

**SPECIAL CALL CITY COUNCIL MEETING
CITY OF VERO BEACH, FLORIDA
APRIL 12, 2011 3:30 P.M.
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA**

A G E N D A

1. CALL TO ORDER

- A) Roll Call
- B) Pledge of Allegiance

2. ITEMS TO BE DISCUSSED:

- [A\) Pension Plans](#)
- [B\) Health Insurance](#)
- [C\) Budget](#)

3. AJDOURNMENT

Council Meetings will be televised on Channel 13 and replayed.

This is a Public Meeting. Should any interested party seek to appeal any decision made by Council with respect to any matter considered at such meeting or hearing, he will need a record of the proceedings and that, for such purpose he may need to ensure that a record of the proceedings is made which record includes the testimony and evidence upon which the appeal is to be based. Anyone who needs a special accommodation for this meeting may contact the City's Americans with Disabilities Act (ADA) Coordinator at 978-4920 at least 48 hours in advance of the meeting.

**SPECIAL CALL CITY COUNCIL MINUTES
CITY OF VERO BEACH, FLORIDA
APRIL 12, 2011 3:30 P.M.
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA**

PRESENT: Jay Kramer, Mayor; Pilar Turner, Vice Mayor; Craig Fletcher, Councilmember; Brian Heady, Councilmember and Tracy Carroll, Councilmember **Also Present:** Monte Falls, Interim City Manager; Wayne Coment, Acting City Attorney and Tammy Vock, City Clerk

1. CALL TO ORDER

A) Roll Call

Mayor Kramer called the meeting to order and the City Clerk performed the roll call.

B) Pledge of Allegiance

Mayor Kramer led the Council and the audience in the Pledge of Allegiance to the flag.

2. ITEMS TO BE DISCUSSED:

A) Pension Plans

Mr. Rocky Joyner, Vice President & Consulting Actuary of Segal Company, gave a presentation on the City of Vero Beach General Employee Retirement Plan (presentation attached to the original minutes). He went over page by page of the presentation.

Mrs. Turner asked how they fair with other governments.

Mr. Joyner said that 65% (unfunded liabilities) is not where they want to be. They should be around 75% to 80%. He said that the good thing for the City of Vero Beach is internally the City has had overfunded liabilities in the past. He said which means that historically Vero Beach paid their full contributions throughout the years. The situation in Vero Beach is not dire. However, it is challenging. The City has made the proper movements to help them long term. He said nothing happens over night. To answer Mrs. Turner's question, the average is around 70% funded. He said that one of the reasons they were hit so hard is that the State of Florida only allows smooth loss over a five year span and not over a ten year span like some other states allow.

Mayor Kramer asked Mr. Joyner to explain the difference between market value funded ratio and actuarial value funded ratio. Mr. Joyner briefly explained the differences.

Mrs. Turner referred to Page 13 and after looking at the graph stated that it shows that there is an assumption that they will be paying 24% until 2016. She asked how this affects (contribution projections) with the number of employees in the plan.

Mr. Joyner said that it depends on which employees leave the City. He briefly explained.

Mrs. Turner brought up if they sell the utilities they will be eliminating approximately 120 employees. She asked Mr. Joyner how this will affect the plan.

Mr. Joyner said that he could do a study for the City and he will do his best to help them through the process.

Mr. Joyner explained the difference between Defined Benefit and Defined Contribution. He told Council that if they had any questions to please feel free to call him.

Mrs. Turner mentioned that according to the graph it will take them to year 2020 before they reach 80% funded (their goal).

Mr. Joyner suggested that they concentrate on reaching 70% then 75% then 80%. He said that they don't need to be overly concerned about being at 70% because they took such a hit in 2008. He said that it will take them about nine years in order to correct this and get back to 80%.

Mr. Heady wondered if they do something to help like putting more money into the pension plan. Mr. Joyner answered absolutely.

Mr. Heady didn't want to continue running up the credit cards for future Councils. Mr. Joyner told him that is not what they are doing in this pension plan. Mr. Heady understood that they were making this up, but it is being done very slowly. He has continually said that he does not want to pass expenses off to his kids and grandkids. Mr. Joyner said that is not what is being done here. The City has increased their funding and cut their benefits to help. He felt that they are on track, but it doesn't mean that they can't go faster. Mr. Heady talked about possibilities that could happen in the future. If they came across some unexpected source of income they could take some of that money and put it in the pension plan and have a properly funded pension plan.

Mrs. Carroll referred to one of the documents that they received and noted that on page 4 it lists that there are 58 active participants and 280 participants receiving benefits. She was told that information was not correct and the correction will be made. Mr. Joyner expressed they actually have 407 participants.

Mr. Falls said that there are 87 employees in the electric utilities.

Mrs. Turner asked Mr. Falls to provide Council with the impact if those employees were not part of the plan.

Mr. Heady asked Mr. Joyner if he had any suggestions for them at all with respect to other corrective actions that they haven't discussed. He said when going forward with the pension plan that it be funded and not at risk like in 2008.

Mr. Joyner went over the changes that were made to the plan last year and asked Council to let those changes get into the system and work for them. On the other side is their investment portfolio and they can look at ways to diversify their portfolio.

Mrs. Carroll mentioned that on March 3rd, Mrs. Turner sent Mr. Falls a memo asking him to look at various other types of ideas concerning the retirement plan. She asked Mrs. Turner if she received anything back on this.

Mrs. Turner said no. She was actually looking at increasing the vesting period. Mr. Joyner told her that it would be a minor cost savings. He cautioned Council if they start talking about changing the retirement age. They need to work with the Human Resource Department in looking at the pattern of employees and their working careers.

Mr. Steve Maillet, Finance Director, commented that the general employees do not have a drop plan and the base pay is only part of the pension formula and overtime is not included.

Mrs. Turner wondered about offering a 457 plan for new employees.

Mr. Joyner told her that is something to think about, but might be counter productive to controlling cost.

Mr. Falls asked about the changes that they made last year and how did that compare to the other places that Mr. Joyner consults with.

Mr. Joyner said that they are in the middle of the road. The changes have been all over the map all over the Country. He suggested to the City that in five years that they look at their plan design again and make sure that it is the direction that they want their City to be moving into.

B) Health Insurance

Mr. Kurt Gehring, President of the Gehring Group, and Christian Bergstrom, Director – Analytical Services, gave a Power Point presentation (attached to the original minutes). They went over page by page of the presentation with Council.

Mrs. Carroll asked why the middle plan has no deductible. Mr. Bergstrom said because it is all co-payments. Mrs. Carroll referred to one of the graphs in the presentation and was surprised to see how many employees chose to go with the high plan. She asked if they were surprised

about that. Mr. Bergstrom explained that with an older population they have seen that the employees would rather pay than have benefits taken away from them. Mrs. Carroll noted that the number included a lot of retirees. She asked how they pay for their premium. Mr. Bergstrom explained that the money is taken out of their pension and if that does not cover the costs then they would have to pay the remainder to the City.

Mr. Falls asked Mr. Gehring if he could tell them why claims have been increasing in the overall industry.

Mr. Gehring said that he has seen it range from a low of 5% to a high of 22%. He said that the reason varies. Some of it has to do with co pays and a lot has to do with the technology advances that hospitals provide.

Mrs. Turner commented that Council could look at possible changes in the health care coverage, such as increasing the employees' out of pocket costs or deductible for the top two of the three plans offered to employees.

Council took a break at 5:09 p.m.

C) Budget

Mr. Falls reported that this is the first time that three of the Councilmembers have ever gone through the budget process. He provided a schedule in their backup material that they will be working from for the budget. He said if those dates are not good for any Councilmember that they should let him know so that the dates could be changed. They will go forward with the budget providing the services to the City that they always have. If there is any Councilmember that is looking for changes in regards to the services that they provide, then they need to let him know. Otherwise they plan on doing what they have done in the past. Mr. Falls mentioned that there will be some challenges this year. The property values have gone down, but once they receive the estimated tax revenue numbers from the Indian River County Property Appraiser's Office they will have a better idea of where they are. They expect to get those numbers by June 1st. He explained to Council what they use the one-cent sales tax for. There is State funding for cities and counties, which is partly based on population numbers and the latest census showed Vero Beach's population declining. The City is looking at challenging the census numbers, but that won't help them this year. He reiterated that unless Council directs differently, he will build the budget as they have done in past years. He noted that the timing of any offer they receive from FP&L probably will not occur until sometime late summer so that probably will not be built into the budget. They will build the budget with revenue sources that they have had traditionally. He asked Council if they had any questions or comments.

Mrs. Turner commented that she sent out a form on March 14, 2011 that she would like to use for the budget format. She asked Council if they had any comments to make on the proposed form. She also mentioned that each year every department sets goals and accomplishments for the upcoming year, but they never hear if those goals were accomplished or if there were

reasons that they could not be accomplished. She asked for an update on how each department has progressed.

Mrs. Carroll agreed that the update should include challenges within factors that the departments could not control.

Mr. Falls explained that he brought this to Council today just so they are aware of the steps that staff/Council takes in the budget process.

Mayor Kramer hoped to see efficiency measures added into each of the different sections. He would like to compare them with other cities.

Mrs. Carroll asked Mr. Maillet to explain the personnel worksheets that are due on April 18th.

Mr. Steve Maillet, Finance Director, said that this is the list of employees currently employed in each department and if the department head thinks that there will be any changes then they would make those changes to this personnel worksheet.

Mr. Falls added that this helps him out because a lot of times the department head will know if someone in their department is planning on retiring which would change staffing levels.

Mrs. Carroll questioned when the employee reviews would be done.

Mr. Falls informed Council that they are working on a draft form for the performance review, which would need to be incorporated into their Personnel Rules. He said that in normal times the review would be done in conjunction with pay increases.

Mr. Fletcher asked if the performance review process would be implemented sometime this year.

Mr. Falls answered yes.

Mr. J. Rock Tonkel mentioned that the County ratepayers pay a substantial sum to both the water and sewer and electric utilities. He recalled that the previous Council said that the pension plan design is going to have to change. He didn't know how they could proceed without at least asking Mr. Joyner to analyze the impact if the sale to FP&L was to take place.

3. AJDOURNMENT

Mr. Heady made a motion to adjourn today's meeting at 5:32 p.m. Mrs. Carroll seconded the motion and it passed unanimously.

/tv

MEMORANDUM

TO: The Honorable Mayor Jay Kramer, Vice Mayor Pilar Turner, Councilmember Brian Heady, Councilmember Craig Fletcher and Councilmember Tracy Carroll

FROM: Monte Falls, P.E. - Interim City Manager

DATE: March 9, 2011

SUBJECT: BUDGET PROCESS

The attached budget information has been prepared for your information. I would like to get the City Council's input on the "front end" of the budget process and will be placing an item on the April 5, 2011 City Council Meeting for that purpose.



Monte K. Falls

MKF:jav
Attachments

C:\MY DOCUMENTS\MEMOS MKF 2011\CC - BUDGET PROCESS.DOCX

CITY OF VERO BEACH

PROPOSED BUDGET SCHEDULE 2011-2012

3/28/2011	Monday	Distribute mission statements/capital and 5YR plan to department heads-due back 4/15
4/4/2011	Monday	Distribute personnel worksheets to department heads-due back 4/18
4/15/2011	Friday	Mission statements, capital, & 5YR plan back to Finance from Departments
4/18/2011	Monday	Distribute revenue and expense worksheets to departments-due back 5/2
4/18/2011	Monday	Personnel worksheets returned to Finance from Departments
5/2/2011	Monday	Revenue and Expense worksheets back to Finance from Departments
5/11/2011	Wednesday	Preliminary feedback to department heads; changes due back 5/16
5/16/2011	Monday	Changes and data entry cutoff for City Manager's Review -all funds and departments
5/25/2011	Wednesday	Final workbooks to Department Heads
6/7/2011	Tuesday	City Manager review - begin
6/10/2011	Friday	City Manager review - end
6/15/2011	Wednesday	Changes and data entry cutoff for Council Review -all funds, all departments
7/1/2011	Friday	Books to Council and Department Heads
7/18/2011	Monday	Council workshop review of budget -begin
7/22/2011	Friday	Council workshop review of budget - end

The Budget Process

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 expenses 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 based on cost analyses, expected needs, and historical data produced by the finance and operating departments. The budget process also produces the related but separately published Five Year Capital Program.

A brief summary of the timing and principal steps in the budget process follows:

DATE	ACTIVITY
<i>Feb-Mar</i>	City Council and City Manager establish service level goals and broad citywide objectives for the following budget year. Finance Department reviews and prepares the necessary forms and instructions and distributes them to the departments.
<i>Mar-Apr</i>	City Manager may hold a budget workshop to review citywide objectives and service level goals with Department Heads.
<i>April-May</i>	Department Heads return completed input forms to Finance for editing and compilation of preliminary budget document. Finance produces a complete and very detailed draft of the proposed budget.
<i>June</i>	City Manager meets with Department Heads to review budget proposals.
<i>July-Aug</i>	City Manager presents his proposed budget to the City Council for review in a series of meetings that are open to the public. At these meetings, the proposed budget is discussed in overview and in detail.
<i>September</i>	The taxpayers are notified of the proposed property tax rate and its relationship to the prior year's rate. City Council conducts two public hearings in compliance with the "Truth in Millage" Statute of Florida. These hearings provide the citizens with additional opportunities to express their views about the proposed budget. At the second hearing, the budget is adopted.

Select Year:

The 2010 Florida Statutes(including Special Session A)

[Title XII](#)
MUNICIPALITIES

[Chapter 166](#)
MUNICIPALITIES

[View Entire Chapter](#)

166.241 Fiscal years, appropriations, budgets, and budget amendments.—

(1) Each municipality shall make provision for establishing a fiscal year beginning October 1 of each year and ending September 30 of the following year.

(2) The governing body of each municipality shall adopt a budget each fiscal year. The budget must be adopted by ordinance or resolution unless otherwise specified in the respective municipality's charter. The amount available from taxation and other sources, including amounts carried over from prior fiscal years, must equal the total appropriations for expenditures and reserves. The budget must regulate expenditures of the municipality, and it is unlawful for any officer of a municipal government to expend or contract for expenditures in any fiscal year except in pursuance of budgeted appropriations.

(3) The governing body of each municipality at any time within a fiscal year or within up to 60 days following the end of the fiscal year may amend a budget for that year as follows:

(a) Appropriations for expenditures within a fund may be decreased or increased by motion recorded in the minutes, provided that the total of the appropriations of the fund is not changed.

(b) The governing body may establish procedures by which the designated budget officer may authorize certain budget amendments within a department, provided that the total of the appropriations of the department is not changed.

(c) If a budget amendment is required for a purpose not specifically authorized in paragraph (a) or paragraph (b), the budget amendment must be adopted in the same manner as the original budget unless otherwise specified in the charter of the respective municipality.

History.—s. 1, ch. 73-129; s. 4, ch. 83-106; s. 6, ch. 96-324; s. 14, ch. 2004-305.

Section 3.04.- City manager—Powers and duties.

The city manager when necessary shall appoint, suspend, demote, or dismiss any city employee under his jurisdiction in accordance with law and the personnel rules, and may authorize any department head to exercise these powers with respect to subordinates in that department. The city manager shall direct and supervise the administration of all departments of the city except the offices of city clerk and city attorney and shall attend all council meetings unless excused by council and shall have the right to take part in discussions, but not vote. He shall see that all laws, Charter provisions, ordinances, resolutions, and other acts of the council subject to enforcement by him are faithfully executed, and he shall act as the city's director of emergency management with all of the authority of that position either granted by the city's emergency management plan, the city council, state law, city or county ordinance. The city manager shall also prepare and submit the annual budget, budget message, and capital program to the council, and shall keep the council fully advised as to the financial condition and future needs of the city, and shall make such recommendations to the council concerning the affairs of the city as he deems desirable. The city manager shall designate a qualified city employee to exercise the powers and perform the duties of city manager during any temporary absence or disability of the city manager. The council may revoke such designation at any time and appoint another eligible person, other than a currently sitting councilmember, to serve as acting city manager.

(Ord. No. 2003-10, § 4, 4-1-2003; Ord. No. 2005-14, § 2, 11-29-2005)

Section 5.04.- Budget adoption.

The council shall adopt an annual budget for the city by ordinance before October 1 of each year. An ordinance adopting an annual budget shall constitute appropriations of the amounts specified as expenditures from the funds indicated and shall constitute a levy of the property tax proposed.

State law reference— Procedure for adoption of budget and millage rate, F.S. § 200.065.

TRUTH IN MILLAGE (TRIM)

The Truth in Millage (TRIM) process informs taxpayers and the public about the legislative process by which local ad valorem (property) taxes are determined. Florida state laws provide for public input and for governing bodies of taxing authorities to state specific reasons for proposed changes in taxes and the budget.

When levying a millage, taxing authorities are required to follow Chapter 200, of the Florida Statutes (F.S.), which governs TRIM. In 2007, those statutory requirements were revised to provide maximum millage rates for non-voted levies of counties, municipalities and independent special districts.

This workbook gives taxing authorities an overview of the TRIM process and their responsibilities and requirements. The information contained in this workbook is a guide. Chapter 200, F.S. and Chapter 12D-17 Florida Administrative Code (FAC) state the specific requirements for TRIM compliance. Please consult the Florida Statutes before taking specific action.

According to Florida law, failure to meet TRIM requirements will result in the loss of revenue sharing for the taxing authority.

TRIM TIMETABLE

Timetable and Important Dates

On June 1, the property appraiser delivers an estimate of the total assessed value of nonexempt property for the current year to the presiding officer of each taxing authority within the county. This estimate is used for budget planning purposes only.

If the Department of Revenue (Department) has not completed a county's railroad assessment by June 1, the property appraiser may use the prior year's values for millage certification. (*s. 193.085(4), F.S.*)

The dates below are directory and may be shortened by the property appraiser. The property appraiser must give written notice and coordinate any new dates with all affected taxing authorities. Taxing Authorities can use the full time period designated by the time periods given below.

DAY 1 is JULY 1, or the Date of Certification, whichever is LATER

- | | |
|--|---|
| <p>Day 1
<i>July 1</i></p> | <p>The property appraiser certifies, to each taxing authority, the taxable value within the jurisdiction of the taxing authority on Form DR-420, Certification of Taxable Value. A Form DR-420DEBT, Certification of Voted Debt Millage, will be certified if the taxing authority has a voted debt. The Form DR-420TIF, Tax Increment Adjustment Worksheet, will also be certified if there is a Community Redevelopment Area.</p> |
| <p>Day 15
<i>July 15</i></p> | <p>Within 15 days of certification of value, the Board of County Commissioner's (BCC) budget officer delivers a tentative budget to the Board. (<i>s. 129.03(3), F.S.</i>)</p> |
| <p>Day 35
<i>August 4</i></p> | <p>Within 35 days of certification of value, each taxing authority certifies the completed DR-420 and any additional forms to the property appraiser. At this time, the taxing authority informs the property appraiser of the following:</p> <ul style="list-style-type: none"> • Prior year millage rate • Current year proposed millage rate • Current year rolled-back rate (computed under <i>s. 200.065, F.S.</i>) • The date, time, and meeting place of the tentative budget hearing <p>This is the final hearing for School Districts.</p> |

**Hearing
Dates With
July 1
Certification**

- Hold the tentative hearing from September 3 to September 18, which is 65 to 80 days from certification of taxable value.
- Hearings must be held Monday through Friday after 5:00 p.m. or any time on Saturday. Do not hold hearings on Sunday.
- No taxing authority, except multicounty/water management districts, can hold a hearing on the same day as a school district or county commission.

If a taxing authority does not provide the required information within 35 days to the property appraiser, the taxing authority cannot levy a millage rate greater than the rolled-back rate for the upcoming year. The property appraiser will calculate the rolled-back rate and use it to prepare the Notice of Proposed Property Taxes (TRIM Notice).

(s. 200.065(2) (b), F.S.)

**Day 55
August 24**

The property appraiser mails the TRIM Notice pursuant to section 200.065, F.S. within 55 days after certification of value.

If the Department has issued a review notice to the county's property appraiser, the TRIM Notice cannot be mailed until the assessment roll has been approved by the Department, pursuant to section 193.1142, F.S.

**Days 65-80
Sept 3 to 18**

Within 65 to 80 days of certification of value, the taxing authority holds a public hearing on the tentative budget and proposed millage rate (final hearing for school districts). This hearing is publicized on the TRIM Notice which is mailed by the property appraiser.

At this hearing, the taxing authority:

- amends and adopts the amended tentative budget,
- re-computes the proposed millage rate,
- publicly announces the percent, if any, by which the re-computed proposed millage exceeds the rolled-back rate, and
- adopts a tentative millage and budget.

If the tentatively adopted millage rate is greater than the proposed rate used for the TRIM Notice, each taxpayer within the jurisdiction must be notified of the increase by first class mail, at the expense of the taxing authority. *(s. 200.065(2)(d), F.S.)*

Day 95
Sept 18 to
Oct 3

Within 15 days after the tentative budget hearing, the taxing authority advertises its intent to adopt a final millage and budget.

The taxing authority must advertise a

- **NOTICE OF PROPOSED TAX INCREASE**

If the tentatively adopted millage rate is greater than the rolled-back rate. The advertisement must be 1/4 page, and headed Notice of Proposed Tax Increase. (s. 200.065(3) (a), F.S.)

OR a

- **NOTICE OF BUDGET HEARING**

If the tentatively adopted millage rate is equal to or less than the rolled-back rate. This advertisement does not have a size requirement, and will be headed, Notice of Budget Hearing. (s. 200.065(3) (b), F.S.)

AND a

- **BUDGET SUMMARY**

The Budget Summary advertisement must be adjacent to the advertisement for the final hearing and meet the requirements of s. 129.03(3) (b), F.S., (s. 200.065(3) (l), F.S.)

Day 97 - 100

Hold the public hearing to adopt the final millage rate and budget within 2 to 5 days after the advertisement is published. (s. 200.065(2), F.S.)

- The first substantive issue discussed will be the percentage increase in millage over the rolled-back rate.
- Adopt the millage before adopting the budget, by separate votes.
- The final millage rate adopted **must not** exceed the millage rate tentatively adopted.
- Before adopting the millage levy resolution or ordinance, the taxing authority must publicly announce the
 - name of the taxing authority,
 - rolled-back rate,
 - percentage increase over the rolled-back rate, and the
 - millage rate to be levied

Within 3 days after the final hearing

Send the resolution or ordinance adopting the final millage rate to the property appraiser, the tax collector, and the Department of Revenue, within 3 days after the final hearing.

