.0 %	6.55 %
International Equity	7.5	7.30
Fixed Income	40.0	0.40
Emerging Markets Equity	2.5	9.20
Real Estate	5.0	3.65
Total	<u><u>100 %</u></u>	

For fiscal year ended September 30, 2021, the annual money-weighted rate of return on the plan investments, net of investment expenses, was 19.79%.

Discount rate. The discount rates used to measure the total pension liability for the General Employee Retirement Plan were 6.25% as of September 30, 2021 and 6.5% as of September 30, 2020. 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, 2021

13. PENSION PLANS – Continued

Changes in the Net Pension Liability (Asset) – General Employee Retirement Plan

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a) - (b)</u>
Balances at 9/30/2020	\$ 110,866,827	\$ 99,243,248	\$ 11,623,579
Changes for the year:			
Service cost	284,036	-	284,036
Interest	6,962,607	-	6,962,607
Differences between expected and actual experience	(20,250)	-	(20,250)
Changes of assumptions	2,659,984	-	2,659,984
Contributions - employer	-	2,684,129	(2,684,129)
Net investment income	-	19,102,773	(19,102,773)
Benefit payments (including refunds of employee contributions)	(8,067,652)	(8,067,652)	-
Administrative expenses	-	(94,537)	94,537
Net Changes	<u>1,818,725</u>	<u>13,624,713</u>	<u>(11,805,988)</u>
Balances at 9/30/2021	<u>\$ 112,685,552</u>	<u>\$ 112,867,961</u>	<u>\$ (182,409)</u>

A portion of the net pension liability (asset) 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, 2021.

	<u>Net Pension Liability (Asset)</u>
Governmental activities	<u>\$ (113,679)</u>
Business-type activities:	
Water & sewer system	(46,860)
Airport	(6,922)
Municipal marina	(1,820)
Solid waste	(13,128)
Total Business-type activities	<u>(68,730)</u>
Grand Total	<u>\$ (182,409)</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

13. PENSION PLANS – Continued

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the General Employee Retirement Fund, calculated using the discount rate of 6.25%, 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 (5.25%) or 1-percentage-point higher (7.25%).

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net Pension Liability (Asset)	\$ 11,676,498	\$ (182,409)	\$ (10,192,260)

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 98.

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, 2021, the General Employee Retirement Fund recognized total pension expense of (\$1,206,365). 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	\$ (750,558)
Business-type activities:	
Water & sewer system	(310,519)
Airport	(46,081)
Municipal marina	(12,186)
Solid waste	(87,021)
Total Business-type activities	(455,807)
Grand Total	\$ (1,206,365)

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

13. PENSION PLANS – Continued

At September 30, 2021, 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	\$ -	\$ 8,937
Net difference between projected and actual earnings on pension plan investments	-	10,787,173
Assumption changes	<u>1,173,959</u>	<u>-</u>
Total	<u>\$ 1,173,959</u>	<u>\$ 10,796,110</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:	
2022	\$ (1,674,505)
2023	(2,515,908)
2024	(2,865,738)
2025	<u>(2,566,000)</u>
Total	<u>\$ (9,622,151)</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, 2021

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, 2021, \$757,110 is payable to DROP Participants.

Employees covered by benefit terms. At September 30, 2021, 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	51
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	55
	108
	108

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, 2021, 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 27.13 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, 2021

13. PENSION PLANS – Continued

Net Pension Liability (Asset) - Police Officers’ Retirement Fund

The City’s net pension asset for the Police Officers’ Retirement Fund was measured as of September 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of October 1, 2021.

Actuarial assumptions. The total pension liability in the October 1, 2021 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	7.45%, 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, 2021 FRS valuation report.

The actuarial assumptions used in the October 1, 2021 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, 2021 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, 2021, the annual money-weighted rate of return on the plan investments, net of investment expenses, was 16.51%.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

13. PENSION PLANS – Continued

Discount rate. The discount rate used to measure the total pension liability for the Police Officers’ Retirement Fund was 7.45%. 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 (Asset) - Police Officers’ Retirement Fund

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 9/30/2020	\$ 50,850,269	\$ 47,850,681	\$ 2,999,588
Changes for the year:			
Service cost	634,974	-	634,974
Interest	3,798,187	-	3,798,187
Differences between expected and actual experience	(849,033)	-	(849,033)
Changes of assumptions	598,192	-	598,192
Contributions - employer	-	752,804	(752,804)
Contributions - State	-	282,518	(282,518)
Contributions - employee	-	248,609	(248,609)
Net investment income	-	7,858,973	(7,858,973)
Benefit payments (including refunds of employee contributions)	(2,356,274)	(2,356,274)	-
Administrative expenses	-	(96,823)	96,823
Net Changes	1,826,046	6,689,807	(4,863,761)
Balances at 9/30/2021	\$ 52,676,315	\$ 54,540,488	\$ (1,864,173)

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the Police Officers’ Retirement Fund, calculated using the discount rate of 7.45%, 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 (6.45%) or 1-percentage-point higher (8.45%).

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Net Pension Liability (Asset)	\$ 4,694,535	\$ (1,864,173)	\$ (7,299,766)

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

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 98.

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, 2021, the Police Officers’ Retirement Fund recognized pension expense of (\$455,982). At September 30, 2021, 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	\$ 158,009	\$ 679,228
Net difference between projected and actual earnings on pension plan investments	-	4,584,575
Changes of assumptions	<u>1,035,046</u>	<u>-</u>
Total	<u>\$ 1,193,055</u>	<u>\$ 5,263,803</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:

2022	\$ (947,074)
2023	(760,244)
2024	(1,455,184)
2025	<u>(908,246)</u>
Total	<u>\$ (4,070,748)</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, 2021

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, 2021, 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	11
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	-
	11
	11

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 (Asset) - Firefighter’s Relief and Pension Fund

The City’s net pension asset for the Firefighter’s Relief and Pension Fund was measured as of September 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of October 1, 2020 rolled forward to September 30, 2021.

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	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 PUB-2010 Headcount-Weighted Mortality Tables with mortality improvements projected for healthy lives to all future years after 2010 using Scale MP-2018.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

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, 2021 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, 2021, the annual money-weighted rate of return on the plan investments, net of investment expenses, was 22.6%.

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, 2021

13. PENSION PLANS – Continued

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 9/30/2020	\$ 7,834,479	\$ 7,048,190	\$ 786,289
Changes for the year:			
Service cost	-	-	-
Interest	448,188	-	448,188
Differences between expected and actual experience	177,678	-	177,678
Changes of assumptions	(658,674)	-	(658,674)
Contributions - employer	-	-	-
Contributions - State	-	163,564	(163,564)
Contributions - employee	-	-	-
Net investment income	-	1,527,760	(1,527,760)
Benefit payments (including refunds of employee contributions)	(729,349)	(729,349)	-
Administrative expenses	-	(15,588)	15,588
Net Changes	<u>(762,157)</u>	<u>946,387</u>	<u>(1,708,544)</u>
Balances at 9/30/2021	<u>\$ 7,072,322</u>	<u>\$ 7,994,577</u>	<u>\$ (922,255)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) 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)	\$ (396,572)	\$ (922,255)	\$ (1,386,010)

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 98.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

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, 2021, the Firefighter’s Relief and Pension Fund recognized pension expense of (\$599,409). At September 30, 2021, 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	-	502,430
Changes of assumptions	-	-
Total	<u>\$ -</u>	<u>\$ 502,430</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:

2022	\$ (88,479)
2023	(67,158)
2024	(122,331)
2025	<u>(224,462)</u>
Total	<u>\$ (502,430)</u>

AGGREGATE PENSION PLAN INFORMATION

The aggregate amount of net pension liabilities (assets), 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 (asset)	\$ (182,409)	\$ (1,864,173)	\$ (922,255)	\$ (2,968,837)
Deferred outflows of resources	1,173,959	1,193,055	-	2,367,014
Deferred inflows of resources	10,796,110	5,263,803	502,430	16,562,343
Pension expense	(1,206,365)	(455,982)	(599,409)	(2,261,756)

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

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, 2020, the date of the latest actuarial valuation:

	Number in Plan
Active participants	236
Retired participants	302
	<u>538</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

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, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated October 1, 2020 and rolled forward to the September 30, 2021 measurement date.

Actuarial assumptions. The total OPEB liability in the October 1, 2020 valuation (rolled-forward to the measurement date of September 30, 2021) was determined using the following actuarial assumptions.

Inflation	2.5 %
Salary Increases, including inflation	3.75% to 8.0%, including inflation, varies based on service or age
Investment Rate of Return	6.00%
Healthcare Cost Trend Rates	Trend starting 6.25% 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 using Scale MP-2018 as used for Regular and Special Risk class members in the July 1, 2020 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, 2021

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN – Continued

For fiscal year ended September 30, 2021, the annual rate of return on the plan investments, net of investment expenses, was 20.58%.

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 9/30/2020	\$ 30,394,186	\$ 3,692,972	\$ 26,701,214
Changes for the year:			
Service cost	485,484	-	485,484
Interest	1,807,052	-	1,807,052
Differences between expected and actual experience	322,308	-	322,308
Change in Benefit Terms	-	-	-
Changes in assumptions and other inputs	(425,395)	-	(425,395)
Contributions - employer	-	2,014,452	(2,014,452)
Contributions - employee	-	-	-
Net investment income	-	810,274	(810,274)
Benefit payments	(1,524,257)	(1,524,257)	-
Administrative expenses	-	-	-
Net Changes	<u>665,192</u>	<u>1,300,469</u>	<u>(635,277)</u>
Balances at 9/30/2021	<u>\$ 31,059,378</u>	<u>\$ 4,993,441</u>	<u>\$ 26,065,937</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, 2021

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN – Continued

For the fiscal year ending September 30, 2021, the net OPEB liability is allocated as follows:

	<u>Net OPEB Liability</u>
Governmental Activities	<u>\$ 20,649,756</u>
Business-Type Activities	
Water & Sewer Fund	3,732,753
Airport Fund	283,817
Marina Fund	74,867
Solid Waste Fund	1,324,744
Total Business Type Activities	<u>5,416,181</u>
Total Net OPEB Liability	<u><u>\$ 26,065,937</u></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 (5.00%)</u>	<u>Current Discount Rate (6.00%)</u>	<u>1% Increase (7.00%)</u>
Net OPEB Liability	\$ 30,055,425	\$ 26,065,937	\$ 22,749,139

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	\$ 22,331,251	\$ 26,065,937	\$ 30,639,471

OPEB plan fiduciary net position. Detailed information about the OPEB Plan fiduciary net position is available in the combining statements beginning on page 98.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

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, 2021, the OPEB plan recognized total OPEB expense of \$969,717. 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, 2021, the OPEB expense is allocated as follows:

