

# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**Fiscal Year Ended September 30, 2022**



**CITY OF VERO BEACH, FLORIDA**

Prepared by: Finance Department

Cynthia D. Lawson  
Finance Director

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## INTRODUCTORY SECTION

**City of Vero Beach, Florida**

**CITY OFFICIALS**

**As of September 30, 2022**

**CITY COUNCIL**

Robert Brackett, Mayor

Rey Neville, Vice Mayor

Honey Minuse

Bob McCabe

John E. Cotugno

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

April 20, 2023

## **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, 2022, 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 16,700 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 1<sup>st</sup> and ends September 30<sup>th</sup>, as required by Florida Statutes. All references to years in this report are to fiscal years ending on September 30<sup>th</sup>. 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 55.1 in 2021, as compared to the median age of 42.8 for the State of Florida as a whole in 2021.

Despite the economic uncertainties of recent years, the City's financial position remained relatively strong as evidenced by several key financial indicators. The City's taxable assessed value increased for the ninth year in a row, by 6.2% to \$3.37 billion in 2022, after increasing 4.3% in 2021. In total, the City's taxable assessed value has increased 49.1% since 2013. The unemployment rate decreased to 3.1% in 2022 (down from 4.6% in 2021). 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, 34.9% is dedicated to public safety through our police department, with an additional 18.1% 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 6.3% from the prior year and represented 39.4% of total general government revenue.

Utility and other tax collections (including intergovernmental revenue from State shared sales taxes) represent 44.0% of general government revenue. Total revenues for telecommunications tax, gas tax and State sales tax increased by 5.3% from last year, which is an improvement over the original State projection of a 1.7% decrease due to conservative estimates of the recovery of the State's economy. State estimates for FY 22-23 projected that these revenue sources in total would decrease by 5.0% in the coming year, indicating that State revenue analysts are still conservatively anticipating a slower economic recovery than what is evidenced 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 (consistent with 6% 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 notable exception of investment earnings which are down \$2.6 million from last year. Although the City's short-term investments (held primarily in short term Treasury bonds and Federal instrumentalities) earned over 3% returns in 2020, this trend reversed sharply in 2021 and 2022, mirroring the performance of the fixed income investment market in the rising interest rate environment of 2022. These securities will always mature at their par value if they are held to maturity, which is the City's intent. However, as interest rates rise or fall over time these bonds show an 'unrealized' gain or loss that will only be "realized" if the securities are sold prior to maturity. 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 1.3% (\$306K) from the prior year. Although personnel costs increased due to a 2% salary increase for all employees and a 1.9% 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 by 5.4% or \$951K, 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 City infrastructure safe and functional, to 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. The City conducted a utility rate study and adopted new rates in January 2023. 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 engineering design and financial planning for the relocation of water and sewer infrastructure from its current riverfront property site to another City location. The City also continues its 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.

**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 City staff to move forward with construction of the first improvements programmed 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, 2022, 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, 2021. This was the thirty ninth 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.

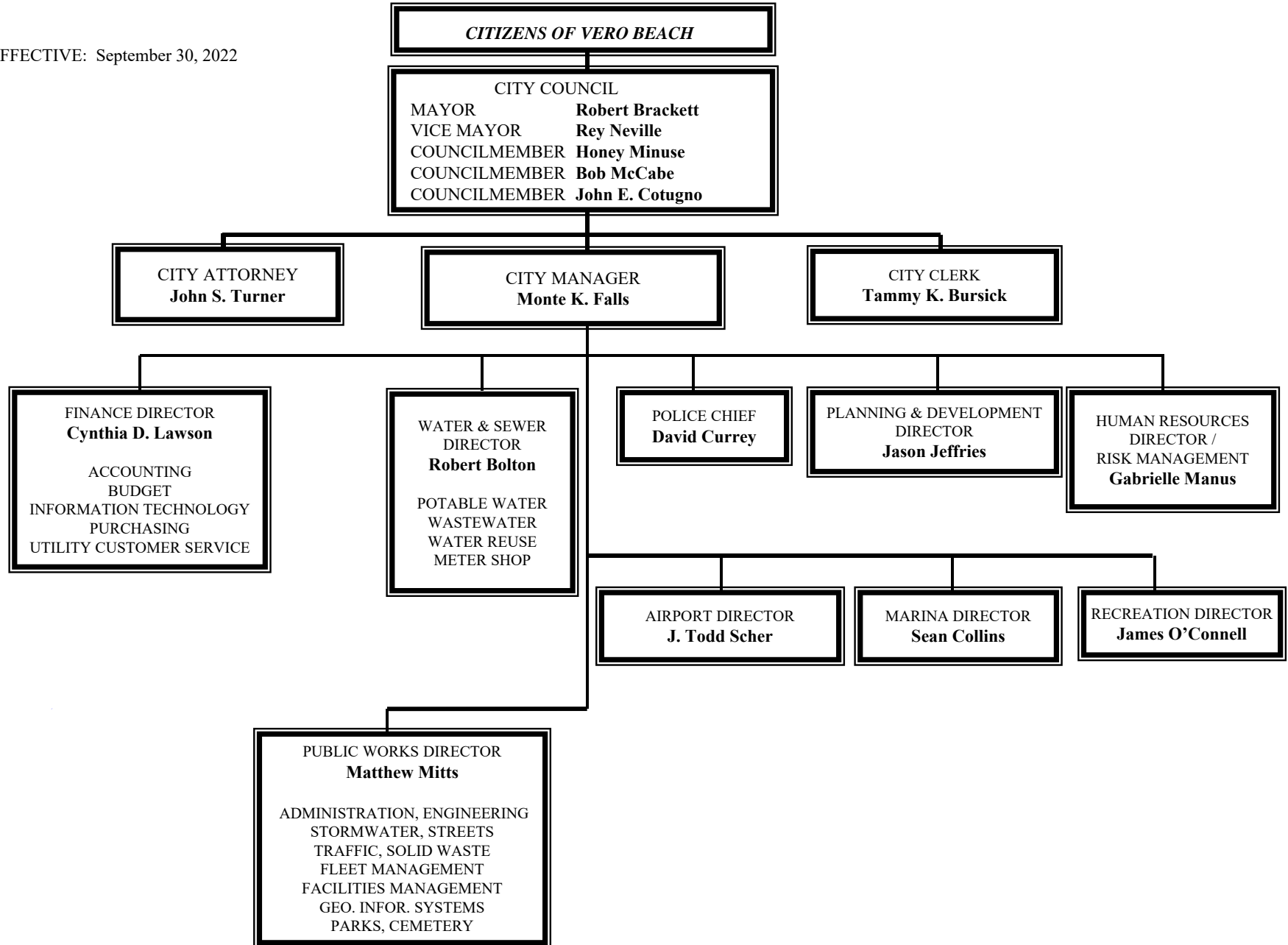
The preparation of this report was made possible by the financial policy direction established by the City Council, the support of the City Manager and the dedicated service of the entire staff of the Finance department. All who assisted in this report's preparation and publication have my sincere thanks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



Cynthia D. Lawson  
Finance Director

# CITY OF VERO BEACH, FLORIDA ORGANIZATIONAL CHART

EFFECTIVE: September 30, 2022





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, 2021

*Christopher P. Morill*

Executive Director/CEO

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FINANCIAL SECTION



## **Report of Independent Auditor**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, 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, 2022, 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.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 schedule of expenditures of federal awards and state financial assistance, 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 Chapter 10.550, Rules of the Auditor General, is presented for additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 by us and other auditors. In our opinion, based on our audit, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 April 20, 2023, 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.

*Cherry Bekaert LLP*

Orlando, Florida  
April 20, 2023

## 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, 2022.

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, 2022:

- The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$207.7 million (net position). Of this amount, \$70.2 million was from governmental activities and \$137.5 million was from business-type activities.
- Unrestricted net positions for governmental and business activities, respectively, were \$29.9 million and \$22.1 million.
- The City's revenues for governmental funds, excluding other financing sources, were \$23.0 million. The expenditures for governmental funds were \$29.3 million.
- The business-type activities of the City had total revenues of \$37.9 million and total expenses of \$29.6 million before transfers.
- At the close of the current fiscal year, the governmental funds reported combined ending fund balances of \$65.4 million, a decrease of \$3.7 million in comparison with the prior year. Approximately \$12.9 million, or 20%, 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 increased by \$0.2 million.

## **Overview of the Financial Statements**

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

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

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

The Basic Financial Statements include:

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

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

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

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

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

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

- Net investment in capital assets
- Restricted
- Unrestricted

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

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

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

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

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

The City maintains twelve individual governmental funds. There are three major funds in this group; the general fund, the infrastructure and real estate improvements fund, and the general government capital and construction fund. 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 \$207.7 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 \$1.3 million from the amounts previously reported at the end of fiscal year 2021. Governmental activities are responsible for decrease of \$5.7 million, while the business-type activities are responsible for an increase of \$7.0 million. The primary reason for the governmental activities decrease was that the City's pension plans, which were a net asset in fiscal year 2021, became a \$25.3 million net pension liability. This was due to a decline in plan fiduciary net position as a percentage of total pension liability as a result of substantial investment losses for all three pension plans during the fiscal year. The primary reason for the increase in net position for business-type activities was an increase in net capital assets, as both the Airport and the Water and Sewer fund completed a significant number of capital improvements during the fiscal year.

The following schedule provides a comparative summary of net position for the City for fiscal years 2022 and 2021. 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	
	2022	2021	2022	2021	2022	2021
<b>Assets</b>						
Current and other assets	\$ 75,068,697	\$ 80,343,003	\$ 51,034,661	\$ 38,725,198	\$ 126,103,358	\$ 119,068,201
Capital assets, net	38,428,168	39,255,093	121,209,822	115,821,939	159,637,990	155,077,032
<b>Total assets</b>	<b>113,496,865</b>	<b>119,598,096</b>	<b>172,244,483</b>	<b>154,547,137</b>	<b>285,741,348</b>	<b>274,145,233</b>
<b>Deferred Outflows of Resources</b>						
Deferred Outflows-Pensions	16,333,116	1,923,452	4,518,237	443,562	20,851,353	2,367,014
Deferred Outflows-OPEB	1,390,779	1,511,670	419,678	448,383	1,810,457	1,960,053
<b>Total deferred outflows</b>	<b>17,723,895</b>	<b>3,435,122</b>	<b>4,937,915</b>	<b>891,945</b>	<b>22,661,810</b>	<b>4,327,067</b>
<b>Liabilities</b>						
Long-term liabilities	52,192,111	28,573,588	21,208,705	14,785,436	73,400,816	43,359,024
Other liabilities	1,319,369	2,082,611	4,207,645	4,953,456	5,527,014	7,036,067
<b>Total liabilities</b>	<b>53,511,480</b>	<b>30,656,199</b>	<b>25,416,350</b>	<b>19,738,892</b>	<b>78,927,830</b>	<b>50,395,091</b>
<b>Deferred Inflows of Resources</b>						
Deferred Inflows-Leases	1,653,878	-	12,839,022	4,078,423	14,492,900	4,078,423
Deferred Inflows-Pensions	509,421	12,483,920	-	-	509,421	12,483,920
Deferred Inflows-OPEB	5,331,884	3,955,696	1,490,639	1,163,875	6,822,523	5,119,571
<b>Total deferred inflows</b>	<b>7,495,183</b>	<b>16,439,616</b>	<b>14,329,661</b>	<b>5,242,298</b>	<b>21,824,844</b>	<b>21,681,914</b>
<b>Net Position</b>						
Net investment in capital assets	35,943,853	36,987,009	115,378,336	108,025,692	151,322,189	145,012,701
Restricted	4,325,886	3,886,584	-	-	4,325,886	3,886,584
Unrestricted	29,944,358	35,063,810	22,058,051	22,432,200	52,002,409	57,496,010
<b>Total net position</b>	<b>\$ 70,214,097</b>	<b>\$ 75,937,403</b>	<b>\$ 137,436,387</b>	<b>\$ 130,457,892</b>	<b>\$ 207,650,484</b>	<b>\$ 206,395,295</b>

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, 2022 and 2021. For more detailed information see the Statement of Activities in the Financial Section of this report.

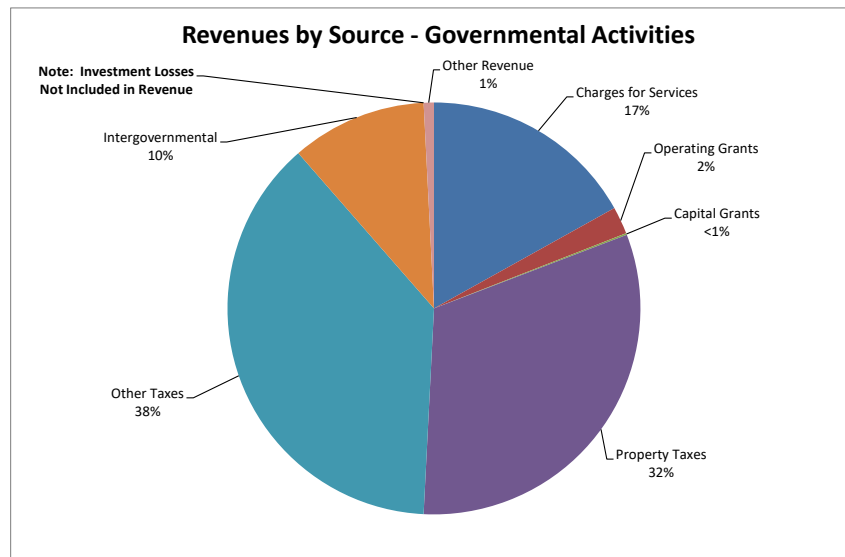
	Change in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 4,355,973	\$ 4,451,145	\$ 27,540,895	\$ 25,788,497	\$ 31,896,868	\$ 30,239,642
Operating grants	553,745	1,902,081	26,792	30,718	580,537	1,932,799
Capital grants	33,195	119,334	11,247,390	9,559,677	11,280,585	9,679,011
General Revenues	-	-	-	-	-	-
Property Taxes	8,146,789	7,662,882	-	-	8,146,789	7,662,882
Other Taxes	9,738,098	8,896,821	-	-	9,738,098	8,896,821
Intergovernmental	2,733,901	2,503,948	-	-	2,733,901	2,503,948
Investment earnings (losses)	(2,889,136)	(3,297)	(1,043,779)	160	(3,932,915)	(3,137)
Other revenue (expense)	205,516	216,543	154,101	202,453	359,617	418,996
<b>Total revenues</b>	<b>22,878,081</b>	<b>25,749,457</b>	<b>37,925,399</b>	<b>35,581,505</b>	<b>60,803,480</b>	<b>61,330,962</b>
<b>Expenses:</b>						
General Government	8,649,063	7,936,719	-	-	8,649,063	7,936,719
Public Safety	10,603,752	7,098,090	-	-	10,603,752	7,098,090
Physical Environment	344,018	324,196	-	-	344,018	324,196
Transportation	4,678,398	3,636,391	-	-	4,678,398	3,636,391
Culture and Recreation	5,525,649	4,235,860	-	-	5,525,649	4,235,860
Interest on long-term debt	119,507	70,805	-	-	119,507	70,805
Water and Sewer System	-	-	17,334,275	15,240,346	17,334,275	15,240,346
Municipal Airport	-	-	6,859,168	5,394,642	6,859,168	5,394,642
Municipal Marina	-	-	2,314,350	1,580,267	2,314,350	1,580,267
Solid Waste	-	-	3,120,111	2,671,293	3,120,111	2,671,293
<b>Total expenses</b>	<b>29,920,387</b>	<b>23,302,061</b>	<b>29,627,904</b>	<b>24,886,548</b>	<b>59,548,291</b>	<b>48,188,609</b>
Change in net position before transfers	(7,042,306)	2,447,396	8,297,495	10,694,957	1,255,189	13,142,353
<b>Transfers</b>	<b>1,319,000</b>	<b>1,309,000</b>	<b>(1,319,000)</b>	<b>(1,309,000)</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>(5,723,306)</b>	<b>3,756,396</b>	<b>6,978,495</b>	<b>9,385,957</b>	<b>1,255,189</b>	<b>13,142,353</b>
<b>Net position - beginning</b>	<b>75,937,403</b>	<b>72,181,007</b>	<b>130,457,892</b>	<b>121,071,935</b>	<b>206,395,295</b>	<b>193,252,942</b>
<b>Net position - ending</b>	<b>\$ 70,214,097</b>	<b>\$ 75,937,403</b>	<b>\$ 137,436,387</b>	<b>\$ 130,457,892</b>	<b>\$ 207,650,484</b>	<b>\$ 206,395,295</b>

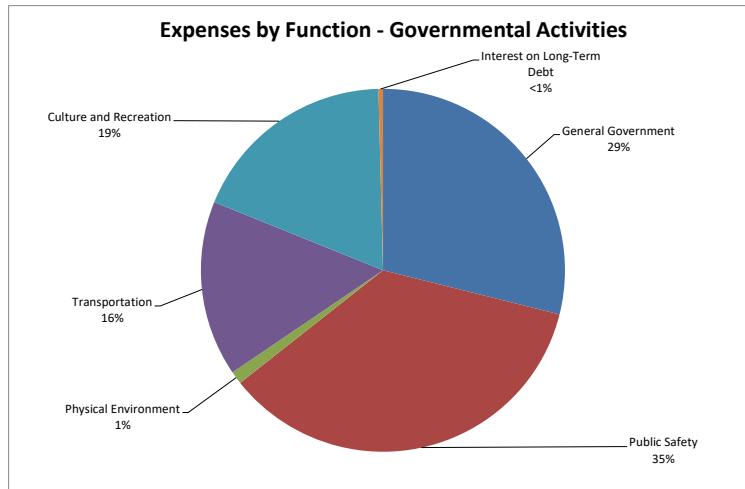
**Governmental Activities.** Net position of the City’s governmental-type activities decreased by \$5.7 million from the amounts previously reported at the end of fiscal year 2021. The primary reason for this decrease was that as of the end of the fiscal year the City’s three pension plans, which were a net asset in fiscal year 2021, became a combined \$25.3 million net pension liability. All three of the City’s pension plans declined to less than 100% in plan fiduciary net positions as a percentage of total pension liability due to investment losses ranging from 11-16% for the year.

Property tax revenues increased by \$0.5 million over the amount collected in 2021, as the City adopted the same millage rate as in the prior year but experienced a 6.1% rise in taxable property values. The City also had an increase of \$0.8 million in other taxes due primarily to an increase of \$0.4 million in utility taxes and franchise fees for electric utility service as a result of provider rate increases. The City had a decrease of \$2.8 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 the rising interest rate environment of 2022. The remainder of the City’s major revenue sources, including sales tax and intergovernmental sources, remained relatively stable from 2021 to 2022.

Total governmental activities expenses increased by \$6.6 million or 28%. This is due primarily to the fact that on a government-wide basis the City recognized a pension expense of \$1.8 million spread across all primary government activities. This represents an increase of \$6.5 million when compared to the negative \$4.7 million net pension expense recognized in 2021.

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

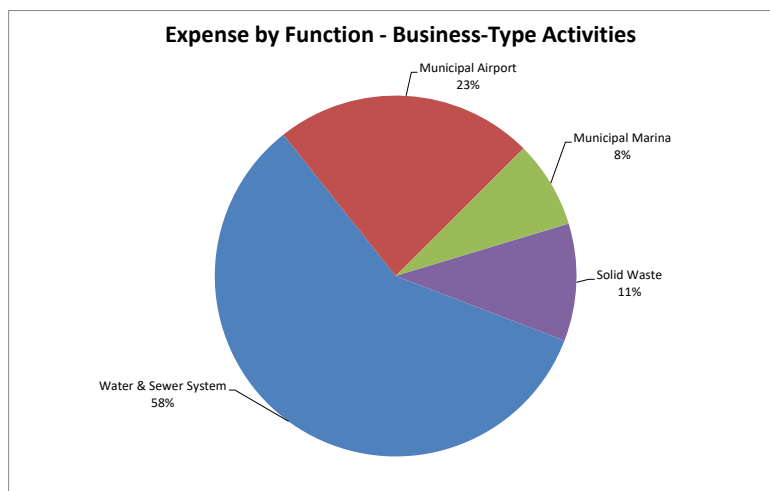




**Business-type Activities:** Net position of the City's business-type activities showed an increase of \$7.0 million from the amounts previously reported at the end of fiscal year 2021. This change is attributable primarily to an increase of \$7.4 million in net capital assets, driven by the addition of \$12.4 million in airport capital and \$3.7 million in water and sewer capital assets for capital improvements and equipment. Due to the implementation of GASB No. 87 – *Leases*, the airport has added \$12.8 million in lease receivables, which is offset by a deferred inflow of resources related to leases of \$12.8 million.

Total revenues for the business-type activities increased by \$2.3 million or 7% due to a number of factors. Water and sewer revenue increased by \$1.0 million due to an increase in the volume of water used by customers. In addition, there was an increase of \$1.6 million in capital grants and contributions for both water and sewer and the airport, to support increased capital project activity. All other revenue sources for the City's business type activities remained relatively stable, with the exception of a \$1.0 million decrease in investment earnings (as short term fixed income earnings rates fell dramatically). This loss was offset by a \$0.5 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 \$4.7 million or 19%. Operating expenses for the water and sewer fund increased by \$2.0 million, driven by increased personnel costs and inflation on commodities such as chemicals used in water treatment. The marina's operating expenses increased by \$0.8 million due primarily to increased costs for gas and diesel purchased for resale. Increases in operating expenses for the City's remaining business-type activities were due to increased personnel costs (salary and insurance) 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 2022, the City's governmental funds reported combined ending fund balances of \$65.4 million, a decrease of \$3.7 million from the prior year. This is due to a decrease of \$1.4 million in committed reserves primarily because the City uses pension and OPEB reserves to make annual contributions to those plans; a decrease of \$1.0 million in assigned fund balances as the City appropriated a decreased amount for the subsequent year's budget; and a decrease of \$1.9 million in unassigned reserves as the City used the budget stabilization component of these reserves to offset investment losses.

Total governmental revenue of \$23.0 million decreased \$1.7 million from the previous year, as the City experienced a \$2.8 million loss in investment earnings on short term fixed income instruments (as described earlier). This reduction was offset by additional property taxes and sales tax revenue. Total governmental expenditures showed a decrease of \$1.4 million. This is attributable to a \$1.6 million decrease in expenditures for general government capital and construction projects with fewer capital purchases and projects completed in this fiscal year for improvements to City infrastructure. This was offset by minor increases in personnel costs and debt service.

The governmental fund balance of \$65.4 million is available for spending, subject to regulatory, statutory, and budgetary restrictions. Of the available balance, \$12.9 million, or 20%, 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:

<b>Nonspendable:</b>	
Inventory	\$ 156,645
Prepaid items	269,013
<b>Restricted</b>	
General Government	111,269
Public Safety	94,322
Culture & Recreation	853,727
Physical Environment	3,266,568
<b>Committed</b>	
Physical Environment	348,984
Cemetery	318,971
Unfunded Pension Liability Reserve	9,315,861
Other Post Employment Benefits (OPEB) Reserve	8,064,003
Capital and Infrastructure Reserve	21,000,000
Emergency (Disaster) Reserve	5,000,000
<b>Assigned</b>	3,697,719
<b>Total Nonspendable, Restricted, Committed, Assigned</b>	<u><u>\$ 52,497,082</u></u>

The General Fund is the City's major governmental fund. As of September 30, 2022, its fund balance was \$57.6 million, with \$12.9 million of that unassigned. This represents a \$4.7 million decrease from the prior year's total fund balance, with a \$1.9 million decrease in the committed amounts (due to programmed uses of these reserves for pension and OPEB payments), a \$0.9 million decrease in assigned fund balance appropriated to supplement the City's budget in 2023 in accordance with the adopted fund balance policy, and \$1.9 decrease in unassigned fund balance to absorb unrealized investment losses.

General fund revenue for 2022 totaled \$20.8 million in the original budget and \$19.2 million in the final budget, with actual revenue received of \$19.3 million. The primary reason for the decrease in revenues from the original budget was an investment loss of \$2.6 million for the fiscal year, due to a negative earnings

rate for the City's pooled cash investments (held primarily in short term Treasury bonds and Federal instrumentalities) in the rising interest rate environment of 2022. These losses were offset by higher than anticipated revenues for: property taxes collections in excess of the originally budgeted 95%, intergovernmental revenues higher than originally anticipated by State forecasts due to continued economic recovery, and the receipt of disaster recovery grants revenue for hurricanes that occurred in prior years.

General fund expenditures were under the final budget by \$442,000 (or 2.0%) and under the original budget by \$925,000 (or 3.6%). There was no single function to which this decrease in expenditures is attributable. It was a result primarily of lower than anticipated operating expenditures across the board for salaries and health insurance costs due to turnover and vacancies in a number of City departments throughout the year. The fiscal year ended with a net decrease in fund balance of \$4.6 million.