- No millage rates, other than ones approved by referendum, can be levied, until the governing board of the taxing authority approves the resolution or ordinance to levy and sends it to the property appraiser and the tax collector.
- Receipt of the resolution or ordinance by the property appraiser is the official notice that the taxing authority has approved the millage rate. (s. 200.065(4), F.S.)

Before the extension of the rolls, the property appraiser sends Form DR-422, Certification of Final Taxable Value, to each taxing authority and if applicable, Form DR-422DEBT, Certification of Final Voted Debt Millage. The DR-422 and DR-422DEBT state any aggregate change in the assessment roll from the preliminary roll, including changes that result from actions by the Value Adjustment Board (VAB) and correction of errors to the assessment roll.

Within 3 days after receipt of Certification

Within 3 days after receipt of Form DR-422 and if applicable, DR-422DEBT, the taxing authority completes and certifies final millage(s) to the property appraiser.

Within 30 days of the final hearing

Within 30 days following adoption of the millage and budget ordinances or resolutions, each taxing authority uses Form DR-487, Certification of Compliance, to certify compliance with the provisions of Chapter 200, F.S., to the Property Tax Oversight Program.

Do not delay in submitting your TRIM Compliance package. It is due within 30 days of the final hearing.

If the DR-422 has not been received, indicate this on the Form DR-487. Once the DR-422 has been received from the property appraiser, complete and return the form to the property appraiser and send a copy to the Property Tax Oversight Program.

Certification Date Examples

Typical date of certification = July 1						SCHOOL'S FINAL		FINAL
DAY	BCC	SCHOOL	DR-420S	TRIM NOTICE		TENTATIVE HEARING		
	15	29	DR-420	MAILED	PETITION	65	80	
	35	55	25	65	80	95		
JULY 1	7/15	7/29	8/4	8/24	9/18	9/3	9/18	9/18-10/3
JULY 2	7/16	7/30	8/5	8/25	9/19	9/4	9/19	9/19-10/4
JULY 3	7/17	7/31	8/6	8/26	9/20	9/5	9/20	9/20-10/5
JULY 4	7/18	8/1	8/7	8/27	9/21	9/6	9/21	9/21-10/6
JULY 5	7/19	8/2	8/8	8/28	9/22	9/7	9/22	9/22-10/7
JULY 6	7/20	8/3	8/9	8/29	9/23	9/8	9/23	9/23-10/8
JULY 7	7/21	8/4	8/10	8/30	9/24	9/9	9/24	9/24-10/9
JULY 8	7/22	8/5	8/11	8/31	9/25	9/10	9/25	9/25-10/10
JULY 9	7/23	8/6	8/12	9/1	9/26	9/11	9/26	9/26-10/11
JULY 10	7/24	8/7	8/13	9/2	9/27	9/12	9/27	9/27-10/12
JULY 11	7/25	8/8	8/14	9/3	9/28	9/13	9/28	9/28-10/13
JULY 12	7/26	8/9	8/15	9/4	9/29	9/14	9/29	9/29-10/14
JULY 13	7/27	8/10	8/16	9/5	9/30	9/15	9/30	9/30-10/15
JULY 14	7/28	8/11	8/17	9/6	10/1	9/16	10/1	10/1-10/16
JULY 15	7/29	8/12	8/18	9/7	10/2	9/17	10/2	10/2-10/17
JULY 16	7/30	8/13	8/19	9/8	10/3	9/18	10/3	10/3-10/18
JULY 17	7/31	8/14	8/20	9/9	10/4	9/19	10/4	10/4-10/19
JULY 18	8/1	8/15	8/21	9/10	10/5	9/20	10/5	10/5-10/20
JULY 19	8/2	8/16	8/22	9/11	10/6	9/21	10/6	10/6-10/21
JULY 20	8/3	8/17	8/23	9/12	10/7	9/22	10/7	10/7-10/22
JULY 21	8/4	8/18	8/24	9/13	10/8	9/23	10/8	10/8-10/23
JULY 22	8/5	8/19	8/25	9/14	10/9	9/24	10/9	10/9-10/24
JULY 23	8/6	8/20	8/26	9/15	10/10	9/25	10/10	10/10-10/25
JULY 24	8/7	8/21	8/27	9/16	10/11	9/26	10/11	10/11-10/26
JULY 25	8/8	8/22	8/28	9/17	10/12	9/27	10/12	10/12-10/27
JULY 26	8/9	8/23	8/29	9/18	10/13	9/28	10/13	10/13-10/28
JULY 27	8/10	8/24	8/30	9/19	10/14	9/29	10/14	10/14-10/29
JULY 28	8/11	8/25	8/31	9/20	10/15	9/30	10/15	10/15-10/30
JULY 29	8/12	8/26	9/1	9/21	10/16	10/1	10/16	10/16-10/31
JULY 30	8/13	8/27	9/2	9/22	10/17	10/2	10/17	10/17-11/1
JULY 31	8/14	8/28	9/3	9/23	10/18	10/3	10/18	10/18-11/2
Shortened Time Period								
JUNE 23	7/7	7/21	7/27	8/16	9/10	8/26	9/10	9/10-9/25

**SPECIAL CALL CITY COUNCIL MEETING
CITY OF VERO BEACH, FLORIDA
APRIL 12, 2011 3:30 P.M.
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA**

A G E N D A

- 1. CALL TO ORDER**
 - A) Roll Call
 - B) Pledge of Allegiance

- 2. ITEMS TO BE DISCUSSED:**
 - A) Pension Plans
 - B) Health Insurance
 - C) Budget

- 3. AJDOURNMENT**

Council Meetings will be televised on Channel 13 and replayed.

This is a Public Meeting. Should any interested party seek to appeal any decision made by Council with respect to any matter considered at such meeting or hearing, he will need a record of the proceedings and that, for such purpose he may need to ensure that a record of the proceedings is made which record includes the testimony and evidence upon which the appeal is to be based. Anyone who needs a special accommodation for this meeting may contact the City's Americans with Disabilities Act (ADA) Coordinator at 978-4920 at least 48 hours in advance of the meeting.

Vock, Tammy

From: Maillet, Steve
Sent: Wednesday, April 06, 2011 7:42 AM
To: Kramer, Jay; Turner, Pilar; Fletcher, Craig; Heady, Brian; Carroll, Tracy
Cc: Falls, Monte; Vock, Tammy
Subject: FW: February Memo-001.pdf; General Fund Feb.pdf; Electric.pdf; Water & Sewer.pdf; Airport.pdf; Marina.pdf; Solid Waste.pdf

From: Maillet, Steve
Sent: Monday, March 21, 2011 4:04 PM
To: Falls, Monte
Cc: Vock, Tammy; Lee, John; Bolton, Robert; Menger, Eric; Grabenbauer, Tim; Edward Wiegner; Herbert Whitall; Jane Burton; Jason Fykes; Robert Blumstein; Bill Fish; Eric Swenson; Laura Torres; Warren Winchester; William Teston
Subject:

Monte,

Attached are updates for Feb 2011 for the General, Electric, Water & Sewer, Airport, Marina and Solid Waste Funds.

There is a short memo that covers all of the funds, and each fund has a separate pdf.

Thanks.

Steve



Memorandum

To: Monte Falls, Interim City Manager
From: S. Maillet, Finance Director
Date: March 21, 2011
Subject: Budget Update through February 2011

General Fund:

The General Fund (GF) is on target for revenues.

On the expense side the GF is also on target. However, there have been some additional expenditures I want to mention:

The City has to begin making a small contribution (\$32,000) to the Fire pension plan.

Sick and annual payouts (through the March 11th pay period, although this memo is as of Feb 28) total \$300,000. There will be some savings to offset these additional expenditures—e.g., salary and benefit savings until new charter officers are hired. Later in the year, as the total of the net cost become clearer, we will amend the budget.

Electric System:

As you recall, there have been two rate cuts this fiscal year, the first on October 1st, the second on January 1st. And we still have the recession. And we had another cold winter.

The results are showing up in the electric system, just as you would expect. Year to date (YTD), power purchased is a little higher than budgeted, and electric collections a little lower. The change in cash of -\$1,555,000 is money flowing back to the rate payers through the lower rates.

Speaking of lower rates—after the two rate cuts, the electric system has seventy-five days of working capital (unrestricted cash). The City's target is 45-60 days. This current level of coverage allows another rate cut. The city manager is putting an item on the April 5th agenda to discuss the amount and timing of another rate cut

Water & Sewer System:

The water and sewer system (WS) is on target to meet its budget for FY 11. At the end of February, WS has \$2,300,000 in unrestricted cash. This is an increase of \$400,000 from the end of FY 10. WS should easily meet its FY 11 budget of a proposed \$775,000 surplus.

As a reminder, the Council approved a plan where the WS system accumulates enough funds to pay down some debt in FY 13. The reduction in debt will allow a rate cut at that time.

Airport:

Airport revenues are down slightly. This reflects less revenue due to tenant vacancies caused by the recession. The slight decline in airport revenues (\$40,000 through February) will have a minimal impact because the budget projects a \$460,000 surplus. The net effect will be that the airport still ends the year in the black.

Marina:

The Marina's revenues are down. This decline is related to both the recession and the weather. With the return of great weather, the Marina director is expecting that revenues will pick up.

The Marina has a budgeted surplus of \$395,000 for FY 11. The Marina will end the year in the black, even after the YTD budget shortfall of \$95,000.

Solid Waste:

Revenues for Solid Waste (SW) are down because of the recession. The YTD shortfall is approximately \$120,000. SW has a budgeted surplus of \$522,000 for FY 11. As with the Airport and Marina, SW will end in the black even after a budget shortfall. In the meantime, the Public Works director and the SW manager are reviewing operations to find more ways to cut costs but not service.

City of Vero Beach
 FY 11
 Airport Monthly Budget Summary

	Monthly Actual 02/28/11	Monthly Budgeted 02/28/11	Monthly Variance as %	YTD Actual 02/28/11	YTD Budgeted 02/28/11	YTD Variance as %	Budget
Revenue:							
Airport revenues	185,735	211,733	-12.28%	1,020,761	1,058,665	-3.58%	2,540,795
Other	3,804	3,167	20.13%	17,047	15,833	7.66%	38,000
Total revenue	189,539	214,900	-11.80%	1,037,808	1,074,498	-3.41%	2,578,795
Expenses							
Operating Expenses	158,978	160,637	-1.03%	868,881	866,294	0.30%	2,094,022
Operating Income	30,561	54,262		168,927	208,204		
Trf to GF	0	0	#DIV/0!	0	0	#DIV/0!	0
Net Income	30,561	54,262	-43.68%	168,927	208,204	-18.86%	
plus Grants	268,327	268,327	0.00%	1,383,441	1,383,441	0.00%	975,000
less Capital	26,798	26,798	0.00%	1,648,848	1,648,848	0.00%	1,000,000
Cash change	272,090	295,792		(96,480)	(57,203)		
Other balance sheet changes, net	(587,837)			(446,638)			
Cash beginning of month	1,810,958						Budgeted surplus (deficit)
Cash beginning of year				2,038,329			
Cash End of Period	1,495,212			1,495,212			459,773

City of Vero Beach
Airport
02/28/11

ASSETS

Current Assets:

Equity in pooled cash and investments	1,495,212
Accounts receivable, net of allowance for estimated uncollectibles	0
Accrued interest receivable	3,818
Due from other governments	<u>1,108,156</u>
Total Current Assets	<u>2,607,185</u>

Noncurrent Assets:

Capital Assets

Property, plant and equipment	51,670,356
Less: accumulated depreciation	<u>(10,303,414)</u>

Construction in progress	<u>41,366,942</u>
	<u>3,491,506</u>

Total property, plant and equipment, net	<u>44,858,448</u>
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Total Noncurrent Assets	<u>44,858,448</u>
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Total Assets	<u><u>47,465,633</u></u>
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LIABILITIES

Current Liabilities (Payable from Current Assets)

Accounts and contracts payable	27,510
Accrued liabilities	31,571
Customer deposits	<u>172,202</u>
Total Current Liabilities (Payable from Current Assets)	<u>231,283</u>

Noncurrent Liabilities

Compensated absences	<u>200,220</u>
Total Noncurrent Liabilities	<u>200,220</u>

Total Liabilities	<u>431,503</u>
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Net Assets

Invested in capital assets, net of related debt	44,858,448
Unrestricted	<u>2,175,682</u>

Total Net Assets	<u><u>47,034,130</u></u>
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City of Vero Beach
Airport
Statement of Revenues, Expenses and Changes I Net Assets
02/28/11

OPERATING REVENUES	
Charges for services	<u>1,020,761</u>
Total Operating Revenues	<u>1,020,761</u>
OPERATING EXPENSES	
Operating charges	868,881
Depreciation expense	<u>324,078</u>
Total Operating Expenses	<u>1,192,959</u>
Operating Income (Loss)	(172,198)
NON-OPERATING REVENUES (EXPENSES)	
Investment earnings	73
Miscellaneous	<u>16,974</u>
Total Non-Operating Revenues (Expenses)	<u>17,047</u>
Income (Loss) Before Contributions and Transfers	(155,151)
Capital Contributions	<u>1,383,441</u>
Change in Net Assets	<u>1,228,290</u>
Net Assets - Beginning of Period	45,596,495
Net Assets - End of Period	<u><u>46,824,785</u></u>

City of Vero Beach
FY 11
General Fund Monthly Budget Summary

	Monthly Actual 02/28/11	Monthly Budgeted 02/28/11	Monthly Variance as %	YTD Actual 02/28/11	YTD Budgeted 02/28/11	YTD Variance as %	Budget
Revenue:							
Ad Valorem Tax	196,233	196,233	0.00%	3,485,115	3,485,115	0.00%	4,166,950
Utility Tax	153,587	172,603	-11.02%	841,663	937,500	-10.22%	2,250,000
State Taxes							
Gasoline	40,434	38,971	3.75%	187,549	194,857	-3.75%	467,656
Communications Services	101,273	110,745	-8.55%	550,673	398,683	38.12%	1,328,943
State Revenue Sharing	45,846	46,219	-0.81%	229,232	231,094	-0.81%	554,625
Half Cent	105,625	87,898	20.17%	419,378	337,527	24.25%	1,054,773
Other	1,242	7,083	-82.47%	26,770	35,417	-24.41%	85,000
Administrative Charges	227,888	227,888	0.00%	1,139,442	1,139,442	0.00%	2,734,660
Enterprise Transfers	558,160	558,160	0.00%	2,790,799	2,790,799	0.00%	6,697,918
Other	45,238	67,252	-32.73%	286,718	362,681	-20.94%	876,600
Total revenue	1,475,526	1,513,053	-2.48%	9,957,340	9,913,115	0.45%	20,217,205
Expenses							
Council	7,414	8,989	-17.52%	41,915	44,945	-6.74%	107,868
Clerk	26,312	29,735	-11.51%	145,401	148,677	-2.20%	356,825
Manager	7,628	22,034	-65.38%	114,613	110,168	4.03%	264,404
City Hall	8,700	12,167	-28.49%	52,284	60,833	-14.05%	146,000
Attorney	47,900	50,909	-5.91%	251,045	254,545	-1.37%	610,907
Human Resources	22,676	28,755	-21.14%	129,373	143,775	-10.02%	345,060
Finance	140,772	58,687	139.87%	370,356	293,437	26.21%	704,249
Information Systems	61,034	68,083	-10.35%	296,076	340,414	-13.02%	816,993
Purchasing	30,989	33,665	-7.95%	166,099	168,324	-1.32%	403,978
Warehouse	20,440	22,292	-8.31%	107,931	111,460	-3.17%	267,505
Planning	51,074	55,729	-8.35%	279,893	278,644	0.45%	668,746
Police	561,388	584,372	-3.93%	2,958,429	2,921,858	1.25%	7,012,460
Engineering & Survey	61,174	66,398	-7.87%	350,196	331,991	5.48%	796,779
Stormwater	48,769	51,874	-5.98%	267,256	259,368	3.04%	622,482
Streets	56,048	35,329	58.65%	243,717	176,646	37.97%	423,950
Traffic	13,656	21,734	-37.17%	93,573	108,668	-13.89%	260,802
GIS	15,780	16,357	-3.53%	91,029	81,786	11.30%	196,287
Grounds Maintenance	41,110	65,003	-36.76%	285,455	325,015	-12.17%	780,037
Administration	37,161	41,199	-9.80%	196,543	205,994	-4.59%	494,386
Fleet Mgmt	16,707	35,613	-53.09%	107,094	178,066	-39.86%	427,358
Facilities Mgmt	50,553	59,359	-14.83%	275,946	296,793	-7.02%	712,303
Non-Departmental:							
Operating	114,563	79,528	44.05%	525,542	397,638	32.17%	954,332
Transfers	116,000	116,000	0.00%	1,761,011	1,761,011	0.00%	2,847,600
Total Operating Expenses	1,557,848	1,563,809	-0.38%	9,110,777	9,000,057	1.23%	20,221,311
Operating Income	(82,322)	(50,756)		846,563	913,058		
Other balance sheet changes, net	(77,507)			(44,705)			
Cash beginning of month	7,527,393						Budgeted surplus
Cash beginning of year				6,565,707			(deficit)
Cash End of Period	7,367,564			7,367,564			(4,106)

City of Vero Beach
FY 11
Marina Monthly Budget Summary

	Monthly Actual 02/28/11	Monthly Budgeted 02/28/11	Monthly Variance as %	YTD Actual 02/28/11	YTD Budgeted 02/28/11	YTD Variance as %	Budget
Revenue:							
Marina revenues	118,828	132,013	-9.99%	645,489	711,926	-9.33%	1,720,880
Other	2,166	7,821	-72.30%	16,965	42,177	-59.78%	101,950
Total revenue	120,994	139,834	-13.47%	662,454	754,102	-12.15%	1,822,830
Expenses							
Operating Expenses	68,744	95,429	-27.96%	516,469	514,634	0.36%	1,243,984
Operating Income	52,251	44,405		145,985	239,468		
Trf to GF	7,218	7,218	0.00%	36,091	36,091	0.00%	86,618
Net Income	45,033	37,186	21.10%	109,894	203,377	-45.97%	
plus Grant	0	0	#DIV/0!	0	0	#DIV/0!	250,000
less Debt service	0	0	#DIV/0!	(256,526)	(256,526)	0.00%	343,690
less Capital	0	0	#DIV/0!	0	0	#DIV/0!	4,000
Cash change	45,033	37,186		(146,632)	(53,149)		
Other balance sheet changes, net	(95,332)			180,365			
Cash beginning of month	196,188						Budgeted surplus
Cash beginning of year				112,156			(deficit)
Cash End of Period	145,889			145,889			394,538

City of Vero Beach
Marina
Statement of Net Assets
02/28/11

ASSETS

Current Assets:	
Equity in pooled cash and investments	145,889
Accounts receivable	105,963
Inventories	<u>40,841</u>
Total Current Assets	<u>292,693</u>
Noncurrent Assets:	
Capital Assets	
Property, plant and equipment	6,616,696
Less: accumulated depreciation	<u>(1,088,415)</u>
	5,528,281
Construction in progress	<u>0</u>
Total property, plant and equipment, net	<u>5,528,281</u>
Issuance costs FY 08 S. Marina Complex	<u>23,263</u>
Total Noncurrent Assets	<u>5,551,544</u>
Total Assets	<u><u>5,844,237</u></u>

LIABILITIES

Current Liabilities	
Accounts and contracts payable	1,432
Accrued liabilities	104,982
Customer deposits	<u>36,891</u>
Total Current Liabilities	<u>143,305</u>
Noncurrent Liabilities	
Compensated absences	54,029
Bonds and loans payable	<u>4,177,982</u>
Total Noncurrent Liabilities	<u>4,232,011</u>
Total Liabilities	<u>4,375,316</u>
Invested in capital assets, net of related debt	5,528,281
Unrestricted	<u>(4,059,360)</u>
Total Net Assets	<u><u>1,468,921</u></u>

City of Vero Beach
Marina
Statement of Revenues, Expenses and Changes I Net Assets
02/28/11

OPERATING REVENUES	
Charges for services	<u>645,489</u>
Total Operating Revenues	<u>645,489</u>
OPERATING EXPENSES	
Operating charges	516,469
Depreciation expense	<u>22,761</u>
Total Operating Expenses	<u>539,230</u>
Operating Income (Loss)	106,259
NON-OPERATING REVENUES (EXPENSES)	
Investment earnings	8
Miscellaneous	16,957
Federal and state grants	0
Operating grants	0
Interest / amortization expense	<u>(87,164)</u>
Total Non-Operating Revenues (Expenses)	<u>(70,199)</u>
Income (Loss) Before Contributions and Transfers	36,060
Transfers In	0
Transfers Out	<u>(36,091)</u>
Change in Net Assets	<u>(31)</u>
Net Assets - Beginning of Period	1,468,952
Net Assets - End of Period	<u><u>1,468,921</u></u>

City of Vero Beach
FY 11
Electric System Monthly Budget Summary

	Monthly Actual 02/28/11	Monthly Budgeted 02/28/11	Monthly Variance as %	YTD Actual 02/28/11	YTD Budgeted 02/28/11	YTD Variance as %	Budget
Revenue:							
Residential	3,177,993	3,528,767	-9.94%	18,077,057	19,030,137	-5.01%	46,000,000
Commercial	2,614,610	2,991,781	-12.61%	15,183,324	16,134,247	-5.89%	39,000,000
Industrial	83,492	99,726	-16.28%	518,003	537,808	-3.68%	1,300,000
Other	195,974	166,658	17.59%	869,705	898,760	-3.23%	2,172,500
Total revenue	6,072,068	6,786,932	-10.53%	34,648,089	36,600,952	-5.34%	88,472,500
Expenses							
Power Resources	261,596	377,610	-30.72%	1,844,039	2,036,394	-9.45%	4,922,410
Purchased Pwr	4,520,467	4,050,241	11.61%	23,400,630	21,842,373	7.13%	52,797,788
Customer Service	148,875	148,785	0.06%	764,077	802,378	-4.77%	1,939,524
T&D	328,142	361,688	-9.27%	1,712,489	1,950,529	-12.20%	4,714,855
Engineering	42,578	56,220	-24.27%	235,904	303,186	-22.19%	732,867
Metering	56,724	50,699	11.88%	302,201	273,415	10.53%	660,904
Non Deptl	221,805	283,139	-21.66%	1,538,052	1,526,929	0.73%	3,690,920
Total Operating Expenses	5,580,187	5,328,382	4.73%	29,797,392	28,735,204	3.70%	69,459,268
Operating Income	491,881	1,458,549		4,850,697	7,865,748		
Debt Service	565,106	565,106	0.00%	2,802,944	2,802,944	0.00%	6,727,066
Trf to GF	466,529	466,529	0.00%	2,332,646	2,332,646	0.00%	5,598,350
Non-operating expenses	1,031,635	1,031,635	0.00%	5,135,590	5,135,590	0.00%	
Net Income	(539,754)	426,915	-226.43%	(284,893)	2,730,158	-110.44%	
plus Impact Fees	23,020	23,020	0.00%	94,020	94,020	0.00%	660,000
less Capital	482,038	569,146	-15.31%	1,363,943	2,845,729	-52.07%	6,829,750
Cash change	(998,772)	(119,211)		(1,554,816)	(21,551)		
Other balance sheet changes, net	1,455,485			(639,831)			
Cash beginning of month	17,852,443						Budgeted surplus (deficit)
Cash beginning of year				20,503,804			
Cash End of Period	18,309,156			18,309,156			518,066