	<u>OPEB Expense</u>
Governmental Activities	<u>\$ 768,169</u>
Business-Type Activities	
Water & Sewer Fund	143,381
Airport Fund	9,341
Marina Fund	7,912
Solid Waste Fund	40,914
Total Business Type Activities	<u>201,548</u>
Total OPEB Expense	<u><u>\$ 969,717</u></u>

At September 30, 2021, 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	\$ 1,572,794	\$ 667,959
Net difference between projected and actual earnings on pension plan investments	-	479,567
Changes of assumptions	387,259	3,972,045
Total	<u>\$ 1,960,053</u>	<u>\$ 5,119,571</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:	
2022	\$ (1,086,535)
2023	(1,071,005)
2024	(866,563)
2025	(135,415)
Total	<u>\$ (3,159,518)</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

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	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued interest receivable	-	85,225	9,622	-	94,847
Other receivables	-	15,318	-	-	15,318
Investments, at fair value					
Money market mutual funds	-	1,774,710	541,293	-	2,316,003
Mutual fund investments-equities	112,867,961	570,813	516,024	4,993,441	118,948,239
Mutual fund investments-fixed income	-	2,678,906	303,953	-	2,982,859
Corporate stocks	-	33,850,911	3,971,289	-	37,822,200
Corporate bonds	-	2,832,496	471,189	-	3,303,685
Treasury and agency bonds & notes:					
U.S. Treasury bonds & notes	-	4,403,919	684,977	-	5,088,896
Mortgage/asset backed securities	-	4,469,746	445,102	-	4,914,848
Real estate	-	3,963,217	909,780	-	4,872,997
Municipal bonds & notes	-	-	148,662	-	148,662
Total investments, at fair value	<u>112,867,961</u>	<u>54,544,718</u>	<u>7,992,269</u>	<u>4,993,441</u>	<u>180,398,389</u>
Total assets	<u>112,867,961</u>	<u>54,645,261</u>	<u>8,001,891</u>	<u>4,993,441</u>	<u>180,508,554</u>
Liabilities					
Prepaid employer contribution	-	2,287	-	-	2,287
Refunds payable	-	6,764	-	-	6,764
Expenses payable	-	95,722	7,314	-	103,036
Total liabilities	<u>-</u>	<u>104,773</u>	<u>7,314</u>	<u>-</u>	<u>112,087</u>
Net position					
Restricted for pension and OPEB benefits	<u>\$ 112,867,961</u>	<u>\$ 54,540,488</u>	<u>\$ 7,994,577</u>	<u>\$ 4,993,441</u>	<u>\$ 180,396,467</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

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	\$ 2,684,129	\$ 752,804	\$ -	\$ 2,014,452	\$ 5,451,385
Employee	-	248,609	-	-	248,609
State	-	282,518	163,564	-	446,082
Total contributions	<u>2,684,129</u>	<u>1,283,931</u>	<u>163,564</u>	<u>2,014,452</u>	<u>6,146,076</u>
Investment earnings					
Interest and dividends	2,311,684	1,035,782	173,290	-	3,520,756
Net appreciation in fair value of investments	<u>17,350,218</u>	<u>7,209,199</u>	<u>1,419,561</u>	<u>813,473</u>	<u>26,792,451</u>
Total investment income	<u>19,661,902</u>	<u>8,244,981</u>	<u>1,592,851</u>	<u>813,473</u>	<u>30,313,207</u>
Investment expense	(559,129)	(386,008)	(65,091)	(3,199)	(1,013,427)
Net investment income	<u>19,102,773</u>	<u>7,858,973</u>	<u>1,527,760</u>	<u>810,274</u>	<u>29,299,780</u>
Total additions	<u>21,786,902</u>	<u>9,142,904</u>	<u>1,691,324</u>	<u>2,824,726</u>	<u>35,445,856</u>
Deductions					
Benefit payments	8,047,860	2,341,999	729,349	1,524,257	12,643,465
Refunds of contributions	19,792	14,275	-	-	34,067
Administrative expenses	<u>94,537</u>	<u>96,823</u>	<u>15,588</u>	<u>-</u>	<u>206,948</u>
Total deductions	<u>8,162,189</u>	<u>2,453,097</u>	<u>744,937</u>	<u>1,524,257</u>	<u>12,884,480</u>
Change in net position	13,624,713	6,689,807	946,387	1,300,469	22,561,376
Net position restricted for pension and OPEB benefits, beginning	<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>
Net position restricted for pension and OPEB benefits, ending	<u>\$ 112,867,961</u>	<u>\$ 54,540,488</u>	<u>\$ 7,994,577</u>	<u>\$ 4,993,441</u>	<u>\$ 180,396,467</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

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:

	General Fund	General Government Capital & Construction	Nonmajor Governmental Funds	Total
Nonspendable:				
Inventory	\$ 134,004	\$ -	\$ -	\$ 134,004
Prepaid items	222,346	-	2,108	224,454
	<u>356,350</u>	<u>-</u>	<u>2,108</u>	<u>358,458</u>
Restricted:				
General Government	111,269	-	-	111,269
Public Safety	-	-	94,839	94,839
Culture & Recreation	-	-	877,054	877,054
Physical Environment	-	-	2,803,422	2,803,422
	<u>111,269</u>	<u>-</u>	<u>3,775,315</u>	<u>3,886,584</u>
Committed:				
Physical Environment	160,746	-	-	160,746
Unfunded Pension Liability Reserve	10,841,162	-	-	10,841,162
Other Post Employment Benefits (OPEB) Reserve	8,461,164	-	-	8,461,164
Capital and Infrastructure Reserve	21,000,000	-	-	21,000,000
Emergency (Disaster) Reserve	5,000,000	-	-	5,000,000
	<u>45,463,072</u>	<u>-</u>	<u>-</u>	<u>45,463,072</u>
Assigned	1,585,664	3,078,076	-	4,663,740
Unassigned	14,772,420	-	-	14,772,420
Total fund balances - governmental funds	<u>\$ 62,288,775</u>	<u>\$ 3,078,076</u>	<u>\$ 3,777,423</u>	<u>\$ 69,144,274</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, 2021

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 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, 2021:

	Governmental Activities	Business-type Activities
	<u> </u>	<u> </u>
Capital assets:		
Capital assets not being depreciated	\$ 6,863,729	\$ 11,143,076
Capital assets being depreciated, net	32,391,364	104,678,863
	<u>39,255,093</u>	<u>115,821,939</u>
Related debt:		
Contracts payable (retainage)	44,651	258,911
Total bonds, notes payable, and capital lease-purchases	<u>2,223,433</u>	<u>7,537,336</u>
Net investment in capital assets	<u><u>\$ 36,987,009</u></u>	<u><u>\$ 108,025,692</u></u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

18. COMMITMENTS AND CONTINGENCIES

Construction Commitments

The City has the following construction commitments with contractors as of September 30, 2021:

<u>Fund</u>	<u>Contractor/Project Description</u>	<u>Project Description</u>	<u>Contract Amount</u>	<u>Paid to Date</u>	<u>Retainage Payable</u>	<u>Balance to Completion</u>
Governmental Activities						
	Tadeos Engineering	Conn Beach Boardwalk Repairs	\$ 434,400	\$ 366,486	\$ 40,721	\$ 27,193
	Sunshine Land Design	Bridge Repair & Maintenance	129,600	35,370	3,930	90,300
		Total Governmental	<u>564,000</u>	<u>401,856</u>	<u>44,651</u>	<u>117,493</u>
Business-Type Activities						
Municipal Airport	Ranger Construction	Construct Hangar	3,563,998	1,004,163	111,574	2,448,261
	Ranger Construction	Rehabilitate Runway 12R-30L Construction	6,701,934	39,474	4,386	6,658,074
	DP Development, LLC	Rehabilitate North Apron	1,429,513	1,286,562	142,951	-
		Total Business-Type	<u>11,695,445</u>	<u>2,330,199</u>	<u>258,911</u>	<u>9,106,335</u>
		TOTAL	<u>\$ 12,259,445</u>	<u>\$ 2,732,055</u>	<u>\$ 303,562</u>	<u>\$ 9,223,828</u>

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 2022, the City has submitted Project Worksheets (“PWs”) totaling \$3,484,102. Of this total amount, \$3,483,510 was obligated by the Federal Emergency Management Agency (“FEMA”) prior to September 30, 2021, which has been recognized on the financial statements. The City has received \$ 3,071,971 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 10, 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 2022, the City has submitted PWs totaling \$3,310,318. Of this total amount, \$3,021,146 was obligated by the FEMA prior to September 30, 2021, which has been recognized on the financial statements. The City has received \$1,275,674 in funding to date.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

18. COMMITMENTS AND CONTINGENCIES – Continued

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 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 2022, the City has submitted PWs totaling \$183,193. Of this total amount, \$183,193 was obligated by the FEMA prior to September 30, 2021, which has been recognized on the financial statements. The City has received \$152,661 in funding to date.

This page left intentionally blank

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2021

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

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 284,036	\$ 324,630	\$ 468,239	\$ 510,973	\$ 557,046	\$ 689,965	\$ 1,455,560	\$ 1,525,171
Interest	6,962,607	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	(20,250)	(277,492)	3,324,807	(334,153)	1,132,034	358,687	2,986,908	-
Changes of assumptions	2,659,984	-	(1,933,292)	-	-	3,151,956	-	-
Benefit payments (including refunds of member contributions)	(8,067,652)	(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	1,818,725	(721,039)	1,355,685	166,754	1,823,425	4,307,713	4,534,258	2,732,008
Total pension liability - beginning	110,866,827	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)	\$ 112,685,552	\$ 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	\$ 2,684,129	\$ 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	19,102,773	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)	(8,067,652)	(7,789,336)	(7,457,236)	(6,970,975)	(6,719,219)	(6,439,345)	(6,104,373)	(6,050,479)
Administrative expense	(94,537)	(72,977)	(89,490)	(73,138)	(27,102)	(20,457)	(32,265)	-
Other	-	-	-	-	14,461	-	-	-
Net change in plan fiduciary net position	13,624,713	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	99,243,248	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)	\$ 112,867,961	\$ 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 (asset) - ending (a) - (b)	\$ (182,409)	\$ 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	100.16%	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 (asset) as percentage of covered payroll	N/A	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)

For the September 30, 2021 measurement the long-term rate of return was lowered from 6.5% to 6.25%

Information is not available for years preceding fiscal year 2014.