**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 \$22.1 million. Of this amount the Water & Sewer System has \$17.2 million and the Airport has \$5.4 million. There was an increase of \$7.0 million in the total net position of the enterprise funds in the current year. There was an increase of only \$0.5 million in the Water & Sewer utility net position, with higher operating income offset by increased operating expenses (due to rising personnel costs and commodity prices) and investment losses. In the Airport fund, there was an increase of \$6.5 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 \$460,000, which is nearly the same as last year's net position. Payments for legacy insurance claims were made from reserves for estimated claims payable, and investment losses resulted in a minor 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 \$1.6 million, or 7.6%, lower, and the actual expenditures were \$925 thousand, or 3.6%, lower. The actual net increase to the General Fund fund balance was \$591 thousand more than was projected in the final budget. This was a combination of revenues that were \$112 thousand higher than the final budget and expenditures that were \$442 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, intergovernmental (primarily sales tax) revenues 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
<b>REVENUES</b>			
Taxes	\$ 14,464,584	\$ 14,812,306	\$ 347,722
Licenses and permits	159,500	175,460	15,960
Intergovernmental	1,982,725	2,255,443	272,718
Grants	-	663,152	663,152
Charges for services	3,203,485	3,182,588	(20,897)
Fines and forfeitures	175,000	184,773	9,773
Investment income (loss)	440,000	(2,597,515)	(3,037,515)
Rental	349,200	353,862	4,662
Contributions from private sources	-	33,393	33,393
Miscellaneous	77,500	97,993	20,493
<b>Total Revenues</b>	<b>\$ 20,851,994</b>	<b>\$ 19,161,455</b>	<b>\$ (1,690,539)</b>
<b>EXPENDITURES</b>			
Current:			
General government	\$ 6,263,651	\$ 6,010,901	\$ (252,750)
Public safety	8,912,787	8,870,687	(42,100)
Transportation	2,719,327	2,590,577	(128,750)
Culture/Recreation	4,671,180	4,634,080	(37,100)
Non-departmental	3,079,706	3,057,667	(22,039)
<b>Total Expenditures</b>	<b>\$ 25,646,651</b>	<b>\$ 25,163,912</b>	<b>\$ (482,739)</b>

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:

- **Unrealized investment losses:** There was a \$2.6 million loss in investment earnings rather than the \$440K increase that was originally budgeted. The City holds 74% of its portfolio in Treasury securities to meet the safety objective set out in the City's investment policy. These securities will always mature at their par value if they are held to maturity, which is the City's intent. However, as interest rates rise or fall over time these bonds show an 'unrealized' gain or loss that will only be "realized" if the securities are sold prior to maturity.
- **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 \$135K reduction in the City's required payment for the unfunded general employee pension liability based on the most recent actuarial valuation.

## Capital Assets and Debt Administration

**Capital Assets.** The City's capital assets and right to use leased assets for its governmental and business-type activities as of September 30, 2022 are \$159.7 million (net of accumulated depreciation and amortization).

### Capital Assets (Net of Depreciation and Amortization) (in 000s)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 5,009	\$ 5,009	\$ 6,364	\$ 6,364	\$ 11,373	\$ 11,373
Intangible assets	825	825	-	-	825	825
Buildings	8,353	8,376	16,490	17,253	24,843	25,629
Improvements other than buildings	4,637	4,418	90,990	83,896	95,627	88,314
Machinery and equipment	3,662	3,919	3,791	3,529	7,453	7,448
Infrastructure	15,129	15,678	-	-	15,129	15,678
Construction in progress	813	1,030	3,575	4,780	4,388	5,810
Leased machinery and equipment	37	-	-	-	37	-
Leased land	-	-	26	-	26	-
<b>Total capital assets, net</b>	<b>\$ 38,465</b>	<b>\$ 39,255</b>	<b>\$ 121,236</b>	<b>\$ 115,822</b>	<b>\$ 159,701</b>	<b>\$ 155,077</b>

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 decreased by \$0.8 million as the City's current year investments in infrastructure and equipment for public safety, recreation and transportation, and completion of construction in progress was less than current year depreciation expense. The net capital assets of the business-type assets increased by \$5.4 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 \$14.2 million. Of this amount, \$5.7 million was in notes and bonds secured solely by specified revenue sources and \$2.6 million was debt backed by the full faith and credit of the government. In addition, the City has a liability for approximately \$1.1 million in legacy claims payable and \$4.8 million in compensated absences. For more information on the changes in long-term debt see Note 8.

In addition to long-term debt, the City has long term liabilities of \$34.1 million related to pensions (see Note 13) and \$22.8 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	
	2022	2021	2022	2021	2022	2021
Revenue Bonds and Notes	\$ 925	\$ 1,015	\$ 5,703	\$ 7,456	\$ 6,628	\$ 8,471
Financed Capital Purchases	1,525	1,209	109	81	1,634	1,290
Claims Payable	1,117	1,165	-	-	1,117	1,165
Compensated Absences	3,230	3,254	1,611	1,621	4,841	4,875
<b>Total Long-Term Debt</b>	<b>\$ 6,797</b>	<b>\$ 6,643</b>	<b>\$ 7,423</b>	<b>\$ 9,158</b>	<b>\$ 14,220</b>	<b>\$ 15,801</b>

**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 2023 is \$98.3 million. This budget shows a net increase of 1 City-wide position in the City marina staffing. Total budgeted salaries increased by \$1.1 million as a result of a City-wide salary increase of 5%.

Ad valorem tax revenues are projected to increase by 20.7% as a result of the adoption of a millage rate of 2.6964 (which was 19.06% greater than the rolled-back millage rate of 2.2648 mills) combined with a 11.76% increase in taxable property values. This was an increase from the prior year's millage rate of 2.5000. The increased tax revenue (combined with other expenditure reductions and revenue increases) was used primarily to fund increased personnel costs (due to a salary increase of 5% City-wide for all personnel) and 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 5 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, were projected to increase slightly in the coming year due to conservative State estimates of the continued recovery of the State economy.

The adopted budget for FY 22-23 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](http://www.covb.org) under City Departments – Finance.



## BASIC FINANCIAL STATEMENTS

**CITY OF VERO BEACH, FLORIDA**  
**STATEMENT OF NET POSITION**

SEPTEMBER 30, 2022

	Primary Government		
	Governmental Activities	Business- type Activities	Total Primary Government
<b>Assets</b>			
Equity in pooled cash and investments	\$ 67,487,778	\$ 31,679,306	\$ 99,167,084
Cash with fiscal agent	765,592	-	765,592
Seized property	5,000	-	5,000
Receivables, net	4,694,554	16,837,977	21,532,531
Inventories	156,645	724,094	880,739
Prepaid costs	319,963	169,794	489,757
Assets held for resale	1,602,348	-	1,602,348
Right to use leased assets, net of amortization	36,817	26,280	63,097
Restricted assets:			
Equity in pooled cash and investments	-	1,597,210	1,597,210
Capital assets:			
Land and intangible assets	5,833,627	6,363,514	12,197,141
Construction in progress	812,537	3,574,909	4,387,446
Capital assets not being depreciated	6,646,164	9,938,423	16,584,587
Capital assets being depreciated	99,592,233	244,221,306	343,813,539
Accumulated depreciation	(67,810,229)	(132,949,907)	(200,760,136)
Capital assets being depreciated, net	31,782,004	111,271,399	143,053,403
Total capital assets	38,428,168	121,209,822	159,637,990
<b>Total assets</b>	<b>113,496,865</b>	<b>172,244,483</b>	<b>285,741,348</b>
<b>Deferred outflows of resources</b>			
Deferred outflows related to pensions	16,333,116	4,518,237	20,851,353
Deferred outflows related to OPEB	1,390,779	419,678	1,810,457
<b>Total deferred outflows</b>	<b>17,723,895</b>	<b>4,937,915</b>	<b>22,661,810</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	1,319,369	2,265,542	3,584,911
Deposits	-	1,942,103	1,942,103
Long-term liabilities:			
Due within one year	1,116,279	770,582	1,886,861
Due in more than one year:			
Miscellaneous liabilities	5,717,655	6,675,776	12,393,431
Unearned revenue	2,062,386	222,342	2,284,728
Net pension liability	25,311,098	8,756,621	34,067,719
Net other post employment benefits liability	17,984,693	4,783,384	22,768,077
<b>Total liabilities</b>	<b>53,511,480</b>	<b>25,416,350</b>	<b>78,927,830</b>
<b>Deferred inflows of resources</b>			
Deferred inflows related to leases	1,653,878	12,839,022	14,492,900
Deferred inflows related to pensions	509,421	-	509,421
Deferred inflows related to OPEB	5,331,884	1,490,639	6,822,523
<b>Total deferred inflows</b>	<b>7,495,183</b>	<b>14,329,661</b>	<b>21,824,844</b>
<b>Net position</b>			
Net investment in capital assets	35,943,853	115,378,336	151,322,189
Restricted for:			
Capital projects	1,855,663	-	1,855,663
Land purchases	1,410,905	-	1,410,905
Culture and recreation	853,727	-	853,727
Cemetery care	-	-	-
Wellness programs	111,269	-	111,269
Law enforcement	94,322	-	94,322
Unrestricted	29,944,358	22,058,051	52,002,409
<b>Total net position</b>	<b>\$ 70,214,097</b>	<b>\$ 137,436,387</b>	<b>\$ 207,650,484</b>

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, 2022

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
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 8,649,063	\$ 2,699,285	\$ 532,652	\$ -	\$ (5,417,126)	\$ -	\$ (5,417,126)
Public safety	10,603,752	521,575	19,695	31,995	(10,030,487)	-	(10,030,487)
Physical environment	344,018	377,187	-	-	33,169	-	33,169
Transportation	4,678,398	141,568	-	-	(4,536,830)	-	(4,536,830)
Culture/recreation	5,525,649	616,358	1,398	1,200	(4,906,693)	-	(4,906,693)
Interest and fiscal charges	119,507	-	-	-	(119,507)	-	(119,507)
Total governmental activities	<u>29,920,387</u>	<u>4,355,973</u>	<u>553,745</u>	<u>33,195</u>	<u>(24,977,474)</u>	<u>-</u>	<u>(24,977,474)</u>
Business-type activities:							
Water and sewer system	17,334,275	18,432,267	8,583	1,334,038	-	2,440,613	2,440,613
Municipal airport	6,859,168	3,509,793	6,915	9,913,352	-	6,570,892	6,570,892
Municipal marina	2,314,350	2,456,687	11,063	-	-	153,400	153,400
Solid waste	3,120,111	3,142,148	231	-	-	22,268	22,268
Total business-type activities	<u>29,627,904</u>	<u>27,540,895</u>	<u>26,792</u>	<u>11,247,390</u>	<u>-</u>	<u>9,187,173</u>	<u>9,187,173</u>
Total	<u>\$ 59,548,291</u>	<u>\$ 31,896,868</u>	<u>\$ 580,537</u>	<u>\$ 11,280,585</u>	<u>(24,977,474)</u>	<u>9,187,173</u>	<u>(15,790,301)</u>
General revenues:							
Property taxes					8,146,789	-	8,146,789
Sales and gas taxes					3,621,041	-	3,621,041
Utility taxes					6,117,057	-	6,117,057
Intergovernmental revenue not restricted to specific functions/programs					2,733,901	-	2,733,901
Investment income (loss)					(2,889,136)	(1,043,779)	(3,932,915)
Other revenue					205,516	154,101	359,617
Transfers - internal activities					1,319,000	(1,319,000)	-
Total general revenues and transfers					<u>19,254,168</u>	<u>(2,208,678)</u>	<u>17,045,490</u>
Change in net position					(5,723,306)	6,978,495	1,255,189
Net position - beginning					<u>75,937,403</u>	<u>130,457,892</u>	<u>206,395,295</u>
Net position - ending					<u>\$ 70,214,097</u>	<u>\$ 137,436,387</u>	<u>\$ 207,650,484</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, 2022

	General Fund	Infrastructure & Real Estate Improvements	General Government Capital & Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in pooled cash and investments	\$ 59,006,058	\$ 1,020,790	\$ 2,532,963	\$ 3,400,112	\$ 65,959,923
Cash with fiscal agent	-	-	765,592	-	765,592
Seized property	-	-	-	5,000	5,000
Receivables, net:					
Accounts	693,768	-	-	-	693,768
Lease	1,131,156	-	-	-	1,131,156
Special assessments	-	-	10,709	-	10,709
Interest	207,822	7,427	421	8,919	224,589
Interest - leases	1,797	-	-	-	1,797
Due from other governments	2,097,752	522,456	-	-	2,620,208
Prepaid items	266,630	-	-	2,383	269,013
Inventories	156,645	-	-	-	156,645
<b>Total assets</b>	<b>\$ 63,561,628</b>	<b>\$ 1,550,673</b>	<b>\$ 3,309,685</b>	<b>\$ 3,416,414</b>	<b>\$ 71,838,400</b>
<b>Liabilities</b>					
Accounts payable and contracts payable	\$ 321,149	\$ -	\$ 263,501	\$ 195,997	\$ 780,647
Accrued liabilities	377,475	-	-	1,071	378,546
Evidence escrow	-	-	-	68,937	68,937
Unearned revenue	2,062,386	-	-	-	2,062,386
Total liabilities	2,761,010	-	263,501	266,005	3,290,516
<b>Deferred inflows of resources</b>					
Leases	1,653,878	-	-	-	1,653,878
Unavailable revenue	1,514,395	-	10,709	-	1,525,104
Total deferred inflows	3,168,273	-	10,709	-	3,178,982
<b>Fund balances</b>					
Nonspendable	423,275	-	-	2,383	425,658
Restricted	111,269	1,550,673	-	2,663,944	4,325,886
Committed	43,563,737	-	-	484,082	44,047,819
Assigned	662,244	-	3,035,475	-	3,697,719
Unassigned	12,871,820	-	-	-	12,871,820
Total fund balances	57,632,345	1,550,673	3,035,475	3,150,409	65,368,902
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 63,561,628</b>	<b>\$ 1,550,673</b>	<b>\$ 3,309,685</b>	<b>\$ 3,416,414</b>	<b>\$ 71,838,400</b>

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, 2022

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

Ending fund balance - governmental funds	\$ 65,368,902
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	6,646,164
Capital assets being depreciated, net	31,782,004
Assets held for resale	1,602,348
Right to use lease assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
	36,817
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	1,514,395
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	460,239
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 liability	(25,311,098)
Deferred outflows related to pensions	16,333,116
Deferred inflows related to pensions	(509,421)
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	(17,984,693)
Deferred outflows related to OPEB	1,390,779
Deferred inflows related to OPEB	(5,331,884)
Certain liabilities, such as bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Leases	(36,965)
Bonds and notes payable	(2,449,808)
Accrued interest on long-term debt	(77,346)
Compensated absences	(3,230,161)
Total liabilities	<u>(5,794,280)</u>
Net position of governmental activities	<u>\$ 70,214,097</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, 2022

	General Fund	Infrastructure & Real Estate Improvements	General Government Capital & Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 14,938,497	\$ 3,090,528	\$ -	\$ -	\$ 18,029,025
Licenses and permits	175,460	-	-	-	175,460
Intergovernmental	2,256,768	-	-	477,133	2,733,901
Grants	690,927	-	-	-	690,927
Charges for services	3,140,967	-	-	326,757	3,467,724
Fines and forfeitures	184,773	-	-	12,709	197,482
Investment income (loss)	(2,613,954)	(73)	(133,828)	(77,208)	(2,825,063)
Rentals	291,013	-	-	-	291,013
Contributions from private sources	33,393	-	3,000	-	36,393
Lease	77,174	-	-	-	77,174
Miscellaneous	98,400	-	-	-	98,400
Total revenues	<u>19,273,418</u>	<u>3,090,455</u>	<u>(130,828)</u>	<u>739,391</u>	<u>22,972,436</u>
<b>Expenditures</b>					
Current:					
General government	8,674,072	-	-	-	8,674,072
Public safety	8,629,429	-	-	490,359	9,119,788
Physical environment	-	-	-	261,460	261,460
Transportation	2,438,160	-	-	-	2,438,160
Culture and recreation	4,479,441	-	-	-	4,479,441
Debt service:					
Principal	-	-	712,999	90,000	802,999
Interest and fiscal charges	-	-	45,181	23,959	69,140
Capital outlay	500,388	-	2,493,744	403,687	3,397,819
Total expenditures	<u>24,721,490</u>	<u>-</u>	<u>3,251,924</u>	<u>1,269,465</u>	<u>29,242,879</u>
<b>Deficiency of revenues under expenditures</b>	<u>(5,448,072)</u>	<u>3,090,455</u>	<u>(3,382,752)</u>	<u>(530,074)</u>	<u>(6,270,443)</u>
<b>Other financing sources (uses)</b>					
Lease liabilities issued	49,461	-	-	-	49,461
Debt service principal - leases	(12,502)	-	-	-	(12,502)
Debt service interest - leases	(360)	-	-	-	(360)
Issuance of debt - financed capital purchases	-	-	1,029,374	-	1,029,374
Sale of assets	-	-	77,777	-	77,777
Proceeds from insurance	32,321	-	-	-	32,321
Transfers in	1,319,000	-	2,233,000	710,237	4,262,237
Transfers out	(596,278)	(2,346,959)	-	-	(2,943,237)
Total other financing sources (uses)	<u>791,642</u>	<u>(2,346,959)</u>	<u>3,340,151</u>	<u>710,237</u>	<u>2,495,071</u>
<b>Net change in fund balances</b>	(4,656,430)	743,496	(42,601)	180,163	(3,775,372)
<b>Fund balance - beginning</b>	<u>62,288,775</u>	<u>807,177</u>	<u>3,078,076</u>	<u>2,970,246</u>	<u>69,144,274</u>
<b>Fund balance - ending</b>	<u>\$ 57,632,345</u>	<u>\$ 1,550,673</u>	<u>\$ 3,035,475</u>	<u>\$ 3,150,409</u>	<u>\$ 65,368,902</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, 2022

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

Net change in fund balances - total governmental funds \$ (3,775,372)

Governmental funds report capital outlays and right to use leased assets 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 and amortization expense.

Purchases and donations of capital assets	2,132,917
Loss on disposal of capital assets	(95,630)
Depreciation and amortization expense	(2,876,856)
Lease liabilities issued	49,461

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	(138,580)
-----------------------------------------------------	-----------

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	802,999
Financed capital purchase proceeds	(1,029,374)
Lease liabilities issued, net	(36,959)

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	24,045
Change in net pension asset and related deferrals	(1,827,042)
Change in net OPEB liability and related deferrals	1,167,984
Change in accrued interest on bonds payable	(50,373)

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>(70,526)</u>
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Change in net position of governmental activities	<u>\$ (5,723,306)</u>
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**CITY OF VERO BEACH, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 14,464,584	\$ 14,812,306	\$ 14,938,497	\$ 126,191
Licenses and permits	159,500	175,460	175,460	-
Intergovernmental	1,982,725	2,255,443	2,256,768	1,325
Grants	-	663,152	690,927	27,775
Charges for services	3,203,485	3,182,588	3,140,967	(41,621)
Fines and forfeitures	175,000	184,773	184,773	-
Investment income (loss)	440,000	(2,597,515)	(2,613,954)	(16,439)
Rentals	349,200	353,862	291,013	(62,849)
Contributions from private sources	-	33,393	33,393	-
Lease	-	-	77,174	77,174
Miscellaneous	77,500	97,993	98,400	407
Total revenues	<u>20,851,994</u>	<u>19,161,455</u>	<u>19,273,418</u>	<u>111,963</u>
<b>Expenditures</b>				
Current:				
General government	6,263,651	6,010,901	5,840,883	170,018
Public safety	8,912,787	8,870,687	8,813,702	56,985
Transportation	2,719,327	2,590,577	2,494,937	95,640
Culture/Recreation	4,671,180	4,634,080	4,557,920	76,160
Non-departmental	3,079,706	3,057,667	3,014,048	43,619
Total expenditures	<u>25,646,651</u>	<u>25,163,912</u>	<u>24,721,490</u>	<u>442,422</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(4,794,657)</u>	<u>(6,002,457)</u>	<u>(5,448,072)</u>	<u>554,385</u>
<b>Other financing sources (uses)</b>				
Lease liabilities issued	-	-	49,461	49,461
Proceeds from insurance	-	32,320	32,321	1
Debt service principal - leases	-	-	(12,502)	(12,502)
Debt service interest - leases	-	-	(360)	(360)
Sale of assets	1,000	-	-	-
Transfers in	1,319,000	1,319,000	1,319,000	-
Transfers out	(2,243,675)	(596,278)	(596,278)	-
Total other financing sources (uses)	<u>(923,675)</u>	<u>755,042</u>	<u>791,642</u>	<u>36,600</u>
<b>Net change in fund balances</b>	<u>(5,718,332)</u>	<u>(5,247,415)</u>	<u>(4,656,430)</u>	<u>590,985</u>
<b>Fund balance - beginning</b>	<u>62,288,775</u>	<u>62,288,775</u>	<u>62,288,775</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 56,570,443</u>	<u>\$ 57,041,360</u>	<u>\$ 57,632,345</u>	<u>\$ 590,985</u>



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

SEPTEMBER 30, 2022

	<b>Business-type Activities - Enterprise Funds</b>	
	<b>Water and Sewer System</b>	<b>Municipal Airport</b>
<b>Assets</b>		
Current assets:		
Equity in pooled cash and investments	\$ 23,104,452	\$ 6,497,771
Receivables, net:		
Accounts	2,108,617	192,317
Lease	-	820,019
Special Assessments	143,729	-
Interest	51,570	12,173
Interest - leases	-	42,387
Due from other funds	-	-
Due from other governments	16,671	997,161
Inventories	691,915	-
Prepaid items	101,819	37,211
Right to use leased assets, net of amortization	-	-
Restricted assets:		
Equity in pooled cash and investments	1,596,180	841
Total current assets	<u>27,814,953</u>	<u>8,599,880</u>
Noncurrent assets:		
Lease receivable	-	12,093,111
Total noncurrent assets	<u>-</u>	<u>12,093,111</u>
Capital assets:		
Land	184,989	1,722,672
Construction in progress	2,807,716	563,489
Capital assets not being depreciated	<u>2,992,705</u>	<u>2,286,161</u>
Capital assets being depreciated	143,793,194	95,048,702
Accumulated depreciation	<u>(95,171,593)</u>	<u>(33,932,506)</u>
Capital assets being depreciated, net	<u>48,621,601</u>	<u>61,116,196</u>
Total capital assets	<u>51,614,306</u>	<u>63,402,357</u>
<b>Total assets</b>	<u>79,429,259</u>	<u>84,095,348</u>
<b>Deferred outflows of resources</b>		
Deferred outflows related to pensions	3,078,053	456,786
Deferred outflows related to OPEB	297,753	18,301
<b>Total deferred outflows of resources</b>	<u>3,375,806</u>	<u>475,087</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 82,805,065</u>	<u>\$ 84,570,435</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
\$ 1,110,249	\$ 966,834	\$ 31,679,306	\$ 1,527,855
20,132	337,607	2,658,673	-
-	-	820,019	-
-	-	143,729	-
-	2,203	65,946	12,327
-	-	42,387	-
-	-	-	-
26	254	1,014,112	-
32,179	-	724,094	-
10,686	20,078	169,794	50,950
26,280	-	26,280	-
-	189	1,597,210	-
<u>1,199,552</u>	<u>1,327,165</u>	<u>38,941,550</u>	<u>1,591,132</u>
-	-	12,093,111	-
-	-	<u>12,093,111</u>	-
4,455,853	-	6,363,514	-
203,704	-	3,574,909	-
<u>4,659,557</u>	-	<u>9,938,423</u>	-
2,524,068	2,855,342	244,221,306	8,047
(1,764,017)	(2,081,791)	(132,949,907)	(8,047)
<u>760,051</u>	<u>773,551</u>	<u>111,271,399</u>	-
<u>5,419,608</u>	<u>773,551</u>	<u>121,209,822</u>	-
<u>6,619,160</u>	<u>2,100,716</u>	<u>172,244,483</u>	<u>1,591,132</u>
120,798	862,600	4,518,237	-
11,683	91,941	419,678	-
<u>132,481</u>	<u>954,541</u>	<u>4,937,915</u>	-
<u>\$ 6,751,641</u>	<u>\$ 3,055,257</u>	<u>\$ 177,182,398</u>	<u>\$ 1,591,132</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, 2022

	<b>Business-type Activities - Enterprise Funds</b>	
	<b>Water and Sewer System</b>	<b>Municipal Airport</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts and contracts payable	\$ 1,110,981	\$ 858,937
Accrued liabilities	126,742	14,648
Claims payable	-	-
Customer deposits	-	402,062
Current portion of compensated absences	52,481	9,370
Revenue bonds and notes payable, not payable from restricted assets	532,832	22,570
Current portion of unearned revenue	-	10,373
Lease payable	-	-
Interest payable - leases	-	-
Payable from restricted assets:		
Accrued interest payable	26,650	841
Capital project deposit	636,371	-
Customer deposits	817,036	-
Revenue bonds and notes payable	116,123	-
<b>Total current liabilities</b>	<b>3,419,216</b>	<b>1,318,801</b>
Noncurrent liabilities, net of current portion:		
Compensated absences	997,138	178,034
Revenue bonds and notes payable	5,054,309	48,628
Claims payable	-	-
Unearned revenue	-	222,342
Lease payable	-	-
Net pension liability	5,965,419	885,306
Net other post employment benefits liability	3,263,430	253,262
<b>Total noncurrent liabilities</b>	<b>15,280,296</b>	<b>1,587,572</b>
<b>Total liabilities</b>	<b>18,699,512</b>	<b>2,906,373</b>
<b>Deferred inflows of resources</b>		
Deferred inflows related to leases	-	12,839,022
Deferred inflows related to OPEB	1,075,939	66,175
<b>Total deferred inflows of resources</b>	<b>1,075,939</b>	<b>12,905,197</b>
<b>Net position</b>		
Net investment in capital assets	45,891,473	63,331,159
Unrestricted (deficit)	17,138,141	5,427,706
<b>Total net position</b>	<b>63,029,614</b>	<b>68,758,865</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 82,805,065</b>	<b>\$ 84,570,435</b>