City of Vero Beach
Electric System Consolidation
02/28/11

ASSETS

Current Assets	
Equity in pooled cash and investments	18,309,156
Accounts receivable-(net of allowances for estimated uncollectibles)	10,776,348
Accrued interest receivable	61,829
Inventory	7,235,659
Prepaid expenses	<u>7,241</u>
Total Current Assets	<u>36,390,234</u>
Noncurrent assets	
Equity in pooled cash and investments:	
Sinking funds	671,953
Hurricane Recovery	1,344,168
Emergency repair	1,000,000
Renewal and replacement	1,000,000
Bonds payable	4,341,000
Customer deposits	<u>3,983,600</u>
Total Restricted assets	<u>12,340,720</u>
Property, Plant & Equipment	248,368,886
less: accumulated depreciation	<u>(122,095,334)</u>
	126,273,552
Construction in progress	<u>1,950,262</u>
Total Property, Plant and Equipment, net	<u>128,223,814</u>
Other Assets	
SO2 Allowance	438,526
Unamortized bond issue costs	<u>454,473</u>
Total other assets	<u>892,998</u>
Total Noncurrent assets	<u>141,457,532</u>
Total Assets	<u><u>177,847,766</u></u>

City of Vero Beach
Electric System Consolidation
02/28/11

LIABILITIES

Current liabilities payable from current assets	
Accounts and contracts payable	360,342
Accrued liabilities	6,159,571
Due to other funds	<u>0</u>
Total current liabilities payable from current assets	<u>6,519,913</u>
 Current liabilities payable from restricted assets	
Bonds payable	4,341,000
Interest payable	671,953
Customer deposits	<u>3,983,600</u>
Total current liabilities (payable from restricted assets)	<u>8,996,553</u>
 Total Current Liabilities	 <u>15,516,465</u>
 Noncurrent Liabilities	
Bonds payable	48,659,000
less: unamortized bond discount	<u>0</u>
	48,659,000
Accrued compensated absences	<u>1,388,221</u>
Total Noncurrent Liabilities	<u>50,047,221</u>
 Total Liabilities	 <u>65,563,687</u>
 Net Assets	
Invested in capital, net of related debt	75,223,814
Reserved for:	
hurricanes	1,344,168
plant replace—emergencies	1,000,000
renewal & replacement	1,000,000
Unrestricted	<u>33,716,098</u>
Total Net Assets	<u>112,284,079</u>

City of Vero Beach
Electric System Consolidation
02/28/11

Operating revenues	<u>34,522,625</u>
Operating expenses	
Production (5000)	1,844,039
Fuel (5001)	23,400,630
Transmission and distribution(5400, 5410,542	2,250,594
Administrative and general (9900)	1,538,052
Customer service (5100)	652,410
Depreciation expense	<u>2,889,217</u>
Total operating expenses	<u>32,574,943</u>
Operating Income for Period	1,947,683
Nonoperating revenues and (expenses)	
Miscellaneous revenue	13,797
Impact Fees	94,020
Interest and amortization expenses	(1,110,303)
Total Nonoperating revenues and (expenses)	<u>(1,002,485)</u>
Income (loss) before Contributions & Transfers	<u>945,197</u>
Operating transfers	
Operating transfers in	0
Operating transfers out	<u>(2,332,646)</u>
Total operating transfers	<u>(2,332,646)</u>
Change in Net Assets	<u>(1,387,449)</u>
Net Assets at Beginning of Year	113,671,528
Net Assets at End of Year	<u><u>112,284,079</u></u>

City of Vero Beach
FY 11
Solid Waste Monthly Budget Summary

	Monthly Actual 02/28/11	Monthly Budgeted 02/28/11	Monthly Variance as %	YTD Actual 02/28/11	YTD Budgeted 02/28/11	YTD Variance as %	Budget FY 11
Revenue:							
Garbage Collection	206,987	223,313	-7.31%	1,038,717	1,116,563	-6.97%	2,679,750
Other	1,588	429	270.22%	4,001	2,104	90.13%	5,050
Total revenue	208,575	223,741	-6.78%	1,042,718	1,118,667	-6.79%	2,684,800
Expenses							
Operating Expenses	180,116	167,461	7.56%	881,436	837,306	5.27%	2,009,535
Operating Income	28,459	56,280		161,281	281,360		
Trf to GF	12,750	12,750	0.00%	63,750	63,750	0.00%	153,000
Net Income	15,709	43,530	-63.91%	97,531	217,610	-55.18%	
less Capital	0	0	#DIV/0!	0	0	#DIV/0!	0
Cash change	15,709	43,530		97,531	217,610		
Other balance sheet changes, net	(4,255)			(18,092)			
Cash beginning of month	(91,467)						Budgeted surplus
Cash beginning of year				(159,452)			(deficit)
Cash End of Period	(80,013)			(80,013)			522,265

City of Vero Beach
Statement of Net Assets
Solid Waste
02/28/11

ASSETS

Current Assets:

Equity in pooled cash and investments	0
Accounts receivable	381,697

Total Current Assets	<u>381,697</u>
----------------------	----------------

Noncurrent Assets:

Capital Assets

Property, plant and equipment	3,160,722
Less: accumulated depreciation	<u>(2,385,477)</u>

Total property, plant and equipment, net	<u>775,246</u>
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Total Noncurrent Assets	<u>775,246</u>
-------------------------	----------------

Total Assets	<u><u>1,156,942</u></u>
--------------	-------------------------

LIABILITIES

Current Liabilities (Payable from Current Assets)

Accounts and contracts payable	651
Accrued liabilities	47,895
Due to other funds	80,013
Total Current Liabilities	<u>128,559</u>

Noncurrent Liabilities

Compensated absences	340,967
----------------------	---------

Total Noncurrent Liabilities	<u>340,967</u>
------------------------------	----------------

Total Liabilities	<u>469,527</u>
-------------------	----------------

Net Assets

Invested in capital assets, net of related debt	775,246
Unrestricted	<u>(87,830)</u>

Total Net Assets	<u><u>687,416</u></u>
------------------	-----------------------

City of Vero Beach
Statement of Net Assets
Solid Waste
02/28/11

OPERATING REVENUES	
Charges for services	<u>1,038,717</u>
Total Operating Revenues	<u>1,038,717</u>
OPERATING EXPENSES	
Operating charges	881,436
Depreciation expense	<u>62,541</u>
Total Operating Expenses	<u>943,977</u>
Operating Income (Loss)	94,739
NON-OPERATING REVENUES (EXPENSES)	
Investment earnings	8
Interest / amortization expense	0
Miscellaneous	<u>3,993</u>
Total Non-Operating Revenues (Expenses)	<u>4,001</u>
Income (Loss) Before Contributions and Transfers	98,740
Transfers In	0
Transfers Out	<u>(63,750)</u>
Change in Net Assets	<u>34,990</u>
Net Assets - Beginning of Period	652,425
Net Assets - End of Period	<u><u>687,416</u></u>

City of Vero Beach
FY 11
Water & Sewer System Monthly Budget Summary

	Monthly Actual 02/28/11	Monthly Budgeted 02/28/11	Monthly Variance as %	YTD Actual 02/28/11	YTD Budgeted 02/28/11	YTD Variance as %	Budget
Revenue:							
Water	700,538	678,904	3.19%	4,065,223	3,661,233	11.03%	8,850,000
Sewer	582,587	538,137	8.26%	2,916,033	2,902,096	0.48%	7,015,000
Reuse	67,276	83,616	-19.54%	433,783	450,932	-3.80%	1,090,000
Other	37,372	8,975	316.39%	147,358	48,403	204.44%	117,000
Total revenue	1,387,773	1,309,633	5.97%	7,562,397	7,062,663	7.08%	17,072,000
Expenses							
Wastewtr Treatment	142,328	133,737	6.42%	672,146	721,224	-6.80%	1,743,356
Gravity Swr	38,524	38,586	-0.16%	202,668	208,087	-2.60%	502,992
Water Treatment	204,243	238,754	-14.45%	1,153,461	1,287,565	-10.42%	3,112,325
Wtr Dist	77,832	79,576	-2.31%	389,706	429,683	-9.30%	1,038,638
Wastewtr Reuse	32,605	48,559	-32.86%	369,113	261,871	40.95%	633,000
Admin	71,196	67,575	5.36%	435,715	364,421	19.56%	880,886
Environ Lab	37,677	38,100	-1.11%	202,646	205,466	-1.37%	496,657
Maintenance	56,706	61,734	-8.15%	305,411	332,924	-8.26%	804,750
Lift Station	45,666	43,974	3.85%	203,114	237,144	-14.35%	573,228
Meter Maint	26,800	28,821	-7.01%	149,035	155,426	-4.11%	375,699
Non Deptl	125,042	106,067	17.89%	627,737	572,005	9.74%	1,382,660
Total Operating Expenses	858,619	885,582	-3.04%	4,710,751	4,775,816	-1.36%	11,544,191
Operating Income	529,154	424,051		2,851,646	2,286,847		
Debt Service	215,641	215,641	0.00%	1,549,591	1,549,591	0.00%	2,153,164
Trf to GF	71,663	71,663	0.00%	358,313	358,313	0.00%	859,950
Non-operating expenses	287,304	287,304	0.00%	1,907,904	1,907,904	0.00%	
Net Income	241,850	136,748	76.86%	943,743	378,943	149.05%	
plus Impact Fees, grants & Special Asmts	2,563	2,563	0.00%	53,735	53,735	0.00%	470,000
less Capital	44,889	169,509	-73.52%	423,821	914,140	-53.64%	2,209,675
Cash change	199,524	(30,198)		573,658	(481,461)		
Other balance sheet changes, net	403,244			(165,825)			Budgeted surplus (deficit)
Cash beginning of month	1,678,312						
Cash beginning of year				1,873,247			
Cash End of Period	2,281,080			2,281,080			775,020

City of Vero Beach
Water and Sewer System Consolidation
02/28/11

ASSETS

Current Assets

Equity in pooled cash and investments	2,281,080
Accounts receivable-(net of allowances for estimated uncollectibles)	2,708,032
Hurricane--FEMA & State expected	0
Accrued interest receivable	14,432
Special assessments receivable	451,961
Inventory	<u>198,009</u>

Total Current Assets 5,653,515

Restricted Assets

Equity in pooled cash and investments: Sinking funds	1,196,391
---	-----------

Total Restricted Assets 1,196,391

Capital Assets	111,870,422
less: accumulated depreciation	<u>(62,077,518)</u>

	49,792,904
Construction in progress	<u>16,442,598</u>

Total Property, Plant and Equipment, net 66,235,502

Other Assets

Unamortized bond issue costs	<u>50,687</u>
------------------------------	---------------

Total other assets	<u>50,687</u>
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Total NonCurrent Assets 67,482,580

Total Assets 73,136,095

City of Vero Beach
Water and Sewer System Consolidation
02/28/11

LIABILITIES

Current Liabilities Payable from Current Assets

Accounts & Contracts payable	130,487
Accrued liabilities	915,904
Total Current Liabilities Payable from Current Asset	<u>1,046,392</u>

Bonds payable	1,137,282
Interest payable	<u>59,109</u>
Total Current Liabilities Payable from Restricted As:	<u>1,196,391</u>

Total Current Liabilities	<u>2,242,783</u>
---------------------------	------------------

Noncurrent Liabilities

Bonds payable	21,979,202
less: unamortized bond discount	<u>0</u>
	21,979,202
Accrued compensated absences	<u>1,171,625</u>
Total Noncurrent Liabilities	<u>23,150,827</u>

Total Liabilities	<u>25,393,610</u>
--------------------------	-------------------

Net Assets

Invested in capital assets, net of related debt	43,913,336
Unrestricted	<u>3,829,148</u>
Total Net Assets	<u>47,742,484</u>

City of Vero Beach
Water and Sewer System Consolidation
02/28/11

Operating Revenues	7,466,521
Operating Expenses	
Wastewater Treatment & Reuse (9000 & 9004)	1,041,259
Gravity Sewer (9001)	202,668
Water Treatment & Distribution (9002 & 9003)	1,543,167
Administrative and General (9005 & 9900)	1,063,452
Environmental Lab (9006)	202,646
Maintenance Division (9007)	305,411
Lift Station Division (9008)	203,114
Meter Shop Division (9009)	149,035
Depreciation Expense	1,138,517
	5,849,268
 Total Operating Expenses	 5,849,268
 Operating Income for Period	 1,617,253
Nonoperating Revenues (expenses)	
Interest revenue	66,080
Miscellaneous revenue	31,916
Impact Fees	53,735
Interest and amortization expense	(360,627)
	(208,895)
 Total Nonoperating Revenues (expenses)	 (208,895)
 Income (loss) before Contributions & Transfers	 1,408,358
Operating Transfers	
Operating transfers in	0
Operating transfers out	(358,313)
	(358,313)
 Total Operating Transfers	 (358,313)
 Changes in Net Assets	 1,050,046
 Net Assets beginning of Period	 46,692,439
 Net Assets at End of Period	 47,742,484

Health Plan Overview & Updates

**City of Vero Beach
City Council Workshop
Tuesday, April 12, 2011**

Presented by:

Kurt Gehring, President CEO



Your Gehring Group Team

- Kurt Gehring, President CEO
- Christian Bergstrom, Director – Analytical Services
- Ellen Jones, Director – Risk Management
- Rodney Louis – Benefits & Risk Analyst
- Leanne Jacone – Senior Account Manager
- Larissa Sherman – Internal Service Specialist

Your Gehring Group Team

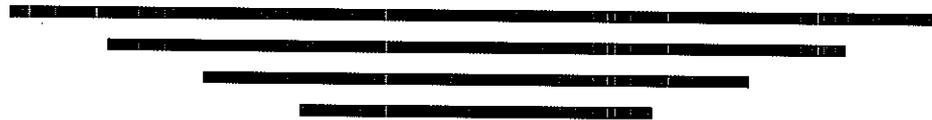
- Serving Vero Beach since 1996
- Public sector focus serving 72 governmental agencies in Florida

Local Governments Served	
Indian River County	Indian River Constitutional Officers
City of Sebastian	City of Fellsmere
Martin County	City of Stuart

Items for Discussion

- Health Plan Overview
 - Self Funded versus Fully Insured
 - Claims Experience
 - Benefit Changes / Additional Changes
 - Enrollment Shift
- Health Care Reform

Health Plan Overview



Health Plan Options

- Fully Insured Concept
 - Employer pays a set premium
 - Insurance carrier assumes financial and legal risk of loss
 - Costs are fixed for the year
 - Rates include margin & reserves
- Self-Funded Concept (City self-funded since 2002)
 - City assumes a portion of the risk
 - Additional risk protection through stop loss insurance /reinsurance (\$125,000 per claimant)
 - City pays health care claims via BCBSFL (network discounts)
 - Required reserves (already established)

Health Plan Options

- Self-Funded Terminology

Administrative Fee	Fee charged for claims adjudication, billing, eligibility, customer service, plan document maintenance, access fees, managed care fees, etc.
Specific Stop Loss Insurance	Purchased to protect you when claims for one individual exceed \$125,000 (the specific deductible)
Aggregate Stop Loss Insurance	Purchased to protect the City when all claims for the entire group exceed a certain specified amount
Expected Claims	Total claims underwriter and/or actuary expects you to have in one policy year, actuarially determined from your past claims experience
Aggregate Maximum	125% above your expected claims

Health Plan Options

Advantages & Disadvantages of Self-Funding

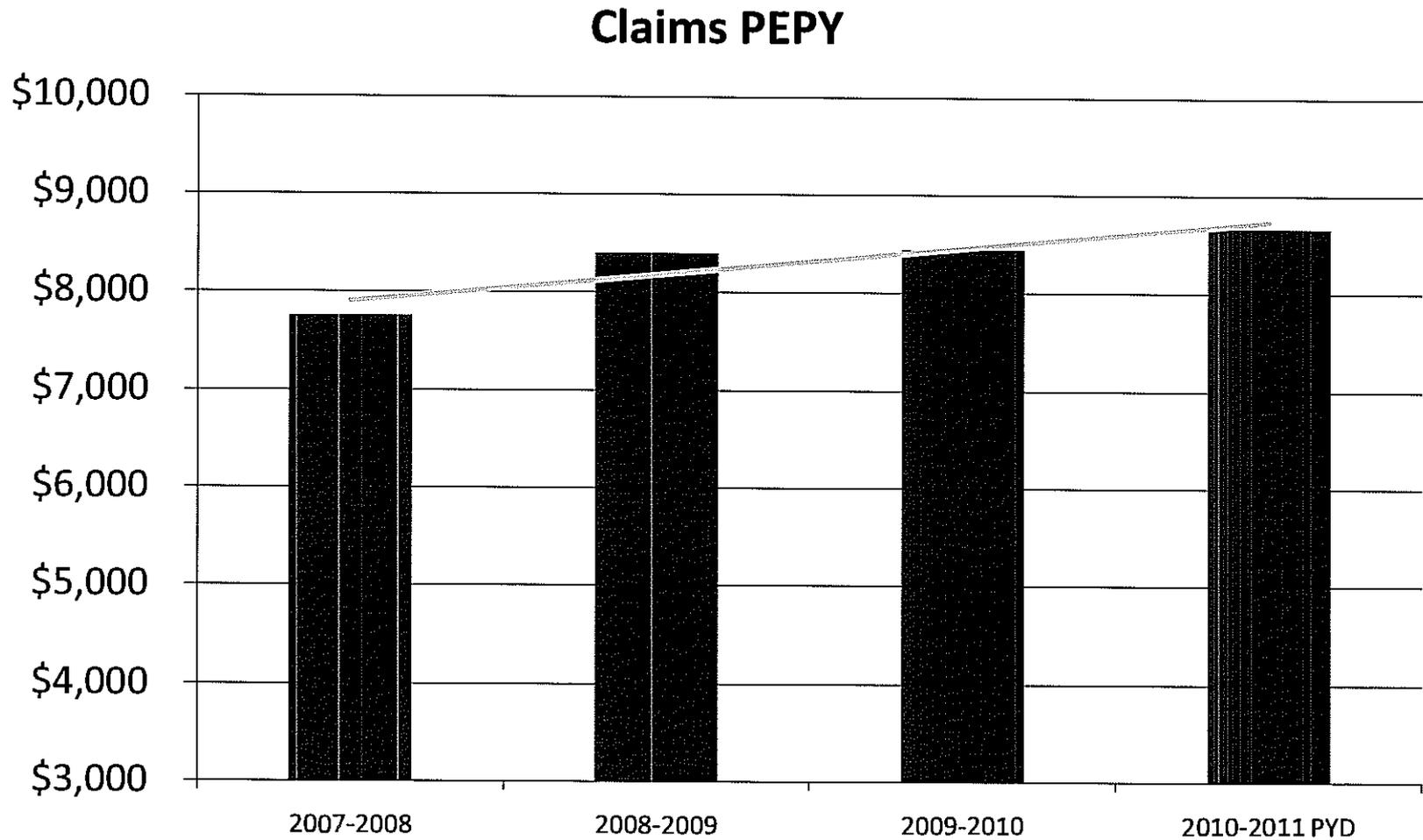
Advantages	Disadvantages
<ul style="list-style-type: none">• Flexibility in plan design• Risk management effectiveness with stop loss insurance (\$125,000/claim)• Tax savings (no state premium tax)• Retention – administration costs less expensive• Additional cash flow (City holds reserves & earns interest)• Elimination of “Margin” (typically built in for claims fluctuations)• Health Care Reform	<ul style="list-style-type: none">• Employer assumes risk between the anticipated claims and stop loss coverage level (aggregate maximum)• Fiduciary responsibility (employee benefits liability purchased)• Reserve requirements specific to public sector entities (60-days of claims) ((already funded))

**Background:
Claims Experience &
Rate History**

Claims Experience

Plan Year	Average Enrollment	Paid Claims (net of stop loss recoveries)	Claims Cost per EE per year	City Claims Increase per Year	Industry Trend Increase per Year
2004-2005	618	\$3,656,163	\$5,916	13%	14%
2005-2006	622	\$3,664,506	\$5,891	(0.40%)	13%
2006-2007	640	\$3,963,807	\$6,193	5%	13%
2007-2008	653	\$5,067,315	\$7,760	25%	13%
2008-2009	643	\$5,401,344	\$8,400	8%	12%
2009-2010	626	\$5,283,992	\$8,441	0.50%	11%
2010-2011	611	\$2,206,086 (YTD)	\$8,665	3%	10%

Claims Per Employee per Month



Catastrophic Claims (12-months)

- 42 Individuals in excess of \$25,000 (30 employees, 12 dependents)
- \$2,089,359 in claims

Claim Payment Range	Claimants
Less than \$1,000	466
\$1,000 - \$9,999	621
\$10,000 - \$24,999	110
\$25,000 - \$49,999	27
\$50,000 +	15

- 3.4% of total membership has generated 38% of total claims for prior 12-months (March 2010 – February 2011)