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2021

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

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 634,974	\$ 570,050	\$ 605,715	\$ 637,288	\$ 575,896	\$ 543,187	\$ 550,357	\$ 478,211
Interest	3,798,187	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	(849,033)	291,454	49,124	(149,084)	133,676	26,221	(642,610)	96,146
Changes of assumptions	598,192	1,112,988	-	495,820	1,274	710,848	44,151	41,761
Benefit payments (including refunds of member contributions)	(2,356,274)	(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	1,826,046	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	50,850,269	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)	\$ 52,676,315	\$ 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	\$ 752,804	\$ 765,548	\$ 788,992	\$ 773,856	\$ 756,381	\$ 853,491	\$ 852,721	\$ 869,837
Contributions - State	282,518	291,898	280,231	258,540	241,345	252,594	228,139	233,451
Contributions - employee	248,609	226,427	212,777	213,729	208,521	191,664	191,782	167,975
Net investment income	7,858,973	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)	(2,356,274)	(3,034,784)	(2,738,251)	(2,087,518)	(2,063,153)	(2,141,125)	(1,793,418)	(2,248,284)
Administrative expense	(96,823)	(102,391)	(91,872)	(135,607)	(116,981)	(107,071)	(86,344)	(86,354)
Net change in plan fiduciary net position	6,689,807	4,153,345	15,198	3,142,480	3,363,021	1,965,199	(221,522)	2,025,382
Plan fiduciary net position - beginning	47,850,681	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)	\$ 54,540,488	\$ 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 (asset) - ending (a) - (b)	\$ (1,864,173)	\$ 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	103.54%	94.10%	90.49%	93.24%	91.03%	87.22%	87.17%	90.33%
Covered payroll	\$ 3,816,451	\$ 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 (asset) as percentage of covered payroll	-48.8%	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 . For measurement date 9/30/2021, the net assumed investment return was lowered from 7.55% to 7.45%. 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, 2021

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

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	448,188	470,078	475,071	480,914	460,574	503,480	515,130	529,277
Change of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	177,678	(106,292)	176,997	164,840	147,994	(321,469)	168,392	-
Changes of assumptions	(658,674)	-	-	-	466,714	160,377	164,475	-
Benefit payments (including refunds of member contributions)	(729,349)	(727,877)	(742,693)	(743,573)	(728,993)	(714,699)	(720,087)	(773,744)
Net change in total pension liability	(762,157)	(364,091)	(90,625)	(97,819)	346,289	(372,311)	127,910	(244,467)
Total pension liability - beginning	7,834,479	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)	\$ 7,072,322	\$ 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	163,564	141,264	138,674	138,704	183,499	225,939	271,303	296,198
Net investment income	1,527,760	(68,609)	185,191	563,174	873,992	676,519	84,490	702,893
Benefit payments (including refunds of member contributions)	(729,349)	(727,877)	(742,693)	(743,573)	(728,993)	(714,699)	(720,087)	(773,744)
Administrative expense	(15,588)	(14,782)	(20,425)	(15,720)	(16,663)	(18,271)	(17,351)	(8,167)
Net change in plan fiduciary net position	946,387	(569,997)	(317,465)	89,242	395,954	273,495	(315,894)	259,491
Plan fiduciary net position - beginning	7,048,190	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)	\$ 7,994,577	\$ 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 (asset) - ending (a) - (b)	\$ (922,255)	\$ 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	113.04%	89.96%	92.92%	95.73%	93.55%	92.66%	85.31%	90.44%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's net pension liability (asset) as percentage of covered payroll	N/A	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. In the October 1, 2020 valuation, the sum of the outstanding amortization bases of Unfunded Actuarial Accrued Liability was negative while the sum of the amortization payments was positive; as a result, the amortization bases were combined and offset in accordance with Internal Revenue Code Section 412(b)

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2021

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

Year Ending September 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 2,684,129	\$ 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
Contributions in relation to the actuarially determined contribution	2,684,129	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
Contribution deficiency (excess)	\$ -	\$ -	\$ (7,724,006)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,704,293	\$ 16,224,526	\$ 17,094,905	\$ 18,830,488
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	31.14%	30.65%	27.15%	22.06%

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	6
Asset valuation method	5-year smoothed market
Inflation	N/A
Salary Increases	N/A
Investment rate of return	6.25% 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, 2021

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

Year Ending September 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 1,035,322	\$ 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
Contributions in relation to the actuarially determined contribution	1,035,322	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
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,816,451	\$ 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
Contributions as a percentage of covered payroll	27.13%	29.84%	31.79%	31.67%	30.59%	34.90%	36.79%	38.05%	38.15%	35.50%

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	7.45% net of investment related expenses, 7.55% in prior year
Retirement age	Members with less than 25 years 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, 2021 FRS valuation report, with appropriate adjustments based on plan demographics.

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2021

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

Year Ending September 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 160,001	\$ 241,271	\$ 260,242	\$ 285,361	\$ 267,618	\$ 329,946	\$ 337,054	\$ 338,509	\$ 328,294	\$ 333,686
Contributions in relation to the actuarially determined contribution	163,564	241,271	260,242	285,361	267,618	329,946	337,054	338,509	328,294	333,686
Contribution deficiency (excess)	\$ (3,563)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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
 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, with mortality improvements projected for healthy lives to all future years after 2010 using Scale MP-2018.

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2021

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability					
Service cost	\$ 485,484	\$ 598,599	\$ 526,731	\$ 541,547	\$ 517,526
Interest	1,807,052	1,981,623	1,951,770	1,880,643	1,806,107
Change of benefit terms	-	-	-	-	-
Differences between expected and actual experience	322,308	2,221,808	(1,722,633)	-	-
Changes of assumptions	(425,395)	(6,136,371)	998,719	-	-
Benefit payments	(1,524,257)	(1,399,838)	(1,257,980)	(1,185,885)	(1,024,866)
Net change in total OPEB liability	<u>665,192</u>	<u>(2,734,179)</u>	<u>496,607</u>	<u>1,236,305</u>	<u>1,298,767</u>
Total OPEB liability - beginning	<u>30,394,186</u>	<u>33,128,365</u>	<u>32,631,758</u>	<u>31,395,453</u>	<u>30,096,686</u>
Total OPEB liability - ending (a)	<u>\$ 31,059,378</u>	<u>\$ 30,394,186</u>	<u>\$ 33,128,365</u>	<u>\$ 32,631,758</u>	<u>\$ 31,395,453</u>
Plan fiduciary net position					
Contributions - employer	\$ 2,014,452	\$ 1,957,905	\$ 2,093,039	\$ 2,056,291	\$ 1,971,583
Net investment income	810,274	250,536	99,958	89,274	42,955
Benefit payments	(1,524,257)	(1,399,838)	(1,257,980)	(1,185,885)	(1,024,866)
Administrative expense	-	-	-	-	-
Net change in plan fiduciary net position	<u>1,300,469</u>	<u>808,603</u>	<u>935,017</u>	<u>959,680</u>	<u>989,672</u>
Plan fiduciary net position - beginning	<u>3,692,972</u>	<u>2,884,369</u>	<u>1,949,352</u>	<u>989,672</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,993,441</u>	<u>\$ 3,692,972</u>	<u>\$ 2,884,369</u>	<u>\$ 1,949,352</u>	<u>\$ 989,672</u>
City's net OPEB liability - ending (a) - (b)	<u>\$ 26,065,937</u>	<u>\$ 26,701,214</u>	<u>\$ 30,243,996</u>	<u>\$ 30,682,406</u>	<u>\$ 30,405,781</u>
Plan fiduciary net position as a percentage of the total OPEB liability	16.08%	12.15%	8.71%	5.97%	3.15%
Covered employee payroll	\$ 18,531,053	\$ 18,038,730	\$ 19,799,596	\$ 22,166,418	\$ 18,157,544
City's net OPEB liability as percentage of covered employee payroll	140.66%	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, 2021

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

Year Ending September 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 2,014,452	\$ 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
Contributions in relation to the actuarially determined contribution	2,014,452	1,957,905	2,093,039	2,056,291 (1)	1,971,853	774,300	784,887	1,193,698	1,109,982	857,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,353,674	\$ 1,293,045	\$ 1,254,852	\$ 2,579,995	\$ 3,069,000
Covered employee payroll	\$ 18,531,053	\$ 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
Contributions as a percentage of covered employee payroll	10.87%	10.85%	10.57%	9.28%	10.86%	4.14%	4.20%	5.84%	5.43%	3.70%

Notes to Schedule

Note 1: 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	23
Asset valuation method	Market Value
Inflation	2.25%
Salary Increases	3.75 % to 8.0 %, including inflation - varies by plan type and either years of service or age
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 6.25% 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, 2020 actuarial valuation of the Florida Retirement System. Adjustments based on a statewide experience study covering 2013-2018 with generational projection.

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2021

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:

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Employees' Retirement Plan	19.79%	8.09%	4.56%	8.47%	11.69%	10.17%	1.20%	10.69%	12.85%	18.74%
Police Officers' Retirement Fund	16.51%	13.83%	3.60%	10.16%	11.45%	7.99%	0.87%	9.08%	14.17%	19.27%
Firefighter's Relief and Pension Fund	22.60%	-0.90%	2.40%	7.40%	12.10%	9.70%	1.20%	10.00%	13.60%	15.50%
Other Post Employment Benefits (OPEB) Plan	20.58%	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, 2021

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property taxes	\$ 7,506,871	\$ 7,662,882	\$ 7,662,882	\$ -
Utility taxes	2,727,000	2,719,650	2,745,450	25,800
Electric utility franchise fee	1,620,000	1,620,000	1,652,732	32,732
Telecommunications tax	1,154,132	1,254,132	1,260,433	6,301
Local option gas tax	497,967	497,967	541,662	43,695
Local business tax	155,000	147,452	147,451	(1)
Total taxes	13,660,970	13,902,083	14,010,610	108,527
Licenses and permits:				
Sign permit fees	7,500	5,850	5,871	21
Burglar alarm permit fees	45,000	36,800	36,791	(9)
Miscellaneous license fees	101,000	164,546	164,550	4
Total licenses and permits	153,500	207,196	207,212	16
Intergovernmental revenues:				
State revenue sharing	579,524	589,155	589,155	-
State sales tax revenue	1,190,478	1,290,478	1,468,711	178,233
Total intergovernmental revenues	1,770,002	1,879,633	2,057,866	178,233
Grants:				
OJP grants	-	16,535	16,535	-
FEMA (Hurricanes Frances, Jeanne & Matthew)	-	340,089	340,090	1
Miscellaneous grants	-	50,233	50,234	1
Total grants	-	406,857	406,859	2
Charges for Services:				
Planning department	90,000	132,091	132,091	-
Administrative services	2,139,600	2,139,600	2,139,600	-
Recreation	366,000	289,747	289,483	(264)
Airport security	96,927	96,927	73,064	(23,863)
Police department special details	323,000	269,997	270,249	252
Public works	133,443	137,446	137,446	-
Total charges for services	3,148,970	3,065,808	3,041,933	(23,875)
Fines, forfeitures and seizures	188,000	346,130	341,208	(4,922)
Miscellaneous revenues:				
Investment income (loss)	593,000	12,547	(2,974)	(15,521)
Rentals	296,200	326,994	326,999	5
Contributions from private sources	-	22,740	22,740	-
Miscellaneous	76,000	99,806	100,118	312
Total miscellaneous revenues	965,200	462,087	446,883	(15,204)
Total revenues	19,886,642	20,269,794	20,512,571	242,777
Expenditures				
Current:				
General government:				
City council:				
Personnel services	70,903	62,203	61,914	289
Operating	9,500	9,500	5,056	4,444
Capital outlay	6,500	6,500	5,600	900
Total city council	86,903	78,203	72,570	5,633
City clerk:				
Personnel services	453,600	446,300	445,930	370
Operating	66,600	66,600	57,348	9,252
Total city clerk	520,200	512,900	503,278	9,622
City manager:				
Personnel services	360,692	403,342	403,064	278
Operating	11,000	11,000	6,676	4,324
Total city manager	371,692	414,342	409,740	4,602