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

<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
<b>Municipal Marina</b>	<b>Solid Waste</b>	<b>Total</b>	<b>Internal Service Fund</b>
\$ 81,568	\$ 2,110	\$ 2,053,596	\$ 13,893
8,665	20,281	170,336	-
-	-	-	335,122
86,634	-	488,696	-
658	18,045	80,554	-
-	15,425	570,827	-
-	-	10,373	-
3,078	-	3,078	-
479	-	479	-
-	189	27,680	-
-	-	636,371	-
-	-	817,036	-
-	-	116,123	-
<u>181,082</u>	<u>56,050</u>	<u>4,975,149</u>	<u>349,015</u>
12,505	342,855	1,530,532	-
-	22,030	5,124,967	-
-	-	-	781,878
-	-	222,342	-
23,355	-	23,355	-
234,131	1,671,765	8,756,621	-
64,594	1,202,098	4,783,384	-
<u>334,585</u>	<u>3,238,748</u>	<u>20,441,201</u>	<u>781,878</u>
<u>515,667</u>	<u>3,294,798</u>	<u>25,416,350</u>	<u>1,130,893</u>
-	-	12,839,022	-
40,606	307,919	1,490,639	-
<u>40,606</u>	<u>307,919</u>	<u>14,329,661</u>	<u>-</u>
5,419,608	736,096	115,378,336	-
775,760	(1,283,556)	22,058,051	460,239
<u>6,195,368</u>	<u>(547,460)</u>	<u>137,436,387</u>	<u>460,239</u>
<u>\$ 6,751,641</u>	<u>\$ 3,055,257</u>	<u>\$ 177,182,398</u>	<u>\$ 1,591,132</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, 2022

	<b>Business-type Activities - Enterprise Funds</b>	
	<b>Water and Sewer System</b>	<b>Municipal Airport</b>
<b>Operating revenues</b>		
Charges for services	\$ 18,432,267	3,509,793
Total operating revenue	<u>18,432,267</u>	<u>3,509,793</u>
<b>Operating expenses</b>		
Production	3,655,003	-
Transmission and distribution	3,900,878	-
Administrative and general	3,043,137	-
Pollution control	2,008,661	-
Customer service	926,013	-
Claims expense	-	-
Operating charges	-	2,863,953
Depreciation	3,641,310	3,993,138
Total operating expenses	<u>17,175,002</u>	<u>6,857,091</u>
<b>Operating income (loss)</b>	<u>1,257,265</u>	<u>(3,347,298)</u>
<b>Nonoperating revenues (expenses)</b>		
Investment income (loss)	(944,782)	(76,998)
Interest/amortization expense	(159,273)	(2,077)
Federal and state grant reimbursements	8,583	6,915
Miscellaneous revenue	44,203	4,438
Total nonoperating revenues (expenses)	<u>(1,051,269)</u>	<u>(67,722)</u>
<b>Income (loss) before capital contributions and transfers</b>	205,996	(3,415,020)
<b>Capital contributions and transfers</b>		
Capital grants and contributions	1,334,038	9,913,352
Transfers Out	(1,031,000)	-
Total capital contributions and transfers	<u>303,038</u>	<u>9,913,352</u>
<b>Changes in net position</b>	509,034	6,498,332
<b>Total net position - beginning</b>	<u>62,520,580</u>	<u>62,260,533</u>
<b>Total net position - end of year</b>	<u>\$ 63,029,614</u>	<u>\$ 68,758,865</u>

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

<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
<b>Municipal Marina</b>	<b>Solid Waste</b>	<b>Total</b>	<b>Internal Service Fund</b>
\$ 2,456,687	\$ 3,142,148	\$ 27,540,895	\$ -
<u>2,456,687</u>	<u>3,142,148</u>	<u>27,540,895</u>	<u>-</u>
-	-	3,655,003	-
-	-	3,900,878	-
-	-	3,043,137	-
-	-	2,008,661	-
-	-	926,013	-
-	-	-	6,453
2,232,069	2,810,509	7,906,531	-
82,281	307,951	8,024,680	-
<u>2,314,350</u>	<u>3,118,460</u>	<u>29,464,903</u>	<u>6,453</u>
142,337	23,688	(1,924,008)	(6,453)
62	(22,061)	(1,043,779)	(64,073)
-	(1,651)	(163,001)	-
11,063	231	26,792	-
78,696	26,764	154,101	-
<u>89,821</u>	<u>3,283</u>	<u>(1,025,887)</u>	<u>(64,073)</u>
232,158	26,971	(2,949,895)	(70,526)
-	-	11,247,390	-
(105,000)	(183,000)	(1,319,000)	-
<u>(105,000)</u>	<u>(183,000)</u>	<u>9,928,390</u>	<u>-</u>
127,158	(156,029)	6,978,495	(70,526)
6,068,210	(391,431)	130,457,892	530,765
<u>\$ 6,195,368</u>	<u>\$ (547,460)</u>	<u>\$ 137,436,387</u>	<u>\$ 460,239</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, 2022

	<b>Water and Sewer System</b>	<b>Municipal Airport</b>
<b>Operating activities</b>		
Receipts from customers and users	\$ 18,274,649	\$ 3,375,659
Cash received from vendors for program expenses	-	-
Payment to vendors	(6,807,136)	(1,592,370)
Payments for personnel services	(6,520,630)	(994,319)
Benefit payments	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>4,946,883</b>	<b>788,970</b>
<b>Noncapital financing activities</b>		
Grant reimbursements	8,583	6,915
Transfers out	(1,031,000)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(1,022,417)</b>	<b>6,915</b>
<b>Capital and related financing activities</b>		
Purchase of capital assets	(2,773,798)	(11,225,686)
Capital contributions	999,575	14,291,484
Leases	-	-
Principal paid on bonds, notes and capital leases	(1,757,292)	-
Interest and agent fees paid on long-term financing	(168,504)	(1,356)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(3,700,019)</b>	<b>3,064,442</b>
<b>Investing activities</b>		
Purchases of pooled investments	(14,573,356)	(4,116,067)
Proceeds from sale and maturity of pooled investments	17,493,325	2,040,845
Interest received (paid)	(938,137)	(76,458)
<b>Net cash provided by (used in) investing activities</b>	<b>1,981,832</b>	<b>(2,151,680)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,206,279</b>	<b>1,708,647</b>
<b>Cash and cash equivalents</b>		
<b>Beginning of year</b>	<b>3,626,884</b>	<b>944,004</b>
<b>End of year</b>	<b>\$ 5,833,163</b>	<b>\$ 2,652,651</b>
<b>Cash and cash equivalents classified as:</b>		
Equity in pooled cash and investments	\$ 23,104,452	\$ 6,497,771
Restricted assets:		
Current:		
Equity in pooled cash and investments	1,596,180	841
Less: investments not meeting definition of cash equivalents	(18,867,469)	(3,845,961)
	<b>\$ 5,833,163</b>	<b>\$ 2,652,651</b>

<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
<b>Municipal Marina</b>	<b>Solid Waste</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ 2,431,501	\$ 3,239,099	\$ 27,320,908	\$ -
-	-	-	2,599
(1,643,503)	(1,137,144)	(11,180,153)	-
(314,092)	(1,691,087)	(9,520,128)	-
-	-	-	(54,453)
<u>473,906</u>	<u>410,868</u>	<u>6,620,627</u>	<u>(51,854)</u>
11,063	2,074	28,635	-
(105,000)	(183,000)	(1,319,000)	-
<u>(93,937)</u>	<u>(180,926)</u>	<u>(1,290,365)</u>	<u>-</u>
(127,271)	(53,831)	(14,180,586)	-
-	-	15,291,059	-
632	-	632	-
-	(19,688)	(1,776,980)	-
-	(1,754)	(171,614)	-
<u>(126,639)</u>	<u>(75,273)</u>	<u>(837,489)</u>	<u>-</u>
(680,813)	(359,339)	(19,729,575)	(1,105,419)
180,811	380,839	20,095,820	1,168,400
62	(21,906)	(1,036,439)	(63,618)
<u>(499,940)</u>	<u>(406)</u>	<u>(670,194)</u>	<u>(637)</u>
<u>(246,610)</u>	<u>154,263</u>	<u>3,822,579</u>	<u>(52,491)</u>
<u>856,502</u>	<u>324,505</u>	<u>5,751,895</u>	<u>151,412</u>
<u>\$ 609,892</u>	<u>\$ 478,768</u>	<u>\$ 9,574,474</u>	<u>\$ 98,921</u>
\$ 1,110,249	\$ 966,834	\$ 31,679,306	\$ 1,527,855
-	189	1,597,210	-
(500,357)	(488,255)	(23,702,042)	(1,428,934)
<u>\$ 609,892</u>	<u>\$ 478,768</u>	<u>\$ 9,574,474</u>	<u>\$ 98,921</u>

Continued



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

YEAR ENDED SEPTEMBER 30, 2022

	<b>Water and Sewer System</b>	<b>Municipal Airport</b>
<b>Reconciliation of operating income (loss)</b>		
<b>to net cash provided by</b>		
<b>operating activities</b>		
Operating income (loss)	\$ 1,257,265	\$ (3,347,298)
Adjustments to reconcile operating income (loss)		
to net cash provided by operating activities:		
Depreciation expense	3,641,310	3,993,138
Miscellaneous revenue	44,203	44,882
Change in assets, liabilities, deferred inflows and deferred outflows:		
Accounts receivable	(8,654)	(62,872)
Special assessments receivable	(3,902)	-
Inventories	(368,375)	-
Change in construction in progress not capitalized	148,362	103,200
Prepaid items	(11,931)	21,798
Deferred outflows related to pensions	(2,775,876)	(411,943)
Accounts and contracts payable	141,255	(71,198)
Accrued liabilities	(179,321)	(20,643)
Accrued compensated absences	21,677	11,588
Claims payable	-	-
Net pension liability	6,012,279	892,228
Net other post employment benefits liability	(205,685)	(13,391)
Deferred inflows related to pensions	(2,778,576)	(412,223)
Customer deposits	12,852	61,704
Total adjustments	<u>3,689,618</u>	<u>4,136,268</u>
<b>Net cash provided by (used in)</b>		
<b>operating activities</b>	<u>\$ 4,946,883</u>	<u>\$ 788,970</u>
<b>Noncash Capital and Related Financing Activities</b>		
Acquisition of capital assets through leases	<u>\$ -</u>	<u>\$ -</u>

<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
<b>Municipal Marina</b>	<b>Solid Waste</b>	<b>Total</b>	<b>Internal Service Fund</b>
\$ 142,337	\$ 23,688	\$ (1,924,008)	\$ (6,453)
82,281	307,951	8,024,680	-
78,696	26,764	194,545	-
2,618	70,191	1,283	-
-	-	(3,902)	-
(4,642)	-	(373,017)	-
163,349	-	414,911	-
25,931	(1,696)	34,102	500
(108,939)	(777,917)	(4,074,675)	-
(7,676)	(13,950)	48,431	2,099
(14,283)	(34,515)	(248,762)	-
(898)	(42,137)	(9,770)	-
-	-	-	(48,000)
235,951	1,684,893	8,825,351	-
(4,502)	(53,750)	(277,328)	-
(108,970)	(778,654)	(4,078,423)	-
(7,347)	-	67,209	-
<u>331,569</u>	<u>387,180</u>	<u>8,544,635</u>	<u>(45,401)</u>
<u>\$ 473,906</u>	<u>\$ 410,868</u>	<u>\$ 6,620,627</u>	<u>\$ (51,854)</u>
<u>\$ 29,982</u>	<u>\$ -</u>	<u>\$ 29,982</u>	<u>\$ -</u>

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

SEPTEMBER 30, 2022

	<b>Pension and Other Post Employment Benefits Trust Funds</b>
<b>Assets</b>	
Interest receivable	\$ 92,507
Other receivables	19,575
Investments:	
Money market mutual funds	1,609,529
Mutual fund investments - equities	96,043,487
Mutual fund investments - fixed income	1,523,100
Corporate stocks	27,004,612
Corporate bonds	2,597,517
Treasury and agency bonds and notes	7,367,598
Real estate	8,390,040
Mortgage/asset backed securities	1,141,296
Municipal bonds and notes	126,122
Total investments	<u>145,803,301</u>
<b>Total assets</b>	<u>145,915,383</u>
<b>Liabilities</b>	
Prepaid contributions	18,055
Refunds payable	28,725
Expenses payable	74,433
<b>Total liabilities</b>	<u>121,213</u>
<b>Net position</b>	
Restricted for pension benefits	141,301,806
Restricted for OPEB benefits	4,492,364
<b>Total net position</b>	<u>\$ 145,794,170</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, 2022

	<b>Pension and Other Post Employment Benefits Trust Funds</b>
<b>Additions</b>	
Contributions:	
Employer	\$ 4,892,448
Plan members	267,014
State (passed through the Police & Firefighter's Premium Tax Trust Fund)	477,133
	<hr/>
Total contributions	5,636,595
	<hr/>
Investment income (loss):	
Interest and dividends	3,914,799
Net depreciation in fair value of investments	(30,350,579)
Total investment loss	(26,435,780)
	<hr/>
Investment expense	(1,010,455)
	<hr/>
Net investment loss	(27,446,235)
	<hr/>
<b>Total additions</b>	<b>(21,809,640)</b>
	<hr/>
<b>Deductions</b>	
Benefit payments	12,518,336
Refunds of contributions	65,300
Administrative expenses	209,021
	<hr/>
<b>Total deductions</b>	<b>12,792,657</b>
	<hr/>
<b>Change in net position</b>	<b>(34,602,297)</b>
	<hr/>
<b>Net position restricted for pension and OPEB benefits - beginning of year</b>	<b>180,396,467</b>
	<hr/>
<b>Net position restricted for pension and OPEB benefits - end of year</b>	<b>\$ 145,794,170</b>
	<hr/> <hr/>

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

## NOTES TO THE FINANCIAL STATEMENTS

# CITY OF VERO BEACH, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022

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### 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. 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, 2022

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### 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, 2022. 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, 2022

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

The *Infrastructure and Real Estate Improvements Fund*. This fund accounts for the receipt of local government infrastructure sales tax revenues (and associated interest earnings) that are limited by Florida Statutes to expenditure for capital equipment and improvements and associated debt service.

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, 2022

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### 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, 2022*

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

***Lease Receivables***

The City's lease receivables are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreements, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

***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.

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

***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.

The right to use assets are initially measured at an amount equal to the present value of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

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.

# CITY OF VERO BEACH, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 and State law, however, medical leave in excess of the amounts paid out may be used to increase an employee's length of continuous service or the calculation of pensionable wages for retirement benefits.

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

#### ***Long-term Obligations***

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

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

#### ***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 assets 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 assets 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 post employment benefit plans, and leases.

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

*YEAR ENDED SEPTEMBER 30, 2022*

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

***Fund Equity***

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

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

***Interfund Transactions***

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

***Use of Estimates***

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

# CITY OF VERO BEACH, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022

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### 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. Nonmajor 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 2022, the budget was amended two times, in June 2022 and November 2022, to recognize changes in projected revenues and expenditures for the general fund, enterprise funds and capital projects funds. Budget amounts shown in the financial statements reflect the amendments to the originally adopted budget.

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

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

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**3. DEPOSITS AND INVESTMENTS**

Following is a reconciliation of deposit and investment balances as of September 30, 2022:

<b>Statement of net position</b>	
Equity in pooled cash and investments	\$ 99,167,084
Restricted assets:	
Equity in pooled cash and investments	1,597,210
<b>Statement of fiduciary net position</b>	
Pension Trust funds:	
Investments	141,310,937
OPEB Trust fund:	
Investments	4,492,364
<b>Total</b>	<b>\$ 246,567,595</b>
<b>Deposits and investments</b>	
Bank deposits	
Checking and savings accounts	\$ 12,069,038
Investments:	
Cash and investment pool	88,650,338
Pension trust fund investments	141,310,937
OPEB trust fund investments	4,492,364
Cash on hand	44,918
<b>Total</b>	<b>\$ 246,567,595</b>

***Custodial Credit Risk - Deposits***

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

The City maintains a cash and investment pool that is available for use by all funds except the Pension and 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 OF VERO BEACH, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022

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### 3. DEPOSITS AND INVESTMENTS – Continued

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, 2022, and for the year then ended, includes money market mutual fund investments with Allspring (formerly Wells Fargo Asset Management) 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.

In late 2021 Wells Fargo Asset Management was acquired by Allspring. The City utilizes the Allspring Government Money Market Fund - GVIXX, considered a money market mutual fund, to invest a portion of its pooled cash. 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, 2022 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, 2022*

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**3. DEPOSITS AND INVESTMENTS – Continued**

***Custodial Credit Risk – Investments***

The following is a summary of the City’s general investments as of September 30, 2022:

<b>Investment Type</b>	<b>Value</b>
U.S. Treasury notes	\$ 67,538,063
Federal instrumentalities	6,276,442
Mortgage backed securities	13,020,001
Money market mutual funds	1,399,745
Florida PRIME	416,087
<b>Total</b>	<b>\$ 88,650,338</b>

The types of deposits and investments and their level of risk exposure as of September 30, 2022 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, 2022

**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, 2022, 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	
<b>General investments</b>					
U.S. Treasury notes	\$ 67,538,062	\$ 24,078,648	\$ 40,300,434	\$ 3,158,980	2
Federal instrumentalities	6,276,442	155,243	5,057,912	1,063,287	2
Mortgage backed securities	13,020,001	1,142,181	1,079,374	10,798,446	2
Money market mutual funds	1,399,746	1,399,746	-	-	Amortized Cost
Florida PRIME	416,087	416,087	-	-	Amortized Cost
	<u>88,650,338</u>	<u>27,191,905</u>	<u>46,437,720</u>	<u>15,020,713</u>	
<b>Pension fund investments</b>					
Money market mutual funds	1,609,529	1,609,529	-	-	1
Mutual fund investments-equities	91,551,123	91,551,123	-	-	1
Mutual fund investments-fixed income	1,523,100	1,523,100	-	-	
Corporate stocks	27,004,612	27,004,612	-	-	1
Corporate bonds	2,597,517	4,943	162,054	2,430,520	2
U.S. Treasury bonds and notes	7,367,598	-	52,485	7,315,113	2
Mortgage/asset-backed securities	1,141,296	-	72,411	1,068,885	2
Real estate investment trust	8,390,040	8,390,040	-	-	NAV
Municipal bonds & notes	126,122	34,931	20,039	71,152	2
	<u>141,310,937</u>	<u>130,118,278</u>	<u>306,989</u>	<u>10,885,670</u>	
<b>OPEB fund investments</b>					
Mutual fund investments-equities	<u>4,492,364</u>	<u>4,492,364</u>	<u>-</u>	<u>-</u>	
	<b><u>\$234,453,639</u></b>	<b><u>\$161,802,547</u></b>	<b><u>\$ 46,744,709</u></b>	<b><u>\$25,906,383</u></b>	

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.

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.

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**3. DEPOSITS AND INVESTMENTS – Continued**

The following table discloses credit ratings by investment type for the City's investments at September 30, 2022:

Investment Type	S&P / Moody's Credit Rating	Total Assigned Value
<b>General investments</b>		
U.S. Treasury notes	AA+	\$ 67,538,063
Federal instrumentalities	AA+	6,276,442
Mortgage backed securities	AA+	13,020,001
Money market mutual funds	AAA <sub>m</sub>	1,399,745
Florida PRIME	AAA <sub>m</sub>	416,087
		<u>\$ 88,650,338</u>

Pension and OPEB fund investments	S&P / Moody's Credit Rating	General Employee Retirement Plan	Police Officers' Retirement Fund	Firefighter's Relief and Pension Fund	OPEB Trust Fund	Total Assigned Value
Money market mutual funds	AAA <sub>m</sub>	\$ -	\$ 964,142	\$ 645,387	\$ -	\$ 1,609,529
Mutual fund investments-equities	Not Rated	89,802,659	1,312,472	435,992	4,492,364	96,043,487
Mutual fund investments-fixed income	Not Rated	-	1,273,050	250,050	-	1,523,100
Corporate stocks	Not Rated	-	24,219,262	2,785,350	-	27,004,612
Corporate bonds	AA+	-	-	24,178	-	24,178
Corporate bonds	AA	-	-	7,701	-	7,701
Corporate bonds	AA-	-	-	9,402	-	9,402
Corporate bonds	A+	-	-	19,042	-	19,042
Corporate bonds	A	-	-	25,315	-	25,315
Corporate bonds	A-	-	1,057,479	44,739	-	1,102,218
Corporate bonds	BBB+	-	1,112,796	24,126	-	1,136,922
Corporate bonds	BBB	-	-	32,800	-	32,800
Corporate bonds	Baa2	-	-	4,712	-	4,712
Corporate bonds	BBB-	-	-	100,857	-	100,857
Corporate bonds	Baa3	-	-	88,560	-	88,560
Corporate bonds	Not Rated	-	-	45,810	-	45,810
U.S. Treasury bonds and notes	Aaa	-	810,782	-	-	810,782
U.S. Treasury bonds and notes	AA+	-	6,225,452	331,364	-	6,556,816
Mortgage/asset backed securities	Not Rated	-	724,354	416,942	-	1,141,296
Real estate investment trust	Not Rated	-	7,308,900	1,081,140	-	8,390,040
Municipal bonds & notes	AAA	-	-	14,703	-	14,703
Municipal bonds & notes	AA+	-	-	12,568	-	12,568
Municipal bonds & notes	AA	-	-	66,129	-	66,129
Municipal bonds & notes	AA-	-	-	4,565	-	4,565
Municipal bonds & notes	A	-	-	8,311	-	8,311
Municipal bonds & notes	A-	-	-	19,846	-	19,846
		<u>89,802,659</u>	<u>45,008,689</u>	<u>6,499,589</u>	<u>4,492,364</u>	<u>145,803,301</u>
		<u>\$ 89,802,659</u>	<u>\$ 45,008,689</u>	<u>\$ 6,499,589</u>	<u>\$ 4,492,364</u>	<u>\$ 234,453,639</u>

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**4. RECEIVABLES**

Receivables are comprised of the following at September 30, 2022:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts	\$ 1,785,059	\$ 2,877,949
Allowance for uncollectible receivables	(1,091,291)	(219,276)
Lease	1,131,156	12,913,130
Special assessments	10,709	143,729
Interest (including leases)	238,713	108,333
Due from other governments	2,620,208	1,014,112
	<u>\$ 4,694,554</u>	<u>\$ 16,837,977</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, 2022 was approximately \$17,575 for both utilities. No other allowances for uncollectible accounts are maintained, since other fund accounts receivable are considered collectible as reported at September 30, 2022.

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

As of September 30, 2022, accounts payable and accrued liabilities consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts and contracts payable	\$ 794,540	\$ 2,053,596
Accrued liabilities	378,546	170,336
Evidence escrow	68,937	-
Accrued interest on long-term debt	77,346	27,680
Lease payable (including interest)	-	3,557
Current portion of unearned revenue	-	10,373
	<u>\$ 1,319,369</u>	<u>\$ 2,265,542</u>

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

There were no interfund balances as of September 30, 2022.