Funding Changes – 2010-2011

TRIPLE OPTION PLAN DESIGN		2009/2010 – PRIOR PLAN FUNDING				2010/2011 – CURRENT FUNDING				
BASE PLAN		BlueCross BlueShield of Florida - BlueChoice 101				BlueCross BlueShield of Florida - BlueOptions 3769				
		Total	Employer	Employee	EE %	Total	Employer	Employee	EE %	EE \$ Increase
Employee	333	\$492.32	\$492.32	\$0.00	0%	\$418.47	\$418.47	\$0.00	0%	\$0.00
Employee + Spouse	125	\$1,089.46	\$837.26	\$252.20	23%	\$926.04	\$713.05	\$212.99	23%	-\$39.21
Employee + Child(ren)	64	\$983.74	\$767.92	\$215.82	22%	\$836.18	\$652.22	\$183.96	22%	-\$31.86
Employee + Family	120	\$1,547.73	\$1,181.71	\$366.02	24%	\$1,315.57	\$999.83	\$315.74	24%	-\$50.28
MIDDLE PLAN		BlueCross BlueShield of Florida - BlueChoice 101				BlueCross BlueShield of Florida - BlueOptions 3766				
		Total	Employer	Employee	EE %	Total	Employer	Employee	EE %	EE \$ Increase
Employee		\$492.32	\$492.32	\$0.00	0%	\$448.01	\$418.47	\$29.54	7%	\$29.54
Employee + Spouse		\$1,089.46	\$837.26	\$252.20	23%	\$991.41	\$713.05	\$278.36	28%	\$26.16
Employee + Child(ren)		\$983.74	\$767.92	\$215.82	22%	\$895.20	\$652.22	\$242.98	27%	\$27.16
Employee + Family		\$1,547.73	\$1,181.71	\$366.02	24%	\$1,408.43	\$999.83	\$408.60	29%	\$42.58
HIGH PLAN		BlueCross BlueShield of Florida - BlueChoice 101				BlueCross BlueShield of Florida - BlueChoice 101				
		Total	Employer	Employee	EE %	Total	Employer	Employee	EE %	EE \$ Increase
Employee		\$492.32	\$492.32	\$0.00	0%	\$492.32	\$418.47	\$73.85	15%	\$73.85
Employee + Spouse		\$1,089.46	\$837.26	\$252.20	23%	\$1,089.46	\$713.05	\$376.41	35%	\$124.21
Employee + Child(ren)		\$983.74	\$767.92	\$215.82	22%	\$983.74	\$652.22	\$331.52	34%	\$115.70
Employee + Family		\$1,547.73	\$1,181.71	\$366.02	24%	\$1,547.73	\$999.83	\$547.90	35%	\$181.88
TOTAL PLAN MONTHLY COST		\$548,812.02	\$459,552.14	\$89,259.88		\$466,490.22	\$390,204.71	\$76,285.51		
TOTAL PLAN ANNUAL COST		\$6,585,744.24	\$5,514,625.68	\$1,071,118.56		\$5,597,882.60	\$4,682,456.49	\$915,426.11		
TOTAL PLAN \$ INCREASE		N/A	N/A	N/A		-\$987,861.64	-\$832,169.19	-\$155,692.45		
TOTAL PLAN % INCREASE		N/A	N/A	N/A		-15.0%	-15.1%	-14.5%		13

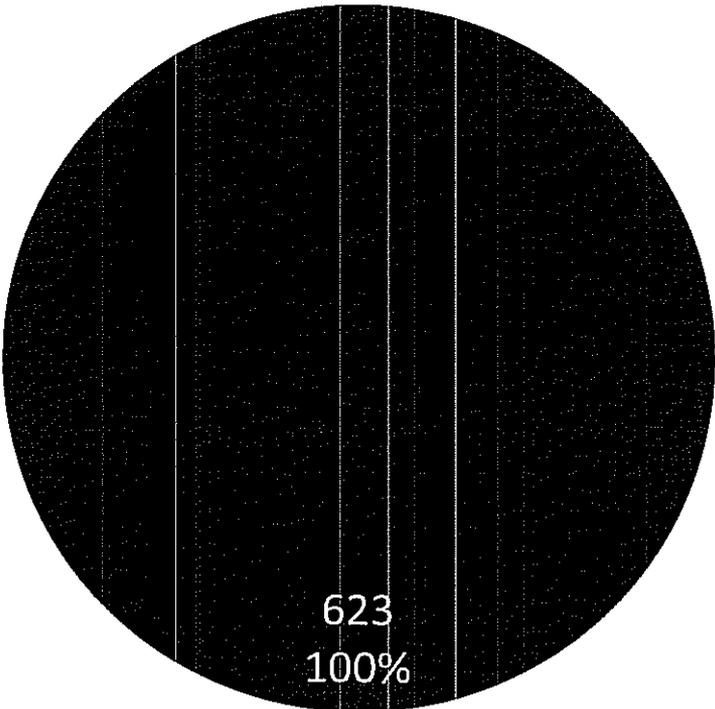
*Enrollment assumes active, retiree & COBRA participants. Premiums reflect current 2009/2010 values.

Benefit Changes – 2010-2011

Schedule of Benefits	Proposed BASE PLAN BlueOptions PPO 3769	Proposed MIDDLE PLAN BlueOptions PPO 3766	Proposed HIGH PLAN BlueChoice PPO 101
Primary Visit	\$25 per visit	\$20 per visit	10% after deductible
Specialist Visit	\$60 per visit	\$40 per visit	10% after deductible
Inpatient Hospital	20% after deductible	\$600 per admission	10% after deductible
Outpatient Hospital	20% after deductible	\$200 per procedure	10% after deductible
E.R.	\$300	\$100	10% after deductible
Urgent Care	\$65 per visit	\$45 per visit	10% after deductible
Rx	\$10 / \$25 / \$40	\$10 / \$25 / \$40	\$7 / \$20
Deductible	\$500 EE / \$1,500 FM Max	No in-network deductible	\$200 EE / \$400 FM Max
Out of Pocket Max	\$3,000 EE / \$6,000 FM Max	\$2,500 EE / \$5,000 FM Max	\$1,500 EE / \$3,000 FM Max
Estimated Savings	-15% or (\$832,169) City Cost		

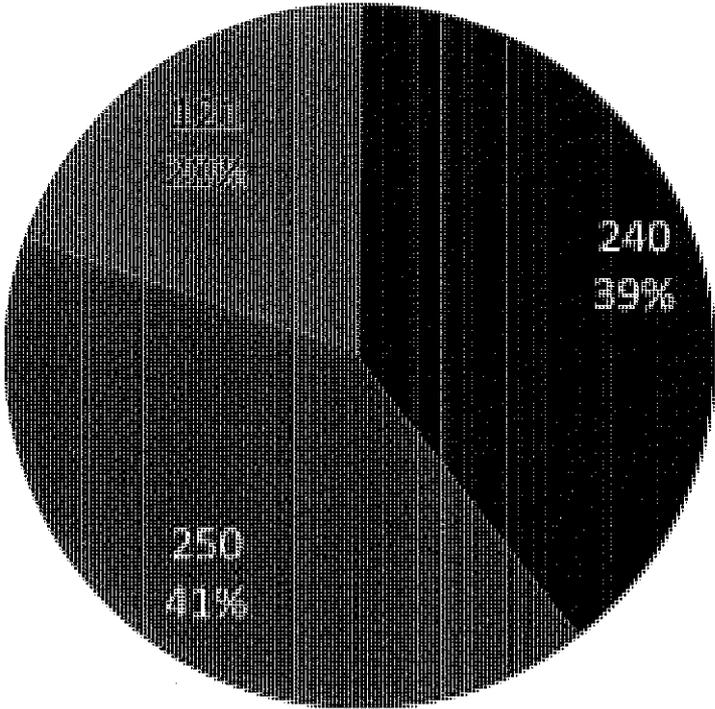
Enrollment Shift

2009-2010 Enrollment



■ BlueChoice

2010-2011 Enrollment



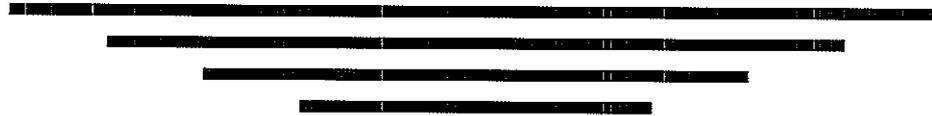
■ High Plan ■ Middle Plan

■ Low Plan

Requested Benefit Changes

Schedule of Benefits	Proposed BASE PLAN BlueOptions PPO 3769	Proposed MIDDLE PLAN BlueOptions PPO 3766	Proposed HIGH PLAN BlueChoice PPO 101
Primary Visit	\$25 per visit to \$30 (0.26%)	\$20 per visit	10% after deductible
Specialist Visit	\$60 per visit	\$40 per visit	10% after deductible
Inpatient Hospital	20% after deductible	\$600 per admission	10% after deductible
Outpatient Hospital	20% after deductible	\$200 per procedure	10% after deductible
E.R.	\$300	\$100	10% after deductible
Urgent Care	\$65 per visit	\$45 per visit	10% after deductible
Rx	\$10 / \$25 / \$40	\$10 / \$25 / \$40	\$7 / \$20
Deductible	\$500 EE / \$1,500 FM Max to \$1,000 EE / \$3,000 FM Max (1.24%)	No in-network deductible	\$200 EE / \$400 FM Max
Out of Pocket Max	\$3,000 EE / \$6,000 FM Max to \$4,000 EE / \$8,000 FM Max (1.19%)	\$2,500 EE / \$5,000 FM Max	\$1,500 EE / \$3,000 FM Max

Health Care Reform



Health Care Reform

▲ Patient Protection & Affordable Care Act
signed into law on March 23, 2010

▲ Health Care & Education Reconciliation Act
signed into law on March 30, 2010

Estimated 32 million additional covered by 2019

Gehring Group Services	
Client Web Portal (Daily Updates)	HCR Seminars
Early Retiree Reinsurance Program Administration	Legislative Compliance
CPA on staff for referrals	Employee Notifications

What Was Effective In 2010-2011?

▲ Effective for Vero Beach for 2010-2011

- Coverage for adult children until age 26 (state mandates still apply)
- Prohibition on lifetime limits
- No pre-existing condition exclusions or limitations for children under 19
- Cost sharing for preventive services is prohibited
- No pre-authorization requirements for emergency services
- Coverage of essential benefits
- Health insurers offering new plans will have to develop an appeals process to make it easy for enrollees to dispute the denial of a medical claim

What was Effective In 2010-2011?

- ▲ **Grandfathered status lost due to plan changes**
- ▲ **Early Retiree Reinsurance Program Approval**
- ▲ **Over-The-Counter drugs no longer reimbursable under FSA**
 - Claims incurred through 12/31/10 are reimbursable
 - Claims incurred 1/1/11 and after are NOT reimbursable
 - Mandate is regardless of plan year
- ▲ **Uniform coverage documents and standard definitions developed by HHS (Dept. of Health & Human Services)**
- ▲ **Employer cost of benefits reported on employees W-2 (delayed until 2012)**
- ▲ **85% MLR for large group mandated**
 - Self insured groups (pending guidance from DOL)

What was Effective In 2011?

RESULTS TO DATE

- Carriers have not experienced the “huge influx” of over-age dependents
- No pre-ex for children to age 19 – time will tell
- New coverage mandates have impacted claims costs by about 1.7% - 2.4% for:
 - Removal of lifetime limit
 - Removal of cost-share for preventive care
 - Extension of coverage to dependents to age 26

What's Effective In 2013?

- ▲ **Health FSAs limited to \$2,500 (indexed for CPI after that)**
- ▲ **CLASS (long term care) program implementation**
- ▲ **New notification requirements for employers**
 - Notice to employees of State Exchange
 - Notice to employees of ability to opt out of long term care
 - Notice of material coverage changes no less than 60 days in advance of plan effective date

What's Effective In 2014?

▲ **“Pay or Play” mandate**

- Employers with more than 50 employees who do not offer coverage
 - Free Rider penalty of \$2,000 per employee if even one employee receives subsidy
- Employers with more than 50 employees who do offer coverage, but coverage is not “affordable”
 - \$3,000 assessment per employee who receives subsidy

▲ **Employer reporting requirements to IRS**

▲ **Individual coverage requirement**

- Penalty phased in - \$695 by 2016

▲ **Health insurance exchange is established**

▲ **Limits on rating plans based on age**

▲ **Tax credits available for individuals and small business tax credits expanded**

▲ **Essential benefit plan is created (minimum benefits defined)**

What's Effective In 2014?

- ▲ **Pre-existing condition exclusions are prohibited**
(now applies to grandfathered plans)
- ▲ **CO-Ops are established**
- ▲ **Multi-state qualified health plans are created and offered through the Exchange**
- ▲ **Lifetime and annual limits are prohibited for essential benefits**
(now applies to grandfathered plans)
- ▲ **Coverage for approved clinical trials is mandated**
- ▲ **Limits on out-of-pocket expenses and cost-sharing**
- ▲ **No waiting period over 90 days**
- ▲ **Guaranteed issue and renewal**
- ▲ **Additional taxes on health insurance companies**

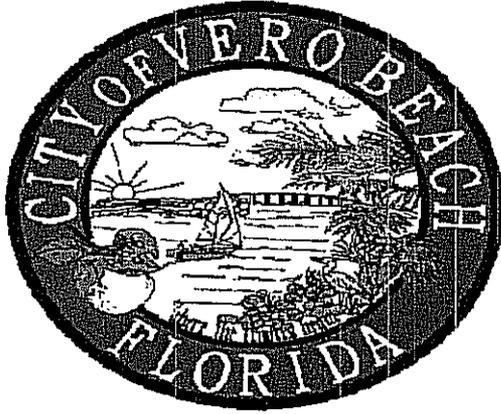
What's Effective In 2018?

▲ 40% excise tax on “Cadillac Plans”

- \$10,200 for single coverage (High Risk Employees: \$11,850)
- \$27,500 for family coverage (High Risk Employees: \$30,950)
- Excludes dental and vision
- Includes health plan, FSA, HSA, HRA and supplemental
- Employers must calculate and report excess value and tax

Questions & Answers

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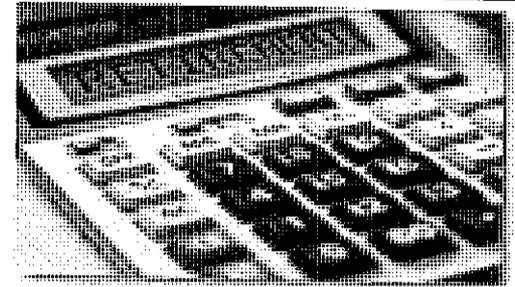
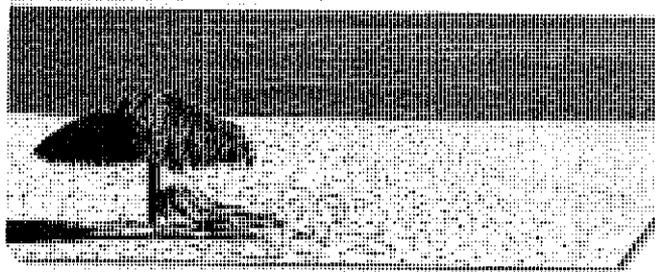
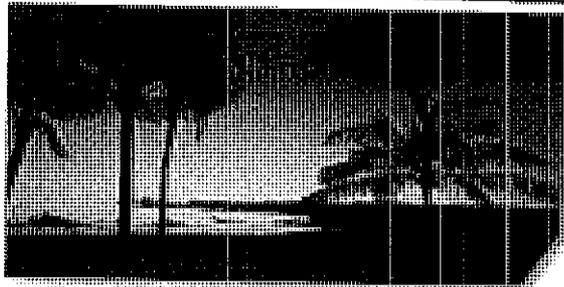


City of Vero Beach General Employee Retirement Plan

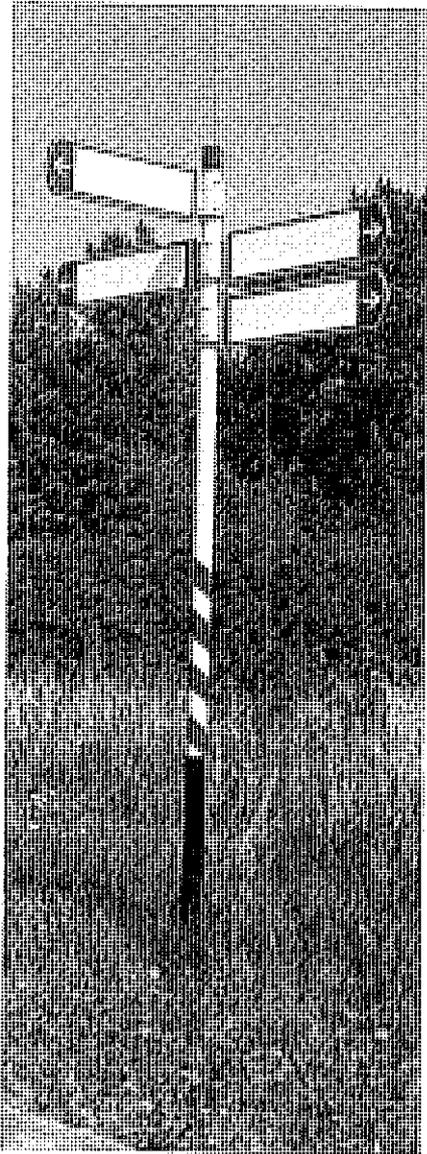
April 12, 2011

Leon F. "Rocky" Joyner, Jr. FCA, EA, MAAA
Vice President & Consulting Actuary

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 **SEGAL**



① ***October 1, 2010 Valuation Results***

② Five-Year Actuarial Experience Review

③ Contribution Projections

④ Summary of Plan Provisions

⑤ Supplemental Information

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 **SEGAL**

October 1, 2010 Actuarial Valuation Results

Background

- The city provides a Defined Benefit (“DB”) plan for General Employees.
- Plan provisions were changed effective October 1, 2010 for participants with less than 25 years of service who were younger than age 65 as of October 1, 2010.
- Assumption changes were adopted effective October 1, 2010.
- A 1% automatic COLA is provided each October 1 for retirees and beneficiaries receiving payments at that time. An additional discretionary COLA may be provided.
- The city historically has contributed 100% of its Annual Required Contribution each year.
- The city participates in Social Security.
- The table on the following page summarizes the key valuation results for the Plan as of the two most recent valuations.

October 1, 2010 Actuarial Valuation Results

Summary of Key Valuation Results

Valuation Date	October 1, 2010	October 1, 2009
Recommended Contribution	\$4,115,761	\$4,028,814
Recommended Contribution as a Percentage of Payroll	21.32%	21.42%
Total Valuation Payroll	\$19,305,268	\$18,811,487
Employer Normal Cost	\$841,044	\$1,328,946
Market Value of Assets	\$48,902,478	\$44,680,696
Actuarial Value of Assets	\$56,190,600	\$53,616,835
Actuarial Accrued Liability	\$91,016,655	\$80,438,088
Unfunded Actuarial Accrued Liability	\$34,826,055	\$26,821,253
Funded Ratio: AVA/AAL	61.74%	66.66%

October 1, 2010 Actuarial Valuation Results

Source of Plan Costs

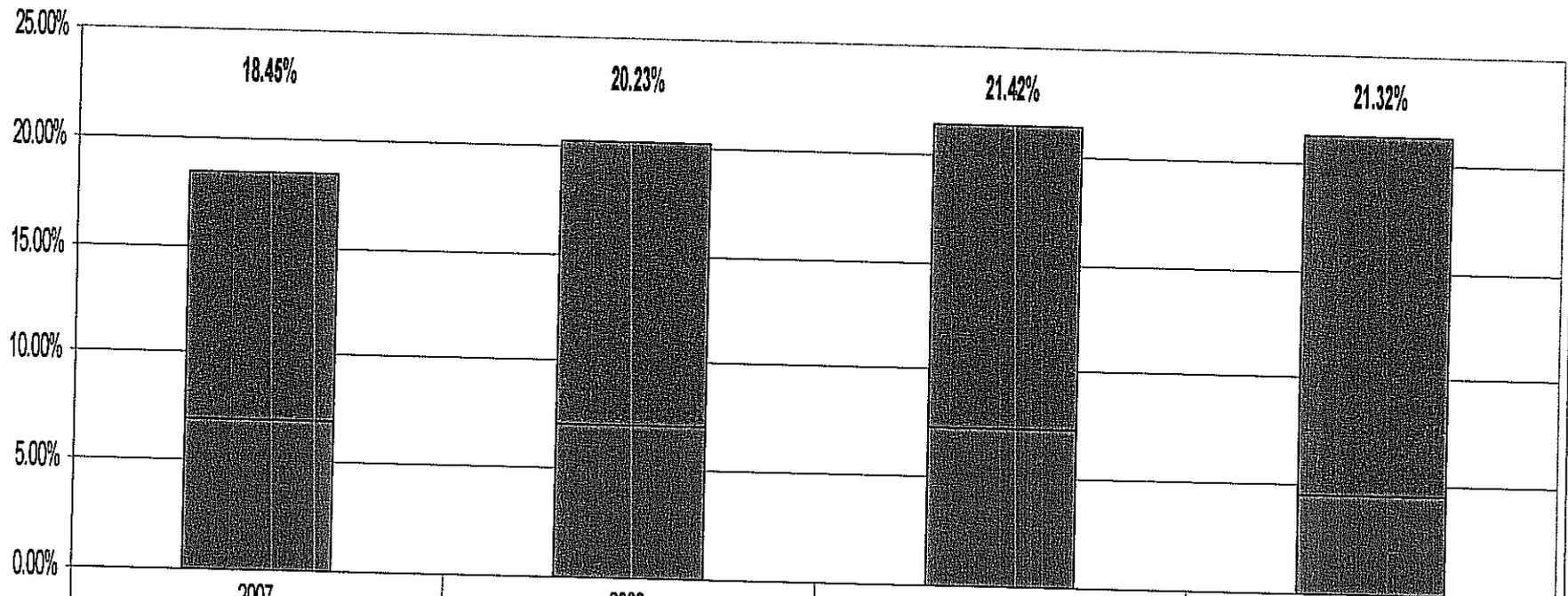
- Plan costs are comprised of two pieces: Employer Normal Cost and amortization of Unfunded Actuarial Accrued Liability (UAAL).
- The Total Normal Cost is essentially the annual cost of the Plan. Expected employee contributions are deducted from the Total Normal Cost to get the Employer Normal Cost.
- For the prior four valuations, the Total Normal Cost ranged from approximately 8.4% - 8.9% of pay, with the Employer Normal Cost ranging from approximately 6.8% - 7.3% of pay, after adjusting for timing. After the assumption and plan changes effective October 1, 2010, the Total Normal Cost is 7.0% and the Employer Normal Cost is approximately 4.4%, after adjusting for timing.
- For the past four valuations, the amortization of the UAAL has ranged from approximately 11.0% - 14.1% of pay, after adjusting for timing.
- For the October 1, 2009 valuation, the Employer Normal Cost was approximately 34.3% of the Total Recommended Contribution, with the amortization of the UAAL accounting for approximately 65.7% of the Total Recommended Contribution.
- In dollars, the Employer Normal Cost accounts for \$1,382,103 and the amortization of the UAAL accounts for \$2,646,711 of the 2009 plan year Total Recommended Contribution of \$4,028,814.