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

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
City hall:				
Operating	\$ 145,295	\$ 145,295	\$ 125,181	\$ 20,114
City attorney:				
Personnel services	438,099	366,299	366,154	145
Operating	20,175	30,175	20,052	10,123
Total city attorney	458,274	396,474	386,206	10,268
Human resources:				
Personnel services	391,686	384,886	384,600	286
Operating	81,835	108,635	90,993	17,642
Total human resources	473,521	493,521	475,593	17,928
Finance administration:				
Personnel services	885,309	839,009	838,369	640
Operating	60,219	70,219	59,703	10,516
Total finance administration	945,528	909,228	898,072	11,156
Information technology:				
Personnel services	639,869	617,269	616,794	475
Operating	160,225	160,175	147,215	12,960
Capital outlay	6,500	11,550	10,829	721
Total information technology	806,594	788,994	774,838	14,156
Purchasing:				
Personnel services	550,526	508,326	508,034	292
Operating	19,916	24,916	18,370	6,546
Total purchasing	570,442	533,242	526,404	6,838
Planning:				
Personnel services	496,669	477,669	477,310	359
Operating	48,700	48,700	29,945	18,755
Total planning	545,369	526,369	507,255	19,114
Public works - fleet management:				
Personnel services	5,085	10,550	11,284	(734)
Operating	2,826	7,161	7,706	(545)
Capital outlay	14,700	14,700	8,439	6,261
Total public works - fleet management	22,611	32,411	27,429	4,982
Public works - facilities management:				
Personnel services	655,077	595,577	594,934	643
Operating	151,247	136,247	97,422	38,825
Total public works - facilities management	806,324	731,824	692,356	39,468
Public works - GIS:				
Personnel services	203,402	197,852	196,596	1,256
Operating	3,850	5,350	2,031	3,319
Total public works - GIS	207,252	203,202	198,627	4,575
Total general government	5,960,005	5,766,005	5,597,549	168,456
Public safety:				
Police:				
Personnel services	7,802,511	7,588,524	7,586,529	1,995
Operating	826,185	811,158	772,293	38,865
Capital outlay	94,113	219,640	200,248	19,392
Total public safety	8,722,809	8,619,322	8,559,070	60,252
Transportation:				
Public works - administration:				
Personnel services	503,195	455,495	453,165	2,330
Operating	70,460	90,460	76,744	13,716
Total public works - administration	573,655	545,955	529,909	16,046

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, 2021

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Public works - streets/stormwater/traffic:				
Personnel services	\$ 1,102,623	\$ 1,047,923	\$ 1,042,698	\$ 5,225
Operating	346,895	386,895	352,187	34,708
Capital outlay	8,000	8,000	6,493	1,507
Total public works - streets	<u>1,457,518</u>	<u>1,442,818</u>	<u>1,401,378</u>	<u>41,440</u>
Public works - engineering & survey:				
Personnel services	446,716	409,416	406,597	2,819
Operating	63,197	63,197	26,375	36,822
Total public works - engineering & survey	<u>509,913</u>	<u>472,613</u>	<u>432,972</u>	<u>39,641</u>
Total transportation	<u>2,541,086</u>	<u>2,461,386</u>	<u>2,364,259</u>	<u>97,127</u>
Culture and recreation:				
Public works - grounds maintenance:				
Personnel services	1,585,992	1,552,992	1,547,334	5,658
Operating	636,104	621,104	550,442	70,662
Capital outlay	10,900	13,900	7,824	6,076
Total public works - grounds maintenance	<u>2,232,996</u>	<u>2,187,996</u>	<u>2,105,600</u>	<u>82,396</u>
Recreation - leisure square:				
Personnel services	244,404	259,404	258,798	606
Operating	147,509	154,509	151,813	2,696
Capital outlay	32,300	27,300	24,940	2,360
Total recreation - leisure square	<u>424,213</u>	<u>441,213</u>	<u>435,551</u>	<u>5,662</u>
Recreation - community center:				
Personnel services	68,701	50,851	50,539	312
Operating	59,548	59,548	55,125	4,423
Total recreation - community center	<u>128,249</u>	<u>110,399</u>	<u>105,664</u>	<u>4,735</u>
Recreation - riverside tennis complex:				
Personnel services	107,479	105,179	105,038	141
Operating	11,311	13,611	11,569	2,042
Total recreation - riverside tennis complex	<u>118,790</u>	<u>118,790</u>	<u>116,607</u>	<u>2,183</u>
Recreation - parks, playgrounds & rental facilities:				
Personnel services	87,321	83,821	83,512	309
Operating	208,679	208,679	194,124	14,555
Capital outlay	11,700	11,700	3,904	7,796
Total recreation - parks, playgrounds & rental facilities	<u>307,700</u>	<u>304,200</u>	<u>281,540</u>	<u>22,660</u>
Recreation - recreation programs & community events:				
Personnel services	274,969	237,469	236,903	566
Operating	44,000	31,000	22,358	8,642
Capital outlay	8,000	8,000	4,515	3,485
Total recreation - parks, playgrounds & rental facilities	<u>326,969</u>	<u>276,469</u>	<u>263,776</u>	<u>12,693</u>
Recreation - beach lifeguards:				
Personnel services	725,743	702,143	701,652	491
Operating	20,963	20,963	17,807	3,156
Capital outlay	15,950	15,950	12,596	3,354
Total recreation - beach lifeguards	<u>762,656</u>	<u>739,056</u>	<u>732,055</u>	<u>7,001</u>
Recreation - administration:				
Personnel services	312,723	307,823	307,388	435
Operating	4,787	5,787	3,448	2,339
Capital outlay	4,000	4,000	801	3,199
Total recreation - administration	<u>321,510</u>	<u>317,610</u>	<u>311,637</u>	<u>5,973</u>
Total culture and recreation	<u>4,623,083</u>	<u>4,495,733</u>	<u>4,352,430</u>	<u>143,303</u>

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

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Nondepartmental:				
Personnel services	\$ 1,652,950	\$ 1,469,151	\$ 1,476,540	\$ (7,389)
Operating	1,340,636	2,106,436	2,065,506	40,930
Total nondepartmental	<u>2,993,586</u>	<u>3,575,587</u>	<u>3,542,046</u>	<u>33,541</u>
Total expenditures	<u>24,840,569</u>	<u>24,918,033</u>	<u>24,415,354</u>	<u>502,679</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,953,927)</u>	<u>(4,648,239)</u>	<u>(3,902,783)</u>	<u>745,456</u>
Other financing sources (uses)				
Proceeds from insurance	-	15,930	15,930	-
Gain on sale of assets	1,000	35,000	35,000	-
Transfers in:				
Water & sewer fund	1,025,000	1,025,000	1,025,000	-
Solid waste fund	181,000	181,000	181,000	-
Marina fund	103,000	103,000	103,000	-
Total transfers in	<u>1,309,000</u>	<u>1,309,000</u>	<u>1,309,000</u>	<u>-</u>
Transfers out:				
Cemetery fund	(93,000)	-	-	-
Economic development zone fund	(91,099)	(93,583)	(93,583)	-
Total transfers out	<u>(184,099)</u>	<u>(93,583)</u>	<u>(93,583)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,125,901</u>	<u>1,266,347</u>	<u>1,266,347</u>	<u>-</u>
Net change in fund balances	<u>(3,828,026)</u>	<u>(3,381,892)</u>	<u>(2,636,436)</u>	<u>745,456</u>
Fund balance - beginning	<u>64,925,211</u>	<u>64,925,211</u>	<u>64,925,211</u>	<u>-</u>
Fund balance - ending	<u>\$ 61,097,185</u>	<u>\$ 61,543,319</u>	<u>\$ 62,288,775</u>	<u>\$ 745,456</u>

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

SEPTEMBER 30, 2021

	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	\$ 148,717	\$ 19,329	\$ 254,128	\$ -	\$ 1,458,895
Cash with fiscal agent	-	-	-	-	-
Seized property	5,000	-	-	-	-
Receivables, net:					
Accounts	-	-	-	-	-
Special assessments	-	-	-	-	-
Interest	-	-	-	-	6,537
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	<u>\$ 153,717</u>	<u>\$ 19,329</u>	<u>\$ 254,128</u>	<u>\$ -</u>	<u>\$ 1,465,432</u>
Liabilities, deferred inflows and fund balances					
Liabilities:					
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -	\$ 325
Accrued liabilities	-	-	-	-	-
Evidence escrow	78,207	-	-	-	-
Total liabilities	<u>78,207</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>325</u>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted:	75,510	19,329	254,128	-	1,465,107
Total fund balances	<u>75,510</u>	<u>19,329</u>	<u>254,128</u>	<u>-</u>	<u>1,465,107</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 153,717</u>	<u>\$ 19,329</u>	<u>\$ 254,128</u>	<u>\$ -</u>	<u>\$ 1,465,432</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	
\$ 716,061	\$ 158,194	\$ -	\$ 323,367	\$ 281,955	\$ 3,360,646
-	-	-	-	-	-
-	-	-	-	-	5,000
-	-	-	-	-	-
-	-	-	-	-	-
2,653	292	-	7,427	-	16,909
-	-	-	-	-	-
-	-	-	476,383	-	476,383
-	-	-	-	2,108	2,108
<u>\$ 718,714</u>	<u>\$ 158,486</u>	<u>\$ -</u>	<u>\$ 807,177</u>	<u>\$ 284,063</u>	<u>\$ 3,861,046</u>
\$ 113	\$ 33	\$ -	\$ -	\$ 2,018	\$ 2,489
-	-	-	-	2,927	2,927
-	-	-	-	-	78,207
<u>113</u>	<u>33</u>	<u>-</u>	<u>-</u>	<u>4,945</u>	<u>83,623</u>
-	-	-	-	2,108	2,108
718,601	158,453	-	807,177	277,010	3,775,315
<u>718,601</u>	<u>158,453</u>	<u>-</u>	<u>807,177</u>	<u>279,118</u>	<u>3,777,423</u>
<u>\$ 718,714</u>	<u>\$ 158,486</u>	<u>\$ -</u>	<u>\$ 807,177</u>	<u>\$ 284,063</u>	<u>\$ 3,861,046</u>