For the year ended September 30, 2022, 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	\$ -	\$ -	\$ 596,278	\$ -	\$ 596,278
Infrastructure & Real Estate Improvements	-	2,233,000	113,959	-	2,346,959
Proprietary Funds					
Water & sewer system fund	1,031,000	-	-	-	1,031,000
Municipal marina fund	105,000	-	-	-	105,000
Solid waste	183,000	-	-	-	183,000
	<u>\$ 1,319,000</u>	<u>\$ 2,233,000</u>	<u>\$ 710,237</u>	<u>\$ -</u>	<u>\$ 4,262,237</u>

The City's routine budgeted transfers from the General Fund and Infrastructure & Real Estate Improvements 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 2022 to be used for capital projects. The General Fund also transferred funds to the Stormwater Utility capital project fund to support stormwater 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, 2022

**7. CAPITAL ASSETS**

**Primary government**

Capital asset activity for the primary government for the year ended September 30, 2022 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 5,008,547	\$ -	\$ -	\$ -	\$ 5,008,547
Intangible assets	825,080	-	-	-	825,080
Construction in progress	1,030,102	561,368	(95,110)	(683,823)	812,537
	<u>6,863,729</u>	<u>561,368</u>	<u>(95,110)</u>	<u>(683,823)</u>	<u>6,646,164</u>
Capital assets being depreciated:					
Buildings	17,798,876	354,595	-	-	18,153,471
Improvements other than buildings	18,791,087	533,427	-	-	19,324,514
Machinery and equipment	13,896,403	931,915	(274,840)	-	14,553,478
Infrastructure	47,125,335	435,435	-	-	47,560,770
	<u>97,611,701</u>	<u>2,255,372</u>	<u>(274,840)</u>	<u>-</u>	<u>99,592,233</u>
Less accumulated depreciation for:					
Buildings	(9,422,983)	(377,326)	-	-	(9,800,309)
Improvements other than buildings	(14,373,154)	(314,821)	-	-	(14,687,975)
Machinery and equipment	(9,977,500)	(1,188,076)	274,320	-	(10,891,256)
Infrastructure	(31,446,700)	(983,989)	-	-	(32,430,689)
	<u>(65,220,337)</u>	<u>(2,864,212)</u>	<u>274,320</u>	<u>-</u>	<u>(67,810,229)</u>
Total capital assets being depreciated, net	<u>32,391,364</u>	<u>(608,840)</u>	<u>(520)</u>	<u>-</u>	<u>31,782,004</u>
Right to use assets being amortized:					
Leased machinery and equipment	-	49,461	-	-	49,461
Less accumulated amortization for:					
Leased machinery and equipment	-	(12,644)	-	-	(12,644)
Total right to use assets being amortized, net	<u>-</u>	<u>36,817</u>	<u>-</u>	<u>-</u>	<u>36,817</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 39,255,093</u>	<u>\$ (10,655)</u>	<u>\$ (95,630)</u>	<u>\$ (683,823)</u>	<u>\$ 38,464,985</u>

**Depreciation and amortization of governmental activities by function**

General Government	\$ 983,391
Public Safety	646,680
Transportation	698,150
Physical Environment	77,930
Cultural and Recreation	470,705
	<u>\$ 2,876,856</u>

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**7. CAPITAL ASSETS – Continued**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>					
Capital assets not being depreciated:					
Land	\$ 6,363,514	\$ -	\$ -	\$ -	\$ 6,363,514
Construction in progress	4,779,562	1,657,721	(414,915)	(2,447,459)	3,574,909
	<u>11,143,076</u>	<u>1,657,721</u>	<u>(414,915)</u>	<u>(2,447,459)</u>	<u>9,938,423</u>
Capital assets being depreciated:					
Buildings	34,688,312	13,903	-	-	34,702,215
Improvements other than buildings	184,325,235	13,313,092	(160,247)	-	197,478,080
Machinery and equipment	10,794,949	1,290,221	(44,159)	-	12,041,011
	<u>229,808,496</u>	<u>14,617,216</u>	<u>(204,406)</u>	<u>-</u>	<u>244,221,306</u>
Less accumulated depreciation for:					
Buildings	(17,435,060)	(777,463)	-	-	(18,212,523)
Improvements other than buildings	(100,428,995)	(6,218,224)	160,247	-	(106,486,972)
Machinery and equipment	(7,265,578)	(1,028,993)	44,159	-	(8,250,412)
	<u>(125,129,633)</u>	<u>(8,024,680)</u>	<u>204,406</u>	<u>-</u>	<u>(132,949,907)</u>
Total capital assets being depreciated, net	<u>104,678,863</u>	<u>6,592,536</u>	<u>-</u>	<u>-</u>	<u>111,271,399</u>
Right to use assets being amortized:					
Leased land	-	29,982	-	-	29,982
Less accumulated amortization for:					
Leased land	-	(3,702)	-	-	(3,702)
Total right to use assets being amortized, net	<u>-</u>	<u>26,280</u>	<u>-</u>	<u>-</u>	<u>26,280</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 115,821,939</u>	<u>\$ 8,276,537</u>	<u>\$ (414,915)</u>	<u>\$ (2,447,459)</u>	<u>\$ 121,236,102</u>

**Depreciation and amortization of business-type activities by function**

Water & sewer system	\$ 3,641,310
Municipal airport	3,993,138
Municipal marina	85,983
Solid waste	307,951
	<u>\$ 8,028,382</u>

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**8. LONG-TERM DEBT**

The City's outstanding long-term liabilities include bonds payable, loans payable, claims payable, financed capital purchases 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.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Due within One Year</b>
<b>Governmental Activities:</b>					
Revenue Notes	\$ 1,015,000	\$ -	\$ (90,000)	\$ 925,000	\$ 95,000
Financed Capital Purchases	1,208,433	1,029,374	(712,999)	1,524,808	510,780
Claims Payable	1,165,000	-	(48,000)	1,117,000	335,100
Compensated Absences	3,254,206	61,800	(85,845)	3,230,161	161,508
<b>Totals</b>	<b>\$ 6,642,639</b>	<b>\$ 1,091,174</b>	<b>\$ (936,844)</b>	<b>\$ 6,796,969</b>	<b>\$ 1,102,388</b>
<b>Business-type Activities:</b>					
Revenue Bonds and Notes	\$ 7,455,848	\$ -	\$ (1,752,583)	\$ 5,703,265	\$ 648,955
Financed Capital Purchases	81,488	80,441	(53,276)	108,653	37,995
Compensated Absences	1,620,856	51,105	(60,876)	1,611,085	80,554
<b>Totals</b>	<b>\$ 9,158,192</b>	<b>\$ 131,546</b>	<b>\$ (1,866,735)</b>	<b>\$ 7,423,003</b>	<b>\$ 767,504</b>



**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

*YEAR ENDED SEPTEMBER 30, 2022*

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**8. LONG-TERM DEBT – Continued**

	<b>Balance as of</b> <b>9/30/22</b>
<b>Revenue Notes - Governmental activities</b>	
<b><i>Series 2016 Capital Improvement Revenue Note</i></b>	
In March 2016, the City issued a \$1,400,000 capital improvement revenue note to finance a portion of the costs for the reconstruction of Airport Drive (34th Ave). Principal payments are due annually beginning on October 1, 2016 through October 1, 2030. The note bears interest at 2.47%, payable semiannually on April 1 and October 1 of each year until maturity. The note is secured by, and payable from, non-ad valorem revenues. Principal and interest paid for the current year was \$113,959.	<u>\$ 925,000</u>
<b>Total governmental activities</b>	<u><u>\$ 925,000</u></u>

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

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**8. LONG-TERM DEBT – Continued**

**Balance as of**  
**9/30/22**

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**Revenue Bonds and Notes – Business-type activities**

***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 \$756,402 and Water and Sewer Net Revenues were \$4,005,000.

\$ 5,457,312

***DW310220 State Revolving Fund (SRF) Drinking Water Construction Loan***

In January 2010, the City entered into a loan agreement with the State of Florida Department of Environmental Protection for construction of capital improvements in the Water & Sewer system fund. The loan agreement was finalized in January 2012 based on actual project costs. The final principal amount of the loan is \$313,150 (including disbursements and capitalized interest) at an interest rate of 2.82%. The SRF also disbursed funding in the amount of \$1,752,336 towards project costs which was categorized as principal forgiveness and recorded as a grant. Principal payments are due semiannually on April 15 and October 15 through October 15, 2030. Interest is payable semiannually on April 15 and October 15 each year until maturity. The note is secured by Gross Revenues derived yearly from the operation of the Water and Sewer system, after payment of Operation and Maintenance expense and the satisfaction of all senior obligations. Principal and interest paid for the current year was \$20,319 and Water and Sewer Net Revenues were \$4,005,000.

154,298

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**8. LONG-TERM DEBT – Continued**

**Balance as of**  
**9/30/22**

***DW310221 State Revolving Fund (SRF) Drinking Water Construction Loan***

In December 2010, the City entered into a loan agreement with the State of Florida Department of Environmental Protection for construction of capital improvements in the Water & Sewer system fund. The loan agreement was finalized in January 2012 based on actual project costs. The final principal amount of the loan is \$196,800 (including disbursements and service fees) at an interest rate of 2.43%. Principal payments are due semiannually on April 15 and October 15 through October 15, 2030. Interest is payable semiannually on April 15 and October 15 each year until maturity. The note is secured by Gross Revenues derived yearly from the operation of the Water and Sewer system, after payment of Operation and Maintenance expense and the satisfaction of all senior obligations. Principal and interest paid for the current year was \$11,883 and Water and Sewer Net Revenues were \$4,005,000.

91,655

**Total business-type activities**

\$ 5,703,265

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.
- **Finance Capital Purchase Contracts** – 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, 2022

**8. LONG-TERM DEBT – Continued**

***Financed Capital Purchases***

The City has financed various vehicles and capital equipment under municipal financed capital purchase contracts. These contracts have terms of 4-6 years and ownership of the assets transfers to the City at the end of the contract period. These contracts 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 financed capital purchase payments in any given fiscal year. The City currently has the following financed capital purchase contracts outstanding at September 30, 2022:

	<b>Balance as of 9/30/22</b>
<b>Financed Capital Purchase Contracts - Governmental activities</b>	
<b><i>KS State Bank Agreement #3354915</i></b>	
In February 2019 the City entered into a financed capital purchase contract 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.	\$ 101,637
<b><i>KS State Bank Agreement #3357959</i></b>	
In September 2020 the City entered into a financed capital purchase contract 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.	128,435
<b><i>KS State Bank Agreement #3358236</i></b>	
In December 2020 the City entered into a financed capital purchase contract 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.	409,187

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**8. LONG-TERM DEBT – Continued**

<b>Financed Capital Purchase Contracts - Governmental activities (continued)</b>	<b>Balance as of 9/30/22</b>
<b><i>KS State Bank Agreement #3358617</i></b>	
In April 2021 the City entered into a financed capital purchase contract 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.	117,168
<b><i>KS State Bank Agreement #3359767</i></b>	
In December 2021 the City entered into a financed capital purchase contract 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 \$1,029,374. Principal and interest payments are due annually beginning on April 1, 2022 through April 1, 2026. The interest rate for this agreement is 2.48%. Principal and interest paid for the current year (attributable to governmental activities) was \$269,147.	768,381
<b>Total governmental activities</b>	<b>\$ 1,524,808</b>
<b>Capital Lease-Purchases - Business-type activities</b>	
<b><i>KS State Bank Agreement #3354915</i></b>	
In February 2019 the City entered into a financed capital purchase contract 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 \$12,409.	12,010
<b><i>KS State Bank Agreement #3358617</i></b>	
In April 2021 the City entered into a financed capital purchase contract 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 \$11,446.	32,584

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**8. LONG-TERM DEBT – Continued**

***KS State Bank Agreement #3359767***

In December 2021 the City entered into a financed capital purchase contract 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 \$80,441. Principal and interest payments are due annually beginning on April 1, 2022 through April 1, 2026. The interest rate for this agreement is 2.48%. Principal and interest paid for the current year (attributable to business-type activities) was \$17,814.

	\$ 64,059
<b>Total business-type activities</b>	\$ 108,653

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 Financed Capital Purchase # 3354915 (partial)	
	Principal	Interest (FY)	Principal	Interest (FY)
2023	\$ 95,000	\$ 21,674	\$ 101,637	\$ 4,015
2024	95,000	19,328	-	-
2025	100,000	16,920	-	-
2026	100,000	14,450	-	-
2027	100,000	11,980	-	-
2028-2032	435,000	21,921	-	-
	<b>\$ 925,000</b>	<b>\$ 106,273</b>	<b>\$ 101,637</b>	<b>\$ 4,015</b>

Years Ended September 30,	KS State Bank Financed Capital Purchase # 3357959		KS State Bank Financed Capital Purchase # 3358236	
	Principal	Interest (FY)	Principal	Interest (FY)
2023	\$ 41,602	\$ 3,699	\$ 132,542	\$ 11,785
2024	42,800	2,501	136,359	7,967
2025	44,033	1,268	140,286	4,040
2026	-	-	-	-
	<b>\$ 128,435</b>	<b>\$ 7,468</b>	<b>\$ 409,187</b>	<b>\$ 23,792</b>

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**8. LONG-TERM DEBT – Continued**

**Governmental Activities (continued):**

Years Ended September 30,	KS State Bank Financed Capital Purchase # 3358617 (partial)		KS State Bank Financed Capital Purchase # 3359767 (partial)	
	Principal	Interest (FY)	Principal	Interest (FY)
2023	\$ 37,949	\$ 3,386	\$ 197,051	\$ 20,744
2024	39,045	2,289	202,539	15,256
2025	40,174	1,161	207,944	9,850
2026	-	-	160,847	4,300
	<b>\$ 117,168</b>	<b>\$ 6,836</b>	<b>\$ 768,381</b>	<b>\$ 50,150</b>

**Business-type Activities**

**Water and Sewer Fund:**

Years Ended September 30,	SRF Clean Water WW 310201 (Orig & Amendment 2)		SRF Drinking Water DW 310220	
	Principal	Interest (FY)	Principal	Interest (FY)
2023	\$ 622,818	\$ 136,182	\$ 16,305	\$ 4,237
2024	638,913	120,087	16,768	3,774
2025	655,424	103,576	17,244	3,298
2026	672,363	86,637	17,734	2,808
2027	689,741	69,259	18,238	2,304
2028-2032	2,178,053	98,947	68,009	3,889
	<b>\$ 5,457,312</b>	<b>\$ 614,688</b>	<b>\$ 154,298</b>	<b>\$ 20,310</b>

Years Ended September 30,	SRF Drinking Water DW 310221	
	Principal	Interest (FY)
2023	\$ 9,832	\$ 2,168
2024	10,072	1,927
2025	10,319	1,681
2026	10,571	1,429
2027	10,829	1,171
2028-2032	40,032	1,969
	<b>\$ 91,655</b>	<b>\$ 10,345</b>

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**8. LONG-TERM DEBT – Continued**

**Airport Fund:**

Years Ended September 30,	KS State Bank Financed Capital Purchase # 3354915 (partial)		KS State Bank Financed Capital Purchase # 3359767 (partial)	
	Principal	Interest (FY)	Principal	Interest (FY)
2023	\$ 7,139	\$ 282	\$ 15,431	\$ 1,589
2024	-	-	15,814	1,206
2025	-	-	16,206	814
2026	-	-	16,608	412
	<b>\$ 7,139</b>	<b>\$ 282</b>	<b>\$ 64,059</b>	<b>\$ 4,021</b>

**Solid Waste Fund:**

Years Ended September 30,	KS State Bank Financed Capital Purchase # 3354915 (partial)		KS State Bank Financed Capital Purchase # 3358617 (partial)	
	Principal	Interest (FY)	Principal	Interest (FY)
2023	\$ 4,871	\$ 192	\$ 10,554	\$ 942
2024	-	-	10,859	637
2025	-	-	11,171	323
	<b>\$ 4,871</b>	<b>\$ 192</b>	<b>\$ 32,584</b>	<b>\$ 1,902</b>

**9. LEASES**

The City is involved in various leasing arrangements as both lessee and lessor for machinery and equipment, land and buildings. As of October 1, 2021, the City adopted the provisions of GASB Statement No. 87, *Leases*, which amended the existing accounting standards for lease reporting. The new guidance requires lessees in a leasing arrangement to recognize a right to use assets and a lease liability for most leases (other than leases that meet the definition of a short-term lease) at lease commencement. The liability will be equal to the present value of lease payments. Additionally, GASB 87 requires lessors in a leasing arrangement to recognize a lease receivable and a deferred inflow of resources for most leases (other than leases that meet the definition of a short-term lease) at lease commencement. The liability (lessees) or deferred inflow (lessors) will be equal to the present value of lease payments.



**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**9. LEASES – Continued**

***Lease Receivables***

The City leases land, buildings and Airport facilities (non-regulated leases) to various third-party tenants doing business in the City of Vero Beach. These leases have terms between 39 months and 40 years, with payments required monthly or annually. In addition to fixed payments and variable payments that are fixed in substance, the present value of which is included in the lease receivable, the City receives variable payments that depend on future performance of the lessee that are excluded from the measurement of the lease receivable and recognized as inflows of resources.

In fiscal year 2022, the City recognized \$910,359 of lease revenue and \$216,171 of interest revenue related to these leases. In addition, the City recognized \$87,935 in variable lease revenue not included in the lease receivable. As of September 30, 2022 the City's lease receivables were valued at \$14,044,286. The deferred inflow of resources associated with these leases to be recognized over the remaining terms of these leases is \$14,492,900. The principal and interest requirements to maturity for the lease receivable at September 30, 2022 are as follows:

**Governmental Activities**

<b>Years Ended September 30,</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 113,262	\$ 21,406
2024	115,495	19,170
2025	117,880	16,782
2026	120,259	14,398
2027	122,687	11,967
2028-2032	541,573	23,638
Total	<u>\$ 1,131,156</u>	<u>\$ 107,361</u>

**Business-type Activities**

**Airport Fund:**

<b>Years Ended September 30,</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 820,019	\$ 248,500
2024	772,054	233,841
2025	768,742	218,098
2026	770,340	202,771
2027	783,081	187,236
2028-2032	3,669,027	701,060
2033-2037	2,141,481	419,702
2038-2042	1,111,964	262,052
2043-2047	1,171,852	146,846
2048-2052	904,570	39,739
Total	<u>\$ 12,913,130</u>	<u>\$ 2,659,845</u>

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**9. LEASES – Continued**

***Right to Use Assets and Lease Liabilities***

The City has entered into agreements to lease certain land, machinery and equipment which qualify as ‘other than short-term leases’ under the requirements of GASB 87 and have therefore been recorded at the present value of the future minimum lease payments as of the date of their inception. The right to use asset balance included \$49,461 in machinery and equipment and \$29,982 in land as of September 30, 2022. The terms and conditions for these leases vary and generally contain renewal options for periods ranging from 4 to 10 years. If the City is not reasonably certain to exercise these renewal options, the options are not considered in determining the lease term and associated potential option payments are excluded from the present value calculation of the right to use lease asset and the lease liability determination. The City’s leases generally do not include termination options for either party to the lease or restrictive financial or other covenants.

As a result of these leases, the City has recorded right to use assets with a total net book value of \$36,817 for governmental activities and \$26,281 for business-type activities. The right to use assets are discussed in more detail in ‘Note 7. Capital Assets’ in these Notes to the Financial Statements.

Payments due under the lease contracts include fixed, periodic payments over the lease terms plus, for many of the City’s leases, variable and non-lease component payments. For the City’s leases, variable lease payments that depend on future performance or usage of the underlying asset and non-lease components are excluded from the measurement of the lease liability and recognized as outflows of resources.

In fiscal year 2022, the City recognized \$16,345 in variable lease payments not previously included in the measurement of the lease liability. As of September 30, 2022 the City’s lease payables were valued at \$63,395.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2022, were as follows:

**Governmental Activities**

<b>Years Ended September 30,</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 13,891	\$ 302
2024	8,904	184
2025	7,277	109
2026	5,555	46
2027	1,338	5
Total	<u>\$ 36,965</u>	<u>\$ 646</u>

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**9. LEASES – Continued**

**Business-type Activities**

**Marina Fund:**

<b>Years Ended September 30,</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 3,078	\$ 478
2024	3,140	416
2025	3,202	350
2026	3,268	284
2027	3,334	217
2028-2032	<u>10,410</u>	<u>235</u>
Total	<u>\$ 26,432</u>	<u>\$ 1,980</u>

**Regulated Leases**

As lessor, the City has leasing agreements with third parties for aeronautical use (as defined by the Federal Aviation Administration) of the Airport's airfield, land, buildings and other facilities, which are subject to exclusive use by respective lessees and qualify to be treated as regulated leases in accordance with the requirements of GASB 87. As of September 30, 2022, the remaining amount of expected future minimum payments under these agreements is as follows.

<b>Years Ended September 30,</b>	<b>Amount</b>
2023	\$ 1,098,217
2024	1,097,918
2025	1,089,194
2026	1,081,332
2027	1,065,720
2028-2032	4,688,927
2033-2037	3,541,058
2038-2042	2,427,931
2043-2047	2,208,447
2048-2052	<u>185,852</u>
Total	<u>\$ 18,484,596</u>

For the fiscal year ended September 30, 2022 the City recognized \$1,108,558 of inflows of resources from fixed lease revenue payments and \$159,252 of inflows of resources from variable lease payments not included in expected future minimum payments related to these regulated lease agreements. Variable lease payments are based on usage measures including fuel sales and concessions.

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**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.

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, 2022, 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, 2022 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:

	<b>Liability Insurance</b>
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	1,165,000
Claims & changes in estimates	6,453
Claim payments	<u>(54,453)</u>
Estimated liability, September 30, 2022	<u>\$ 1,117,000</u>

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**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, 2022:

	<b>Water and Sewer System</b>	<b>All Other Proprietary Funds</b>	<b>Total</b>
Sinking funds	\$ 142,773	\$ -	\$ 142,773
Debt service	-	1,030	1,030
Capital project deposit	636,371	-	636,371
Customer deposits	817,036	-	817,036
	<u>\$ 1,596,180</u>	<u>\$ 1,030</u>	<u>\$ 1,597,210</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, 2022 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, 2022, the City recognized total pension expense of (\$6,139,614) for the three pension plans. In regard 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, 2022

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**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, 2022, the following employees were covered by the General Employee Retirement Plan benefit terms.

Inactive plan members or members or beneficiaries currently receiving benefits	431
Inactive plan members entitled to but not yet receiving benefits	92
Active plan members	153
	<u>676</u>

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

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**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, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of October 1, 2022.

**Actuarial assumptions.** The total pension liability in the October 1, 2022 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, 2022

**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, 2022 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 %	6.40 %
International Equity	7.5	6.80
Fixed Income	40.0	0.40
Emerging Markets Equity	2.5	8.50
Real Estate	5.0	3.90
<b>Total</b>	<u>100 %</u>	

For fiscal year ended September 30, 2022, the annual money-weighted rate of return on the plan investments, net of investment expenses, was -15.83%.

*Discount rate.* The discount rate used to measure the total pension liability for the General Employee Retirement Plan is 6.25%. 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, 2022

**13. PENSION PLANS – Continued**

**Changes in the Net Pension Liability – General Employee Retirement Plan**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 9/30/2021</b>	\$ 112,685,552	\$ 112,867,961	\$ (182,409)
<b>Changes for the year:</b>			
Service cost	259,018	-	259,018
Interest	6,808,169	-	6,808,169
Differences between expected and actual experience	1,250,497	-	1,250,497
Changes of assumptions	-	-	-
Contributions - employer	-	2,465,838	(2,465,838)
Net investment income	-	(17,418,479)	17,418,479
Benefit payments (including refunds of employee contributions)	(8,027,745)	(8,027,745)	-
Administrative expenses	-	(87,379)	87,379
<b>Net Changes</b>	<u>289,939</u>	<u>(23,067,765)</u>	<u>23,357,704</u>
<b>Balances at 9/30/2022</b>	<u>\$ 112,975,491</u>	<u>\$ 89,800,196</u>	<u>\$ 23,175,295</u>

A portion of the net pension liability is expected to be paid by the City's enterprise funds (based on each fund's pensionable payroll in 2015 when the plan was frozen) and therefore has been allocated to these funds as follows as of September 30, 2022.

	Net Pension Liability
<b>Governmental activities</b>	<u>\$ 14,418,674</u>
<b>Business-type activities:</b>	
Water & sewer system	5,965,419
Airport	885,306
Municipal marina	234,131
Solid waste	1,671,765
<b>Total Business-type activities</b>	<u>8,756,621</u>
<b>Grand Total</b>	<u>\$ 23,175,295</u>

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**13. PENSION PLANS – Continued**

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following presents the net pension liability of the General Employee Retirement Fund, calculated using the discount rate of 6.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%).

	<b>1% Decrease (5.25%)</b>	<b>Current Discount Rate (6.25%)</b>	<b>1% Increase (7.25%)</b>
Net Pension Liability (Asset)	\$ 34,817,441	\$ 23,175,295	\$ 13,321,013

*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 100.

**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, 2022, the General Employee Retirement Fund recognized total pension expense of \$4,243,153. 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:

	<b>Pension Expense</b>
<b>Governmental activities</b>	<b>\$ 2,639,220</b>
<b>Business-type activities:</b>	
Water & sewer system	1,092,534
Airport	162,254
Municipal marina	42,951
Solid waste	306,194
<b>Total Business-type activities</b>	<b>1,603,933</b>
<b>Grand Total</b>	<b>\$ 4,243,153</b>

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**13. PENSION PLANS – Continued**

At September 30, 2022, 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	\$ 468,936	\$ -
Net difference between projected and actual earnings on pension plan investments	11,489,302	-
Assumption changes	<u>-</u>	<u>-</u>
Total	<u>\$ 11,958,238</u>	<u>\$ -</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:

<b>Year ended September 30:</b>	
2023	\$ 2,812,265
2024	1,993,499
2025	2,293,237
2026	<u>4,859,237</u>
Total	<u>\$ 11,958,238</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, 2022

**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 without interest. Benefit terms provide for a 1 percent COLA annually on October 1<sup>st</sup>.

**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, 2022, \$892,614 is payable to DROP Participants.

**Employees covered by benefit terms.** At September 30, 2022, 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	53
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	52
	107
	107

**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, 2022, 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 24.65 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, 2022

**13. PENSION PLANS – Continued**

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

The City’s net pension liability for the Police Officers’ Retirement Fund was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2022.

*Actuarial assumptions.* The total pension liability in the October 1, 2022 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	7.35%, 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, 2022 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, 2022 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
<b>Total</b>	<u>100 %</u>	

For fiscal year ended September 30, 2022, the annual money-weighted rate of return on the plan investments, net of investment expenses, was -15.26%.

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**13. PENSION PLANS – Continued**

*Discount rate.* The discount rate used to measure the total pension liability for the Police Officers' Retirement Fund was 7.35%. The projection of cash flows used to determine the discount rate assumed that City contributions (including state premium tax contributions) will be made equal to the difference between the actuarially determined contribution and the member contribution. Based on those assumptions, the Police Officers' Retirement Fund fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the plan.

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

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balances at 9/30/2021</b>	\$ 52,676,315	\$ 54,540,488	\$ (1,864,173)
<b>Changes for the year:</b>			
Service cost	632,225	-	632,225
Interest	3,880,464	-	3,880,464
Differences between expected and actual experience	720,612	-	720,612
Changes of assumptions	614,022	-	614,022
Changes of benefit terms	(462,637)	-	(462,637)
Contributions - employer	-	697,348	(697,348)
Contributions - State	-	309,953	(309,953)
Contributions - employee	-	267,014	(267,014)
Net investment income	-	(8,272,580)	8,272,580
Benefit payments (including refunds of employee contributions)	(2,443,549)	(2,443,549)	-
Administrative expenses	-	(96,924)	96,924
<b>Net Changes</b>	<b>2,941,137</b>	<b>(9,538,738)</b>	<b>12,479,875</b>
<b>Balances at 9/30/2022</b>	<b>\$ 55,617,452</b>	<b>\$ 45,001,750</b>	<b>\$ 10,615,702</b>

*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 7.35%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.35%) or 1-percentage-point higher (8.35%).