October 1, 2010 Actuarial Valuation Results

City of Vero Beach General Employee Retirement Plan	
Contribution Reconciliation – October 1, 2009 to October 1, 2010	
	Recommended Contribution <u>\$ Amount</u>
October 1, 2009 Valuation Amount	\$4,028,814
Decrease due to plan changes	(424,888)
Decrease due to Early Retirement Window	(17,966)
Increase due to change in actuarial assumptions	295,738
Increase due to recognized investment loss	144,079
Increase due to other gains and losses on accrued liability	42,115
Decrease due to other items, including changes in the age and service of the covered group, retirement patterns and other experience	47,869
October 1, 2010 Valuation Amount	\$4,115,761

October 1, 2010 Actuarial Valuation Results

Percentage of Total Recommended Contribution by Source



	2007	2008	2009	2010
Amortization of UAAL	11.50%	13.17%	14.07%	16.80%
Employer Normal Cost	6.95%	7.06%	7.35%	4.52%

The percentages shown above do not include employee contributions.

October 1, 2010 Actuarial Valuation Results

Amortization Bases

- In accordance with Florida State Law, the Plan establishes amortization bases each year to account for experience gains and losses, as well as changes in liabilities due to changing assumptions or plan provisions. Each base is established for a period of 20 years.
- In light of the significant economic downturn prior to September 30, 2009, and in accordance with Florida State Law, the experience loss for the plan year ending September 30, 2009 has been amortized over 30 years. The assumption changes effective October 1, 2010 were also amortized over 30 years.
- The net effective amortization period is 15 years on a level percent of pay basis.

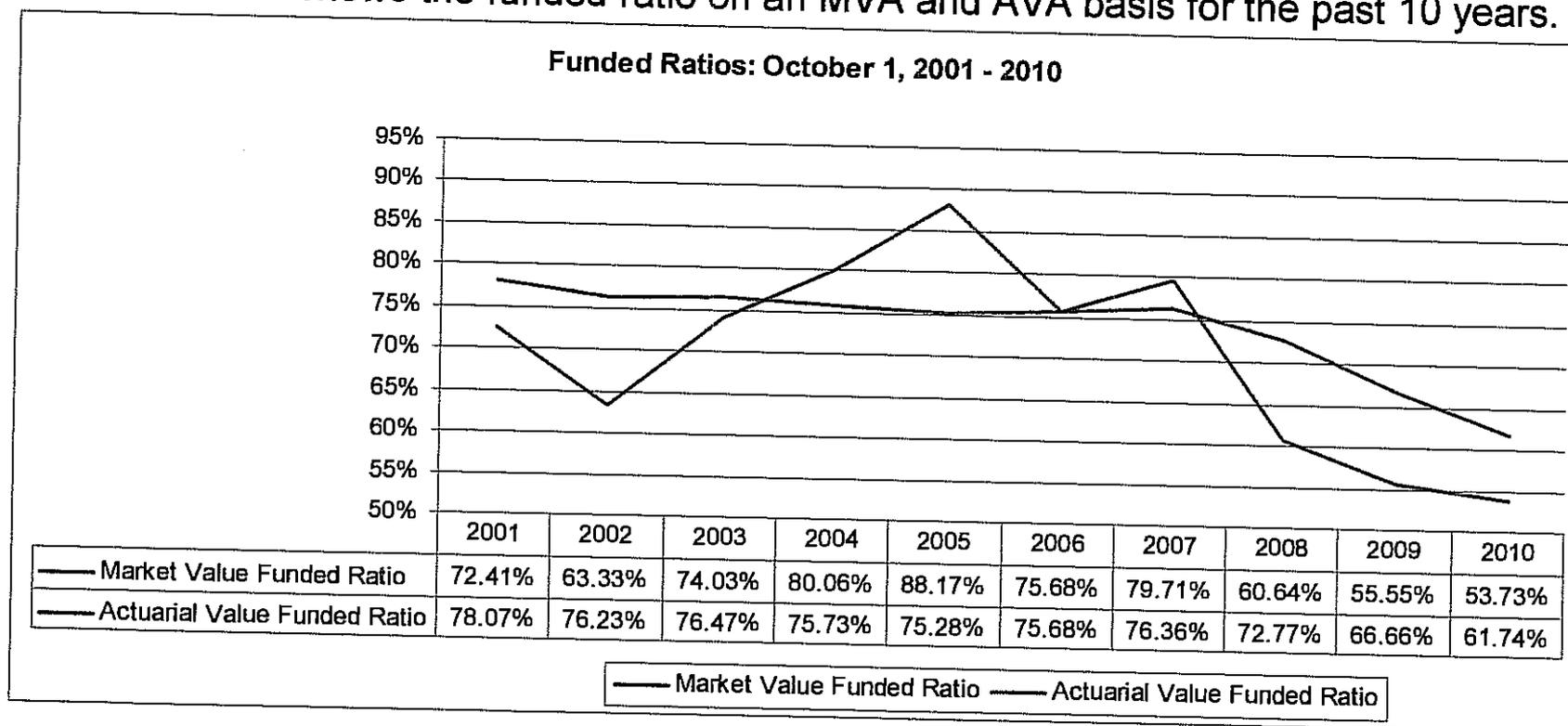
Actuarial Value of Assets

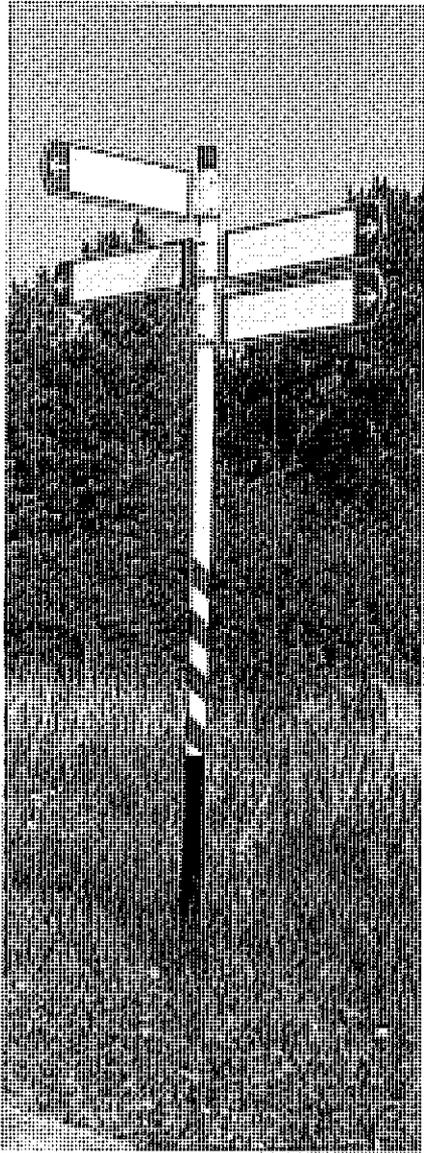
- The Actuarial Value of Assets (AVA) recognizes Market Value of Assets (MVA) gains and losses over a five-year period. An adjustment is then made if necessary so that the final AVA is within a 20% corridor of the MVA.
- As of September 30, 2010, the MVA was \$48,902,478 and the AVA was \$56,190,600, or 114.90% of the MVA. The difference between the MVA and AVA, \$7,288,122, represent investment losses that will be recognized over the next five years.

October 1, 2010 Actuarial Valuation Results

Funded Ratio

- The Plan's funded ratio has decreased in the past three years due to the market declines.
- An 80% funded ratio is a typical target for public pension plans. This Plan is projected to again reach an 80% funded ratio in approximately 11 years.
- The chart below shows the funded ratio on an MVA and AVA basis for the past 10 years.





① October 1, 2010 Valuation Results

② ***Five-Year Actuarial Experience Review***

③ Contribution Projections

④ Summary of Plan Provisions

⑤ Supplemental Information

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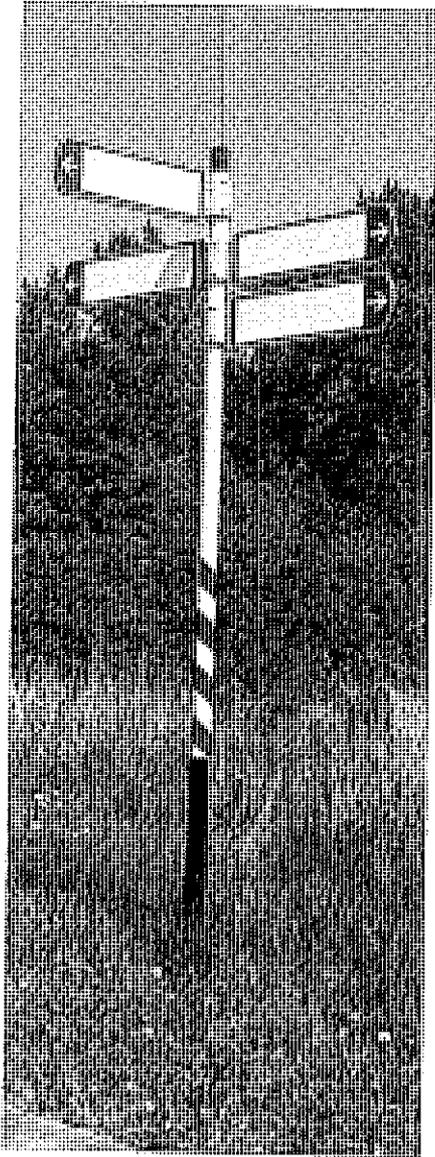
Five-Year Actuarial Experience Review

- **At the direction of the City, we performed a five-year review of Plan experience for the period October 1, 2003 – September 30, 2008.**
 - The experience review affords an opportunity for the City, staff and actuary to consider how specific assumptions or methods may be affecting contribution rates and the proper funding of the Plan.
 - All of the data from the five-year period has been analyzed, and a new assumption set preliminarily established
- **We have reviewed both economic and demographic experience of the Plan as it relates to the expected actuarial experience based on the current plan assumptions.**
 - Economic Assumptions include: Inflation, Investment Rate of Return (or Discount Rate), Salary Scale and Administrative Expenses
 - Demographic Assumptions include: Mortality, Retirement, Turnover (or Withdrawal), and Disability
- **Segal recommended and the City implemented new assumption changes beginning with the October 1, 2010 actuarial valuation.**
- **The following section summarizes our findings, recommended assumption changes and the impact the changes had on the 2010 recommended contribution.**

Valuation Assumptions

I. Economic Assumptions		
Assumption	New Assumption	Old Assumption
A. Inflation	3.75%	4.00%
B. Discount Rate (Investment Rate of Return)	7.75%; net of investment and administrative expenses	8.00%; net of investment and administrative expenses
C. Salary Scale	From 3.75% - 6.50%, based on age	From 4.00% - 6.50%, based on age
D. Administrative Expenses	Prior year's actual administrative expenses	Prior year's actual administrative expenses

II. Demographic Assumptions		
Assumption	New Assumption	Old Assumption
E. Healthy Mortality	1994 Group Annuity Mortality Table, set back one year for males and three years for females	1994 Group Annuity Mortality Table
F. Disabled Mortality	RP-2000 Disabled Mortality Table	1994 Group Annuity Mortality Table
G. Disability Rates	45% of the OASDI Table	Varies by Age; rates cutoff at age 60
H. Turnover Rates	No change	Varies by Age; rates cutoff at early retirement age
I. Retirement Rates	Vary by Age: 22% Age 55; 2.5% 56-57; 8% 58; 10% 59-61; 40% 62; 10% 63; 17.5% 64; 25% 65; 35% 66-69; 100% 70	Vary by Age: 25% Age 55; 5% 56-59; 7.5% 60; 10% 61; 50% 62; 5% 63-64; 33% 65-69; 100% 70



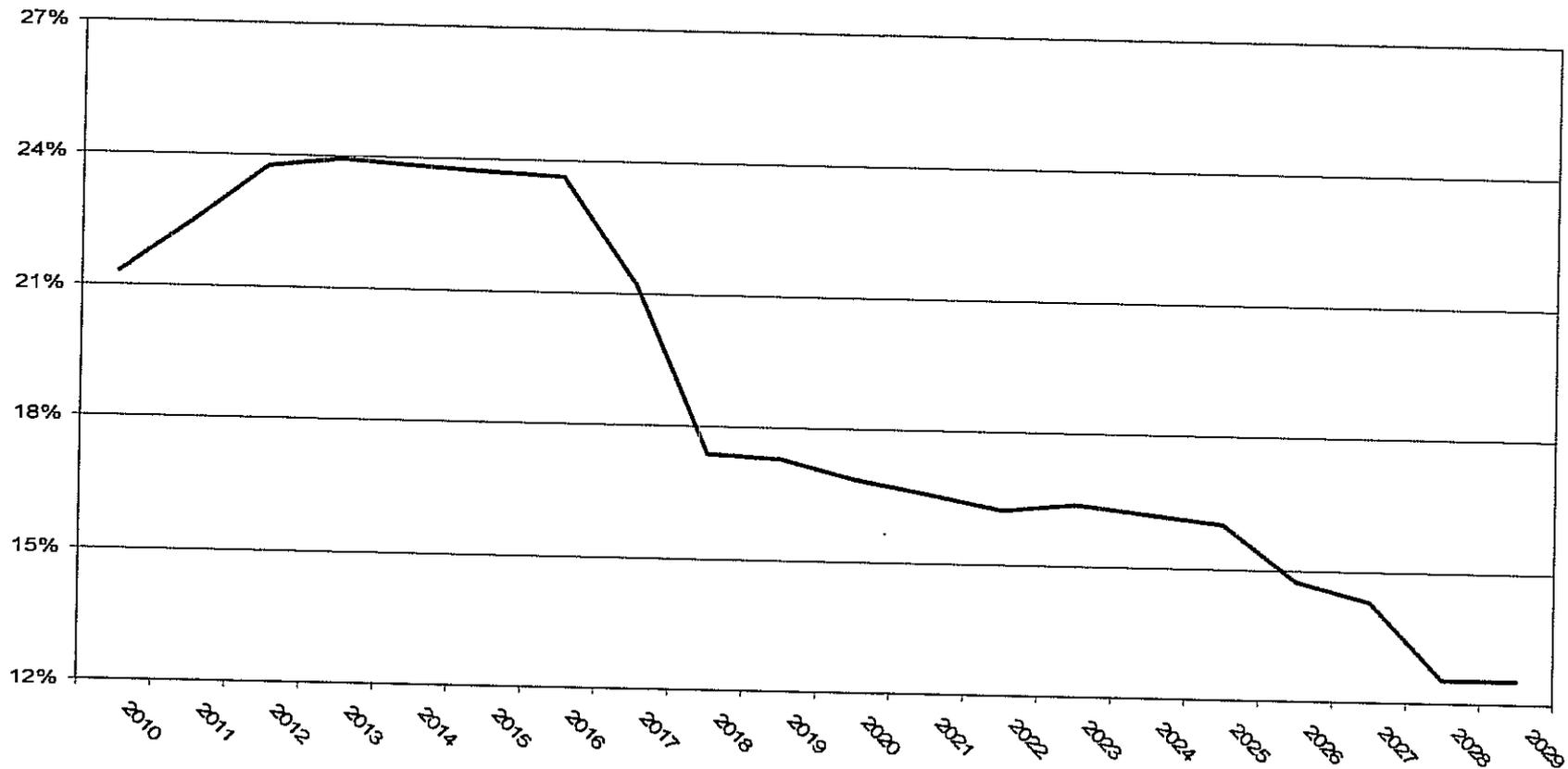
- ① October 1, 2009 Valuation Results
- ② Five-Year Actuarial Experience Review
- ③ **Contribution Projections**
- ④ Summary of Plan Provisions
- ⑤ Supplemental Information

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20-Year Contribution Projections as a % of Payroll

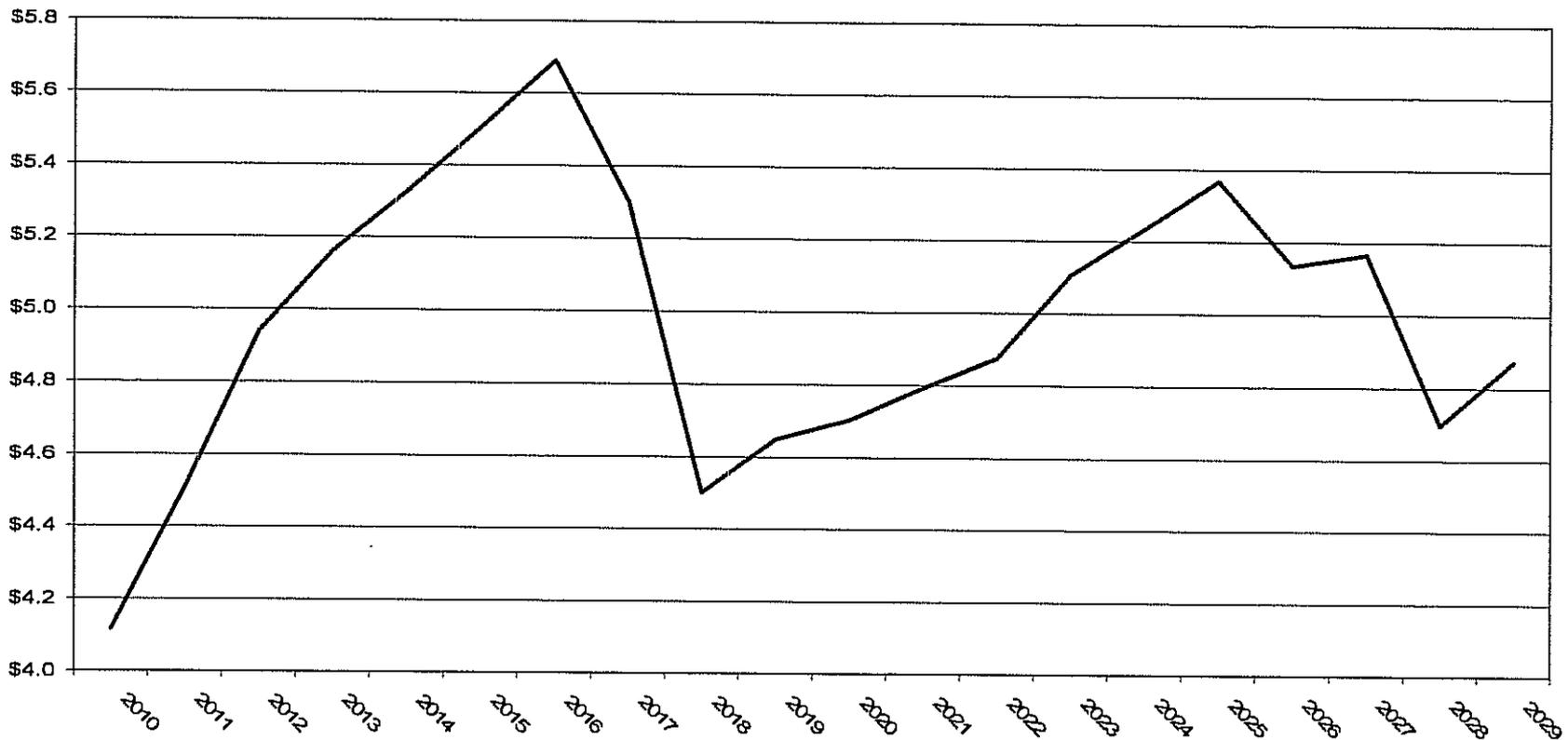
City of Vero Beach General Employee Retirement Plan
20-Year Projection of Contributions as a % of Payroll
Assumes All Valuation Assumptions Are Met Each Year



The above projections assume that plan experience will match current assumptions and that the number of active employees, their age and service will remain relatively consistent from year to year.