CITY OF VERO BEACH, FLORIDA

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

YEAR ENDED SEPTEMBER 30, 2021

	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	-	-	-	446,082	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	4,246	-	-	-
Investment income (loss)	-	-	-	-	(77)
Total revenues	<u>-</u>	<u>4,246</u>	<u>-</u>	<u>446,082</u>	<u>(77)</u>
Expenditures					
Current:					
Public safety	14,000	-	-	446,082	-
Physical environment	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>14,000</u>	<u>-</u>	<u>-</u>	<u>446,082</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,000)</u>	<u>4,246</u>	<u>-</u>	<u>-</u>	<u>(77)</u>
Other financing sources (uses)					
Transfers in	-	-	93,583	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>93,583</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(14,000)</u>	<u>4,246</u>	<u>93,583</u>	<u>-</u>	<u>(77)</u>
Fund balance (deficit) - beginning	<u>89,510</u>	<u>15,083</u>	<u>160,545</u>	<u>-</u>	<u>1,465,184</u>
Fund balance - ending	<u>\$ 75,510</u>	<u>\$ 19,329</u>	<u>\$ 254,128</u>	<u>\$ -</u>	<u>\$ 1,465,107</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
\$ -	\$ -	\$ -	\$ 2,696,544	\$ -	\$ 2,696,544
-	-	-	-	-	446,082
-	-	-	-	365,426	365,426
-	-	-	-	-	4,246
-	(9)	-	4	7	(75)
-	(9)	-	2,696,548	365,433	3,512,223
-	-	-	-	-	460,082
-	-	-	-	246,959	246,959
-	-	90,000	-	-	90,000
-	-	26,182	-	-	26,182
-	-	-	-	14,899	14,899
-	-	116,182	-	261,858	838,122
-	(9)	(116,182)	2,696,548	103,575	2,674,101
-	-	116,182	-	-	209,765
-	-	-	(2,116,182)	-	(2,116,182)
-	-	116,182	(2,116,182)	-	(1,906,417)
-	(9)	-	580,366	103,575	767,684
718,601	158,462	-	226,811	175,543	3,009,739
\$ 718,601	\$ 158,453	\$ -	\$ 807,177	\$ 279,118	\$ 3,777,423

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

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Expenditures				
Current:				
Public safety	\$ -	\$ 14,000	\$ 14,000	\$ -
Total expenditures	-	14,000	14,000	-
Net change in fund balances	-	(14,000)	(14,000)	-
Fund balance - beginning	89,510	89,510	89,510	-
Fund balance - ending	<u>\$ 89,510</u>	<u>\$ 75,510</u>	<u>\$ 75,510</u>	<u>\$ -</u>

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, 2021

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ -	\$ 4,245	\$ 4,246	\$ 1
Total revenues	-	4,245	4,246	1
Net change in fund balances	-	4,245	4,246	1
Fund balance - beginning	15,083	15,083	15,083	-
Fund balance - ending	\$ 15,083	\$ 19,328	\$ 19,329	\$ 1

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, 2021

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Expenditures				
Capital outlay	\$ 216,500	\$ 5,000	\$ -	\$ 5,000
Total expenditures	<u>216,500</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Other financing sources				
Transfers in	91,099	93,583	93,583	-
Total other financing sources	<u>91,099</u>	<u>93,583</u>	<u>93,583</u>	<u>-</u>
Net change in fund balances	(125,401)	88,583	93,583	5,000
Fund balance - beginning	<u>160,545</u>	<u>160,545</u>	<u>160,545</u>	<u>-</u>
Fund balance - ending	<u>\$ 35,144</u>	<u>\$ 249,128</u>	<u>\$ 254,128</u>	<u>\$ 5,000</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, 2021

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ -	\$ 580,800	\$ 586,849	\$ 6,049
Investment income	-	1,100	383	(717)
Contributions from private sources	350,000	119,756	119,816	60
Total revenues	<u>350,000</u>	<u>701,656</u>	<u>707,048</u>	<u>5,392</u>
Expenditures				
Debt Service:				
Principal and interest	641,784	639,179	639,179	-
Capital outlay	6,187,780	6,512,469	4,760,899	1,751,570
Total expenditures	<u>6,829,564</u>	<u>7,151,648</u>	<u>5,400,078</u>	<u>1,751,570</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,479,564)</u>	<u>(6,449,992)</u>	<u>(4,693,030)</u>	<u>1,756,962</u>
Other financing sources (uses)				
Issuance of debt - capital leases	618,830	868,674	868,674	-
Sale of assets	30,000	30,000	35,650	5,650
Proceeds from insurance	-	46,515	46,515	-
Transfers in	2,000,000	2,000,000	2,000,000	-
Total other financing sources (uses)	<u>2,648,830</u>	<u>2,945,189</u>	<u>2,950,839</u>	<u>5,650</u>
Net change in fund balances	<u>(3,830,734)</u>	<u>(3,504,803)</u>	<u>(1,742,191)</u>	<u>1,762,612</u>
Fund balance - beginning	<u>4,820,267</u>	<u>4,820,267</u>	<u>4,820,267</u>	<u>-</u>
Fund balance - ending	<u>\$ 989,533</u>	<u>\$ 1,315,464</u>	<u>\$ 3,078,076</u>	<u>\$ 1,762,612</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, 2021

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 2,115,874	\$ 2,219,874	\$ 2,696,544	\$ 476,670
Investment income	300	-	4	4
Total revenues	<u>2,116,174</u>	<u>2,219,874</u>	<u>2,696,548</u>	<u>476,674</u>
Other financing sources (uses)				
Transfers out	<u>(2,116,182)</u>	<u>(2,116,182)</u>	<u>(2,116,182)</u>	-
Total other financing sources (uses)	<u>(2,116,182)</u>	<u>(2,116,182)</u>	<u>(2,116,182)</u>	-
Net change in fund balances	(8)	103,692	580,366	476,674
Fund balance - beginning	<u>226,811</u>	<u>226,811</u>	<u>226,811</u>	-
Fund balance - ending	<u>\$ 226,803</u>	<u>\$ 330,503</u>	<u>\$ 807,177</u>	<u>\$ 476,674</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, 2021

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 182,000	\$ 321,100	\$ 365,426	\$ 44,326
Investment income	500	-	7	7
Total revenues	<u>182,500</u>	<u>321,100</u>	<u>365,433</u>	<u>44,333</u>
Expenditures				
Current:				
Physical environment	257,176	255,476	246,959	8,517
Capital outlay	15,000	15,000	14,899	101
Total expenditures	<u>272,176</u>	<u>270,476</u>	<u>261,858</u>	<u>8,618</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(89,676)</u>	<u>50,624</u>	<u>103,575</u>	<u>52,951</u>
Other financing sources				
Transfers in	93,000	-	-	-
Total other financing sources	<u>93,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,324	50,624	103,575	52,951
Fund balance - beginning	<u>175,543</u>	<u>175,543</u>	<u>175,543</u>	<u>-</u>
Fund balance - ending	<u>\$ 178,867</u>	<u>\$ 226,167</u>	<u>\$ 279,118</u>	<u>\$ 52,951</u>

This page left intentionally blank

STATISTICAL SECTION

This page left intentionally blank

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Governmental Activities				
Net investment in capital assets	\$ 36,987,009	\$ 35,984,984	\$ 35,627,735	\$ 41,230,126
Restricted	3,886,584	3,798,090	8,170,538	4,118,073
Unrestricted	<u>35,063,810</u>	<u>32,397,933</u>	<u>25,995,580</u> (6)	<u>(22,356,798)</u> (4)
Total Governmental Activities Net Position	<u>\$ 75,937,403</u>	<u>\$ 72,181,007</u>	<u>\$ 69,793,853</u>	<u>\$ 22,991,401</u>
Business-Type Activities				
Net investment in capital assets	\$ 108,025,692	\$ 101,614,410	\$ 101,288,693 (6)	\$ 152,332,030
Restricted	-	-	-	2,000,000
Unrestricted	<u>22,432,200</u>	<u>19,457,525</u>	<u>16,929,357</u>	<u>31,698,542</u> (5)
Total Business-Type Activities Net Position	<u>\$ 130,457,892</u>	<u>\$ 121,071,935</u>	<u>\$ 118,218,050</u>	<u>\$ 186,030,572</u>
Primary Government				
Net investment in capital assets	\$ 145,012,701	\$ 137,599,394	\$ 136,916,428	\$ 193,562,156
Restricted	3,886,584	3,798,090	8,170,538	6,118,073
Unrestricted	<u>57,496,010</u>	<u>51,855,458</u>	<u>42,924,937</u>	<u>9,341,744</u>
Total Primary Government Net Position	<u>\$ 206,395,295</u>	<u>\$ 193,252,942</u>	<u>\$ 188,011,903</u>	<u>\$ 209,021,973</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

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 40,283,960	\$ 36,988,494	\$ 35,672,967	\$ 28,542,240	\$ 29,631,269	\$ 29,908,083
5,257,686	5,729,880	5,088,640	5,400,588	5,165,879	4,600,854
<u>(17,430,737)</u>	<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>\$ 28,110,909</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>
\$ 149,467,827	\$ 165,590,074	\$ 161,203,319	\$ 170,783,743	\$ 177,072,568	\$ 171,182,649
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
<u>29,333,484</u>	<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>\$ 180,801,311</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>
\$ 189,751,787	\$ 202,578,568	\$ 196,876,286	\$ 199,325,983	\$ 206,703,837	\$ 201,090,732
7,257,686	7,729,880	7,088,640	7,400,588	7,165,879	6,600,854
<u>11,902,747</u>	<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>\$ 208,912,220</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>