	<b>1% Decrease (6.35%)</b>	<b>Current Discount Rate (7.35%)</b>	<b>1% Increase (8.35%)</b>
Net Pension Liability (Asset)	\$ 17,449,271	\$ 10,615,702	\$ 4,957,665

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**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 100.

**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, 2022, the Police Officers’ Retirement Fund recognized pension expense of \$1,708,181. At September 30, 2022, 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	\$ 613,323	\$ 509,421
Net difference between projected and actual earnings on pension plan investments	6,506,666	-
Changes of assumptions	<u>1,097,679</u>	<u>-</u>
Total	<u>\$ 8,217,668</u>	<u>\$ 509,421</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:**

2023	\$ 2,031,151
2024	1,336,211
2025	1,883,149
2026	<u>2,457,736</u>
Total	<u>\$ 7,708,247</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, 2022

**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 1<sup>st</sup>.

**Employees covered by benefit terms.** At September 30, 2022, 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 liability for the Firefighter’s Relief and Pension Fund was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2021 rolled forward to September 30, 2022.

**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	N/A
Investment Rate of Return	6.00%

Mortality rates used in this valuation match the Florida Retirement System (FRS) July 1, 2020 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, 2022

**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, 2022 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
<b>Total</b>	<u>100 %</u>	

For fiscal year ended September 30, 2022, the annual money-weighted rate of return on the plan investments, net of investment expenses, was -11.7%.

*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, 2022

**13. PENSION PLANS – Continued**

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 9/30/2021</b>	\$ 7,072,322	\$ 7,994,577	\$ (922,255)
<b>Changes for the year:</b>			
Service cost	-	-	-
Interest	402,221	-	402,221
Differences between expected and actual experience	39,301	-	39,301
Changes of assumptions	-	-	-
Contributions - employer	-	-	-
Contributions - State	-	167,180	(167,180)
Contributions - employee	-	-	-
Net investment income	-	(899,917)	899,917
Benefit payments (including refunds of employee contributions)	(737,262)	(737,262)	-
Administrative expenses	-	(24,718)	24,718
<b>Net Changes</b>	<u>(295,740)</u>	<u>(1,494,717)</u>	<u>1,198,977</u>
<b>Balances at 9/30/2022</b>	<u>\$ 6,776,582</u>	<u>\$ 6,499,860</u>	<u>\$ 276,722</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)	\$ 766,608	\$ 276,722	\$ (156,779)

*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 100.

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**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, 2022, the Firefighter’s Relief and Pension Fund recognized pension expense of \$188,280. At September 30, 2022, 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	675,447	-
Changes of assumptions	-	-
Total	<u>\$ 675,447</u>	<u>\$ -</u>

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

**Year ended September 30:**

2023	\$ 205,192
2024	150,019
2025	47,888
2026	272,348
Total	<u>\$ 675,447</u>

**AGGREGATE PENSION PLAN INFORMATION**

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

	<u>General Employee Retirement Plan</u>	<u>Police Officers' Retirement Fund</u>	<u>Firefighter's Relief and Pension Fund</u>	<u>Totals</u>
Net pension liability	\$ 23,175,295	\$ 10,615,702	\$ 276,722	\$ 34,067,719
Deferred outflows of resources	11,958,238	8,217,668	675,447	20,851,353
Deferred inflows of resources	-	509,421	-	509,421
Pension expense	4,243,153	1,708,181	188,280	6,139,614

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

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**14. OTHER POST EMPLOYMENT 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 regard 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, 2021, the date of the latest actuarial valuation:

	Number in Plan
Active participants	240
Retired participants	311
	<u>551</u>

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**14. OTHER POST EMPLOYMENT 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, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated October 1, 2021 and rolled forward to the September 30, 2022 measurement date.

*Actuarial assumptions.* The total OPEB liability in the October 1, 2021 valuation (rolled-forward to the measurement date of September 30, 2022) was determined using the following actuarial assumptions.

Inflation	2.25 %
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 6.00% and decreasing gradually to 3.75% 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, 2021 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 Mission Square 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
<b>Total</b>	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, 2022

**14. OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN – Continued**

For fiscal year ended September 30, 2022, the annual rate of return on the plan investments, net of investment expenses, was -16.54%.

*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)
<b>Balances at 9/30/2021</b>	\$ 31,059,378	\$ 4,993,441	\$ 26,065,937
<b>Changes for the year:</b>			
Service cost	516,122	-	516,122
Interest	1,853,278	-	1,853,278
Differences between expected and actual experience	(598,802)	-	(598,802)
Change in Benefit Terms	-	-	-
Changes in assumptions and other inputs	(4,194,455)	-	(4,194,455)
Contributions - employer	-	1,729,262	(1,729,262)
Contributions - employee	-	-	-
Net investment income	-	(855,259)	855,259
Benefit payments	(1,375,080)	(1,375,080)	-
Administrative expenses	-	-	-
<b>Net Changes</b>	<u>(3,798,937)</u>	<u>(501,077)</u>	<u>(3,297,860)</u>
<b>Balances at 9/30/2022</b>	<u>\$ 27,260,441</u>	<u>\$ 4,492,364</u>	<u>\$ 22,768,077</u>

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**14. OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN – Continued**

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.

For the fiscal year ending September 30, 2022, the net OPEB liability is allocated as follows:

	<u>Net OPEB Liability</u>
<b>Governmental Activities</b>	<u>\$ 17,984,693</u>
<b>Business-Type Activities</b>	
Water & Sewer Fund	3,263,430
Airport Fund	253,262
Marina Fund	64,594
Solid Waste Fund	1,202,098
<b>Total Business Type Activities</b>	<u>4,783,384</u>
<b>Total Net OPEB Liability</b>	<u><u>\$ 22,768,077</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	\$ 26,175,928	\$ 22,768,077	\$ 19,927,279

*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	\$ 19,551,486	\$ 22,768,077	\$ 26,696,969

*OPEB plan fiduciary net position.* Detailed information about the OPEB Plan fiduciary net position is available in the combining statements beginning on page 100.

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**14. OTHER POST EMPLOYMENT 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, 2022, the OPEB plan recognized total OPEB expense of \$283,950. 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, 2022, the OPEB expense is allocated as follows:

	<u>OPEB Expense</u>
<b>Governmental Activities</b>	<u>\$ 229,465</u>
<b>Business-Type Activities</b>	
Water & Sewer Fund	40,409
Airport Fund	2,631
Marina Fund	885
Solid Waste Fund	10,560
<b>Total Business Type Activities</b>	<u>54,485</u>
<b>Total OPEB Expense</b>	<u><u>\$ 283,950</u></u>

At September 30, 2022, 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	\$ 1,054,902	\$ 800,049
Net difference between projected and actual earnings on pension plan investments	572,116	-
Changes of assumptions	183,439	6,022,474
Total	<u>\$ 1,810,457</u>	<u>\$ 6,822,523</u>

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

<b>Year ended September 30:</b>	
2023	\$ (1,759,686)
2024	(1,555,245)
2025	(824,097)
2026	(688,682)
2027	(184,356)
Total	<u>\$ (5,012,066)</u>



**CITY OF VERO BEACH, FLORIDA**  
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YEAR ENDED SEPTEMBER 30, 2022

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

	<b>General Employee Pension</b>	<b>Police Officers' Pension</b>	<b>Firefighter's Relief and Pension</b>	<b>OPEB Trust Fund</b>	<b>Totals</b>
<b>Assets</b>					
Accrued interest receivable	\$ -	\$ 84,922	\$ 7,585	\$ -	\$ 92,507
Other receivables	-	19,575	-	-	19,575
Investments, at fair value					
Money market mutual funds	-	964,142	645,387	-	1,609,529
Mutual fund investments-equities	89,802,659	1,312,472	435,992	4,492,364	96,043,487
Mutual fund investments-fixed income	-	1,273,050	250,050	-	1,523,100
Corporate stocks	-	24,219,262	2,785,350	-	27,004,612
Corporate bonds	-	2,170,275	427,242	-	2,597,517
Treasury and agency bonds & notes:					
U.S. Treasury bonds & notes	-	7,036,234	331,364	-	7,367,598
Mortgage/asset backed securities	-	724,354	416,942	-	1,141,296
Real estate	-	7,308,900	1,081,140	-	8,390,040
Municipal bonds & notes	-	-	126,122	-	126,122
Total investments, at fair value	<u>89,802,659</u>	<u>45,008,689</u>	<u>6,499,589</u>	<u>4,492,364</u>	<u>145,803,301</u>
<b>Total assets</b>	<u>89,802,659</u>	<u>45,113,186</u>	<u>6,507,174</u>	<u>4,492,364</u>	<u>145,915,383</u>
<b>Liabilities</b>					
Prepaid employer contribution	-	18,055	-	-	18,055
Refunds payable	2,463	26,262	-	-	28,725
Expenses payable	-	67,119	7,314	-	74,433
<b>Total liabilities</b>	<u>2,463</u>	<u>111,436</u>	<u>7,314</u>	<u>-</u>	<u>121,213</u>
<b>Net position</b>					
Restricted for pension and OPEB benefits	<u>\$ 89,800,196</u>	<u>\$ 45,001,750</u>	<u>\$ 6,499,860</u>	<u>\$ 4,492,364</u>	<u>\$ 145,794,170</u>

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

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

	<b>General Employee Pension</b>	<b>Police Officers' Pension</b>	<b>Firefighter's Relief and Pension</b>	<b>OPEB Trust Fund</b>	<b>Totals</b>
<b>Additions</b>					
Contributions:					
Employer	\$ 2,465,838	\$ 697,348	\$ -	\$ 1,729,262	\$ 4,892,448
Employee	-	267,014	-	-	267,014
State	-	309,953	167,180	-	477,133
Total contributions	<u>2,465,838</u>	<u>1,274,315</u>	<u>167,180</u>	<u>1,729,262</u>	<u>5,636,595</u>
Investment earnings					
Interest and dividends	2,452,866	1,291,048	170,885	-	3,914,799
Net depreciation in fair value of investments	(19,331,749)	(9,184,916)	(978,655)	(855,259)	(30,350,579)
Total investment loss	<u>(16,878,883)</u>	<u>(7,893,868)</u>	<u>(807,770)</u>	<u>(855,259)</u>	<u>(26,435,780)</u>
Investment expense	(539,596)	(378,712)	(92,147)	-	(1,010,455)
Net investment loss	<u>(17,418,479)</u>	<u>(8,272,580)</u>	<u>(899,917)</u>	<u>(855,259)</u>	<u>(27,446,235)</u>
<b>Total additions</b>	<u>(14,952,641)</u>	<u>(6,998,265)</u>	<u>(732,737)</u>	<u>874,003</u>	<u>(21,809,640)</u>
<b>Deductions</b>					
Benefit payments	8,025,282	2,380,712	737,262	1,375,080	12,518,336
Refunds of contributions	2,463	62,837	-	-	65,300
Administrative expenses	87,379	96,924	24,718	-	209,021
<b>Total deductions</b>	<u>8,115,124</u>	<u>2,540,473</u>	<u>761,980</u>	<u>1,375,080</u>	<u>12,792,657</u>
Change in net position	(23,067,765)	(9,538,738)	(1,494,717)	(501,077)	(34,602,297)
Net position restricted for pension and OPEB benefits, beginning	<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>
Net position restricted for pension and OPEB benefits, ending	<u>\$ 89,800,196</u>	<u>\$ 45,001,750</u>	<u>\$ 6,499,860</u>	<u>\$ 4,492,364</u>	<u>\$ 145,794,170</u>

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

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**15. GENERAL EMPLOYEES' DEFINED CONTRIBUTION PENSION PLAN**

The City contributes to a defined contribution pension plan for all full time and permanent part time general employees. This defined contribution plan is administered by ICMA Retirement Corporation (d.b.a. Mission Square Retirement) and was established under the provisions of IRS Section 401(a) on July 1, 2015.

Benefit terms, including contribution requirements, for the general employees' defined contribution plan are established and may be amended by the City Council. For participants in the plan who were employed prior to July 1, 2015 the City makes an employer contribution of 9% of earnings (excluding overtime) and there is a mandatory employee match of 3%. For participants employed on or after July 1, 2015, the employer contribution is 7% and the mandatory employee match is 5%. For the year ended September 30, 2022, employee contributions totaled \$482,313 and the City recognized pension expense of \$1,072,876 for this plan.

Employees are immediately vested in all contributions (both employer and employee) and earnings on those contributions as of the first date of employment. As a result, there are no forfeitures of contributions to reduce the City's pension expenses. The assets and liabilities of this plan are held in trust by ICMA Retirement Corporation and are not reported within the City's financial statements.

**16. 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.

In addition to the optional deferred compensation plan, the City makes employer contributions to a deferred compensation plan under the terms of the contracts for the City Manager and the City Attorney at 4% of salary. For the fiscal year ended September 30, 2022 the City's employer contributions for these two employees totaled \$11,303. The City also makes employer contributions to a deferred compensation plan as the result of a settlement agreement for a single employee, totaling \$3,353 for the fiscal year.

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**17. 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:

	<b>General Fund</b>	<b>Infrastructure &amp; Real Estate Improvements</b>	<b>General Government Capital &amp; Construction</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
Nonspendable:					
Inventory	\$ 156,645	\$ -	\$ -	\$ -	\$ 156,645
Prepaid items	266,630	-	-	2,383	269,013
	<u>423,275</u>	<u>-</u>	<u>-</u>	<u>2,383</u>	<u>425,658</u>
Restricted:					
General Government	111,269	-	-	-	111,269
Public Safety	-	-	-	94,322	94,322
Culture & Recreation	-	-	-	853,727	853,727
Physical Environment	-	1,550,673	-	1,715,895	3,266,568
	<u>111,269</u>	<u>1,550,673</u>	<u>-</u>	<u>2,663,944</u>	<u>4,325,886</u>
Committed:					
Physical Environment	183,873	-	-	165,111	348,984
Cemetery	-	-	-	318,971	318,971
Unfunded Pension Liability Reserve	9,315,861	-	-	-	9,315,861
Other Post Employment Benefits (OPEB) Reserve	8,064,003	-	-	-	8,064,003
Capital and Infrastructure Reserve	21,000,000	-	-	-	21,000,000
Emergency (Disaster) Reserve	5,000,000	-	-	-	5,000,000
	<u>43,563,737</u>	<u>-</u>	<u>-</u>	<u>484,082</u>	<u>44,047,819</u>
Assigned	662,244	-	3,035,475	-	3,697,719
Unassigned	12,871,820	-	-	-	12,871,820
<b>Total fund balances - governmental funds</b>	<u>\$ 57,632,345</u>	<u>\$ 1,550,673</u>	<u>\$ 3,035,475</u>	<u>\$ 3,150,409</u>	<u>\$ 65,368,902</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 in the Infrastructure and Real Estate improvements fund are sales tax revenues (and associated interest earnings) limited by Florida Statutes to expenditures for capital equipment and improvements and associated debt service. For nonmajor funds, this category includes ad valorem tax increment revenues restricted for capital improvements in the Historic Downtown economic development zone and funds restricted for land purchases in the asset management fund.

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**17. 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 committed fund balance in the nonmajor funds is stormwater utility funding restricted for stormwater expenditures by City ordinance, and funds restricted by ordinance for cemetery care.

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 in the General Government Capital and Construction Fund.

**18. NET INVESTMENT IN CAPITAL ASSETS**

The composition of net investment in capital assets is as follows as of September 30, 2022:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Capital assets:		
Capital assets not being depreciated	\$ 6,646,164	\$ 9,938,423
Capital assets being depreciated, net	31,782,004	111,271,399
	<u>38,428,168</u>	<u>121,209,822</u>
Related debt:		
Contracts payable (retainage)	34,507	19,568
Total bonds, notes payable, and capital lease-purchases	<u>2,449,808</u>	<u>5,811,918</u>
<b>Net investment in capital assets</b>	<u><u>\$ 35,943,853</u></u>	<u><u>\$ 115,378,336</u></u>

**CITY OF VERO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2022

**19. COMMITMENTS AND CONTINGENCIES**

**Construction Commitments**

The City has the following construction commitments with contractors as of September 30, 2022:

<b>Fund</b>	<b>Contractor</b>	<b>Project Description</b>	<b>Contract Amount</b>	<b>Paid to Date</b>	<b>Retainage Payable</b>	<b>Balance to Completion</b>
<b>Governmental Activities</b>						
	The Garland Company	Public Works Compound Roof Repairs	\$ 413,355	\$ 360,834	\$ 18,992	\$ 33,529
	The Garland Company	Park Restroom Roof Replacements	310,305	294,790	15,515	-
		Total Governmental	<u>723,660</u>	<u>655,624</u>	<u>34,507</u>	<u>33,529</u>
<b>Business-Type Activities</b>						
Water & Sewer Fund:	AC Schultes of Florida Inc	Surficial Well Replacement	564,174	371,721	19,568	172,885
		Total Business-Type	<u>564,174</u>	<u>371,721</u>	<u>19,568</u>	<u>172,885</u>
		TOTAL	<u>\$ 1,287,834</u>	<u>\$ 1,027,345</u>	<u>\$ 54,075</u>	<u>\$ 206,414</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 2023, the City has submitted Project Worksheets (“PWs”) totaling \$3,484,102. Of this total amount, \$3,484,102 was obligated by the Federal Emergency Management Agency (“FEMA”) prior to September 30, 2022, which has been recognized on the financial statements. The City has received \$ 3,072,185 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 2023, the City has submitted PWs totaling \$3,310,318. Of this total amount, \$3,172,437 was obligated by the FEMA prior to September 30, 2022, which has been recognized on the financial statements. The City has received \$2,093,777 in funding to date.

# CITY OF VERO BEACH, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022

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### 19. 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 2023, the City has submitted PWs totaling \$183,193. Of this total amount, \$183,193 was obligated by the FEMA prior to September 30, 2022, which has been recognized on the financial statements. The City has received \$152,661 in funding to date.

*COVID-19.* On March 13, 2020 there was a Federal Major Disaster declaration for financial impacts related to the novel coronavirus (“COVID-19”), making the City eligible for Federal and State public assistance to reimburse a share of the eligible program costs associated with this emergency. In August 2020, the City Council approved a Public Assistance State Agreement for COVID-19 (FEMA-4486-DR-FL). Through March 2023, the City has submitted PWs totaling \$135,960. Of this total amount, \$97,800 was obligated by the FEMA prior to September 30, 2022, which has been recognized on the financial statements. The City has received \$135,960 in funding to date.

*Hurricane Ian.* In late September, 2022, the City of Vero Beach was part of an emergency declaration due to Hurricane Ian. Although the impact to the City from this storm was minimal, the City is eligible to recover costs for pre-impact protective actions and debris and sand removal. On September 29, 2022, 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 February 2023, the City Council approved a Public Assistance State Agreement for Hurricane Ian (FEMA-4673-DR-FL) which enabled the City to apply for and receive public assistance funding. The City has submitted the required storm damage inventories and is working with FEMA personnel to prepare PWs. Through March 2023, no PWs have been submitted or obligated. Accordingly, the City has not recognized revenue for potential future receipts.

### 20. SUBSEQUENT EVENT

*Hurricane Nicole.* In November 2022, the City of Vero Beach was hit by Hurricane Nicole and experienced significant expenses for storm preparedness, emergency response, debris removal and damage to City infrastructure. The City’s estimated damages for this storm are \$3.0 million. Although there was a Federal Major Disaster declaration on December 13, 2022, making the City eligible for public assistance funding, the State Division of Emergency Management (DEM) has not yet issued a State public assistance agreement for this storm. The City is working with FEMA personnel in finalizing the required storm damage inventories and other supporting documentation. Through March 2023, no PWs have been submitted or obligated. Accordingly, the City has not recognized revenue for potential future receipts.

REQUIRED SUPPLEMENTARY INFORMATION



**CITY OF VERO BEACH, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2022

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Total pension liability</b>				
Service cost	\$ 259,018	\$ 284,036	\$ 324,630	\$ 468,239
Interest	6,808,169	6,962,607	7,021,159	6,953,167
Change of benefit terms	-	-	-	-
Differences between expected and actual experience	1,250,497	(20,250)	(277,492)	3,324,807
Changes of assumptions	-	2,659,984	-	(1,933,292)
Benefit payments (including refunds of member contributions)	(8,027,745)	(8,067,652)	(7,789,336)	(7,457,236)
<b>Net change in total pension liability</b>	<u>289,939</u>	<u>1,818,725</u>	<u>(721,039)</u>	<u>1,355,685</u>
<b>Total pension liability - beginning</b>	112,685,552	110,866,827	111,587,866	110,232,181
<b>Total pension liability - ending (a)</b>	<u>\$ 112,975,491</u>	<u>\$ 112,685,552</u>	<u>\$ 110,866,827</u>	<u>\$ 111,587,866</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 2,465,838	\$ 2,684,129	\$ 3,069,174	\$ 12,002,990
Contributions - employee	-	-	-	-
Net investment income	(17,418,479)	19,102,773	7,610,589	4,106,761
Benefit payments (including refunds of member contributions)	(8,027,745)	(8,067,652)	(7,789,336)	(7,457,236)
Administrative expense	(87,379)	(94,537)	(72,977)	(89,490)
Other	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>(23,067,765)</u>	<u>13,624,713</u>	<u>2,817,450</u>	<u>8,563,025</u>
<b>Plan fiduciary net position - beginning</b>	112,867,961	99,243,248	96,425,798	87,862,773
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 89,800,196</u>	<u>\$ 112,867,961</u>	<u>\$ 99,243,248</u>	<u>\$ 96,425,798</u>
<b>City's net pension liability (asset) - ending (a) - (b)</b>	<u>\$ 23,175,295</u>	<u>\$ (182,409)</u>	<u>\$ 11,623,579</u>	<u>\$ 15,162,068</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	79.49%	100.16%	89.52%	86.41%
<b>Covered payroll</b>	\$ -	\$ -	\$ -	\$ -
<b>City's net pension liability (asset) as percentage of covered payroll</b>	N/A	N/A	N/A	N/A

**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, 2022

2018	2017	2016	2015	2014
\$ 510,973	\$ 557,046	\$ 689,965	\$ 1,455,560	\$ 1,525,171
6,960,909	6,853,564	6,546,450	7,466,958	7,257,316
-	-	-	(1,270,795)	-
(334,153)	1,132,034	358,687	2,986,908	-
-	-	3,151,956	-	-
(6,970,975)	(6,719,219)	(6,439,345)	(6,104,373)	(6,050,479)
166,754	1,823,425	4,307,713	4,534,258	2,732,008
110,065,427	108,242,002	103,934,289	99,400,031	96,668,023
<u>\$ 110,232,181</u>	<u>\$ 110,065,427</u>	<u>\$ 108,242,002</u>	<u>\$ 103,934,289</u>	<u>\$ 99,400,031</u>
\$ 4,377,313	\$ 4,499,935	\$ 4,274,277	\$ 4,889,995	\$ 4,972,378
-	-	-	373,250	461,199
6,963,235	8,865,531	7,205,701	859,603	6,975,362
(6,970,975)	(6,719,219)	(6,439,345)	(6,104,373)	(6,050,479)
(73,138)	(27,102)	(20,457)	(32,265)	-
-	14,461	-	-	-
4,296,435	6,633,606	5,020,176	(13,790)	6,358,460
83,566,338	76,932,732	71,912,556	71,926,346	65,567,886
<u>\$ 87,862,773</u>	<u>\$ 83,566,338</u>	<u>\$ 76,932,732</u>	<u>\$ 71,912,556</u>	<u>\$ 71,926,346</u>
<u>\$ 22,369,408</u>	<u>\$ 26,499,089</u>	<u>\$ 31,309,270</u>	<u>\$ 32,021,733</u>	<u>\$ 27,473,685</u>
79.71%	75.92%	71.07%	69.19%	72.36%
\$ -	\$ -	\$ -	\$ 15,456,663	\$ 15,704,293
N/A	N/A	N/A	207.2%	174.9%

**CITY OF VERO BEACH, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2022

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Total pension liability</b>				
Service cost	\$ 632,225	\$ 634,974	\$ 570,050	\$ 605,715
Interest	3,880,464	3,798,187	3,621,631	3,525,391
Change of benefit terms	(462,637)	-	-	-
Differences between expected and actual experience	720,612	(849,033)	291,454	49,124
Changes of assumptions	614,022	598,192	1,112,988	-
Benefit payments (including refunds of member contributions)	(2,443,549)	(2,356,274)	(3,034,784)	(2,738,251)
<b>Net change in total pension liability</b>	<u>2,941,137</u>	<u>1,826,046</u>	<u>2,561,339</u>	<u>1,441,979</u>
<b>Total pension liability - beginning</b>	<u>52,676,315</u>	<u>50,850,269</u>	<u>48,288,930</u>	<u>46,846,951</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 55,617,452</u>	<u>\$ 52,676,315</u>	<u>\$ 50,850,269</u>	<u>\$ 48,288,930</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 697,348	\$ 752,804	\$ 765,548	\$ 788,992
Contributions - State	309,953	282,518	291,898	280,231
Contributions - employee	267,014	248,609	226,427	212,777
Net investment income	(8,272,580)	7,858,973	6,006,647	1,563,321
Benefit payments (including refunds of member contributions)	(2,443,549)	(2,356,274)	(3,034,784)	(2,738,251)
Administrative expense	(96,924)	(96,823)	(102,391)	(91,872)
<b>Net change in plan fiduciary net position</b>	<u>(9,538,738)</u>	<u>6,689,807</u>	<u>4,153,345</u>	<u>15,198</u>
<b>Plan fiduciary net position - beginning</b>	<u>54,540,488</u>	<u>47,850,681</u>	<u>43,697,336</u>	<u>43,682,138</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 45,001,750</u>	<u>\$ 54,540,488</u>	<u>\$ 47,850,681</u>	<u>\$ 43,697,336</u>
<b>City's net pension liability (asset) - ending (a) - (b)</b>	<u>\$ 10,615,702</u>	<u>\$ (1,864,173)</u>	<u>\$ 2,999,588</u>	<u>\$ 4,591,594</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	80.91%	103.54%	94.10%	90.49%
<b>Covered payroll</b>	\$ 4,085,625	\$ 3,816,451	\$ 3,543,511	\$ 3,363,227
<b>City's net pension liability (asset) as percentage of covered payroll</b>	259.8%	-48.8%	84.7%	136.5%

**Notes to Schedule:**

*Benefit changes.* For measurement date 9/30/22, the plan was amended to provide for the following changes: Credited Service - Conversion of accrued annual and medical leave days to Credited Service is not permitted and Salary - The value of eligible medical leave in excess of 120 days at the time of retirement is included in the final benefit calculations at the member's base rate of pay at retirement. In 2014, the valuation was adjusted for the fact that leave payouts are not capped for pension purposes.