20-Year Contribution Projections as a \$ Amount

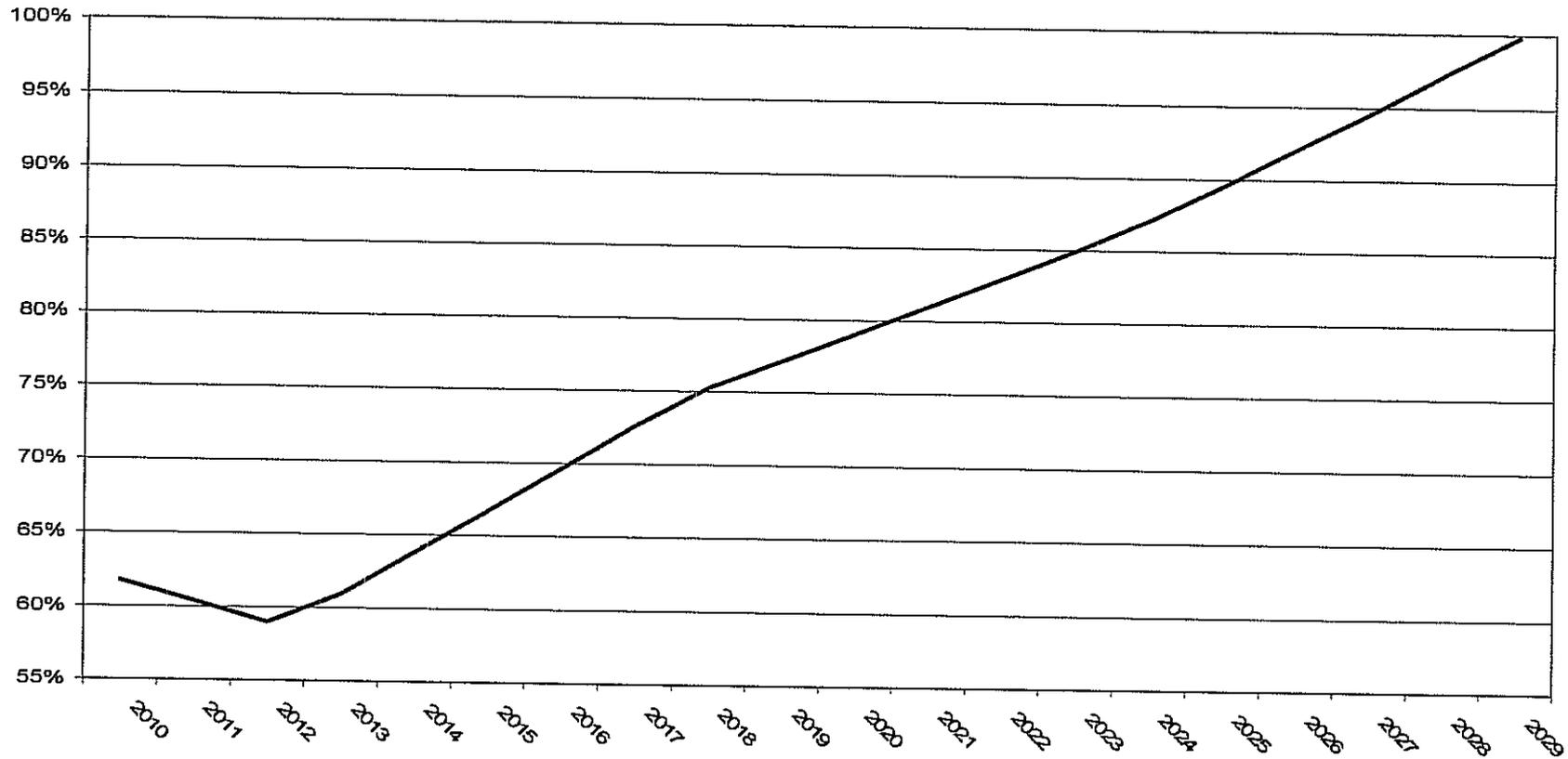
City of Vero Beach General Employee Retirement Plan
20-Year Projection of Contributions (in Millions)
Assumes All Valuation Assumptions Are Met Each Year



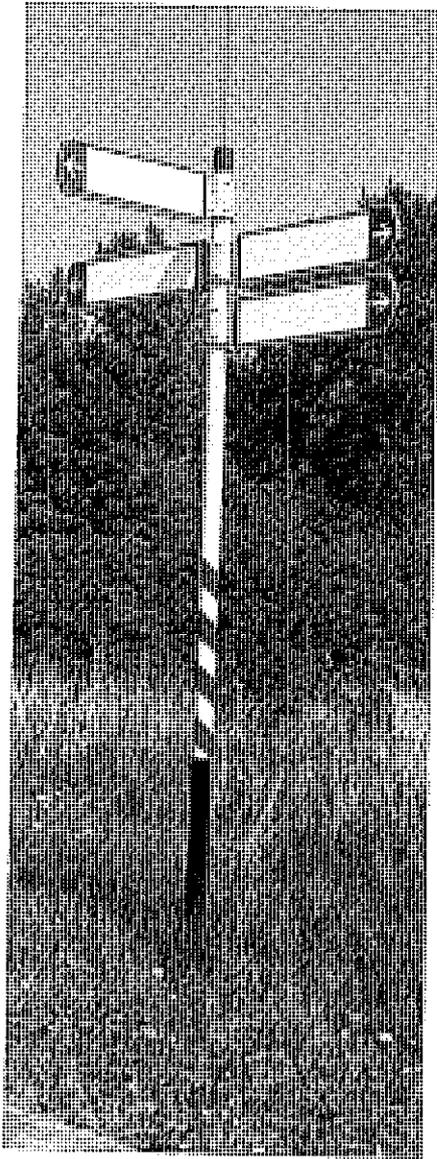
The above projections assume that plan experience will match current assumptions and that the number of active employees, their age and service will remain relatively consistent from year to year.

20-Year Projections of Funded Ratio

City of Vero Beach General Employee Retirement Plan
20-Year Projection of Funded Percentages
Assumes All Valuation Assumptions Are Met Each Year



The above projections assume that plan experience will match current assumptions and that the number of active employees, their age and service will remain relatively consistent from year to year.



- ① October 1, 2009 Valuation Results
- ② Five-Year Actuarial Experience Review
- ③ Contribution Projections
- ④ ***Summary of Plan Provisions***
- ⑤ Supplemental information

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Recent Plan Changes

- 13 participants took part in an Early Retirement Incentive Program and retired on August 31, 2010
- The following plan changes took place effective October 1, 2010 for participants with less than 25 years of service of who are younger than age 65 as of October 1, 2010:
 - Participation to begin on the first day of the month following an employee's date of hire. For employees hired within the immediate three years preceding October 1, 2010, participation begins on October 1, 2010.
 - The benefit multiplier for service earned after September 30, 2010 is reduced from 2.25% to 1.60%.
 - The Early Retirement Factor for service earned after September 30, 2010 is increased from 1.5% for each year preceding normal retirement to 3.0%.
 - Member contributions increase from 2.25% to 3.25%. Contributions will cease upon the first of retirement, termination, or death.
- The following two pages provide a summary of the major provisions of the Plan

Plan Provisions

Benefit	Less than 25 years of service of younger than age 65 on October 1, 2010	At least 25 years of service or at least age 65 on October 1, 2010
A. Normal Retirement	Eligibility: age 65 with 5 years of service; Amount: 2.25% for each year of service accrued prior to October 1, 2010 plus 1.60% for each year of service accrued after September 30, 2010, times five year average salary	Eligibility: age 65 with 5 years of service; Amount: 2.25% for the first 25 years of service plus .5% per year thereafter, times five year average salary
B. Early Retirement	Eligibility: age 55 with 5 years of service; Amount: Normal amount reduced by 1.5% per year for benefits accrued prior to October 1, 2010 and 3.0% per year for benefits accrued after September 30, 2010 for each year younger than age 65	Eligibility: age 55 with 5 years of service; Amount: Normal amount reduced by 1.5% per year younger than age 65
C. Disability Retirement	Eligibility: after completing 5 years of service; Amount: Normal amount but not less than 25% of salary	Eligibility: after completing 5 years of service; Amount: Normal amount but not less than 25% of salary
D. Vesting	Eligibility: after completing 5 years of service; Amount: Normal amount or Early amount deferred to the appropriate age	Eligibility: after completing 5 years of service; Amount: Normal amount or Early amount deferred to the appropriate age

Plan Provisions

Benefit	Less than 25 years of service of younger than age 65 on October 1, 2010	At least 25 years of service or at least age 65 on October 1, 2010
E. Pre-Retirement Death Benefit	Before Vesting: Return of Employee Contributions; After Vesting: a 66 2/3% survivor benefit payable no earlier than when the participant would have been eligible for retirement	Before Vesting: Return of Employee Contributions; After Vesting: a 66 2/3% survivor benefit payable no earlier than when the participant would have been eligible for retirement
F. Participation	First day of the month following day of hire. For those hired in the three years preceding October 1, 2010, participation begins on October 1, 2010.	After completion of three years of service
G. Employee Contributions	3.25% of basic salary until the earlier of retirement, termination, or death	After beginning participation, 2.25% of basic salary until completion of 25 years of service
H. Post Retirement Cost-of-Living-Adjustment	1% each October 1st	1% each October 1st
I. Military Service Purchase option	Eligible participants may purchase up to 4 years of prior military service for benefit purposes	Eligible participants may purchase up to 4 years of prior military service for benefit purposes

Plan Provisions

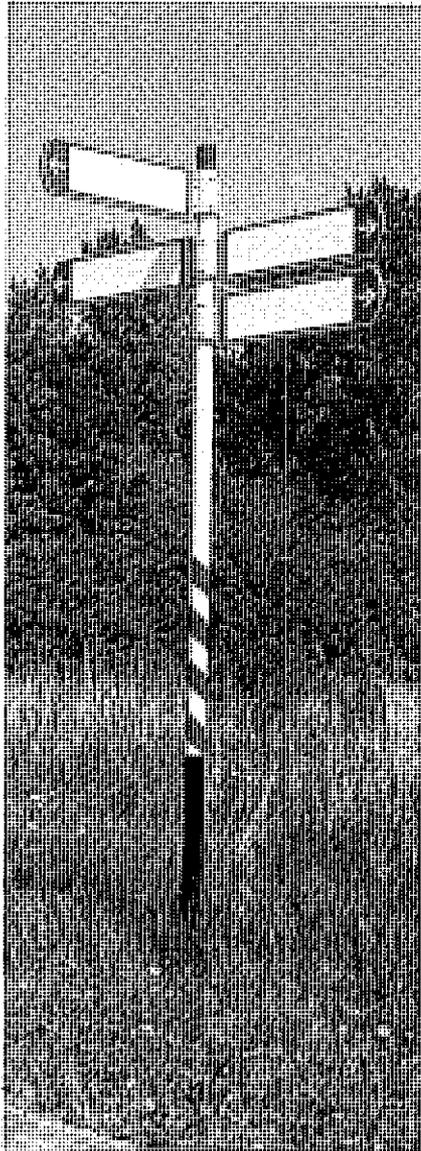
For a participant to maintain their standard of living into their retirement years, they will need between 75% and 90% of their pre-retirement take home pay.

This percentage is presumed to include post-retirement adjustments for inflation.

Since the Vero Beach plan includes an automatic 1% COLA, the participant has some protection from inflation. Some benefit wear away is anticipated due to inflation being greater than 1% over the expected retirement years.

For the typical Vero Beach employee who is hired at age 33 and works 28 years and retires at age 61, the current plan is anticipated to provide a single employee with about a 45% replacement ratio.

This combined with Social Security and some personal savings should serve to allow most employees to approach the targeted %'s noted above.



- ① October 1, 2010 Valuation Results
- ② Five-Year Actuarial Experience Review
- ③ Contribution Projections
- ④ Summary of Plan Provisions
- ⑤ ***Supplemental Information***

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Supplemental Information

- Retirement Plans fall into 2 broad categories:
 - **Defined Benefit Plans** – which focus on benefit security
 - **Defined Contribution Plans** - which focus on wealth accumulation
- **Defined Benefit Plans** include final average salary plans, career average salary plans and flat dollar plans
 - Risk generally borne by Employer
 - Risk includes: Wage inflation, Inflation risk, Interest rate, Investment risk, Longevity risk, Incentive risk, Regulatory risk
- **Defined Contribution Plans** include 401(k), 403(b), 457 and matching plans
 - Risk generally borne by Employee
 - Risk includes: Wage inflation, Inflation risk, Interest rate, Investment risk, Longevity risk, Incentive risk, Regulatory risk, Non-participation risk, Leakage risk, Cognitive and Will-power risk

Supplemental Information

Comparison of Features

Objective	Defined Benefit	Defined Contribution
Funding Certainty	Plan liabilities change based on actuarial assumptions, e.g., future salary increases, investment earnings, employee turnover.	Employer liability is fulfilled annually as contributions are made to employee accounts based on a percentage of payroll.
Predictable Contribution Costs	Annual contribution may vary from year-to-year based upon actuarial assumptions (see above). Rates may be set by statute to increase predictability.	Annual cash expenditures are more predictable as they are based on a set percentage of employee salaries.
Recruitment Tool	Some portability through service credit purchase or return of employee contributions.	Assets are portable.
Reward Career Employees	Benefits are typically based on final year(s) salary, rewarding career employees.	Benefits are based upon accumulated contributions and earnings.
Expenses	Expenses include actuarial valuation and investment fees, including recordkeeping and investment management. Employer pays administrative and investment fees.	Expenses may appear lower than a defined benefit plan because no actuarial valuation is necessary, and investment fees are shifted to the employee. Employee education costs are usually higher. Actual expenses are more difficult to determine and may be included as an offset to investment return.

Supplemental Information

Comparison of Features *continued*

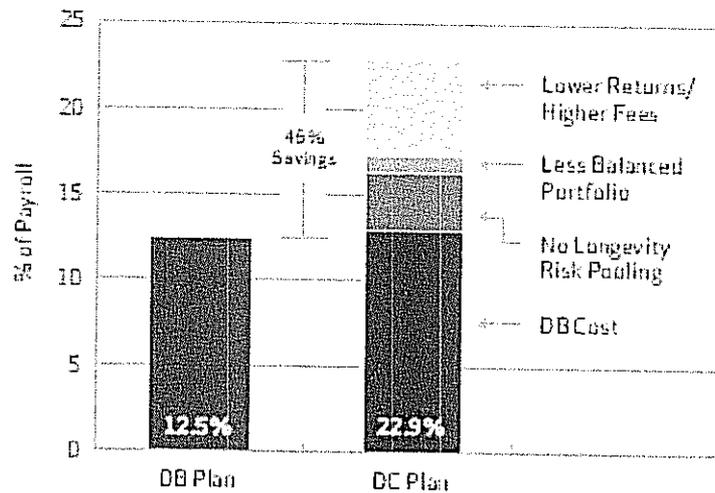
Objective	Defined Benefit	Defined Contribution
Benefit Potential	Benefits paid at retirement are for life and are guaranteed by the plan's benefit formula. Cost of living increases are common.	Benefits paid at retirement are based on contributions and earnings. The final retirement benefit can be eroded by pre-retirement distributions.
Understandable Benefits	Benefits require explanation because they are based on a set of variables, e.g., future earnings and year of service at retirement. There are no separate accounts.	Benefits are based on accumulated contributions plus earnings at the time of retirement. Market fluctuations make it difficult to predict retirement benefit.
Access to Benefits While Employed	Benefits may not be withdrawn while actively employed. Loans can be made provided IRS guidelines are followed, but are rare.	Benefits may be withdrawn or loaned under certain circumstances provided IRS guidelines are followed.
Investment Risk	Investment risk is assumed by the employer. Contributions may be lowered by earnings that exceed assumed rates of return.	The employee assumes investment risk and bears a direct relationship to the retirement benefit. In some cases, the plan design includes a minimum guaranteed return.

Supplemental Information

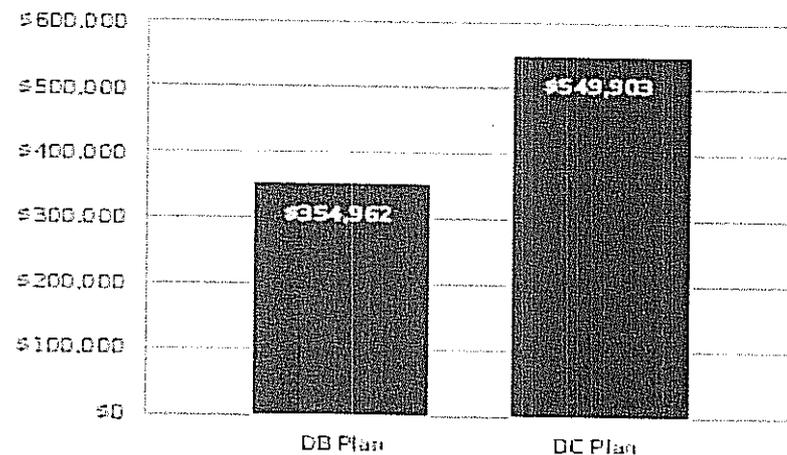
Case Studies

- The article "A Better Bang for the Buck: The Economic Efficiencies of DB Plans" revealed that DB plans are more cost effective than DC plans at delivering retirement benefits as shown below.

Cost of DB and DC Plan as % of Payroll



Per Employee Amount Required at Age 62
DB Plan vs. DC Plan

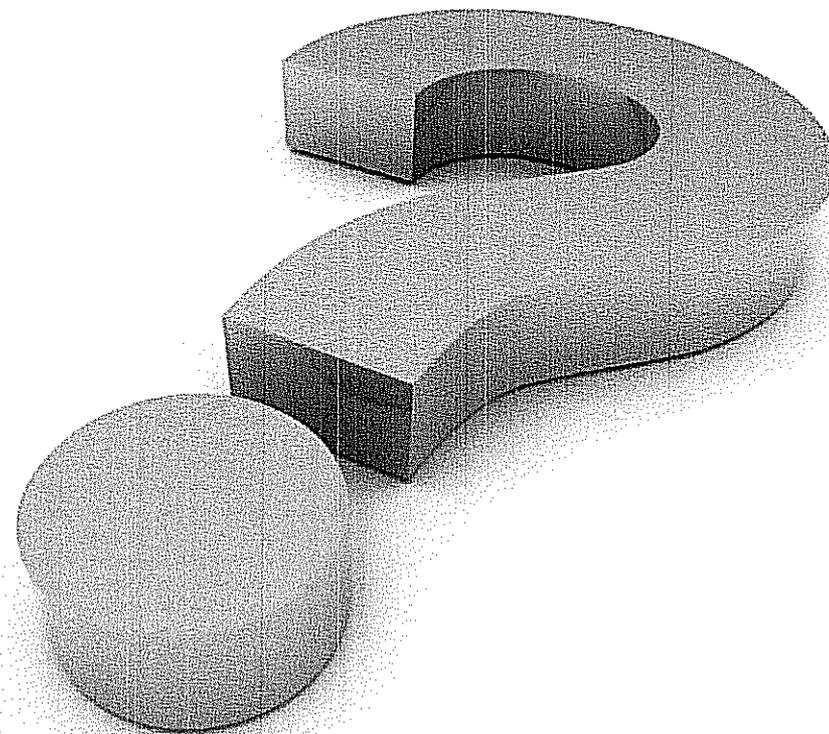


Questions



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MEMORANDUM



TO: The Honorable Mayor Jay Kramer, Vice Mayor Pilar Turner, Councilmember Brian Heady, Councilmember Craig Fletcher and Councilmember Tracy Carroll

FROM: Monte Falls, P.E. - Interim City Manager

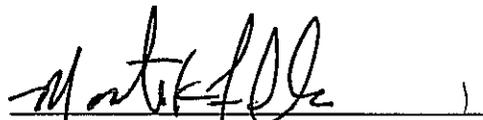
DATE: March 14, 2011

SUBJECT: PENSION PLANS

For your information, we are providing the following information:

- Summary of the General Employees' Retirement Plan;
- Summary of the Police Officers' Retirement Plan;
- March 10, 2011 correspondence from Barbara Morey;
- February 2011 article from *American City and County*.

I request that a Special Call City Council Meeting be held on April 12, 2011 to discuss the Pension Plans, Health Insurance and the budget. The budget discussion would be in lieu of the April 5, 2011 agenda item referenced in my March 9, 2011 memorandum.


Monte K. Falls

MKF:jav
Attachments

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GENERAL EMPLOYEES RETIREMENT PLAN

The City's General Employees Retirement Plan is a Defined Benefit Plan. This Plan was approved by City Council on April 4, 1961 with periodic amendments provided by resolution, approved and signed by City Council. The last amendment took effect on October 1, 2010. Below is a comparison of both the Prior and Current Plans.*

	PRIOR PLAN (effective 03/04/2003)	CURRENT PLAN (effective 10/1/2010)
Eligibility	<p>Three years of service, including prior City service. The employee may elect to not join the Plan. One time eligibility period.</p> <p>Participants may not withdraw from the Plan until they separate from service with the City.</p>	<p>Required to join the Plan the first of the month following one full calendar month of employment.</p> <p>Same</p>
Vesting	Participants become vested after 5 years of service.	Same
Military Service	Eligible participants may purchase up to 4 years of military service after the participant's 5 th anniversary with the City. The cost of such purchase will be based on the monthly amount of contribution at the time of purchase.	Same
Employee Contributions	Participants contribute 2.25% calculated on each January 1 base rate of pay without overtime. Participant contributions stop after 25 year.	Participants contribute 3.25% calculated on each January 1 base rate of pay without overtime.
Service Credit (SC)	<p>2.25% credit for each service year of employment for the first 25 of years; .05% for each year following 25 years. This credit is prorated for partial years.</p> <p style="text-align: center;"><i>Example: 20 years of service (20 yrs x 2.25 = 45%)</i></p>	<p>1.6% credit for each service year of employment. This credit is prorated for partial years.</p> <p style="text-align: center;"><i>Example: 20 years of service (20 yrs x 1.6% = 32%)</i></p>
Average Monthly Salary (AMS)	Highest 5 consecutive January 1 base salaries out of last 10 years of employment. Does not include overtime or any payout of accrued leaves.	Same
Normal Retirement	Normal Retirement is at age 65.	Same
Early Retirement	Early Retirement is at age 55.	Same
Early Retirement Reduction	<p>Early Retirement benefit reduction factor is 1.5% per year.</p> <p style="text-align: center;"><i>(15% @ age 55)</i></p>	<p>Early Retirement benefit reduction factor is 3% per year.</p> <p style="text-align: center;"><i>(30% @ age 55)</i></p>
Pension Benefit	<p><i>Example**:</i> \$3,975*** (AMS) x 45% (SC) = \$1,789 Normal Retirement Benefit or \$1,521 Early Retirement Benefit</p>	<p><i>Example**:</i> \$3,975*** (AMS) x 32% (SC) = \$1,272 Normal Retirement Benefit or \$890 Early Retirement Benefit</p>

	PRIOR PLAN (effective 03/04/2003)	CURRENT PLAN (effective 10/1/2010)
Annual Increases	There is a 1% increase to monthly benefits effective October 1 of each year.	Same
Coordination of Plans	Employees who had at least 25 years of service as of 09/30/2010 or who were eligible to receive a normal retirement benefit on 9/30/2010 due to age and service criteria, remain on this Plan.	For those participants with service prior to 10/1/2010 the accrued benefit through 9/30/2010 will be calculated using the factors from the prior Plan. All accrued service from 10/1/2010 through retirement will be calculated using factors from the current Plan. The two calculations will be combined for the final monthly benefit.