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

	2021	2020	2019	2018
<u>Program Revenues</u>				
Governmental activities:				
Charges for Services:				
General Government	\$ 2,693,997	\$ 2,427,301	\$ 2,806,806	\$ 3,636,392
Public Safety	652,494	992,799	481,695	258,911
Physical Environment	451,082	299,475	192,322	218,324
Transportation	137,446	161,705	-	-
Culture/Recreation	516,126	343,112	593,483	499,926
Operating Grants and Contributions	1,902,081	484,471	1,111,910	79,794
Capital Grants and Contributions	119,334	970,046	109,670	347,023
Total Governmental Activities Program Revenues	6,472,560	5,678,909	5,295,886	5,040,370
Business-Type Activities:				
Charges for Services:				
Electric System	-	-	19,789,486 (2)	92,290,247
Water and Sewer System	17,480,539	17,307,134	16,709,377	16,484,264
Municipal Airport	3,276,411	3,247,175	3,410,340	2,936,011
Municipal Marina	2,057,574	1,807,622	1,754,644	1,781,640
Solid Waste	2,973,973	2,760,365	2,828,287	2,858,130
Recreation	-	-	-	-
Operating Grants and Contributions	30,718	(21,432)	99,840	2,128,768
Capital Grants and Contributions	9,559,677	2,190,864	5,946,756	2,561,161
Total Business-Type Activities Program Revenues	35,378,892	27,291,728	50,538,730	121,040,221
Total Program Revenues	\$ 41,851,452	\$ 32,970,637	\$ 55,834,616	\$ 126,080,591
<u>Expenses</u>				
Governmental activities:				
General Government	\$ 7,936,719	\$ 8,232,024	\$ 20,276,511	\$ 10,777,489
Public Safety	7,098,090	8,382,265	9,316,420	8,257,722
Physical Environment	324,196	297,960	275,397	225,226
Transportation	3,636,391	3,581,215	3,045,625	2,525,844
Culture and Recreation	4,235,860	4,568,626	4,719,915	4,681,936
Interest and Fiscal Charges	70,805	65,593	483,390	263,554
Total Governmental Activities Expenses	23,302,061	25,127,683	38,117,258	26,731,771
Business-Type Activities:				
Electric System	-	-	19,332,640 (2)	81,136,691
Water and Sewer System	15,240,346	15,118,926	15,622,061	14,437,913
Municipal Airport	5,394,642	5,010,628	4,340,883	3,905,791
Municipal Marina	1,580,267	1,425,571	1,796,148	1,441,555
Solid Waste	2,671,293	2,727,650	2,759,977	2,615,601
Recreation	-	-	-	-
Total Business-Type Activities Expenses	24,886,548	24,282,775	43,851,709	103,537,551
Total Expenses	\$ 48,188,609	\$ 49,410,458	\$ 81,968,967	\$ 130,269,322

(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.

	2017	2016	2015	2014	2013	2012
\$	3,604,995	\$ 3,659,324	\$ 3,120,124	\$ 3,023,348	\$ 3,209,874	\$ 3,322,533
	220,653	188,395	194,385	174,406	177,152	166,584
	233,292	339,528	194,881	164,918	170,416	127,392
	-	-	-	-	-	-
	527,190	516,220	509,375	-	-	-
	570,180	484,508	513,190	635,643	519,600	527,612
	2,113,592	1,253,687	91,742	179,446	282,007	82,739
	<u>7,269,902</u>	<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>
	86,654,495	91,981,478	92,830,617	93,252,348	90,957,716	86,941,142
	16,902,369	16,188,317	16,029,976	15,665,556	15,482,251	17,312,617
	2,667,741	2,516,607	2,514,581	2,442,121	2,303,092	2,310,893
	1,545,493	1,498,695	1,546,143	1,684,381	1,720,499	1,715,912
	2,832,737	2,747,822	2,740,889	2,705,412	2,586,679	2,487,424
	-	-	- (1)	579,465	564,041	561,910
	804,917	-	-	44,794	-	-
	7,168,130	2,735,272	1,271,305	2,605,464	2,209,793	1,199,221
	<u>118,575,882</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>125,845,784</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>
\$	10,461,740	\$ 9,595,925	\$ 9,237,771	\$ 10,889,683	\$ 12,037,462	\$ 9,797,132
	8,647,963	8,374,255	7,498,780	7,491,964	7,454,292	7,585,350
	214,628	208,813	193,287	197,150	171,260	155,472
	2,410,448	2,683,590	3,835,253	2,151,441	2,325,155	2,479,329
	4,644,893	4,664,530	4,735,272	1,824,566	1,781,225	866,935
	277,386	276,390	249,296	257,600	253,000	620,728
	<u>26,657,058</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>
	90,705,047	84,176,814	84,536,494	84,916,435	84,658,883	81,518,083
	13,604,066	13,643,485	13,133,789	13,213,332	13,437,853	14,787,816
	3,226,727	3,239,835	3,314,122	3,072,287	3,180,768	3,133,745
	1,377,152	1,255,700	1,340,805	1,508,790	1,646,038	1,701,291
	2,552,714	2,550,937	2,287,153	2,266,298	2,116,377	2,301,788
	-	-	- (1)	2,659,264	2,495,572	3,336,862
	<u>111,465,706</u>	<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>138,122,764</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>

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

	2021	2020	2019	2018
<u>Net (Expense)/Revenue</u>				
Governmental activities	\$ (16,829,501)	\$ (19,448,774)	\$ (32,821,372)	\$ (21,691,401)
Business-Type Activities	10,492,344	3,008,953	6,687,021	17,502,670
Total Primary Government Net Expense	<u>\$ (6,337,157)</u>	<u>\$ (16,439,821)</u>	<u>\$ (26,134,351)</u>	<u>\$ (4,188,731)</u>
<u>General Revenues and Other Changes in Net Position</u>				
Governmental activities:				
Property Taxes, Levied for General Purposes	\$ 7,662,882	\$ 7,355,480	\$ 6,940,767	\$ 6,504,063
Sales and gas taxes	3,238,206	2,814,422	2,838,430	2,814,155
Utility Taxes	5,658,615	5,513,402	4,996,861	3,506,556
Intergovernmental revenue: state revenue sharing	2,503,948	2,242,366	2,238,673	2,184,765
Investment Earnings (loss)	(3,297)	2,496,496	619,781	59,253
Other revenues	216,543	221,249	3,956,831	441,187
Transfers	1,309,000	1,192,513	58,032,481	6,353,386
Total Governmental Activities	<u>20,585,897</u>	<u>21,835,928</u>	<u>79,623,824</u>	<u>21,863,365</u>
Business-Type Activities:				
Investment Earnings	160	762,788	3,057,391	121,409
Other revenues	202,453	274,657	466,126	719,471
Transfers	(1,309,000)	(1,192,513)	(58,032,481)	(6,353,386)
Total Business-Type Activities	<u>(1,106,387)</u>	<u>(155,068)</u>	<u>(54,508,964)</u>	<u>(5,512,506)</u>
Total general revenues	<u>\$ 19,479,510</u>	<u>\$ 21,680,860</u>	<u>\$ 25,114,860</u>	<u>\$ 16,350,859</u>
<u>Changes in net position before special/extraordinary items</u>				
Governmental activities:	\$ 3,756,396	\$ 2,387,154	\$ 46,802,452	\$ 171,964
Business-Type Activities:	9,385,957	2,853,885	(47,821,943)	11,990,164
<u>Special/Extraordinary Items</u>				
Special Item - sale electric utility	\$ -	\$ -	\$ (19,990,579)	\$ -
Special Item - loss on impairment of assets	-	-	-	-
Governmental activities - Release of settlement reserve	-	-	-	-
<u>Changes in Net Position</u>				
Governmental activities:	\$ 3,756,396	\$ 2,387,154	\$ 46,802,452	\$ 171,964
Business-Type Activities:	9,385,957	2,853,885	(67,812,522)	11,990,164
Total Primary Government Change in Net Position	<u>\$ 13,142,353</u>	<u>\$ 5,241,039</u>	<u>\$ (21,010,070)</u>	<u>\$ 12,162,128</u>

2017	2016	2015	2014	2013	2012
\$ (19,387,156)	\$ (19,361,841)	\$ (21,125,662)	\$ (18,634,643)	\$ (19,663,345)	\$ (17,278,086)
7,110,176	12,801,420	12,321,148	11,343,135	8,288,580	5,749,534
<u>\$ (12,276,980)</u>	<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>
\$ 6,067,927	\$ 5,456,351	\$ 4,335,449	\$ 4,189,203	\$ 4,115,113	\$ 4,245,008
2,666,342	2,542,706	2,525,140	2,558,056	2,234,588	2,225,963
3,387,171	3,371,684	3,321,721	3,413,665	3,492,793	3,438,308
2,152,732	1,679,141	1,645,349	1,607,641	1,525,146	1,478,492
79,629	167,602	228,767	89,954	46,097	216,447
102,235	500,070	94,948	144,557	121,400	117,811
6,267,886	6,401,986	6,656,986	5,147,454	5,236,999	4,678,934
<u>20,723,922</u>	<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>
139,248	294,211	296,383	126,448	68,290	220,054
165,839	(80,706)	(177,305)	(1,134,393)	270,430	223,142
(6,267,886)	(6,401,986)	(6,656,986)	(5,147,454)	(5,236,999)	(4,678,934)
<u>(5,962,799)</u>	<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>\$ 14,761,123</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>
\$ 1,336,766	\$ 757,699	\$ (2,317,302)	\$ (1,484,113)	\$ (2,891,209)	\$ (877,123)
1,147,377	6,612,939	5,783,240	5,187,736	3,390,301	1,513,796
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(24,123,342)	-	-	-	-	-
-	-	-	-	1,471,137	-
\$ 1,336,766	\$ 757,699	\$ (2,317,302)	\$ (1,484,113)	\$ (1,420,072)	\$ (877,123)
1,147,377	6,612,939	5,783,240	5,187,736	3,390,301	1,513,796
<u>\$ 2,484,143</u>	<u>\$ 7,370,638</u>	<u>\$ 3,465,938</u>	<u>\$ 3,703,623</u>	<u>\$ 1,970,229</u>	<u>\$ 636,673</u>

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

	2021	2020	2019	2018	2017
General Fund					
Nonspendable					
Inventories and Prepaids	\$ 356,350	\$ 146,916	\$ 169,356	\$ 112,934	\$ 185,022
Restricted					
General Government	111,269	111,269	-	-	-
Committed for:					
Physical environment	160,746	118,327	81,302	62,387	72,543
Emergency (Disaster) Reserve	5,000,000	5,000,000	4,779,885 (2)	2,000,000	1,009,706
Unfunded Pension Liability Reserve	10,841,162	12,501,492	14,400,000 (2)	-	-
OPEB Reserve	8,461,164	8,932,691	9,450,000 (2)	-	-
Capital & Infrastructure Reserve	21,000,000	21,000,000	21,000,000 (2)	-	-
Assigned	1,585,664	1,500,000	-	-	-
Unassigned	<u>14,772,420</u>	<u>15,614,516</u>	<u>15,562,853</u>	<u>8,134,137</u>	<u>8,064,718</u>
Total General Fund	<u>62,288,775</u>	<u>64,925,211</u>	<u>65,443,396</u>	<u>10,309,458</u>	<u>9,331,989</u>
All Other Governmental Funds					
Nonspendable					
Inventories and Prepaids	\$ 2,108	\$ -	\$ -	\$ -	\$ -
Restricted					
Public safety	94,839	104,594	45,780	45,709	42,769
Culture & recreation	877,054	877,063	890,760	862,736	857,656
Physical environment	2,803,422	2,705,164	7,233,998	3,209,628	4,357,261
Assigned	3,078,076	4,143,185	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>6,855,499</u>	<u>7,830,006</u>	<u>8,170,538</u>	<u>4,118,073</u>	<u>5,257,686</u>
Total Governmental Funds	<u>\$ 69,144,274</u>	<u>\$ 72,755,217</u>	<u>\$ 73,613,934</u>	<u>\$ 14,427,531</u>	<u>\$ 14,589,675</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.