*Change of assumptions.* For measurement date 9/30/22, the net assumed investment return was lowered from 7.45% to 7.35%. 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, 2022

2018	2017	2016	2015	2014
\$ 637,288	\$ 575,896	\$ 543,187	\$ 550,357	\$ 478,211
3,416,827	3,264,313	3,086,536	3,009,258	2,881,001
-	-	-	-	118,425
(149,084)	133,676	26,221	(642,610)	96,146
495,820	1,274	710,848	44,151	41,761
(2,087,518)	(2,063,153)	(2,141,125)	(1,793,418)	(2,248,284)
2,313,333	1,912,006	2,225,667	1,167,738	1,367,260
44,533,618	42,621,612	40,395,945	39,228,207	37,860,947
<u>\$ 46,846,951</u>	<u>\$ 44,533,618</u>	<u>\$ 42,621,612</u>	<u>\$ 40,395,945</u>	<u>\$ 39,228,207</u>
\$ 773,856	\$ 756,381	\$ 853,491	\$ 852,721	\$ 869,837
258,540	241,345	252,594	228,139	233,451
213,729	208,521	191,664	191,782	167,975
4,119,480	4,336,908	2,915,646	385,598	3,088,757
(2,087,518)	(2,063,153)	(2,141,125)	(1,793,418)	(2,248,284)
(135,607)	(116,981)	(107,071)	(86,344)	(86,354)
3,142,480	3,363,021	1,965,199	(221,522)	2,025,382
40,539,658	37,176,637	35,211,438	35,432,960	33,407,578
<u>\$ 43,682,138</u>	<u>\$ 40,539,658</u>	<u>\$ 37,176,637</u>	<u>\$ 35,211,438</u>	<u>\$ 35,432,960</u>
<u>\$ 3,164,813</u>	<u>\$ 3,993,960</u>	<u>\$ 5,444,975</u>	<u>\$ 5,184,507</u>	<u>\$ 3,795,247</u>
93.24%	91.03%	87.22%	87.17%	90.33%
\$ 3,259,812	\$ 3,261,894	\$ 3,169,645	\$ 2,938,951	\$ 2,899,869
97.1%	122.4%	171.8%	176.4%	130.9%

**CITY OF VERO BEACH, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2022

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Total pension liability</b>				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	402,221	448,188	470,078	475,071
Change of benefit terms	-	-	-	-
Differences between expected and actual experience	39,301	177,678	(106,292)	176,997
Changes of assumptions	-	(658,674)	-	-
Benefit payments (including refunds of member contributions)	(737,262)	(729,349)	(727,877)	(742,693)
<b>Net change in total pension liability</b>	<u>(295,740)</u>	<u>(762,157)</u>	<u>(364,091)</u>	<u>(90,625)</u>
<b>Total pension liability - beginning</b>	<u>7,072,322</u>	<u>7,834,479</u>	<u>8,198,570</u>	<u>8,289,195</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 6,776,582</u>	<u>\$ 7,072,322</u>	<u>\$ 7,834,479</u>	<u>\$ 8,198,570</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ -	\$ -	\$ 100,007	\$ 121,788
Contributions - State	167,180	163,564	141,264	138,674
Net investment income	(899,917)	1,527,760	(68,609)	185,191
Benefit payments (including refunds of member contributions)	(737,262)	(729,349)	(727,877)	(742,693)
Administrative expense	(24,718)	(15,588)	(14,782)	(20,425)
<b>Net change in plan fiduciary net position</b>	<u>(1,494,717)</u>	<u>946,387</u>	<u>(569,997)</u>	<u>(317,465)</u>
<b>Plan fiduciary net position - beginning</b>	<u>7,994,577</u>	<u>7,048,190</u>	<u>7,618,187</u>	<u>7,935,652</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 6,499,860</u>	<u>\$ 7,994,577</u>	<u>\$ 7,048,190</u>	<u>\$ 7,618,187</u>
<b>City’s net pension liability (asset) - ending (a) - (b)</b>	<u>\$ 276,722</u>	<u>\$ (922,255)</u>	<u>\$ 786,289</u>	<u>\$ 580,383</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	95.92%	113.04%	89.96%	92.92%
<b>Covered payroll</b>	\$ -	\$ -	\$ -	\$ -
<b>City’s net pension liability (asset) as percentage of covered payroll</b>	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)

(Historical information prior to implementation of GASB 67/68 not required)

**CITY OF VERO BEACH, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2022

2018	2017	2016	2015	2014
\$ -	\$ -	\$ -	\$ -	\$ -
480,914	460,574	503,480	515,130	529,277
-	-	-	-	-
164,840	147,994	(321,469)	168,392	-
-	466,714	160,377	164,475	-
(743,573)	(728,993)	(714,699)	(720,087)	(773,744)
(97,819)	346,289	(372,311)	127,910	(244,467)
8,387,014	8,040,725	8,413,036	8,285,126	8,529,593
<u>\$ 8,289,195</u>	<u>\$ 8,387,014</u>	<u>\$ 8,040,725</u>	<u>\$ 8,413,036</u>	<u>\$ 8,285,126</u>
\$ 146,657	\$ 84,119	\$ 104,007	\$ 65,751	\$ 42,311
138,704	183,499	225,939	271,303	296,198
563,174	873,992	676,519	84,490	702,893
(743,573)	(728,993)	(714,699)	(720,087)	(773,744)
(15,720)	(16,663)	(18,271)	(17,351)	(8,167)
89,242	395,954	273,495	(315,894)	259,491
7,846,410	7,450,456	7,176,961	7,492,855	7,233,364
<u>\$ 7,935,652</u>	<u>\$ 7,846,410</u>	<u>\$ 7,450,456</u>	<u>\$ 7,176,961</u>	<u>\$ 7,492,855</u>
<u>\$ 353,543</u>	<u>\$ 540,604</u>	<u>\$ 590,269</u>	<u>\$ 1,236,075</u>	<u>\$ 792,271</u>
95.73%	93.55%	92.66%	85.31%	90.44%
\$ -	\$ -	\$ -	\$ -	\$ -
N/A	N/A	N/A	N/A	N/A

**CITY OF VERO BEACH, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2022

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

Year Ending September 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 2,465,838	\$ 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
Contributions in relation to the actuarially determined contribution	2,465,838	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
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (7,724,006)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,704,293	\$ 16,224,526	\$ 17,094,905
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	31.14%	30.65%	27.15%

**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	5
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, 2022

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

Year Ending September 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 1,007,301	\$ 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
Contributions in relation to the actuarially determined contribution	1,007,301	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
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,085,625	\$ 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
Contributions as a percentage of covered payroll	24.65%	27.13%	29.84%	31.79%	31.67%	30.59%	34.90%	36.79%	38.05%	38.15%

**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	7.35% net of investment related expenses, 7.45% 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, 2022

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

Year Ending September 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 15,742	\$ 160,001	\$ 241,271	\$ 260,242	\$ 285,361	\$ 267,618	\$ 329,946	\$ 337,054	\$ 338,509	\$ 328,294
Contributions in relation to the actuarially determined contribution	167,180	163,564	241,271	260,242	285,361	267,618	329,946	337,054	338,509	328,294
Contribution deficiency (excess)	\$ (151,438)	\$ (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	8 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, 2020 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, 2022

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

	2022	2021	2020	2019	2018	2017
<b>Total OPEB liability</b>						
Service cost	\$ 516,122	\$ 485,484	\$ 598,599	\$ 526,731	\$ 541,547	\$ 517,526
Interest	1,853,278	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	(598,802)	322,308	2,221,808	(1,722,633)	-	-
Changes of assumptions	(4,194,455)	(425,395)	(6,136,371)	998,719	-	-
Benefit payments	(1,375,080)	(1,524,257)	(1,399,838)	(1,257,980)	(1,185,885)	(1,024,866)
<b>Net change in total OPEB liability</b>	<b>(3,798,937)</b>	<b>665,192</b>	<b>(2,734,179)</b>	<b>496,607</b>	<b>1,236,305</b>	<b>1,298,767</b>
<b>Total OPEB liability - beginning</b>	<b>31,059,378</b>	<b>30,394,186</b>	<b>33,128,365</b>	<b>32,631,758</b>	<b>31,395,453</b>	<b>30,096,686</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 27,260,441</b>	<b>\$ 31,059,378</b>	<b>\$ 30,394,186</b>	<b>\$ 33,128,365</b>	<b>\$ 32,631,758</b>	<b>\$ 31,395,453</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 1,729,262	\$ 2,014,452	\$ 1,957,905	\$ 2,093,039	\$ 2,056,291	\$ 1,971,583
Net investment income	(855,259)	810,274	250,536	99,958	89,274	42,955
Benefit payments	(1,375,080)	(1,524,257)	(1,399,838)	(1,257,980)	(1,185,885)	(1,024,866)
Administrative expense	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>(501,077)</b>	<b>1,300,469</b>	<b>808,603</b>	<b>935,017</b>	<b>959,680</b>	<b>989,672</b>
<b>Plan fiduciary net position - beginning</b>	<b>4,993,441</b>	<b>3,692,972</b>	<b>2,884,369</b>	<b>1,949,352</b>	<b>989,672</b>	<b>-</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 4,492,364</b>	<b>\$ 4,993,441</b>	<b>\$ 3,692,972</b>	<b>\$ 2,884,369</b>	<b>\$ 1,949,352</b>	<b>\$ 989,672</b>
<b>City's net OPEB liability - ending (a) - (b)</b>	<b>\$ 22,768,077</b>	<b>\$ 26,065,937</b>	<b>\$ 26,701,214</b>	<b>\$ 30,243,996</b>	<b>\$ 30,682,406</b>	<b>\$ 30,405,781</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>16.48%</b>	<b>16.08%</b>	<b>12.15%</b>	<b>8.71%</b>	<b>5.97%</b>	<b>3.15%</b>
<b>Covered employee payroll</b>	<b>\$ 19,665,391</b>	<b>\$ 18,531,053</b>	<b>\$ 18,038,730</b>	<b>\$ 19,799,596</b>	<b>\$ 22,166,418</b>	<b>\$ 18,157,544</b>
<b>City's net OPEB liability as percentage of covered employee payroll</b>	<b>115.78%</b>	<b>140.66%</b>	<b>148.02%</b>	<b>152.75%</b>	<b>138.42%</b>	<b>167.46%</b>

**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, 2022

**Schedule of Employer Contributions – Other Post Employment Benefits Plan**  
**Last Ten Fiscal Years**

Year Ending September 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 1,729,262	\$ 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
Contributions in relation to the actuarially determined contribution	1,729,262	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
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,353,674	\$ 1,293,045	\$ 1,254,852	\$ 2,579,995
Covered employee payroll	\$ 19,665,391	\$ 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
Contributions as a percentage of covered employee payroll	8.79%	10.87%	10.85%	10.57%	9.28%	10.86%	4.14%	4.20%	5.84%	5.43%

**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	22
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 6.00% and gradually decreasing to an ultimate trend rate of 3.75%.
Mortality	Mortality tables used for Regular Class and Special Risk Class members in the July 1, 2021 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, 2022*

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Employees' Retirement Plan	-15.83%	19.79%	8.09%	4.56%	8.47%	11.69%	10.17%	1.20%	10.69%	12.85%
Police Officers' Retirement Fund	-15.26%	16.51%	13.83%	3.60%	10.16%	11.45%	7.99%	0.87%	9.08%	14.17%
Firefighter's Relief and Pension Fund	-11.70%	22.60%	-0.90%	2.40%	7.40%	12.10%	9.70%	1.20%	10.00%	13.60%
Other Post Employment Benefits (OPEB) Plan	-16.54%	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, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 8,000,606	\$ 8,146,789	\$ 8,146,789	\$ -
Utility taxes	2,837,000	2,912,400	2,912,285	(115)
Electric utility franchise fee	1,662,000	1,799,000	1,927,118	128,118
Telecommunications tax	1,260,795	1,260,795	1,277,654	16,859
Local option gas tax	549,183	549,183	530,513	(18,670)
Local business tax	155,000	144,139	144,138	(1)
Total taxes	14,464,584	14,812,306	14,938,497	126,191
Licenses and permits:				
Sign permit fees	7,500	3,713	3,713	-
Burglar alarm permit fees	45,000	39,477	39,477	-
Miscellaneous license fees	107,000	132,270	132,270	-
Total licenses and permits	159,500	175,460	175,460	-
Intergovernmental revenues:				
State revenue sharing	604,375	677,093	677,093	-
State sales tax revenue	1,378,350	1,578,350	1,579,675	1,325
Total intergovernmental revenues	1,982,725	2,255,443	2,256,768	1,325
Grants:				
OJP grants	-	13,170	19,695	6,525
FEMA (Hurricanes Matthew and Irma & COVID)	-	149,982	171,232	21,250
American Rescue Plan Act (ARPA) Grant	-	500,000	500,000	-
Total grants	-	663,152	690,927	27,775
Charges for Services:				
Planning department	100,000	104,500	104,504	4
Administrative services	2,171,120	2,171,120	2,171,120	-
Recreation	366,800	380,037	364,696	(15,341)
Airport security	100,998	100,998	74,461	(26,537)
Police department special details	323,000	284,366	284,618	252
Public works	141,567	141,567	141,568	1
Total charges for services	3,203,485	3,182,588	3,140,967	(41,621)
Fines, forfeitures and seizures	175,000	184,773	184,773	-
Miscellaneous revenues:				
Investment income (loss)	440,000	(2,597,515)	(2,613,954)	(16,439)
Rentals	349,200	353,862	291,013	(62,849)
Contributions from private sources	-	33,393	33,393	-
Lease	-	-	77,174	77,174
Miscellaneous	77,500	97,993	98,400	407
Total miscellaneous revenues	866,700	(2,112,267)	(2,113,974)	(1,707)
<b>Total revenues</b>	<b>20,851,994</b>	<b>19,161,455</b>	<b>19,273,418</b>	<b>111,963</b>
<b>Expenditures</b>				
Current:				
General government:				
City council:				
Personnel services	61,738	61,538	61,409	129
Operating	8,700	8,700	4,512	4,188
Total city council	70,438	70,238	65,921	4,317
City clerk:				
Personnel services	453,642	443,492	442,993	499
Operating	105,400	105,400	84,816	20,584
Total city clerk	559,042	548,892	527,809	21,083
City manager:				
Personnel services	329,434	325,534	325,194	340
Operating	11,650	11,650	7,444	4,206
Total city manager	341,084	337,184	332,638	4,546

**CITY OF VERO BEACH, FLORIDA**

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

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
City hall:				
Operating	\$ 272,300	\$ 223,500	\$ 155,453	\$ 68,047
Capital outlay	-	3,800	3,426	374
Total city hall	<u>272,300</u>	<u>227,300</u>	<u>158,879</u>	<u>68,421</u>
City attorney:				
Personnel services	410,247	381,237	380,750	487
Operating	16,125	20,125	15,364	4,761
Capital outlay	-	1,110	1,108	2
Total city attorney	<u>426,372</u>	<u>402,472</u>	<u>397,222</u>	<u>5,250</u>
Human resources:				
Personnel services	391,216	385,716	385,419	297
Operating	84,335	82,985	64,174	18,811
Capital outlay	-	1,350	8,298	(6,948)
Total human resources	<u>475,551</u>	<u>470,051</u>	<u>457,891</u>	<u>12,160</u>
Finance administration:				
Personnel services	886,277	847,177	846,518	659
Operating	60,319	60,319	44,309	16,010
Capital outlay	4,400	4,400	31,270	(26,870)
Total finance administration	<u>950,996</u>	<u>911,896</u>	<u>922,097</u>	<u>(10,201)</u>
Information technology:				
Personnel services	632,809	624,609	624,075	534
Operating	201,650	201,166	187,628	13,538
Capital outlay	155,000	85,484	81,105	4,379
Total information technology	<u>989,459</u>	<u>911,259</u>	<u>892,808</u>	<u>18,451</u>
Purchasing:				
Personnel services	547,426	540,326	539,758	568
Operating	22,274	22,274	20,118	2,156
Total purchasing	<u>569,700</u>	<u>562,600</u>	<u>559,876</u>	<u>2,724</u>
Planning:				
Personnel services	484,522	475,222	474,801	421
Operating	48,700	48,700	28,476	20,224
Capital outlay	-	-	8,077	(8,077)
Total planning	<u>533,222</u>	<u>523,922</u>	<u>511,354</u>	<u>12,568</u>
Public works - fleet management:				
Personnel services	5,060	16,502	5,377	11,125
Operating	2,703	12,061	3,750	8,311
Capital outlay	45,000	45,000	43,766	1,234
Total public works - fleet management	<u>52,763</u>	<u>73,563</u>	<u>52,893</u>	<u>20,670</u>
Public works - facilities management:				
Personnel services	661,131	632,331	631,752	579
Operating	150,601	130,601	125,217	5,384
Total public works - facilities management	<u>811,732</u>	<u>762,932</u>	<u>756,969</u>	<u>5,963</u>
Public works - GIS:				
Personnel services	202,892	200,492	197,588	2,904
Operating	4,100	4,100	3,129	971
Capital outlay	4,000	4,000	3,809	191
Total public works - GIS	<u>210,992</u>	<u>208,592</u>	<u>204,526</u>	<u>4,066</u>
Total general government	<u>6,263,651</u>	<u>6,010,901</u>	<u>5,840,883</u>	<u>170,018</u>
Public safety:				
Police:				
Personnel services	7,897,837	7,774,737	7,754,344	20,393
Operating	857,779	901,819	875,085	26,734
Capital outlay	157,171	194,131	184,273	9,858
Total public safety	<u>8,912,787</u>	<u>8,870,687</u>	<u>8,813,702</u>	<u>56,985</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, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Transportation:				
Public works - administration:				
Personnel services	\$ 479,735	\$ 443,835	\$ 443,167	\$ 668
Operating	73,620	73,620	68,927	4,693
Capital outlay	29,000	29,000	17,785	11,215
Total public works - administration	<u>582,355</u>	<u>546,455</u>	<u>529,879</u>	<u>16,576</u>
Public works - streets/stormwater/traffic:				
Personnel services	1,120,567	1,032,767	1,019,955	12,812
Operating	361,362	363,362	356,108	7,254
Capital outlay	33,100	33,100	17,296	15,804
Total public works - streets	<u>1,515,029</u>	<u>1,429,229</u>	<u>1,393,359</u>	<u>35,870</u>
Public works - engineering & survey:				
Personnel services	433,981	426,931	414,657	12,274
Operating	162,462	160,992	135,346	25,646
Capital outlay	25,500	26,970	21,696	5,274
Total public works - engineering & survey	<u>621,943</u>	<u>614,893</u>	<u>571,699</u>	<u>43,194</u>
Total transportation	<u>2,719,327</u>	<u>2,590,577</u>	<u>2,494,937</u>	<u>95,640</u>
Culture and recreation:				
Public works - grounds maintenance:				
Personnel services	1,602,235	1,550,835	1,559,047	(8,212)
Operating	631,474	631,763	608,862	22,901
Capital outlay	25,100	30,811	25,569	5,242
Total public works - grounds maintenance	<u>2,258,809</u>	<u>2,213,409</u>	<u>2,193,478</u>	<u>19,931</u>
Recreation - leisure square:				
Personnel services	235,302	239,102	238,363	739
Operating	163,897	205,842	200,058	5,784
Capital outlay	16,100	15,655	12,825	2,830
Total recreation - leisure square	<u>415,299</u>	<u>460,599</u>	<u>451,246</u>	<u>9,353</u>
Recreation - community center:				
Personnel services	68,295	54,195	53,753	442
Operating	60,726	63,726	60,236	3,490
Total recreation - community center	<u>129,021</u>	<u>117,921</u>	<u>113,989</u>	<u>3,932</u>
Recreation - riverside tennis complex:				
Personnel services	107,431	106,381	106,068	313
Operating	14,280	17,280	14,563	2,717
Capital outlay	16,000	14,000	12,213	1,787
Total recreation - riverside tennis complex	<u>137,711</u>	<u>137,661</u>	<u>132,844</u>	<u>4,817</u>
Recreation - parks, playgrounds & rental facilities:				
Personnel services	86,614	83,364	82,934	430
Operating	201,040	210,040	205,294	4,746
Total recreation - parks, playgrounds & rental facilities	<u>287,654</u>	<u>293,404</u>	<u>288,228</u>	<u>5,176</u>
Recreation - recreation programs & community events:				
Personnel services	274,311	269,161	268,721	440
Operating	39,900	42,900	36,194	6,706
Capital outlay	19,400	19,400	17,782	1,618
Total recreation - parks, playgrounds & rental facilities	<u>333,611</u>	<u>331,461</u>	<u>322,697</u>	<u>8,764</u>
Recreation - beach lifeguards:				
Personnel services	728,877	711,427	710,689	738
Operating	19,964	23,897	21,714	2,183
Capital outlay	21,500	21,567	10,090	11,477
Total recreation - beach lifeguards	<u>770,341</u>	<u>756,891</u>	<u>742,493</u>	<u>14,398</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, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Recreation - administration:				
Personnel services	\$ 312,259	\$ 309,259	\$ 308,841	\$ 418
Operating	4,475	6,475	4,104	2,371
Capital outlay	22,000	7,000	-	7,000
Total recreation - administration	<u>338,734</u>	<u>322,734</u>	<u>312,945</u>	<u>9,789</u>
Total culture and recreation	<u>4,671,180</u>	<u>4,634,080</u>	<u>4,557,920</u>	<u>76,160</u>
Nondepartmental:				
Personnel services	1,589,608	1,420,165	1,424,815	(4,650)
Operating	1,490,098	1,637,502	1,589,233	48,269
Total nondepartmental	<u>3,079,706</u>	<u>3,057,667</u>	<u>3,014,048</u>	<u>43,619</u>
<b>Total expenditures</b>	<b>\$ 25,646,651</b>	<b>\$ 25,163,912</b>	<b>\$ 24,721,490</b>	<b>\$ 442,422</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(4,794,657)</b>	<b>(6,002,457)</b>	<b>(5,448,072)</b>	<b>554,385</b>
<b>Other financing sources (uses)</b>				
Lease liabilities issued	-	-	49,461	49,461
Proceeds from insurance	-	32,320	32,321	1
Debt service principal - leases	-	-	(12,502)	(12,502)
Debt service interest - leases	-	-	(360)	(360)
Gain on sale of assets	1,000	-	-	-
Transfers in:				
Water & sewer fund	1,031,000	1,031,000	1,031,000	-
Solid waste fund	183,000	183,000	183,000	-
Marina fund	105,000	105,000	105,000	-
Total transfers in	<u>1,319,000</u>	<u>1,319,000</u>	<u>1,319,000</u>	<u>36,600</u>
Transfers out:				
Stormwater utility fund	-	(500,000)	(500,000)	-
Marina fund	(2,000,000)	-	-	-
Cemetery fund	(145,450)	-	-	-
Economic development zone fund	(98,225)	(96,278)	(96,278)	-
Total transfers out	<u>(2,243,675)</u>	<u>(596,278)</u>	<u>(596,278)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<b>(923,675)</b>	<b>755,042</b>	<b>791,642</b>	<b>36,600</b>
<b>Net change in fund balances</b>	<b>(5,718,332)</b>	<b>(5,247,415)</b>	<b>(4,656,430)</b>	<b>590,985</b>
<b>Fund balance - beginning</b>	<b>62,288,775</b>	<b>62,288,775</b>	<b>62,288,775</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 56,570,443</b>	<b>\$ 57,041,360</b>	<b>\$ 57,632,345</b>	<b>\$ 590,985</b>