**This is an overview of the basic benefits. It is not intended to represent every aspect of the Plan.*

***Based on a Participant with 20 years of service and age 55. Normal retirement benefits starting at age 65 or Early retirement benefits starting at age 55.*

****Actual average of monthly salary of all active participants*

BENEFIT OPTIONS AT RETIREMENT	
Upon notification of the employee, benefit options are calculated. Once a decision is made and benefits begin, the option elected cannot be changed.	
*The benefit options available to Participants are the same under both Plans.	
Modified Cash	This monthly benefit will continue for the life of the participant. The beneficiary will not receive a benefit unless the participant's own contributions with interest have not been exhausted. The beneficiary will only be eligible for the balance of the contributions and interest.
100% Survivor	This monthly benefit continues for the life of either the participant or the spouse, whichever lives longer. There is no reduction in the amount of benefit upon the death of either.
66 2/3% Survivor	This monthly benefit provides income for the life of the participant and spouse. Upon the death of either the participant or spouse, the monthly benefit drops to 66 2/3%.
5 Year Certain	This monthly benefit provides income for the participant for his/her lifetime. Should the participant die prior to the end of the first 5 years (60 months), the beneficiary will continue to receive the benefit until the end of the first five years.
10 Year Certain	This monthly benefit provides income for the participant for his/her lifetime. Should the participant die prior to the end of the first 10 years (120 months), the beneficiary will continue to receive the benefit until the end of the first 10 years.
15 Year Certain	This monthly benefit provides income for the participant for his/her lifetime. Should the participant die prior to the end of the first 15 years (180 months), the beneficiary will continue to receive the benefit until the end of the first 15 years.

BENEFIT OPTIONS AT RETIREMENT (Continued)

10% Lump Sum	Participants may elect a one-time 10% lump sum benefit at time of retirement. Each of the above options is reduced by 10% to account for the lump sum payment.
Benefits upon death of Active Participant	Spouses of active Participants who die will be eligible to receive the 66 2/3% benefit when the Participant would have reached the age of 55. Dependent children of Participants who die and were unmarried are eligible to receive a benefit until they reach the age of 18. The benefit is based on the 66 2/3 calculation.
Disability Benefits	Participants who become disabled while in the employ of the City may be eligible for a disability benefit if they meet certain criteria. The participant must be vested in the Plan. The disability benefit will continue until the earlier of the participant reaches normal retirement age or the participant is no longer disabled. The benefit is 25% of actual salary or the normal retirement benefit based on actual years of service.

PARTICIPANT INFORMATION (AS OF 12/31/2010)

# of Active Participants	58
Average Age of Active Participants	47
# of Deferred Participants	85
# of Participants receiving benefits	280
• Retired participants	239
• Beneficiary participants	41
Average Age of Retired Participants	70
Average monthly benefit	\$1,268
FINANCIAL INFORMATION	
ASSETS	
	Market Value
12/31/2009	\$49,504,368.92
12/31/2010	\$54,978,104.40
<i>Increase in Values</i>	\$5,473,735.48
<i>% Increase</i>	11%



CITY OF VERO BEACH POLICE OFFICERS' RETIREMENT PLAN

The City's Police Officers' Retirement Plan is a Defined Benefit Plan. This Plan was approved by City Council on May 22, 1940 with periodic amendments provided by resolution, approved and signed by City Council. The Board of Trustees is responsible for proposing changes to the Plan and overseeing the investment of Plan funds.

	PRIOR PLAN (effective 09/01/1997)	CURRENT PLAN
Eligibility	Upon certification as Sworn Police Officer of the City of Vero Beach. Must be full time. May decline within 12 months of hire	Upon certification as Sworn Police Officer of the City of Vero Beach. Must be full time.
Vesting	Participants become vested after 10 years of service.	Same
Military and/or Prior Service	Participants may purchase up to five years credit for prior law enforcement Service if not already eligible for pension for the prior service under another agency.	Same
Employee Contributions	Participants contribute 3% of their pensionable wages (all income except court overtime).	Same
Service Credit (SC)	3% credit for each service year. This credit is prorated for partial years. <i>Example: 20 years of service 20 yrs x 3 = 60%</i>	Same
Average Monthly Salary (AMS)	Average of (base) salary during the five year period which produces the largest average. Does not include overtime or payout of accrued leaves.	Effective 09/05/2002: Average of salary during the five year period which produces the largest average, including all compensation except court overtime as mandated per State Statute. Note: Average Salary does not include any payout of accrued leaves.
Normal Retirement	Normal Retirement Date is the earlier of Age 52 w/25 years of service or age 55 w/10 years of service.	Normal Retirement Date is the earlier of 25 years of service or age 55 with 10 years of credited service.
Early Retirement	Early Retirement is at age 50 with 10 years of credited service.	Same
DROP Plan	None	Effective 9/15/98: Upon reaching normal retire age, the participant can enter the drop program and defer retirement benefits into a tax deferred account. Contributions into the Plan cease and the benefit is frozen except for the annual 1% COLA increase in pension benefit.
Early Retirement Reduction	Early Retirement Reduction factor varies from 2.5% to 20.6%, depending on years remaining to age 60.	Effective 9/15/1998: Early Retirement benefit reduction factor is 2.5% per year.

	PRIOR PLAN (effective 09/01/1997)	CURRENT PLAN
Pension Benefit	<i>Example: \$4,784* (AMS) x 60% (SC) + \$5 per service year(20 x 5-\$100) \$2,870 Normal Retirement Benefit or \$2,414 Early Retirement Benefit.</i>	<i>Example**: \$4,784* (AMS) x 60% (SC) + \$5 per service year(20 x 5-\$100) \$2,870 Normal Retirement Benefit or \$2,511 Early Retirement Benefit.</i>
Annual Increases	None	Effective 9/15/1998: There is a 1% increase to monthly benefits effective October 1 of each year.

This is an overview of the basic benefits. It is not intended to represent every aspect of the Plan.

**Actual average of monthly salary of all active participants*

***Based on a Participant with 20 years of service and age 50. Normal retirement benefits starting at age 55 or Early retirement benefits starting at age 50.*

BENEFIT OPTIONS AT RETIREMENT	
Upon notification of the employee, benefit options are calculated. Once a decision is made and benefits begin, the option elected cannot be changed.	
10 Year Certain	This monthly benefit provides income for the participant for his/her lifetime. Should the participant die prior to the end of the first 10 years (120 months), the beneficiary will continue to receive the benefit until the end of the first 10 years.
Life Annuity	This monthly benefit provides a monthly income to the participant for his/her lifetime. There are no survivor benefits.
100% Joint & Last Survivor Benefit	This monthly benefit continues for the life of either the participant or the designated survivor, whichever lives longer. There is no reduction in the amount of benefit upon the death of either.
75% Joint & Last Survivor Benefit	This monthly benefit provides income for the life of the participant and the designated survivor. Upon the death of either the participant or the designated survivor, the monthly benefit drops to 75%.
66 2/3% Joint & Last Survivor Benefit	This monthly benefit provides income for the life of the participant and the designated survivor. Upon the death of either the participant or the designated survivor, the monthly benefit drops to 66 2/3%.
50% Joint & Last Survivor Benefit	This monthly benefit provides income for the life of the participant and the designated survivor. Upon the death of either the participant or the designated survivor, the monthly benefit drops to 50%.
Disability Benefits	Participants may receive disability benefits with approval of Board. Disabilities resulting from an injury in the line of duty are not subject to vesting. For officers who become disabled for other than in the line of duty, they must have at least 10 years of credited service. The benefit is the greater of the accrued benefit or 50% of the average monthly salary.
Benefits upon death of Active Participant	Beneficiary of active Participants who die will be eligible to receive the accrued benefit or 25% of average monthly salary, whichever is greater.

PARTICIPANT INFORMATION (AS OF 12/31/2010)	
# of Active Participants	54
Average Age of Active Participants	39
# of Deferred Participants	1
# of Participants receiving benefits	
• Drop Participants	1
• Retired participants	34
• Beneficiary participants	3
Average Age of Retired Participants	63
Average monthly benefit	\$2,892
FINANCIAL INFORMATION	
ASSETS	
12/31/2009	\$25,053,046
12/31/2010	\$27,613,335
Increase in Values	\$2,560,289
% Increase	10%

CORRESPONDENCE

TO: Monte Falls, Interim City Manager

FROM: Barbara J. Morey, Risk Manager



SUBJECT: Retirement Plan

DATE: March 10, 2011

In response to Ms. Turner's memorandum of March 7, 2011, please find attached the updated information requested.

The document Ms. Turner referred to was the Summary Plan Description (SPD) which was distributed to all General Employee Retirement Plan (GERP) members in 2008. This distribution is required every two years to provide a summary of the Plan to the Participants. Because the City made significant changes to the Plan in 2010 we elected, as allowed, to distribute the new Plan in its entirety rather than the SPD.

Because the SPD was not distributed this year, I have updated the two pages in question only. Please note that the information provided for 2009-2010 is based on a draft of the Actuarial Valuation and Review and is subject to change.

Bjm

Enc: Pertinent Actuarial Information (2 pages)

Cc: Robert Anderson
Steve Maillet

CITY OF VERO BEACH GENERAL EMPLOYEES RETIREMENT PLAN

PERTINENT ACTUARIAL INFORMATION						
	As of October 1 st					
	2010*	2009	2008	2007	2006	2005
Number of Participants in the Plan						
Active Participants	407	386	356	355	356	369
Retired Participants	275	249	243	233	222	204
Deferred Participants	84	83	84	85	80	77
Annual Payroll of Active Participants	19,305,268	18,811,487	16,548,463	15,539,566	14,905,998	15,030,075
Pension Benefit Obligation	100,911,704	91,758,430	84,533,787	78,522,106	73,236,387	68,922,162
Net Assets Available for Benefits (Market value)	48,902,478	44,680,696	45,206,720	55,010,150	48,355,225	44,164,314
Unfunded Pension Benefit Obligation	34,826,055	26,821,253	20,302,960	16,313,413	15,541,389	12,380,762
Required Contributions to be Made to the Plan Over And Above Contributions by Participants in the Plan	4,115,761	4,028,814	3,347,010	2,866,308	2,656,451	3,008,235
Required Contributions as % of Payroll of Active Members	21.32	21.42	20.23	18.45	17.82	20.01
Required Contributions to be Paid During Year Ending	09/30/2011	09/30/2010	09/30/2009	09/30/2008	09/30/2007	09/30/2006

*2010 -- Information provided is based on a draft of the 09-10 Actuarial Valuation and Review and are subject to change.

SUMMARY STATEMENT ON INCOME AND EXPENSES

	YEAR ENDING					
	09/30/2010*	09/30/2009	09/30/2008	09/30/2007	09/30/2006	9/30/2005
Contribution Income:						
Employer Contributions	4,050,000	3,347,010	2,866,308	2,656,451	3,008,235	2,588,917
Employee contributions	<u>339,504</u>	<u>321,102</u>	295,394	<u>334,089</u>	<u>288,416</u>	<u>293,132</u>
Net contribution Income	4,389,504	3,668,112	3,161,702	2,990,540	3,296,651	2,882,049
Investment Income:						
Interest, dividends and other income	1,132,451	1,133,537	1,463,746	1,501,433	1,109,106	813,067
Capital adjustment	-1,648,016	-105,205	11,356,251	-2,314,866	-774,765	-4,376,702
Appreciation/(depreciation)	3,089,655	-1,532,808	-10,858,301	5,536,428	2,912,050	4,594,161
Less investment and administrative fees	<u>-256,587</u>	<u>-215,092</u>	<u>-286,620</u>	<u>-279,970</u>	<u>-253,818</u>	<u>-219,939</u>
Net Investment Income	<u>6,707,006</u>	<u>-719,568</u>	<u>1,675,076</u>	<u>4,443,025</u>	<u>2,992,573</u>	<u>810,587</u>
TOTAL INCOME AVAILABLE FOR BENEFITS	6,707,006	2,948,544	4,836,778	7,433,565	6,289,224	3,692,636
Less Benefit Payments:						
Pension Payments	-3,962,636	-3,513,957	-3,264,760	-3,007,632	-2,669,077	-2,353,724
Refunds	<u>-170,605</u>	<u>-65816</u>	<u>-19,197</u>	<u>-85,915</u>	<u>-204,001</u>	<u>-105,396</u>
Net benefit payments	-4,133,241	-3,579,773	-3,283,957	-3,093,547	-2,873,078	-2,459,120
Change in actuarial asset method	0	0	0	0	7,232,383	0
Change in Reserve for Future Benefits	2,573,765	-631,229	1,552,821	4,340,018	10,648,529	1,233,516
Assets:						
Equities	28,044,803	26,625,731	27,346,327	33,500,383	29,295,803	26,429,355
Foreign Accounts	4,563,597	4,460,565	3,834,654	5,635,880	5,032,660	4,885,755
Fixed Income	<u>16,294,078</u>	<u>14,594,400</u>	<u>14,025,739</u>	<u>15,873,887</u>	<u>14,026,762</u>	<u>12,849,204</u>
Net Assets at market value	48,908,478	44,680,696	45,206,720	55,010,150	48,355,225	44,164,314

*2010 -- Information provided is based on a draft of the 09-10 Actuarial Valuation and Review and are subject to change.

Unions, politicians and think tanks join the battle over government pensions

PENSION WAR- FARE

These are difficult days for Steven Kreisberg, director of bargaining for the American Federation of State, County and Municipal Employees (AFSCME), the largest labor union representing state and local employees. Almost daily, another politician comes out with a new proposal to eviscerate the defined benefit plans that have been the backbone of public sector bargaining for the last 30 years.

Kreisberg is ready to debate the merits of the proposals but is frustrated that the statistics cited by the other side are distorted for political reasons. "If you torture numbers long enough, they'll confess to anything," he says.

The battle over public sector pension plans, though not exclusively aimed at unionized workers, has become a proxy for the most acrimonious debate in recent years on the financial health of state and local governments, and the wages and benefits paid to their employees.

EMPLOYEE: CAUSE OR CASUALTY?

Without doubt, the financial position of the public sector was severely damaged by the Great Recession that began in 2008 and continues in the government sector, even as the rest of the economy begins to recover from its freefall. The question that has emerged from the financial mess is whether public

By Robert Barkin

employees are responsible for the crisis or are among its primary casualties.

The debate is vigorous, with both sides parading a stream of figures that prove their point, if one accepts their assumptions. But the analysis of whose assumptions carry more weight is at least as contentious, if not more so, than the numbers themselves. In the past, labor battles were fought with sit-ins and billy clubs. Today, they are fought with press releases and actuaries.

The acrimony leaves observers and academics at think tanks and foundations a bit wistful about where the debate is heading. Asked how the issues eventually will be resolved, Donald Boyd, a senior fellow at the Rockefeller Institute in Albany, N.Y., has to pause.

"Painfully and in steps," he says, finally.

THE DEPTH OF THE FUNDING GAP IS A SOURCE OF HUGE DEBATE, AND IT FALLS ON AN ARCANE DISCUSSION OF HOW MUCH ASSETS CAN BE EXPECTED TO GROW.

Everyone agrees that the state and local sector is under severe financial distress, with state budgets receiving the most attention. Eventually, though, the planned cutbacks undoubtedly will trickle down to local governments that rely on their states to provide funding for a variety of local services, such as education and health care.

For now, the collective state shortfall for FY2009 was \$79 billion and rose to \$123 billion the next year, according to the Center on Budget and Policy Priorities (CBPP), a Washington-based nonpartisan research and policy institute. The CBPP notes that the damage from revenues lost during the recession would have been substantially worse without federal assistance that came through the stimulus program, which was enacted in 2009.

Though revenues are improving, the loss of the federal assistance will take a further toll, with estimated deficits

in FY2011 running at \$101 billion and climbing to \$134 billion in FY2012, according to CBPP. "States' fiscal conditions remain extremely weak even as the economy appears to be moving in the direction of recovery," the report states.

BATTLE LINES DRAWN

Based on that grim outlook, numerous politicians have staked out aggressive positions, blaming much of the states' distress on the pension benefits promised to state and local workers. Among the bipartisan chorus of leaders offering opinions are:

- Former Gov. Tim Pawlenty of Minnesota, frequently cited as a potential candidate for the 2012 Republican presidential nomination, who said that public workers had grabbed huge pension benefits by engaging in "a silent coup, an inside

job engineered by self-interested politicians and fueled by campaign contributions."

- Former House Speaker Newt Gingrich, a Republican from Georgia who also is a potential presidential candidate, advocates allowing states to declare bankruptcy — which is now prohibited — so they can shed their pension obligations but without any recourse to increasing taxes.

- Govs. John Kasich of Ohio and Scott Walker of Wisconsin, both Republicans, have openly discussed eliminating bargaining rights for public employees and reducing employee benefits. Walker said that he wants to "right-size" state government, and Kasich wants to take away the right of teachers to strike.

- Gov. Mario Cuomo of New York, a Democrat, also said that he wants to "right-size" the state government and complained that "the cost of pensions is exploding."

While officials also debate the ability of states to continue to deliver services in general, the sharpest clashes are focused on whether the states will have sufficient funds in their pension plans to pay promised benefits when the employees come to collect, short of a sharp increase in taxes or a radical cut in services.

The depth of the funding gap is a source of huge debate, and it falls on an arcane discussion of how much the assets in the plan can be expected to grow over time — at the historical average for a mix of stocks and bonds, about 8 percent, or at a conservative rate that is as assured as the promised benefit, about 3 percent. Over 40 years, the difference in estimation of the liability is massive: \$1 trillion vs. \$3 trillion. At the individual state level, the numbers can be enormous, as well. New Jersey, for example, has a \$54 billion pension liability, even using the higher rate of return.

But advocates for the pension plans say the numbers are misleading and the gaps were created by a major recession and the failure of government leaders to make promised employer contributions to the plans. According to AFSCME, the average benefit is much more modest than is generally portrayed — about \$19,000 for a career worker averaging \$45,000.

"The same people who want to give tax cuts to millionaires now want to take away pensions from people who have already earned them," Kreisberg says.

PRIVATE VS. PUBLIC SECTOR PENSION RATE

Not so fast, says Christopher Prandoni, federal affairs manager for Americans for Tax Reform, a Washington-based group that advocates lower taxes. He cites statistics that the average government worker is promised \$2.85 per hour worked from his or her retirement plan, while the average private sector worker with a pension receives only \$0.41 per hour worked.

He says that state and local government leaders "have kicked the can down the road," promising benefits for the future while receiving

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the support of workers and their unions in current elections. "It's inherently unfair for a mechanic working in a shop to pay for someone who has a lavish return for the same job," Prandoni says.

While not singling out unions as the cause of the problem, Prandoni says they are resistant to fixing the structural faults behind the funding gaps. Citing the New Jersey situation, he says, that the unions "demonized" Republican Gov. Chris Christie for proposing modest reforms. "The unions make it very difficult to enact the necessary changes," Prandoni says.

For his part, Kreisberg says, state leaders have continually underfunded the pension plan by using "sleight of hand," and that includes Christie, who recently skipped a required \$3.1 billion payment. "This is nothing more than a cynical use of an economic downturn by the same people who created the economic downturn," he says. "They want to cripple government as part of their broader agenda. They just want to change the subject while they earn record profits and bonuses."

PENSION PLAN INVESTMENT MIX

Boyd of the Rockefeller Institute, which is the public policy arm of the State University of New York at Albany, says that the same issue of underfunding arose the last time the stock market crashed around 2001. But in the current downturn, things were different because the pension plans were so heavily invested in equities.

He says that in the 1970s, pensions were 15 percent invested in stocks, while just before the crash of 2008, about 70 percent of the assets were in equities. "The public sector used to be stodgy and cautious," he says. "But there was a gradual rise in stock investing, because people believed it was more acceptable, among Main Street people, as well."

With the higher returns of the stock market, plans were able to reduce contributions and increase benefits. "But the plans became more sensitive to fluctuations in the stock market," he says.

The other change is the challenge by economists to the assumptions regarding the liabilities of the plans. "The numbers are sobering," he says. "They make you stand up and take notice. State deficits, when coupled with pension fund liabilities, show projections that could be life-threatening to the governments themselves."

In the end, of course, no one knows what the future returns over 40 years for the pension plans will be, he says. The Government Accounting Standards Board looked at the issue and decided that substantial change in valuations is not needed, although it has taken action on valuation of retirement health costs.

When looking at solutions to the current impasse, Boyd sees a number of possible actions on the horizon. For example, some states are challenging legal requirements that have always assumed that governments must

pay promised pensions to state and local workers, including cost of living increases even after they stop working.

Other communities, he notes, like Prichard, Ala., have gone through bankruptcy to change the promised benefit. Prichard, which is near Mobile, went into bankruptcy court when it ran out of money to pay its pension obligations, proposing that its monthly benefit of \$3,000 be cut to \$200 a month. "I foresee lots of vitriol and complaints," he says. "Tax increases, cuts in budgets, layoffs. The extent will vary from place to place."

FINDING COMMON GROUND

The Center for State & Local Government Excellence (SLGE), a Washington-based government policy organization, is advocating for the opposing sides to work together to find acceptable solutions. "The sides can learn from each other, learn through the process," says Elizabeth Kellar, SLGE executive director, "Not by treating the other as the problem."

Her experience has shown that there is a wide variance in the problems facing states, with some pensions in dire straits and others rather well funded. "That's the strength of the

federal system," she says. "Some of the pension plans work better than others. It's not magic. It's discipline. It's a big myth that there are instant solutions."

Prandoni from ATR says his group believes that governments should take off the table any proposal to increase taxes to cover the liabilities because that does not correct the structural issue of overpromised benefits. Instead, he advocates conversion of plans, primarily for new employees, to defined contribution plans.

Under defined contribution plans, states contribute a set amount, and the employee bears the risk for how much he or she has at retirement, based on how well the employee invests the savings. While others point out that conversion of pension plans with liabilities initially can be very costly to governments because of various accounting rules, Prandoni argues that such changes are inevitable if the governments want to avoid defaulting on their obligations and are ready to face reality.

"States are hoping that the federal government will bail them out," he says. "Once they realize the federal bailout is off the table, everyone will sit down and see how they will make this work."

Not surprisingly, Kreisberg of AFSCME sees the issue very differently. He says the liabilities were caused by reckless tax cuts, politicians who did not make required contributions and an extraordinary recession that sharply reduced tax receipts. In short, the problem is not the benefit but the policies of the governments that promised them and the bankers on Wall Street who caused the economic collapse.

"We have a revenue problem, not an expenditure problem," he says. "What do we do now? Put money aside to pay what was promised. We shouldn't be cutting pensions to hurt teachers and firefighters solely to benefit the wealthy. This is all part of an anti-union agenda."

And so it goes.

— Robert Barkin is a Bethesda, Md.-based freelance writer.