2016	2015	2014	2013	2012
\$ 189,311	\$ 152,542	\$ 142,414	\$ 163,813	\$ 166,727
-	-	-	-	-
64,708	3,521	3,063	2,742	2,128
2,000,000 (1)	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>7,951,818</u>	<u>9,847,661</u>	<u>9,420,477</u>	<u>8,927,984</u>	<u>7,643,813</u>
<u>10,205,837</u>	<u>10,003,724</u>	<u>9,565,954</u>	<u>9,094,539</u>	<u>7,812,668</u>
\$ -	\$ -	\$ -	\$ -	\$ -
44,933	30,100	30,763	34,777	49,183
854,849	871,255	903,189	900,833	927,148
4,830,098	4,187,285	4,466,636	4,230,269	3,622,395
-	-	-	-	-
<u>-</u>	<u>(66,293)</u>	<u>(88,058)</u>	<u>(82,783)</u>	<u>(105,954)</u>
<u>5,729,880</u>	<u>5,022,347</u>	<u>5,312,530</u>	<u>5,083,096</u>	<u>4,492,772</u>
<u>\$ 15,935,717</u>	<u>\$ 15,026,071</u>	<u>\$ 14,878,484</u>	<u>\$ 14,177,635</u>	<u>\$ 12,305,440</u>

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

	2021	2020	2019	2018
<u>Revenues</u>				
Taxes	\$ 16,707,154	\$ 15,830,560	\$ 14,929,923	\$ 12,972,024
Licenses and permits	207,212	188,278	185,509	146,704
Intergovernmental	2,503,948	2,242,366	2,238,672	2,184,765
Special assessments	-	-	-	-
Grants	993,708	1,519,981	297,314	689,739
Charges for services	3,407,359	2,887,654	3,097,172	3,733,279
Fines and forfeitures	345,454	704,527	307,807	190,888
Investment earnings	(2,666)	2,430,354	532,738	46,575
Rentals	326,999	288,304	325,092	387,474
Contributions from private sources	142,556	38,327	103,376	251,590
Miscellaneous	100,118	62,631	164,991	80,605
Total Revenues	24,731,842	26,192,982	22,182,594	20,683,643
<u>Expenditures</u>				
Current:				
General government	9,114,727	8,852,802	8,369,684	8,953,247
Public safety	8,818,904	8,819,471	8,612,310	8,046,156
Physical environment	246,959	224,814	206,813	197,833
Transportation	2,357,766	2,381,332	2,272,557	2,251,096
Culture and recreation	4,297,850	4,465,982	4,368,873	4,188,960
Debt Service:				
Principal	694,298	667,694	5,370,430 (2)	1,206,477
Interest and Fiscal Charges	61,063	69,740	575,130 (2)	274,346
Capital outlay	5,061,987	3,535,259	2,494,713	3,751,507
Total Expenditures	30,653,554	29,017,094	32,270,510	28,869,622
Excess of Revenues Over (Under) Expenditures	(5,921,712)	(2,824,112)	(10,087,916)	(8,185,979)
<u>Other Financing Sources (Uses)</u>				
Capital Contributions	-	-	-	-
Transfer in - electric system residual	-	-	53,956,464	-
Transfers in	3,518,765	4,427,727	18,452,942	9,966,426
Transfers out	(2,209,765)	(2,835,157)	(7,411,862)	(3,092,399)
Proceeds from sale of assets	70,650	86,228	3,786,982	64,106
Payments to refunded bond escrow agent	-	-	-	-
Proceeds from insurance	62,445	73,971	9,720	377,757
Issuance of debt	868,674	212,626	480,073	707,945
Total Other Financing Sources (Uses)	2,310,769	1,965,395	69,274,319	8,023,835
Net Change in Fund Balances	\$ (3,610,943)	\$ (858,717)	\$ 59,186,403	\$ (162,144)
Debt Service as a Percentage of Noncapital Expenditures	2.9%	2.8%	20.5% (2)	5.7%

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

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

2017	2016	2015	2014	2013	2012
\$ 12,276,567	\$ 11,518,440	\$ 10,344,495	\$ 10,320,454	\$ 10,002,824	\$ 10,008,688
164,629	197,406	141,970	128,494	143,097	138,185
2,152,732	2,157,674	2,144,791	2,148,831	2,044,746	2,051,908
-	-	2,186	3,420	3,631	11,516
2,116,519	1,259,662	103,990	273,850	278,376	71,223
3,694,367	3,617,980	3,286,376	2,846,518	3,045,522	3,131,087
173,786	144,900	147,881	138,627	118,992	112,523
63,328	128,604	182,099	66,746	33,809	174,841
384,965	388,401	274,493	89,501	89,501	89,501
14,495	277,805	-	-	-	-
96,727	134,848	80,673	143,276	121,400	118,336
<u>21,138,115</u>	<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>
9,115,028	7,659,359	6,928,971	6,646,807	6,722,124	6,940,344
7,706,238	7,692,670	7,154,142	7,261,340	7,215,246	7,335,551
191,852	183,932	174,602	170,195	147,408	130,280
2,166,364	2,404,555	2,182,186	1,956,491	2,080,976	2,291,290
4,109,130	4,078,615	3,905,673	1,756,644	1,750,289	827,972
1,935,632	1,775,302	1,634,857	1,368,021	516,402	1,965,190
287,813	264,037	249,296	257,600	253,000	620,728
<u>4,568,829</u>	<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>30,080,886</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>(8,942,771)</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>
1,500	-	1,500	-	-	-
-	-	-	-	-	-
10,498,894	10,211,440	10,104,049	9,448,012	8,892,541	17,298,437
(3,710,367)	(3,285,488)	(2,926,422)	(4,300,558)	(3,467,864)	(12,431,825)
45,014	77,191	14,275	-	-	-
-	-	-	-	-	(5,827,724)
60,421	-	-	-	-	-
701,267	2,125,172	1,228,001	-	178,788	5,890,000
<u>7,596,729</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>\$ (1,346,042)</u>	<u>\$ 909,646</u>	<u>\$ 166,872</u>	<u>\$ 700,849</u>	<u>\$ 1,872,323</u>	<u>\$ (604,275)</u>
8.6%	8.4%	8.3%	8.3%	4.1%	12.8% (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>
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
2021	7,663	2,745	2,697	1,260	542	14,907

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>
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
2021	4,120,638	190,606	1,136,301	3,174,943	2.5000	4,311,275

(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	OVERLAPPING RATES (1)					
		City of Vero Beach	Indian River County	School District	Emergency Services District	Hospital District	Special Districts
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
2021	16.1099	2.5000	3.5475	6.3960	2.3531	0.8011	0.5122

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 2021 AND YEAR 2012 (TABLE 8) - UNAUDITED

2021			
TAXPAYER	Taxable Assessed	Rank	Percentage of Total Taxable
	Value		Assessed Value
Florida Power & Light Company	\$ 67,797	1	2.14%
3700 Ocean Drive LLC	18,957	2	0.60%
Piper Aircraft Inc	16,503	3	0.52%
New Piper Aircraft Inc The	12,366	4	0.39%
IRT Partners LP	10,909	5	0.34%
TGM LLC (Less)	10,902	6	0.34%
Cabana Beach Hotel & Resort LLC	10,599	7	0.33%
Ocean Drive at Vero Beach LLC	9,076	8	0.29%
Quail Valley LLC	8,793	9	0.28%
Backus Land Management LLC	8,488	10	0.27%
Total Principal Property Taxpayers	<u>\$ 174,390</u>		
Total Taxable Assessed Value	<u>\$ 3,174,943</u>		

2012			
TAXPAYER	Taxable Assessed	Rank	Percentage of Total Taxable
	Value		Assessed Value
New Piper Aircraft Inc	\$ 22,457	1	1.04%
Cabana Beach Hotel & Resort LLC	12,370	2	0.57%
Flamevine Properties I LLC	11,737	3	0.54%
Bellsouth Telecommunications	11,056	4	0.51%
Ocean Drive at Vero Beach LLC	9,108	5	0.42%
Quail Valley LLC	8,644	6	0.40%
IRT Partners LP	8,099	7	0.38%
Logan Acquisitions Corp (Less)	7,693	8	0.36%
Riomar Country Club	7,534	9	0.35%
Indian River Plaza LLC	7,111	10	0.33%
Total Principal Property Taxpayers	<u>\$ 105,809</u>		
Total Taxable Assessed Value	<u>\$ 2,155,716</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
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%
2021	7,902	7,581	95.9%	87	7,668	97.0%

Source: Indian River County Property Appraiser and Tax Collector

CITY OF VERO BEACH, FLORIDA
PRINCIPAL PAYERS OF WATER SERVICE
FISCAL YEAR 2021 (TABLE 10) - UNAUDITED

Ten Largest Water Users - Fiscal Year 2021

	<u>Customer</u>	<u>Gallon Usage</u>	<u>Water Revenue*</u>	<u>Percentage of Total Sales</u>
1	New Piper Aircraft Inc	43,093,000	\$ 118,582	1.56%
2	IR Memorial Hospital	31,566,000	267,486	3.52%
3	Johns Island	13,683,000	107,958	1.42%
4	IRC School Board	11,883,000	81,663	1.07%
5	Los Angeles Dodgers / MILB	9,263,000	29,958	0.39%
6	The Pines of Vero Condo Assoc	7,202,000	33,128	0.43%
7	Cabana Beach Hotel & Resort	7,117,000	21,218	0.27%
8	Driftwood Resort	6,947,000	20,779	0.27%
9	Treasure Coast Isle Condo	5,517,000	21,034	0.27%
10	Ross Laundry Cleaners	5,363,000	15,035	0.19%
Total Principal Users of Water Service		<u>141,634,000</u>	<u>\$ 716,841</u>	<u>9.39%</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	Capital Improvement & Revenue Notes	(2) Per Capita		
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	
2021	-	1,208	1,015	136	-	-	81	7,456	193	9,761	

(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 2021 (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	16.22%	\$ 1,968
Other Debt:			
Indian River County School District Certificates of Participation	81,636,352	16.22%	13,241,416
		Total Overlapping Debt	<u>13,243,384</u>
Series 2016 Capital Improvement Revenue Note	1,015,000	100%	1,015,000
Capital Lease Payable	1,208,433	100%	1,208,433
		Total Direct Debt	<u>2,223,433</u>
	Total Direct and Overlapping Debt		<u>\$ 15,466,817</u>