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

SEPTEMBER 30, 2022

	<b>Special Revenue Funds</b>				
	<b>Confiscated Property</b>	<b>Law Enforcement Education</b>	<b>Historic Downtown Vero Beach Economic Development Zone</b>	<b>Police &amp; Firefighter Premium Tax Trust</b>	<b>Asset Management</b>
<b>Assets</b>					
Equity in pooled cash and investments	\$ 148,717	\$ 9,542	\$ 332,063	\$ -	\$ 1,405,067
Cash with fiscal agent	-	-	-	-	-
Seized property	5,000	-	-	-	-
Receivables, net:					
Accounts	-	-	-	-	-
Special assessments	-	-	-	-	-
Interest	-	-	-	-	6,150
Prepaid expenses	-	-	-	-	-
<b>Total assets</b>	<b>\$ 153,717</b>	<b>\$ 9,542</b>	<b>\$ 332,063</b>	<b>\$ -</b>	<b>\$ 1,411,217</b>
<b>Liabilities, deferred inflows and fund balances</b>					
Liabilities:					
Accounts and contracts payable	\$ -	\$ -	\$ 27,073	\$ -	\$ 312
Accrued liabilities	-	-	-	-	-
Evidence escrow	68,937	-	-	-	-
<b>Total liabilities</b>	<b>68,937</b>	<b>-</b>	<b>27,073</b>	<b>-</b>	<b>312</b>
Deferred inflows of resources:					
Unavailable revenue -					
Special assessment receivable	-	-	-	-	-
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	84,780	9,542	304,990	-	1,410,905
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
<b>Total fund balances</b>	<b>84,780</b>	<b>9,542</b>	<b>304,990</b>	<b>-</b>	<b>1,410,905</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 153,717</b>	<b>\$ 9,542</b>	<b>\$ 332,063</b>	<b>\$ -</b>	<b>\$ 1,411,217</b>

Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds
Whitaker Trust	Downey Little Flower	Debt Service	Stormwater Utility	Crestlawn Cemetery	
\$ 698,740	\$ 152,360	\$ -	\$ 332,999	\$ 320,624	\$ 3,400,112
-	-	-	-	-	-
-	-	-	-	-	5,000
-	-	-	-	-	-
-	-	-	-	-	-
2,518	251	-	-	-	8,919
-	-	-	-	2,383	2,383
<u>\$ 701,258</u>	<u>\$ 152,611</u>	<u>\$ -</u>	<u>\$ 332,999</u>	<u>\$ 323,007</u>	<u>\$ 3,416,414</u>
\$ 109	\$ 33	\$ -	\$ 167,888	\$ 582	\$ 195,997
-	-	-	-	1,071	1,071
-	-	-	-	-	68,937
<u>109</u>	<u>33</u>	<u>-</u>	<u>167,888</u>	<u>1,653</u>	<u>266,005</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,383	2,383
701,149	152,578	-	-	-	2,663,944
-	-	-	165,111	318,971	484,082
-	-	-	-	-	-
<u>701,149</u>	<u>152,578</u>	<u>-</u>	<u>165,111</u>	<u>321,354</u>	<u>3,150,409</u>
<u>\$ 701,258</u>	<u>\$ 152,611</u>	<u>\$ -</u>	<u>\$ 332,999</u>	<u>\$ 323,007</u>	<u>\$ 3,416,414</u>

**CITY OF VERO BEACH, FLORIDA**

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

YEAR ENDED SEPTEMBER 30, 2022

	<b>Special Revenue Funds</b>				
	<b>Confiscated Property</b>	<b>Law Enforcement Education</b>	<b>Historic Downtown Vero Beach Economic Development Zone</b>	<b>Police &amp; Firefighter Premium Tax Trust</b>	<b>Asset Management</b>
<b>Revenues</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ 477,133	\$ -
Charges for services	-	-	-	-	-
Fines and forfeitures	9,270	3,439	-	-	-
Investment income (loss)	-	-	-	-	(54,202)
Contributions from private sources	-	-	-	-	-
<b>Total revenues</b>	<u>9,270</u>	<u>3,439</u>	<u>-</u>	<u>477,133</u>	<u>(54,202)</u>
<b>Expenditures</b>					
Current:					
Public safety	-	13,226	-	477,133	-
Physical environment	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	45,416	-	-
<b>Total expenditures</b>	<u>-</u>	<u>13,226</u>	<u>45,416</u>	<u>477,133</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>9,270</u>	<u>(9,787)</u>	<u>(45,416)</u>	<u>-</u>	<u>(54,202)</u>
<b>Other financing sources (uses)</b>					
Capital lease proceeds	-	-	-	-	-
Sale of assets	-	-	-	-	-
Transfers in	-	-	96,278	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>96,278</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	9,270	(9,787)	50,862	-	(54,202)
<b>Fund balance (deficit) - beginning</b>	<u>75,510</u>	<u>19,329</u>	<u>254,128</u>	<u>-</u>	<u>1,465,107</u>
<b>Fund balance - ending</b>	<u>\$ 84,780</u>	<u>\$ 9,542</u>	<u>\$ 304,990</u>	<u>\$ -</u>	<u>\$ 1,410,905</u>

Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds
Whitaker Trust	Downey Little Flower	Debt Service	Stormwater Utility	Crestlawn Cemetery	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 477,133
-	-	-	-	326,757	326,757
-	-	-	-	-	12,709
(17,452)	(5,875)	-	-	321	(77,208)
-	-	-	-	-	-
<u>(17,452)</u>	<u>(5,875)</u>	<u>-</u>	<u>-</u>	<u>327,078</u>	<u>739,391</u>
-	-	-	-	-	490,359
-	-	-	-	261,460	261,460
-	-	90,000	-	-	90,000
-	-	23,959	-	-	23,959
-	-	-	334,889	23,382	403,687
-	-	<u>113,959</u>	<u>334,889</u>	<u>284,842</u>	<u>1,269,465</u>
<u>(17,452)</u>	<u>(5,875)</u>	<u>(113,959)</u>	<u>(334,889)</u>	<u>42,236</u>	<u>(530,074)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	113,959	500,000	-	710,237
-	-	<u>113,959</u>	<u>500,000</u>	<u>-</u>	<u>710,237</u>
(17,452)	(5,875)	-	165,111	42,236	180,163
718,601	158,453	-	-	279,118	2,970,246
<u>\$ 701,149</u>	<u>\$ 152,578</u>	<u>\$ -</u>	<u>\$ 165,111</u>	<u>\$ 321,354</u>	<u>\$ 3,150,409</u>

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

YEAR ENDED SEPTEMBER 30, 2022

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	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and forfeitures	\$ -	\$ 9,200	\$ 9,270	\$ 70
Total revenues	-	9,200	9,270	70
<b>Net change in fund balances</b>	-	9,200	9,270	70
<b>Fund balance - beginning</b>	75,510	75,510	75,510	-
<b>Fund balance - ending</b>	\$ 75,510	\$ 84,710	\$ 84,780	\$ 70

**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, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and forfeitures	\$ -	\$ 3,400	\$ 3,439	\$ 39
Total revenues	-	3,400	3,439	39
<b>Expenditures</b>				
Current:				
Public safety	-	14,000	13,226	774
Total expenditures	-	14,000	13,226	774
<b>Net change in fund balances</b>	-	(10,600)	(9,787)	813
<b>Fund balance - beginning</b>	19,329	19,329	19,329	-
<b>Fund balance - ending</b>	\$ 19,329	\$ 8,729	\$ 9,542	\$ 813



**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, 2022

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	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Expenditures</b>				
Capital outlay	\$ 50,000	\$ 50,000	\$ 45,416	\$ 4,584
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>45,416</u>	<u>4,584</u>
<b>Other financing sources</b>				
Transfers in	98,225	96,278	96,278	-
Total other financing sources	<u>98,225</u>	<u>96,278</u>	<u>96,278</u>	<u>-</u>
<b>Net change in fund balances</b>	48,225	46,278	50,862	4,584
<b>Fund balance - beginning</b>	<u>254,128</u>	<u>254,128</u>	<u>254,128</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 302,353</u>	<u>\$ 300,406</u>	<u>\$ 304,990</u>	<u>\$ 4,584</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, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment loss	\$ -	\$ (133,100)	\$ (133,828)	\$ (728)
Contributions from private sources	120,000	120,000	3,000	(117,000)
Total revenues	<u>120,000</u>	<u>(13,100)</u>	<u>(130,828)</u>	<u>(117,728)</u>
<b>Expenditures</b>				
Debt Service:				
Principal and interest	724,077	706,829	758,180	(51,351)
Capital outlay	3,548,372	4,897,542	2,493,744	2,403,798
Total expenditures	<u>4,272,449</u>	<u>5,604,371</u>	<u>3,251,924</u>	<u>2,352,447</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(4,152,449)</u>	<u>(5,617,471)</u>	<u>(3,382,752)</u>	<u>2,234,719</u>
<b>Other financing sources (uses)</b>				
Issuance of debt - capital leases	1,046,372	1,029,373	1,029,374	1
Sale of assets	30,000	77,500	77,777	277
Transfers in	2,233,000	2,233,000	2,233,000	-
Total other financing sources (uses)	<u>3,309,372</u>	<u>3,339,873</u>	<u>3,340,151</u>	<u>278</u>
<b>Net change in fund balances</b>	<u>(843,077)</u>	<u>(2,277,598)</u>	<u>(42,601)</u>	<u>2,234,997</u>
<b>Fund balance - beginning</b>	<u>3,078,076</u>	<u>3,078,076</u>	<u>3,078,076</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 2,234,999</u>	<u>\$ 800,478</u>	<u>\$ 3,035,475</u>	<u>\$ 2,234,997</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, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 2,587,545	\$ 2,837,545	\$ 3,090,528	\$ 252,983
Investment loss	400	(100)	(73)	27
Total revenues	<u>2,587,945</u>	<u>2,837,445</u>	<u>3,090,455</u>	<u>253,010</u>
<b>Other financing sources (uses)</b>				
Transfers out	<u>(2,346,959)</u>	<u>(2,346,959)</u>	<u>(2,346,959)</u>	-
Total other financing sources (uses)	<u>(2,346,959)</u>	<u>(2,346,959)</u>	<u>(2,346,959)</u>	-
<b>Net change in fund balances</b>	240,986	490,486	743,496	253,010
<b>Fund balance - beginning</b>	<u>807,177</u>	<u>807,177</u>	<u>807,177</u>	-
<b>Fund balance - ending</b>	<u>\$ 1,048,163</u>	<u>\$ 1,297,663</u>	<u>\$ 1,550,673</u>	<u>\$ 253,010</u>

**CITY OF VERO BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - STORMWATER UTILITY FUND**

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
American Rescue Plan Act (ARPA) Grant	\$ 500,000	\$ -	\$ -	\$ -
Total revenues	500,000	-	-	-
<b>Expenditures</b>				
Capital outlay	500,000	500,000	334,889	(165,111)
Total expenditures	500,000	500,000	334,889	(165,111)
<b>Other financing sources (uses)</b>				
Transfers in	-	500,000	500,000	-
Total other financing sources (uses)	-	500,000	500,000	-
<b>Net change in fund balances</b>	-	-	165,111	(165,111)
<b>Fund balance - beginning</b>	-	-	-	-
<b>Fund balance - ending</b>	\$ -	\$ -	\$ 165,111	\$ 165,111

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

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 185,000	\$ 311,000	\$ 326,757	\$ 15,757
Investment income	100	100	321	221
Total revenues	<u>185,100</u>	<u>311,100</u>	<u>327,078</u>	<u>15,978</u>
<b>Expenditures</b>				
Current:				
Physical environment	276,127	275,027	261,460	13,567
Capital outlay	54,000	54,000	23,382	30,618
Total expenditures	<u>330,127</u>	<u>329,027</u>	<u>284,842</u>	<u>44,185</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(145,027)</u>	<u>(17,927)</u>	<u>42,236</u>	<u>60,163</u>
<b>Other financing sources</b>				
Transfers in	145,450	-	-	-
Total other financing sources	<u>145,450</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	423	(17,927)	42,236	60,163
<b>Fund balance - beginning</b>	<u>279,118</u>	<u>279,118</u>	<u>279,118</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 279,541</u>	<u>\$ 261,191</u>	<u>\$ 321,354</u>	<u>\$ 60,163</u>

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## 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 annual comprehensive financial reports for the relevant year.



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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 35,943,853	\$ 36,987,009	\$ 35,984,984	\$ 35,627,735
Restricted	4,325,886	3,886,584	3,798,090	8,170,538
Unrestricted	<u>29,944,358</u>	<u>35,063,810</u>	<u>32,397,933</u>	<u>25,995,580</u> (6)
<b>Total Governmental Activities Net Position</b>	<u>\$ 70,214,097</u>	<u>\$ 75,937,403</u>	<u>\$ 72,181,007</u>	<u>\$ 69,793,853</u>
<b>Business-Type Activities</b>				
Net investment in capital assets	\$ 115,378,336	\$ 108,025,692	\$ 101,614,410	\$ 101,288,693 (6)
Restricted	-	-	-	-
Unrestricted	<u>22,058,051</u>	<u>22,432,200</u>	<u>19,457,525</u>	<u>16,929,357</u>
<b>Total Business-Type Activities Net Position</b>	<u>\$ 137,436,387</u>	<u>\$ 130,457,892</u>	<u>\$ 121,071,935</u>	<u>\$ 118,218,050</u>
<b>Primary Government</b>				
Net investment in capital assets	\$ 151,322,189	\$ 145,012,701	\$ 137,599,394	\$ 136,916,428
Restricted	4,325,886	3,886,584	3,798,090	8,170,538
Unrestricted	<u>52,002,409</u>	<u>57,496,010</u>	<u>51,855,458</u>	<u>42,924,937</u>
<b>Total Primary Government Net Position</b>	<u>\$ 207,650,484</u>	<u>\$ 206,395,295</u>	<u>\$ 193,252,942</u>	<u>\$ 188,011,903</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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 41,230,126	\$ 40,283,960	\$ 36,988,494	\$ 35,672,967	\$ 28,542,240	\$ 29,631,269
4,118,073	5,257,686	5,729,880	5,088,640	5,400,588	5,165,879
<u>(22,356,798) (4)</u>	<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>\$ 22,991,401</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>
\$ 152,332,030	\$ 149,467,827	\$ 165,590,074	\$ 161,203,319	\$ 170,783,743	\$ 177,072,568
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
<u>31,698,542 (5)</u>	<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>\$ 186,030,572</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>
\$ 193,562,156	\$ 189,751,787	\$ 202,578,568	\$ 196,876,286	\$ 199,325,983	\$ 206,703,837
6,118,073	7,257,686	7,729,880	7,088,640	7,400,588	7,165,879
<u>9,341,744</u>	<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>\$ 209,021,973</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>

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

	2022	2021	2020	2019
<b><u>Program Revenues</u></b>				
Governmental activities:				
Charges for Services:				
General Government	\$ 2,699,285	\$ 2,693,997	\$ 2,427,301	\$ 2,806,806
Public Safety	521,575	652,494	992,799	481,695
Physical Environment	377,187	451,082	299,475	192,322
Transportation	141,568	137,446	161,705	-
Culture/Recreation	616,358	516,126	343,112	593,483
Operating Grants and Contributions	553,745	1,902,081	484,471	1,111,910
Capital Grants and Contributions	33,195	119,334	970,046	109,670
<b>Total Governmental Activities Program Revenues</b>	<b>4,942,913</b>	<b>6,472,560</b>	<b>5,678,909</b>	<b>5,295,886</b>
Business-Type Activities:				
Charges for Services:				
Electric System	-	-	-	19,789,486 (2)
Water and Sewer System	18,432,267	17,480,539	17,307,134	16,709,377
Municipal Airport	3,509,793	3,276,411	3,247,175	3,410,340
Municipal Marina	2,456,687	2,057,574	1,807,622	1,754,644
Solid Waste	3,142,148	2,973,973	2,760,365	2,828,287
Recreation	-	-	-	-
Operating Grants and Contributions	26,792	30,718	(21,432)	99,840
Capital Grants and Contributions	11,247,390	9,559,677	2,190,864	5,946,756
<b>Total Business-Type Activities Program Revenues</b>	<b>38,815,077</b>	<b>35,378,892</b>	<b>27,291,728</b>	<b>50,538,730</b>
<b>Total Program Revenues</b>	<b>\$ 43,757,990</b>	<b>\$ 41,851,452</b>	<b>\$ 32,970,637</b>	<b>\$ 55,834,616</b>
<b><u>Expenses</u></b>				
Governmental activities:				
General Government	\$ 8,649,063	\$ 7,936,719	\$ 8,232,024	\$ 20,276,511
Public Safety	10,603,752	7,098,090	8,382,265	9,316,420
Physical Environment	344,018	324,196	297,960	275,397
Transportation	4,678,398	3,636,391	3,581,215	3,045,625
Culture and Recreation	5,525,649	4,235,860	4,568,626	4,719,915
Interest and Fiscal Charges	119,507	70,805	65,593	483,390
<b>Total Governmental Activities Expenses</b>	<b>29,920,387</b>	<b>23,302,061</b>	<b>25,127,683</b>	<b>38,117,258</b>
Business-Type Activities:				
Electric System	-	-	-	19,332,640 (2)
Water and Sewer System	17,334,275	15,240,346	15,118,926	15,622,061
Municipal Airport	6,859,168	5,394,642	5,010,628	4,340,883
Municipal Marina	2,314,350	1,580,267	1,425,571	1,796,148
Solid Waste	3,120,111	2,671,293	2,727,650	2,759,977
Recreation	-	-	-	-
<b>Total Business-Type Activities Expenses</b>	<b>29,627,904</b>	<b>24,886,548</b>	<b>24,282,775</b>	<b>43,851,709</b>
<b>Total Expenses</b>	<b>\$ 59,548,291</b>	<b>\$ 48,188,609</b>	<b>\$ 49,410,458</b>	<b>\$ 81,968,967</b>

(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.

	2018	2017	2016	2015	2014	2013
\$	3,636,392	\$ 3,604,995	\$ 3,659,324	\$ 3,120,124	\$ 3,023,348	\$ 3,209,874
	258,911	220,653	188,395	194,385	174,406	177,152
	218,324	233,292	339,528	194,881	164,918	170,416
	-	-	-	-	-	-
	499,926	527,190	516,220	509,375	-	-
	79,794	570,180	484,508	513,190	635,643	519,600
	347,023	2,113,592	1,253,687	91,742	179,446	282,007
	<u>5,040,370</u>	<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>
	92,290,247	86,654,495	91,981,478	92,830,617	93,252,348	90,957,716
	16,484,264	16,902,369	16,188,317	16,029,976	15,665,556	15,482,251
	2,936,011	2,667,741	2,516,607	2,514,581	2,442,121	2,303,092
	1,781,640	1,545,493	1,498,695	1,546,143	1,684,381	1,720,499
	2,858,130	2,832,737	2,747,822	2,740,889	2,705,412	2,586,679
	-	-	-	- (1)	579,465	564,041
	2,128,768	804,917	-	-	44,794	-
	2,561,161	7,168,130	2,735,272	1,271,305	2,605,464	2,209,793
	<u>121,040,221</u>	<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>126,080,591</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>
\$	10,777,489	\$ 10,461,740	\$ 9,595,925	\$ 9,237,771	\$ 10,889,683	\$ 12,037,462
	8,257,722	8,647,963	8,374,255	7,498,780	7,491,964	7,454,292
	225,226	214,628	208,813	193,287	197,150	171,260
	2,525,844	2,410,448	2,683,590	3,835,253	2,151,441	2,325,155
	4,681,936	4,644,893	4,664,530	4,735,272	1,824,566	1,781,225
	263,554	277,386	276,390	249,296	257,600	253,000
	<u>26,731,771</u>	<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>
	81,136,691	90,705,047	84,176,814	84,536,494	84,916,435	84,658,883
	14,437,913	13,604,066	13,643,485	13,133,789	13,213,332	13,437,853
	3,905,791	3,226,727	3,239,835	3,314,122	3,072,287	3,180,768
	1,441,555	1,377,152	1,255,700	1,340,805	1,508,790	1,646,038
	2,615,601	2,552,714	2,550,937	2,287,153	2,266,298	2,116,377
	-	-	-	- (1)	2,659,264	2,495,572
	<u>103,537,551</u>	<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>130,269,322</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>

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

	2022	2021	2020	2019
<b><u>Net (Expense)/Revenue</u></b>				
Governmental activities	\$ (24,977,474)	\$ (16,829,501)	\$ (19,448,774)	\$ (32,821,372)
Business-Type Activities	9,187,173	10,492,344	3,008,953	6,687,021
Total Primary Government Net Expense	<u>\$ (15,790,301)</u>	<u>\$ (6,337,157)</u>	<u>\$ (16,439,821)</u>	<u>\$ (26,134,351)</u>
<b><u>General Revenues and Other Changes in Net Position</u></b>				
Governmental activities:				
Property Taxes, Levied for General Purposes	\$ 8,146,789	\$ 7,662,882	\$ 7,355,480	\$ 6,940,767
Sales and gas taxes	3,621,041	3,238,206	2,814,422	2,838,430
Utility Taxes	6,117,057	5,658,615	5,513,402	4,996,861
Intergovernmental revenue: state revenue sharing	2,733,901	2,503,948	2,242,366	2,238,673
Investment Earnings (loss)	(2,889,136)	(3,297)	2,496,496	619,781
Other revenues	205,516	216,543	221,249	3,956,831
Transfers	1,319,000	1,309,000	1,192,513	58,032,481
Total Governmental Activities	<u>19,254,168</u>	<u>20,585,897</u>	<u>21,835,928</u>	<u>79,623,824</u>
Business-Type Activities:				
Investment Earnings (loss)	(1,043,779)	160	762,788	3,057,391
Other revenues	154,101	202,453	274,657	466,126
Transfers	(1,319,000)	(1,309,000)	(1,192,513)	(58,032,481)
Total Business-Type Activities	<u>(2,208,678)</u>	<u>(1,106,387)</u>	<u>(155,068)</u>	<u>(54,508,964)</u>
Total general revenues	<u>\$ 17,045,490</u>	<u>\$ 19,479,510</u>	<u>\$ 21,680,860</u>	<u>\$ 25,114,860</u>
<b><u>Changes in net position before special/extraordinary items</u></b>				
Governmental activities:	\$ (5,723,306)	\$ 3,756,396	\$ 2,387,154	\$ 46,802,452
Business-Type Activities:	6,978,495	9,385,957	2,853,885	(47,821,943)
<b><u>Special/Extraordinary Items</u></b>				
Special Item - sale electric utility	\$ -	\$ -	\$ -	\$ (19,990,579)
Special Item - loss on impairment of assets	-	-	-	-
Governmental activities - Release of settlement reserve	-	-	-	-
<b><u>Changes in Net Position</u></b>				
Governmental activities:	\$ (5,723,306)	\$ 3,756,396	\$ 2,387,154	\$ 46,802,452
Business-Type Activities:	6,978,495	9,385,957	2,853,885	(67,812,522)
Total Primary Government Change in Net Position	<u>\$ 1,255,189</u>	<u>\$ 13,142,353</u>	<u>\$ 5,241,039</u>	<u>\$ (21,010,070)</u>

2018	2017	2016	2015	2014	2013
\$ (21,691,401)	\$ (19,387,156)	\$ (19,361,841)	\$ (21,125,662)	\$ (18,634,643)	\$ (19,663,345)
17,502,670	7,110,176	12,801,420	12,321,148	11,343,135	8,288,580
<u>\$ (4,188,731)</u>	<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>
\$ 6,504,063	\$ 6,067,927	\$ 5,456,351	\$ 4,335,449	\$ 4,189,203	\$ 4,115,113
2,814,155	2,666,342	2,542,706	2,525,140	2,558,056	2,234,588
3,506,556	3,387,171	3,371,684	3,321,721	3,413,665	3,492,793
2,184,765	2,152,732	1,679,141	1,645,349	1,607,641	1,525,146
59,253	79,629	167,602	228,767	89,954	46,097
441,187	102,235	500,070	94,948	144,557	121,400
6,353,386	6,267,886	6,401,986	6,656,986	5,147,454	5,236,999
<u>21,863,365</u>	<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>
121,409	139,248	294,211	296,383	126,448	68,290
719,471	165,839	(80,706)	(177,305)	(1,134,393)	270,430
(6,353,386)	(6,267,886)	(6,401,986)	(6,656,986)	(5,147,454)	(5,236,999)
<u>(5,512,506)</u>	<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>\$ 16,350,859</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>
\$ 171,964	\$ 1,336,766	\$ 757,699	\$ (2,317,302)	\$ (1,484,113)	\$ (2,891,209)
11,990,164	1,147,377	6,612,939	5,783,240	5,187,736	3,390,301
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	(24,123,342)	-	-	-	-
-	-	-	-	-	1,471,137
\$ 171,964	\$ 1,336,766	\$ 757,699	\$ (2,317,302)	\$ (1,484,113)	\$ (1,420,072)
11,990,164	1,147,377	6,612,939	5,783,240	5,187,736	3,390,301
<u>\$ 12,162,128</u>	<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>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>General Fund</b>					
Nonspendable					
Inventories and Prepays	\$ 423,275	\$ 356,350	\$ 146,916	\$ 169,356	\$ 112,934
Restricted					
General Government	111,269	111,269	111,269	-	-
Committed for:					
Physical environment	183,873	160,746	118,327	81,302	62,387
Emergency (Disaster) Reserve	5,000,000	5,000,000	5,000,000	4,779,885 (2)	2,000,000
Unfunded Pension Liability Reserve	9,315,861	10,841,162	12,501,492	14,400,000 (2)	-
OPEB Reserve	8,064,003	8,461,164	8,932,691	9,450,000 (2)	-
Capital & Infrastructure Reserve	21,000,000	21,000,000	21,000,000	21,000,000 (2)	-
Assigned	662,244	1,585,664	1,500,000	-	-
Unassigned	<u>12,871,820</u>	<u>14,772,420</u>	<u>15,614,516</u>	<u>15,562,853</u>	<u>8,134,137</u>
<b>Total General Fund</b>	<u>57,632,345</u>	<u>62,288,775</u>	<u>64,925,211</u>	<u>65,443,396</u>	<u>10,309,458</u>
<b>All Other Governmental Funds</b>					
Nonspendable					
Inventories and Prepays	\$ 2,383	\$ 2,108	\$ -	\$ -	\$ -
Restricted					
Public safety	94,322	94,839	104,594	45,780	45,709
Culture & recreation	853,727	877,054	877,063	890,760	862,736
Physical environment	3,266,568	2,803,422	2,705,164	7,233,998	3,209,628
Committed for:					
Physical environment	165,111	-	-	-	-
Cemetery	318,971	-	-	-	-
Assigned	3,035,475	3,078,076	4,143,185	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total All Other Governmental Funds</b>	<u>7,736,557</u>	<u>6,855,499</u>	<u>7,830,006</u>	<u>8,170,538</u>	<u>4,118,073</u>
<b>Total Governmental Funds</b>	<u>\$ 65,368,902</u>	<u>\$ 69,144,274</u>	<u>\$ 72,755,217</u>	<u>\$ 73,613,934</u>	<u>\$ 14,427,531</u>

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

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

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$	185,022	\$ 189,311	\$ 152,542	\$ 142,414	\$ 163,813
	-	-	-	-	-
	72,543	64,708	3,521	3,063	2,742
	1,009,706	2,000,000 (1)	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	<u>8,064,718</u>	<u>7,951,818</u>	<u>9,847,661</u>	<u>9,420,477</u>	<u>8,927,984</u>
	<u>9,331,989</u>	<u>10,205,837</u>	<u>10,003,724</u>	<u>9,565,954</u>	<u>9,094,539</u>
\$	-	\$ -	\$ -	\$ -	\$ -
	42,769	44,933	30,100	30,763	34,777
	857,656	854,849	871,255	903,189	900,833
	4,357,261	4,830,098	4,187,285	4,466,636	4,230,269
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	<u>(66,293)</u>	<u>(88,058)</u>	<u>(82,783)</u>
	<u>5,257,686</u>	<u>5,729,880</u>	<u>5,022,347</u>	<u>5,312,530</u>	<u>5,083,096</u>
\$	<u><u>14,589,675</u></u>	<u><u>15,935,717</u></u>	<u><u>15,026,071</u></u>	<u><u>14,878,484</u></u>	<u><u>14,177,635</u></u>



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

	2022	2021	2020	2019	2018
<b>Revenues</b>					
Taxes	\$ 18,029,025	\$ 16,707,154	\$ 15,830,560	\$ 14,929,923	\$ 12,972,024
Licenses and permits	175,460	207,212	188,278	185,509	146,704
Intergovernmental	2,733,901	2,503,948	2,242,366	2,238,672	2,184,765
Special assessments	-	-	-	-	-
Grants	690,927	993,708	1,519,981	297,314	689,739
Charges for services	3,467,724	3,407,359	2,887,654	3,097,172	3,733,279
Fines and forfeitures	197,482	345,454	704,527	307,807	190,888
Investment earnings (loss)	(2,825,063)	(2,666)	2,430,354	532,738	46,575
Rentals	291,013	326,999	288,304	325,092	387,474
Contributions from private sources	36,393	142,556	38,327	103,376	251,590
Lease	77,174	-	-	-	-
Miscellaneous	98,400	100,118	62,631	164,991	80,605
<b>Total Revenues</b>	<b>22,972,436</b>	<b>24,731,842</b>	<b>26,192,982</b>	<b>22,182,594</b>	<b>20,683,643</b>
<b>Expenditures</b>					
Current:					
General government	8,674,072	9,114,727	8,852,802	8,369,684	8,953,247
Public safety	9,119,788	8,818,904	8,819,471	8,612,310	8,046,156
Physical environment	261,460	246,959	224,814	206,813	197,833
Transportation	2,438,160	2,357,766	2,381,332	2,272,557	2,251,096
Culture and recreation	4,479,441	4,297,850	4,465,982	4,368,873	4,188,960
Debt Service:					
Principal	802,999	694,298	667,694	5,370,430	1,206,477
Interest and Fiscal Charges	69,140	61,063	69,740	575,130	274,346
Capital outlay	3,397,819	5,061,987	3,535,259	2,494,713	3,751,507
<b>Total Expenditures</b>	<b>29,242,879</b>	<b>30,653,554</b>	<b>29,017,094</b>	<b>32,270,510</b>	<b>28,869,622</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(6,270,443)</b>	<b>(5,921,712)</b>	<b>(2,824,112)</b>	<b>(10,087,916)</b>	<b>(8,185,979)</b>
<b>Other Financing Sources (Uses)</b>					
Capital Contributions	-	-	-	-	-
Transfer in - electric system residual	-	-	-	53,956,464	-
Lease Liabilities issued	49,461	-	-	-	-
Debt service principal - leases	(12,502)	-	-	-	-
Debt service interest - leases	(360)	-	-	-	-
Transfers in	4,262,237	3,518,765	4,427,727	18,452,942	9,966,426
Transfers out	(2,943,237)	(2,209,765)	(2,835,157)	(7,411,862)	(3,092,399)
Proceeds from sale of assets	77,777	70,650	86,228	3,786,982	64,106
Proceeds from insurance	32,321	62,445	73,971	9,720	377,757
Issuance of debt	1,029,374	868,674	212,626	480,073	707,945
<b>Total Other Financing Sources (Uses)</b>	<b>2,495,071</b>	<b>2,310,769</b>	<b>1,965,395</b>	<b>69,274,319</b>	<b>8,023,835</b>
<b>Net Change in Fund Balances</b>	<b>\$ (3,775,372)</b>	<b>\$ (3,610,943)</b>	<b>\$ (858,717)</b>	<b>\$ 59,186,403</b>	<b>\$ (162,144)</b>
Debt Service as a Percentage of Noncapital Expenditures					
	3.2%	2.9%	2.8%	20.5%	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	
\$ 12,276,567	\$ 11,518,440	\$ 10,344,495	\$ 10,320,454	\$ 10,002,824	
164,629	197,406	141,970	128,494	143,097	
2,152,732	2,157,674	2,144,791	2,148,831	2,044,746	
-	-	2,186	3,420	3,631	
2,116,519	1,259,662	103,990	273,850	278,376	
3,694,367	3,617,980	3,286,376	2,846,518	3,045,522	
173,786	144,900	147,881	138,627	118,992	
63,328	128,604	182,099	66,746	33,809	
384,965	388,401	274,493	89,501	89,501	
14,495	277,805	-	-	-	
-	-	-	-	-	
96,727	134,848	80,673	143,276	121,400	
<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>	
9,115,028	7,659,359	6,928,971	6,646,807	6,722,124	
7,706,238	7,692,670	7,154,142	7,261,340	7,215,246	
191,852	183,932	174,602	170,195	147,408	
2,166,364	2,404,555	2,182,186	1,956,491	2,080,976	
4,109,130	4,078,615	3,905,673	1,756,644	1,750,289	
1,935,632	1,775,302	1,634,857	1,368,021	516,402	
287,813	264,037	249,296	257,600	253,000	
4,568,829	3,985,919	2,733,758	1,189,224	927,595	
<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>(8,942,771)</u>	<u>(8,218,669)</u>	<u>(8,254,531)</u>	<u>(4,446,605)</u>	<u>(3,731,142)</u>	
1,500	-	1,500	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
10,498,894	10,211,440	10,104,049	9,448,012	8,892,541	
(3,710,367)	(3,285,488)	(2,926,422)	(4,300,558)	(3,467,864)	
45,014	77,191	14,275	-	-	
60,421	-	-	-	-	
701,267	2,125,172	1,228,001	-	178,788	
<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>\$ (1,346,042)</u>	<u>\$ 909,646</u>	<u>\$ 166,872</u>	<u>\$ 700,849</u>	<u>\$ 1,872,323</u>	
8.6%	8.4%	8.3%	8.3%	4.1%	(1)

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

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<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>
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
2022	8,147	2,912	3,091	1,278	531	15,959

**CITY OF VERO BEACH, FLORIDA**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

**LAST TEN FISCAL YEARS (TABLE 6) - UNAUDITED**

(IN THOUSANDS)

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<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>
2013	\$ 2,598,970	\$ 139,189	\$ 644,906	\$ 2,093,254	2.0336	\$ 2,640,821 (2)
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
2022	4,400,794	231,687	1,259,872	3,372,609	2.5000	4,632,511

(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
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
2022	15.8854	2.5000	3.5475	6.2680	2.3531	0.7144	0.5024

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 2022 AND YEAR 2013 (TABLE 8) - UNAUDITED**

<b>2022</b>			
TAXPAYER	Taxable Assessed	Rank	Percentage of Total Taxable
	Value		Assessed Value
Florida Power & Light Company	\$ 118,565	1	3.52%
Mitchell Mark T (TR)	18,802	2	0.56%
Piper Aircraft Inc	17,868	3	0.53%
New Piper Aircraft Inc, The	12,111	4	0.36%
IRT Partners LP	10,805	5	0.32%
TGM LLC (Less)	10,499	6	0.31%
Cabana Beach Hotel & Resort LLC	9,959	7	0.30%
Ocean Drive at Vero Beach LLC	9,014	8	0.27%
Riomar Country Club	8,843	9	0.26%
CS1031 Fairlane Harbor MHC Dst	8,705	10	0.26%
Total Principal Property Taxpayers	<u>\$ 225,172</u>		
Total Taxable Assessed Value	<u>\$ 3,372,609</u>		

<b>2013</b>			
TAXPAYER	Taxable Assessed	Rank	Percentage of Total Taxable
	Value		Assessed Value
New Piper Aircraft Inc	\$ 22,457	1	1.07%
Cabana Beach Hotel & Resort LLC	12,370	2	0.59%
Flamevine Properties I LLC	11,737	3	0.56%
Bellsouth Telecommunications	11,056	4	0.53%
Ocean Drive at Vero Beach LLC	9,108	5	0.44%
Quail Valley LLC	8,644	6	0.41%
IRT Partners LP	8,099	7	0.39%
Logan Acquisitions Corp (Less)	7,693	8	0.37%
Riomar Country Club	7,534	9	0.36%
Indian River Plaza LLC	7,111	10	0.34%
Total Principal Property Taxpayers	<u>\$ 105,809</u>		
Total Taxable Assessed Value	<u>\$ 2,093,254</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)**

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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
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%
2022	8,422	8,049	95.6%	91	8,141	96.7%

Source: Indian River County Property Appraiser and Tax Collector

**CITY OF VERO BEACH, FLORIDA**  
**PRINCIPAL PAYERS OF WATER SERVICE**  
**FISCAL YEAR 2022 (TABLE 10) - UNAUDITED**

**Ten Largest Water Users - Fiscal Year 2022**

	<u>Customer</u>	<u>Gallon Usage</u>	<u>Water Revenue*</u>	<u>Percentage of Total Sales</u>
1	New Piper Aircraft Inc	50,335,000	\$ 137,411	1.68%
2	IR Memorial Hospital	39,672,000	348,087	4.25%
3	Johns Island	14,310,000	113,382	1.39%
4	IRC School Board	10,493,000	58,865	0.72%
5	Los Angeles Dodgers / MILB	9,997,000	31,805	0.39%
6	Vero Hotel Management	8,724,000	24,538	0.30%
7	Cabana Beach Hotel & Resort	7,282,000	21,647	0.26%
8	The Pines of Vero Condo Assoc	7,069,000	31,468	0.38%
9	Treasure Coast Isle Condo	6,972,000	24,279	0.30%
10	Driftwood Resort	6,908,000	20,515	0.25%
Total Principal Users of Water Service		<u>161,762,000</u>	<u>\$ 811,997</u>	<u>9.92%</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	Financed Capital Purchase Contracts	Capital Improvement & Revenue Notes	(1) Per Capita	Electric Revenue Bonds	Water and Sewer Revenue Bonds	Financed Capital Purchase Contracts	Capital Improvement & Revenue Notes	(2) Per Capita		
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	- (4)	-	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	
2022	-	1,525	925	147	-	-	109	5,703	161 (3)	8,262	

(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.

(3) 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 was used to compute per capita on business-type debt. For fiscal year 2022, the utility service population is 36,000, driven by the reduction in average residents per household per latest census.gov data.

(4) 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**

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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 2022 (TABLE 13) - UNAUDITED**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Other Debt:			
Indian River County School District Certificates of Participation	72,518,112	14.43%	10,464,364
		Total Overlapping Debt	<u>10,464,364</u>
Series 2016 Capital Improvement Revenue Note	925,000	100%	925,000
Financed Capital Purchase Contracts	1,524,808	100%	1,524,808
		Total Direct Debt	<u>2,449,808</u>
		Total Direct and Overlapping Debt	<u>\$ 12,914,172</u>

Source: Information on outstanding debt from Indian River County School Board Annual Financial Report 2021-2022

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	
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
2022	17,539	13,534	4,005	1,757	159	1,916	2.09

(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**

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<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>
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%
2022	16,707	15,565,785	95,109	3.1%

(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 2022 AND YEAR 2013 (TABLE 16) - UNAUDITED**

Employer	2022		
	Number of Employees	Ranking	Percentage of Total County Employment
Cleveland Clinic Indian River Hospital	2,112	1	3.22%
School District of Indian River County	2,039	2	3.11%
Indian River County	1,455	3	2.22%
Publix Supermarkets	1,380	4	2.10%
Piper Aircraft, Inc.	1,005	5	1.53%
Wal-Mart / Wal-Mart Neighborhood Market	806	6	1.23%
Sebastian River Medical Center	750	7	1.14%
Visiting Nurse Association	500	8	0.76%
John's Island	495	9	0.75%
Indian River Estates	486	10	0.74%
<b>Total Principal Employers</b>	<b>11,028</b>		<b>16.80%</b>
<b>Total County Employees</b>	<b>65,644</b>		
Employer	2013		
	Number of Employees	Ranking	Percentage of Total County Employment
School District of Indian River County	2,123	1	3.98%
Indian River Medical Center	1,608	2	3.01%
Indian River County	1,354	3	2.54%
Publix Supermarkets	1,092	4	2.05%
New Piper Aircraft, Inc	800	5	1.50%
Sebastian River Medical Center	576	6	1.08%
John's Island	550	7	1.03%
City of Vero Beach	425	8	0.80%
Visiting Nurse Association	401	9	0.75%
Indian River Estates	350	10	0.66%
<b>Total Principal Employers</b>	<b>9,279</b>		<b>17.40%</b>
<b>Total County Employees</b>	<b>53,337</b>		

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**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b><u>Governmental Activities</u></b>										
General Government										
City Clerk	5	5	5	5	5	5	5	5	4	4
City Manager	2	2	2	2	2	2	2	2	2	2
City Attorney	3	3	3	4	4	4	3	3	3	4
Human Resources	(2) 4	4	4	4	4	4	4	2	2	2
Finance	22	22	21	22	25	25	25	23	22	24
Planning & Development	4	4	4	4	5	5	4	6	6	7
Fleet Management	7	7	7	7	8	8	8	8	8	9
Facilities Management	7	7	7	7	7	7	7	7	7	7
Geographical Information Systems	2	2	2	2	2	2	2	2	2	3
Risk Management	(2) -	-	-	-	-	-	-	2	2	2
Public Safety	78	78	78	78	76	76	76	72	72	74
Physical Environment	1	1	1	1	1	1	1	1	1	1
Transportation	26	25	25	25	25	25	24	24	24	29
Culture & Recreation	48	48	48	49	50	50	49	46	30	33
<b>Total</b>	<u>209</u>	<u>208</u>	<u>207</u>	<u>210</u>	<u>214</u>	<u>214</u>	<u>210</u>	<u>203</u>	<u>185</u>	<u>201</u>
<b><u>Business-Type Activities</u></b>										
Electric System	(3) -	-	-	-	78	80	93	101	106	107
Water and Sewer System	75	73	67	67	55	53	51	54	58	62
Municipal Airport	12	12	12	12	12	12	10	8	8	9
Municipal Marina	5	5	4	3	3	3	2	2	2	5
Solid Waste	23	23	23	23	23	23	23	23	23	24
Recreation	(1) -	-	-	-	-	-	-	-	16	17
<b>Total</b>	<u>115</u>	<u>113</u>	<u>106</u>	<u>105</u>	<u>171</u>	<u>171</u>	<u>179</u>	<u>188</u>	<u>213</u>	<u>224</u>
<b>Citywide Totals:</b>	<u>324</u>	<u>321</u>	<u>313</u>	<u>315</u>	<u>385</u>	<u>385</u>	<u>389</u>	<u>391</u>	<u>398</u>	<u>425</u>

(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**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Function/Program</b>										
<b>Public Safety</b>										
Police Department										
Traffic Violations	1,566	2,052	2,010	1,793	2,238	2,353	2,403	2,757	2,349	3,209
Parking Tickets	5,301	1,428	2,088	4,794	4,377	4,852	2,051	1,517	1,589	1,484
Physical Arrests	561	558	523	648	693	781	839	676	617	529
<b>Transportation</b>										
Streets and Highways										
Miles Paved	-	-	-	-	-	-	-	-	-	-
Asphalt for road maintenance (tons)	2,232	2,742	2,824	630	2,874	48	114	1,134	1,217	33
Sidewalks Repaired & Constructed (sq. ft.)	1,735	1,900	4,402	114,225	18,380	2,357	60	10,062	12,039	24,971
<b>Physical Environment</b>										
Stormwater Ditches Maintained (miles) 4 x per year	12	12	12	12	12	12	12	12	12	12
<b>Culture and Recreation</b>										
Parks and Public Grounds (acreage maintained)	243	243	243	243	265	280	280	280	280	229
<b>Electric System</b>										
Customers	-	-	-	- 2	35,850	35,610	35,338	34,881	34,602	34,308
Residential Consumption (KW in 000s)	-	-	-	100,403 2	374,577	361,274	382,341	363,558	349,808	337,620
Commercial Consumption (KW in 000s)	-	-	-	89,789 2	336,692	339,887	351,600	344,425	339,867	336,932
Industrial Consumption (KW in 000s)	-	-	-	4,051 2	14,512	14,696	14,160	14,052	15,340	14,261
<b>Water System</b>										
Customers	24,668	24,443	24,191	23,990	23,868	23,565	23,318	23,039	22,964	22,624
Water Consumption (GAL in 000s)	1,499,436	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
Irrigation Water Consumption (GAL in 000s)	291,508	275,301	287,249	302,852	301,147	326,065	292,529	282,684	272,586	278,612
Reuse Water Consumption (GAL in 000s)	1,054,455	924,128	915,955	930,789	874,530	942,372	915,013	912,420	859,760	817,103
<b>Solid Waste</b>										
Customers	7,511	7,463	8,250	8,250	8,419	8,426	8,392	8,332	8,764	8,707
Refuse Collected (TONS)	15,990	16,025	15,480	16,600	16,910	16,611	16,486	16,462	16,139	15,928
Yard Trash Collected (TONS)	1,735	1,925	2,095	1,858	1,894	2,162	2,338	2,261	2,168	2,183
Recyclables Collected (TONS)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	13

(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**

<b>Function/Program</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Public Safety</b>										
Police Department										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	44	45	43	43	45	41	35	41	41	36
<b>Transportation</b>										
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
<b>Physical Environment</b>										
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
<b>Culture and Recreation</b>										
Parks	17	17	17	17	17	17	17	17	17	17
Recreation Centers	6	6	6	6	6	6	6	6	6	7
<b>Electric System</b>										
Steam: 3 Units (total output MW)	(1) -	-	-	-	-	-	-	85.000	85.000	119.000
Gas Turbine 1 Unit (total output MW)	(1) -	-	-	-	-	-	-	38.000	38.000	38.000
<b>Water</b>										
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
<b>Wastewater</b>										
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	65
Manholes	2,843	2,837	2,862	2,724	2,697	2,672	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
<b>Solid Waste</b>										
Collection Trucks	11	11	11	11	11	11	11	12	12	12

(1) Power plant decommissioned in FY 16

## SINGLE AUDIT ACT COMPLIANCE

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**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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 20, 2023.

**Report on 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 or significant deficiencies may exist that have not been identified.

**Report on 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  
April 20, 2023

**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 Each Major Federal Program and State Project**

***Opinion on Each Major Federal Program and State Project***

We have audited the City of Vero Beach, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (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 each of City's major federal programs and state projects for the year ended September 30, 2022. The City's major federal program and state project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 project for the year ended September 30, 2022.

***Basis for Opinion on Each Major Federal Program and State Project***

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; and 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 ("Chapter 10.550"). Our responsibilities under those standards and the Uniform Guidance and Chapter 10.550 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of City's compliance with the compliance requirements referred to above.

***Responsibility of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal program and state project.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, and Chapter 10.550 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements

referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance and Chapter 10.550, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 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 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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. Accordingly, this report is not suitable for any other purpose.

*Cherry Bekaert LLP*

Orlando, Florida  
April 20, 2023

**CITY OF VERO BEACH, FLORIDA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

FEDERAL / STATE AGENCY, PASS-THROUGH ENTITY FEDERAL PROGRAM / STATE PROJECT	ALN #	DATE OF AWARD	PROJECT IDENTIFICATION NUMBER	PROGRAM OR AWARD AMT	TOTAL EXPENDITURES
<b>DEPARTMENT OF JUSTICE</b>					
<b>Bureau of Justice Assistance</b>					
Bulletproof Vest Partnership Program	16.607	10/24/07	2010-B4BX10055011	\$ 6,525	\$ 6,525
<b>Florida Department of Law Enforcement</b>					
Police Equipment (Rapid ID Systems & Patrol Rifles)	16.738	10/6/21	2021-JAGC-INRI-2-3B-043	10,206	10,206
Police Equipment (Ballistic Shields)	16.738	12/15/21	2022-JAGD-INRI-1-4B-045	2,964	<u>2,964</u>
<b>TOTAL DEPARTMENT OF JUSTICE</b>					<u>19,695</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>					
<b>Florida Division of Emergency Management</b>					
Disaster Grants - Public Assistance (Hurricane Matthew)	97.036	10/12/16	17-PA-U5-10-41-01-077	2,660,268	393
Disaster Grants - Public Assistance (Hurricane Irma)	97.036	9/10/17	Z1180	2,878,188	23,069
Disaster Grants - Public Assistance (Hurricane Dorian)	97.036	10/21/19	Z1574	139,576	414
Disaster Grants - Public Assistance (COVID-19)	97.036	3/13/20	Z2150	97,800	<u>97,800</u>
					121,676
<b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>					<u>121,676</u>
<b>DEPARTMENT OF TRANSPORTATION</b>					
<b>Federal Aviation Administration (FAA)</b>					
COVID-19: Airport Improvement Program (CARES Act Grant)	20.106	5/5/20	3-12-0083-043-2020	1,042,438	555,742
Airport Improvement Program	20.106	7/20/21	3-12-0083-044-2021	6,710,515	5,682,627
Airport Improvement Program	20.106	5/25/22	3-12-0083-048-2022	800,037	<u>2,250</u>
<b>TOTAL DEPARTMENT OF TRANSPORTATION</b>					<u>6,240,619</u>
<b>DEPARTMENT OF THE TREASURY</b>					
Coronavirus State and Local Fiscal Recovery Funds	21.027	8/27/21	SLT-9497	2,562,386	<u>500,000</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>					<u><u>\$ 6,881,990</u></u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

FEDERAL / STATE AGENCY, PASS-THROUGH ENTITY FEDERAL PROGRAM / STATE PROJECT	CSFA #	DATE OF AWARD	PROJECT IDENTIFICATION NUMBER	PROGRAM OR AWARD AMT	TOTAL EXPENDITURES
<b>FLORIDA DEPARTMENT OF TRANSPORTATION</b>					
Aviation Development Grants	55.004	2/28/17	437981-1-94-01	3,255,664	30,080
Aviation Development Grants	55.004	9/18/18	442101-1-94-01	4,000,000	2,109,809
Aviation Development Grants	55.004	2/10/21	445950-1-94-01	1,415,000	1,155,472
Aviation Development Grants	55.004	12/16/20	447634-1-94-01	200,000	17,024
Aviation Development Grants	55.004	5/22/20	433545-1-94-01	272,000	241,033
Aviation Development Grants	55.004	1/7/22	445965-1-94-01	400,000	52,400
Aviation Development Grants	55.004	10/14/21	448085-1-94-01	250,000	32,581
Aviation Development Grants	55.004	2/10/21	447631-1-94-01	32,500	125
Aviation Development Grants	55.004	2/1/22	449242-1-94-01	160,000	1,498
Aviation Development Grants	55.004	1/4/22	450372-1-94-01	172,000	28,641
<b>TOTAL FLORIDA DEPARTMENT OF TRANSPORTATION</b>					3,668,663
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>					<b>\$ 3,668,663</b>

**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 2022, FEMA approved \$393 of eligible expenditures incurred in fiscal year ended September 30, 2017 for Hurricane Matthew, an event from October 2016. FEMA also approved \$136,144 of expenditures for Hurricane Irma, an event that occurred in September 2017. Only \$23,069 of eligible expenditures were incurred, \$21,263 of which was incurred between the fiscal years ended between September 30, 2017 through September 30, 2021. FEMA also approved up to \$97,800 of eligible expenditures incurred in fiscal year ended September 30, 2020 for COVID-19, an event that occurred in March 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 \$1,392.



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

YEAR ENDED SEPTEMBER 30, 2022

**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, 2022

**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?   x   yes        no

**Part II - Schedule of Financial Statement Findings**

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

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

**Part III - Federal Awards Findings and Questioned Costs**

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

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

**Part IV - State Financial Assistance Findings and Questioned Costs**

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

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

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

*YEAR ENDED SEPTEMBER 30, 2022*

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**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.

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## 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, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 20, 2023.

### 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 April 20, 2023, 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.

*Cherry Bekaert LLP*

Orlando, Florida  
April 20, 2023

**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, 2022. 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, 2022.

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

*Cherry Bekaert LLP*

Orlando, Florida  
April 20, 2023