Source: Information on outstanding debt from Indian River County Annual Comprehensive Financial Report 2020 and Indian River County School Board Annual Financial Report 2020-2021

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	
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
2021	17,541	11,371	6,170	1,729	194	1,923	3.21

(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>
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%
2021	16,354	13,750,177	84,607	4.6%

(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 2021 AND YEAR 2012 (TABLE 16) - UNAUDITED

Employer	2021		
	Number of Employees	Ranking	Percentage of Total County Employment
Cleveland Clinic Indian River Hospital	2,112	1	3.28%
School District of Indian River County	2,039	2	3.17%
Indian River County	1,455	3	2.26%
Publix Supermarkets	1,380	4	2.15%
Piper Aircraft, Inc.	1,005	5	1.56%
Wal-Mart / Wal-Mart Neighborhood Market	806	6	1.25%
Sebastian River Medical Center	750	7	1.17%
Visiting Nurse Association	500	8	0.78%
John's Island	495	9	0.77%
Indian River Estates	486	10	0.76%
Total Principal Employers	11,028		17.14%
Total County Employees	64,328		
Employer	2012		
	Number of Employees	Ranking	Percentage of Total County Employment
School District of Indian River County	2,013	1	3.55%
Indian River Medical Center	1,608	2	2.84%
Indian River County	1,354	3	2.39%
Publix Supermarkets	1,006	4	1.77%
New Piper Aircraft, Inc	700	5	1.23%
Sebastian River Medical Center	569	6	1.00%
John's Island	550	7	0.97%
City of Vero Beach	451	8	0.80%
Visiting Nurse Association	399	9	0.70%
Indian River Estates	350	10	0.62%
Total Principal Employers	9,000		15.87%
Total County Employees	56,700		

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<u>Governmental Activities</u>										
General Government										
City Clerk	5	5	5	5	5	5	5	4	4	4
City Manager	2	2	2	2	2	2	2	2	2	2
City Attorney	3	3	4	4	4	3	3	3	4	4
Human Resources	(2) 4	4	4	4	4	4	2	2	2	3
Finance	22	21	22	25	25	25	23	22	24	24
Planning & Development	4	4	4	5	5	4	6	6	7	7
Fleet Management	7	7	7	8	8	8	8	8	9	9
Facilities Management	7	7	7	7	7	7	7	7	7	8
Geographical Information Systems	2	2	2	2	2	2	2	2	3	3
Risk Management	(2) -	-	-	-	-	-	2	2	2	3
Public Safety	78	78	78	76	76	76	72	72	74	76
Physical Environment	1	1	1	1	1	1	1	1	1	1
Transportation	25	25	25	25	25	24	24	24	29	34
Culture & Recreation	48	48	49	50	50	49	46	30	33	34
Total	208	207	210	214	214	210	203	185	201	212
<u>Business-Type Activities</u>										
Electric System	(3) -	-	-	78	80	93	101	106	107	108
Water and Sewer System	73	67	67	55	53	51	54	58	62	72
Municipal Airport	12	12	12	12	12	10	8	8	9	10
Municipal Marina	5	4	3	3	3	2	2	2	5	6
Solid Waste	23	23	23	23	23	23	23	23	24	26
Recreation	(1) -	-	-	-	-	-	-	16	17	17
Total	113	106	105	171	171	179	188	213	224	239
Citywide Totals:	321	313	315	385	385	389	391	398	425	451

(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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Function/Program										
Public Safety										
Police Department										
Traffic Violations	2,052	2,010	1,793	2,238	2,353	2,403	2,757	2,349	3,209	1,459
Parking Tickets	1,428	2,088	4,794	4,377	4,852	2,051	1,517	1,589	1,484	2,024
Physical Arrests	558	523	648	693	781	839	676	617	529	724
Transportation										
Streets and Highways										
Miles Paved	-	-	-	-	-	-	-	-	-	-
Asphalt for road maintenance (tons)	2,742	2,824	630	2,874	48	114	1,134	1,217	33	377
Sidewalks Repaired & Constructed (sq. ft.)	1,900	4,402	114,225	18,380	2,357	60	10,062	12,039	24,971	35,100
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	243	265	280	280	280	280	229	229
Electric System										
Customers	-	-	- (2)	35,850	35,610	35,338	34,881	34,602	34,308	34,068
Residential Consumption (KW in 000s)	-	-	100,403 (2)	374,577	361,274	382,341	363,558	349,808	337,620	339,355
Commercial Consumption (KW in 000s)	-	-	89,789 (2)	336,692	339,887	351,600	344,425	339,867	336,932	346,042
Industrial Consumption (KW in 000s)	-	-	4,051 (2)	14,512	14,696	14,160	14,052	15,340	14,261	14,130
Water System										
Customers	24,443	24,191	23,990	23,868	23,565	23,318	23,039	22,964	22,624	22,435
Water Consumption (GAL in 000s)	1,398,114	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
Irrigation Water Consumption (GAL in 000s)	275,301	287,249	302,852	301,147	326,065	292,529	282,684	272,586	278,612	322,867
Reuse Water Consumption (GAL in 000s)	924,128	915,955	930,789	874,530	942,372	915,013	912,420	859,760	817,103	649,450
Solid Waste										
Customers	7,463	8,250	8,250	8,419	8,426	8,392	8,332	8,764	8,707	8,647
Refuse Collected (TONS)	16,025	15,480	16,600	16,910	16,611	16,486	16,462	16,139	15,928	15,872
Yard Trash Collected (TONS)	1,925	2,095	1,858	1,894	2,162	2,338	2,261	2,168	2,183	2,010
Recyclables Collected (TONS)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	13	16

(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	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public Safety										
Police Department										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	45	43	43	45	41	35	41	41	36	35
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	6	7	7
Electric System										
Steam: 3 Units (total output MW)	(1) -	-	-	-	-	-	85.000	85.000	119.000	119.000
Gas Turbine 1 Unit (total output MW)	(1) -	-	-	-	-	-	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	11,975
Fire Hydrants	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240
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	65	64
Manholes	2,837	2,862	2,724	2,697	2,672	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	11	12	12	12	12

(1) Power plant decommissioned in FY 16

SINGLE AUDIT ACT COMPLIANCE

This page left intentionally blank

**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, 2021, 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 24, 2022.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Orlando, Florida
March 24, 2022

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") 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, 2021. 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, 2021.

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 24, 2022

CITY OF VERO BEACH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED SEPTEMBER 30, 2021

FEDERAL / STATE AGENCY, PASS-THROUGH ENTITY FEDERAL PROGRAM / STATE PROJECT	ALN #	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	\$ 5,077	\$ 5,077
Florida Department of Law Enforcement					
Police Equipment (Radar Speed Trailer)	16.738	7/1/20	2020-JAGC-INRI-6-5R-017	11,458	<u>11,458</u>
TOTAL DEPARTMENT OF JUSTICE					<u>16,535</u>
DEPARTMENT OF HOMELAND SECURITY					
Florida Division of Emergency Management					
Disaster Grants - Public Assistance (Hurricane Irma)	97.036	9/10/17	Z1180	2,742,045	1,476,514
Disaster Grants - Public Assistance (Hurricane Dorian)	97.036	10/21/19	Z1574	55,725	<u>51,739</u>
					1,528,253
Hazard Mitigation Grant	97.039	5/17/18	4283-51-R H0064	888,253	<u>8,234</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY					<u>1,536,487</u>
DEPARTMENT OF TRANSPORTATION					
Federal Aviation Administration (FAA)					
Airport Improvement Program	20.106	9/4/20	3-12-0083-042-2020	2,942,558	2,988,881
COVID-19: Airport Improvement Program (CARES Act Grant)	20.106	5/5/20	3-12-0083-043-2020	1,042,438	313,769
Airport Improvement Program	20.106	7/20/21	3-12-0083-044-2021	6,710,515	<u>574,110</u>
TOTAL DEPARTMENT OF TRANSPORTATION					<u>3,876,760</u>
DEPARTMENT OF THE TREASURY					
Florida Division of Emergency Management					
COVID-19: IRC CARES Act Funding Agreement	21.019	8/18/20	N/A	652,736	<u>182,252</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS					<u><u>\$ 5,612,034</u></u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

FEDERAL / STATE AGENCY, PASS-THROUGH ENTITY FEDERAL PROGRAM / STATE PROJECT	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	\$ 107,419
Aviation Development Grants	55.004	12/20/19	439717-2-94-01	352,000	33,939
Aviation Development Grants	55.004	2/28/17	437981-1-94-01	3,255,664	1,255,278
Aviation Development Grants	55.004	3/11/19	431034-2-94-01	2,485,000	1,914,206
Aviation Development Grants	55.004	9/18/18	442101-1-94-01	4,000,000	1,209,336
Aviation Development Grants	55.004	3/30/20	434636-1-94-01	1,260,000	20,224
Aviation Development Grants	55.004	2/10/21	445950-1-94-01	1,415,000	938
Aviation Development Grants	55.004	8/26/19	445875-1-94-01	200,000	200,000
Aviation Development Grants	55.004	12/16/20	447634-1-94-01	200,000	10,770
TOTAL FLORIDA DEPARTMENT OF TRANSPORTATION					4,752,110
FLORIDA DEPARTMENT OF LAW ENFORCEMENT					
Florida Incident Based Reporting System	71.043	9/22/20	2020-FBSFA-F2-039	58,110	50,234
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE					\$ 4,802,344

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 2021, FEMA approved \$1,476,514 of eligible expenditures for Hurricane Irma, an event that occurred in September 2017. Of this amount, \$1,476,514 was incurred during the fiscal year ended September 30, 2017 and September 30, 2018. Also in fiscal year 2021, FEMA approved up to \$55,725 of expenditures for Hurricane Dorian, an event that occurred in September 2019. Only \$51,739 of eligible expenditures were incurred, \$51,326 of which was incurred during the fiscal years ended September 30, 2019 and September 30, 2020.

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 \$89,862.

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

YEAR ENDED SEPTEMBER 30, 2021

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, 2021

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	Assistance Listing Number
Federal Aviation Administration Airport Improvement Program	20.106

State Program:

Name of Program	Assistance Listing Number
Florida Department of Transportation Aviation Development Grants	55.004

Dollar threshold used to determine Type A programs:

Federal	\$ 750,000
State	\$ 750,000

Auditee qualified as low-risk auditee for federal purposes?

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, 2021

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.

This page left intentionally blank

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, 2021 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 24, 2022.

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 24, 2022, 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 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.



Orlando, Florida

March 24, 2022

**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") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2021. 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, 2021.

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 24, 2022