M-SERIES

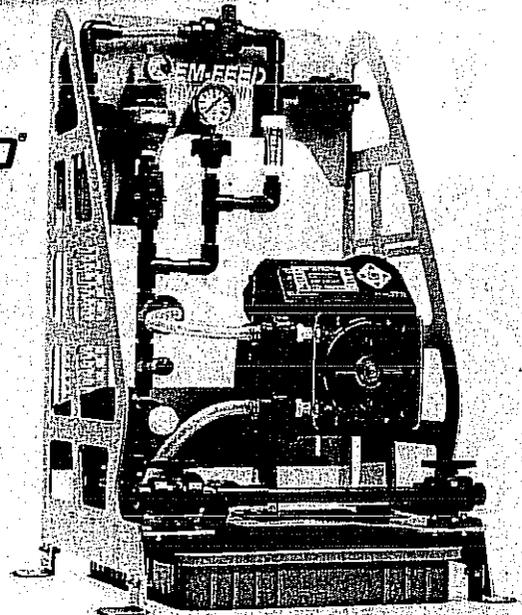


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S3 Features

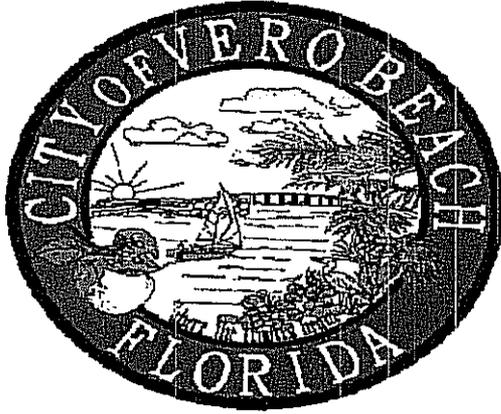
- ▲ Non-invasive clamp-on sensors for accurate fluid measurement without fluid contact
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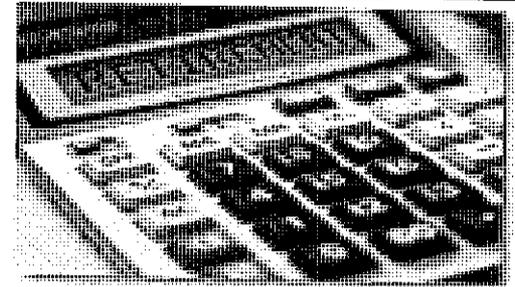
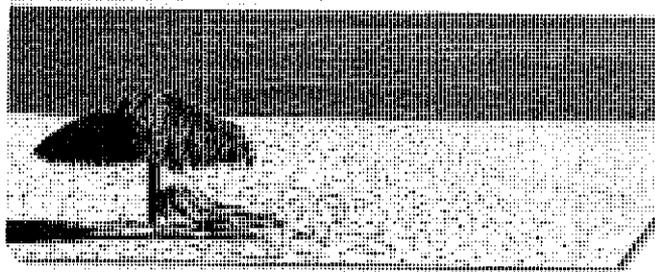
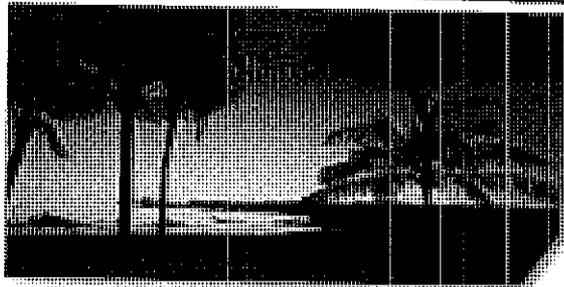


City of Vero Beach General Employee Retirement Plan

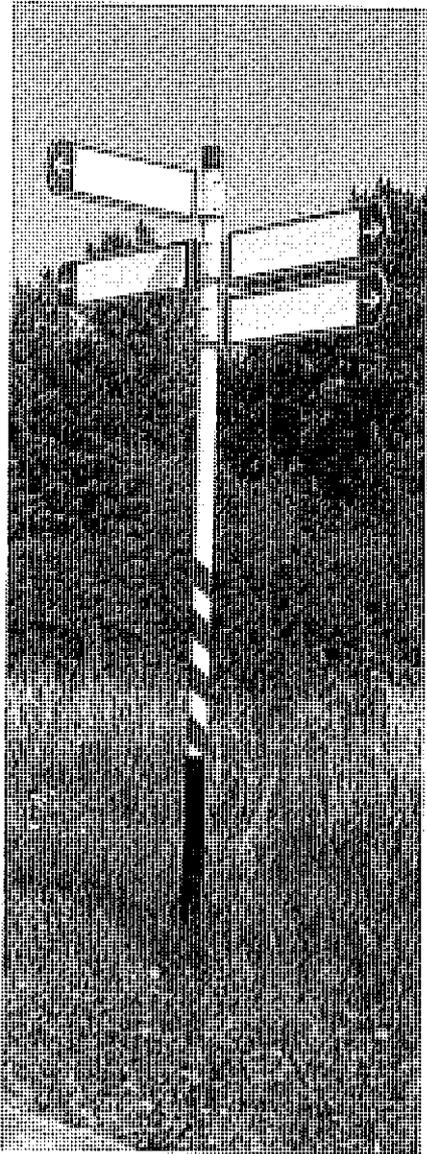
April 12, 2011

Leon F. "Rocky" Joyner, Jr. FCA, EA, MAAA
Vice President & Consulting Actuary

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 **SEGAL**



① ***October 1, 2010 Valuation Results***

② Five-Year Actuarial Experience Review

③ Contribution Projections

④ Summary of Plan Provisions

⑤ Supplemental Information

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October 1, 2010 Actuarial Valuation Results

Background

- The city provides a Defined Benefit (“DB”) plan for General Employees.
- Plan provisions were changed effective October 1, 2010 for participants with less than 25 years of service who were younger than age 65 as of October 1, 2010.
- Assumption changes were adopted effective October 1, 2010.
- A 1% automatic COLA is provided each October 1 for retirees and beneficiaries receiving payments at that time. An additional discretionary COLA may be provided.
- The city historically has contributed 100% of its Annual Required Contribution each year.
- The city participates in Social Security.
- The table on the following page summarizes the key valuation results for the Plan as of the two most recent valuations.

October 1, 2010 Actuarial Valuation Results

Summary of Key Valuation Results

Valuation Date	October 1, 2010	October 1, 2009
Recommended Contribution	\$4,115,761	\$4,028,814
Recommended Contribution as a Percentage of Payroll	21.32%	21.42%
Total Valuation Payroll	\$19,305,268	\$18,811,487
Employer Normal Cost	\$841,044	\$1,328,946
Market Value of Assets	\$48,902,478	\$44,680,696
Actuarial Value of Assets	\$56,190,600	\$53,616,835
Actuarial Accrued Liability	\$91,016,655	\$80,438,088
Unfunded Actuarial Accrued Liability	\$34,826,055	\$26,821,253
Funded Ratio: AVA/AAL	61.74%	66.66%

October 1, 2010 Actuarial Valuation Results

Source of Plan Costs

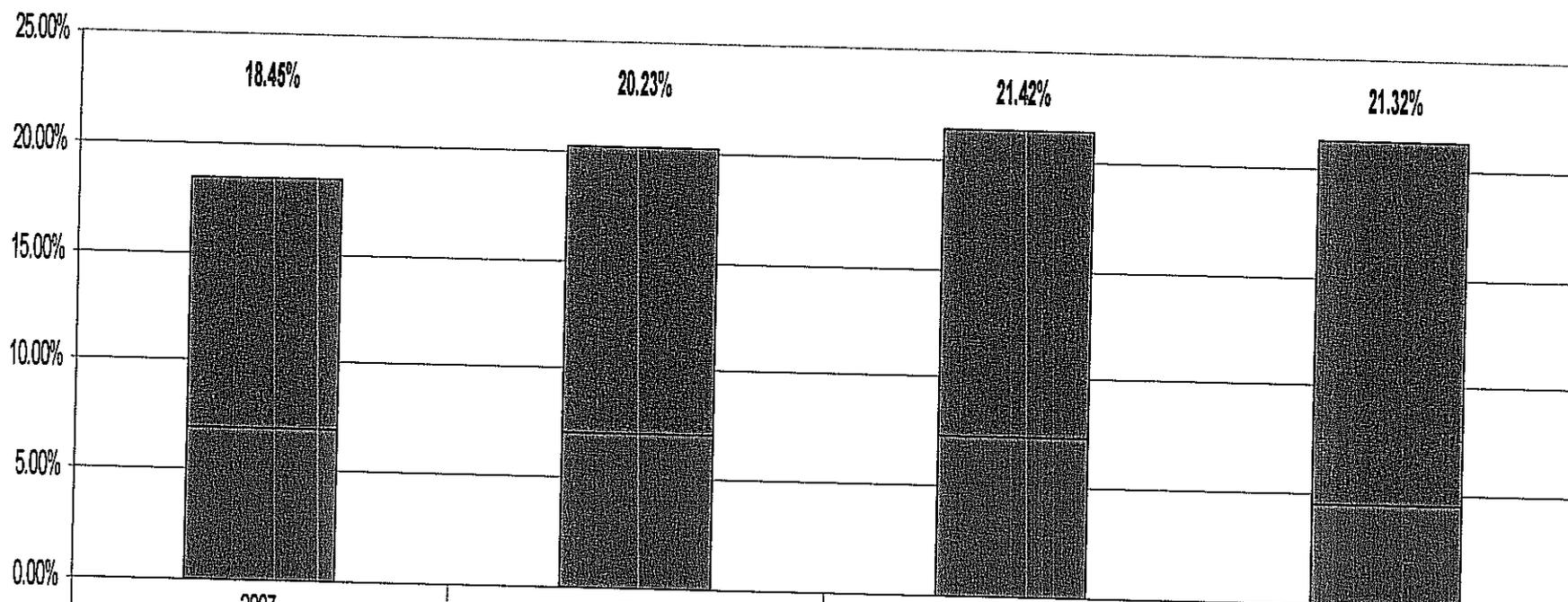
- Plan costs are comprised of two pieces: Employer Normal Cost and amortization of Unfunded Actuarial Accrued Liability (UAAL).
- The Total Normal Cost is essentially the annual cost of the Plan. Expected employee contributions are deducted from the Total Normal Cost to get the Employer Normal Cost.
- For the prior four valuations, the Total Normal Cost ranged from approximately 8.4% - 8.9% of pay, with the Employer Normal Cost ranging from approximately 6.8% - 7.3% of pay, after adjusting for timing. After the assumption and plan changes effective October 1, 2010, the Total Normal Cost is 7.0% and the Employer Normal Cost is approximately 4.4%, after adjusting for timing.
- For the past four valuations, the amortization of the UAAL has ranged from approximately 11.0% - 14.1% of pay, after adjusting for timing.
- For the October 1, 2009 valuation, the Employer Normal Cost was approximately 34.3% of the Total Recommended Contribution, with the amortization of the UAAL accounting for approximately 65.7% of the Total Recommended Contribution.
- In dollars, the Employer Normal Cost accounts for \$1,382,103 and the amortization of the UAAL accounts for \$2,646,711 of the 2009 plan year Total Recommended Contribution of \$4,028,814.

October 1, 2010 Actuarial Valuation Results

City of Vero Beach General Employee Retirement Plan	
Contribution Reconciliation – October 1, 2009 to October 1, 2010	
	Recommended Contribution <u>\$ Amount</u>
October 1, 2009 Valuation Amount	\$4,028,814
Decrease due to plan changes	(424,888)
Decrease due to Early Retirement Window	(17,966)
Increase due to change in actuarial assumptions	295,738
Increase due to recognized investment loss	144,079
Increase due to other gains and losses on accrued liability	42,115
Decrease due to other items, including changes in the age and service of the covered group, retirement patterns and other experience	47,869
October 1, 2010 Valuation Amount	\$4,115,761

October 1, 2010 Actuarial Valuation Results

Percentage of Total Recommended Contribution by Source



	2007	2008	2009	2010
Amortization of UAAL	11.50%	13.17%	14.07%	16.80%
Employer Normal Cost	6.95%	7.06%	7.35%	4.52%

The percentages shown above do not include employee contributions.

October 1, 2010 Actuarial Valuation Results

Amortization Bases

- In accordance with Florida State Law, the Plan establishes amortization bases each year to account for experience gains and losses, as well as changes in liabilities due to changing assumptions or plan provisions. Each base is established for a period of 20 years.
- In light of the significant economic downturn prior to September 30, 2009, and in accordance with Florida State Law, the experience loss for the plan year ending September 30, 2009 has been amortized over 30 years. The assumption changes effective October 1, 2010 were also amortized over 30 years.
- The net effective amortization period is 15 years on a level percent of pay basis.

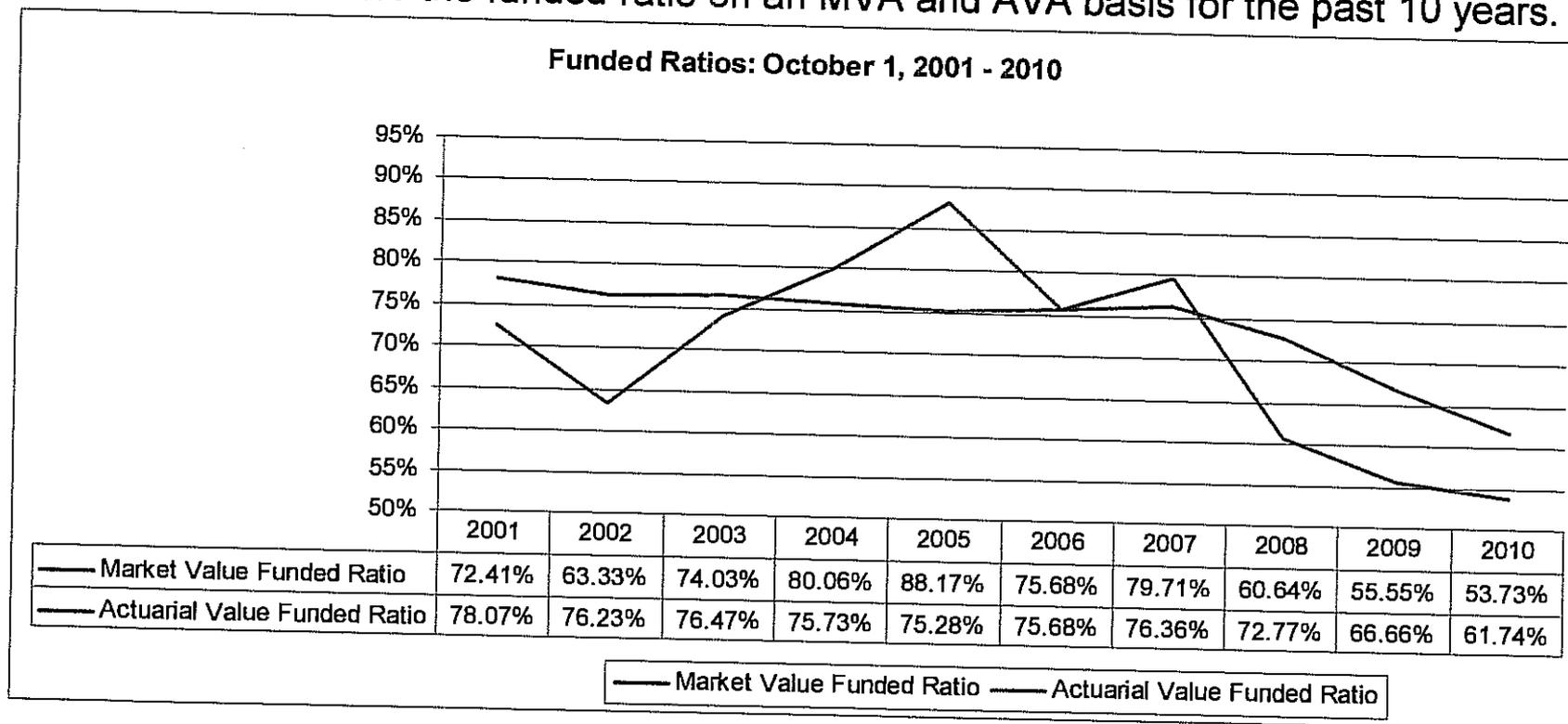
Actuarial Value of Assets

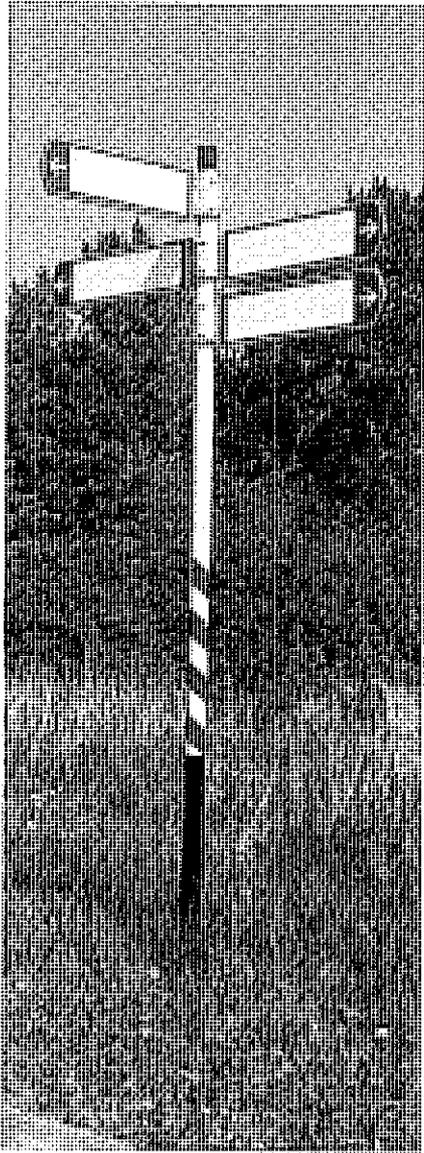
- The Actuarial Value of Assets (AVA) recognizes Market Value of Assets (MVA) gains and losses over a five-year period. An adjustment is then made if necessary so that the final AVA is within a 20% corridor of the MVA.
- As of September 30, 2010, the MVA was \$48,902,478 and the AVA was \$56,190,600, or 114.90% of the MVA. The difference between the MVA and AVA, \$7,288,122, represent investment losses that will be recognized over the next five years.

October 1, 2010 Actuarial Valuation Results

Funded Ratio

- The Plan's funded ratio has decreased in the past three years due to the market declines.
- An 80% funded ratio is a typical target for public pension plans. This Plan is projected to again reach an 80% funded ratio in approximately 11 years.
- The chart below shows the funded ratio on an MVA and AVA basis for the past 10 years.





① October 1, 2010 Valuation Results

② ***Five-Year Actuarial Experience Review***

③ Contribution Projections

④ Summary of Plan Provisions

⑤ Supplemental Information

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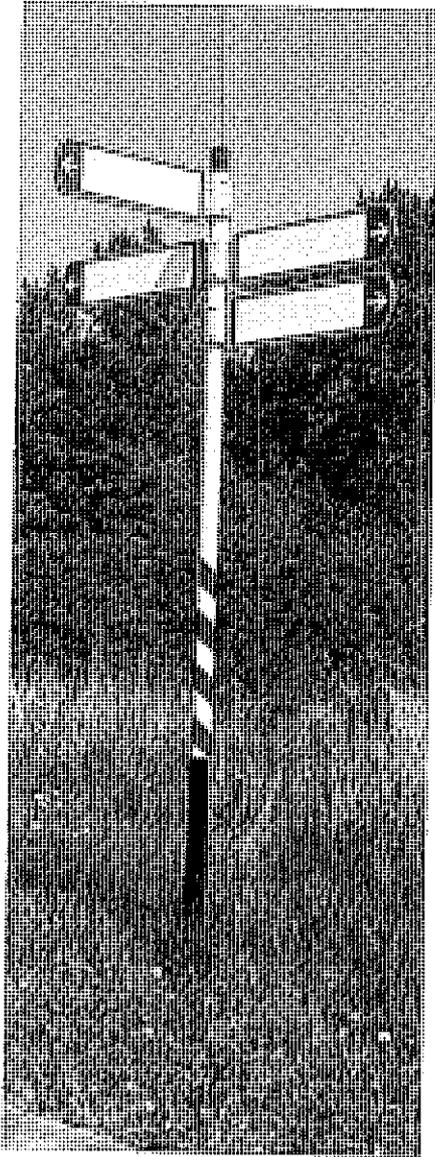
Five-Year Actuarial Experience Review

- **At the direction of the City, we performed a five-year review of Plan experience for the period October 1, 2003 – September 30, 2008.**
 - The experience review affords an opportunity for the City, staff and actuary to consider how specific assumptions or methods may be affecting contribution rates and the proper funding of the Plan.
 - All of the data from the five-year period has been analyzed, and a new assumption set preliminarily established
- **We have reviewed both economic and demographic experience of the Plan as it relates to the expected actuarial experience based on the current plan assumptions.**
 - Economic Assumptions include: Inflation, Investment Rate of Return (or Discount Rate), Salary Scale and Administrative Expenses
 - Demographic Assumptions include: Mortality, Retirement, Turnover (or Withdrawal), and Disability
- **Segal recommended and the City implemented new assumption changes beginning with the October 1, 2010 actuarial valuation.**
- **The following section summarizes our findings, recommended assumption changes and the impact the changes had on the 2010 recommended contribution.**

Valuation Assumptions

I. Economic Assumptions		
Assumption	New Assumption	Old Assumption
A. Inflation	3.75%	4.00%
B. Discount Rate (Investment Rate of Return)	7.75%; net of investment and administrative expenses	8.00%; net of investment and administrative expenses
C. Salary Scale	From 3.75% - 6.50%, based on age	From 4.00% - 6.50%, based on age
D. Administrative Expenses	Prior year's actual administrative expenses	Prior year's actual administrative expenses

II. Demographic Assumptions		
Assumption	New Assumption	Old Assumption
E. Healthy Mortality	1994 Group Annuity Mortality Table, set back one year for males and three years for females	1994 Group Annuity Mortality Table
F. Disabled Mortality	RP-2000 Disabled Mortality Table	1994 Group Annuity Mortality Table
G. Disability Rates	45% of the OASDI Table	Varies by Age; rates cutoff at age 60
H. Turnover Rates	No change	Varies by Age; rates cutoff at early retirement age
I. Retirement Rates	Vary by Age: 22% Age 55; 2.5% 56-57; 8% 58; 10% 59-61; 40% 62; 10% 63; 17.5% 64; 25% 65; 35% 66-69; 100% 70	Vary by Age: 25% Age 55; 5% 56-59; 7.5% 60; 10% 61; 50% 62; 5% 63-64; 33% 65-69; 100% 70



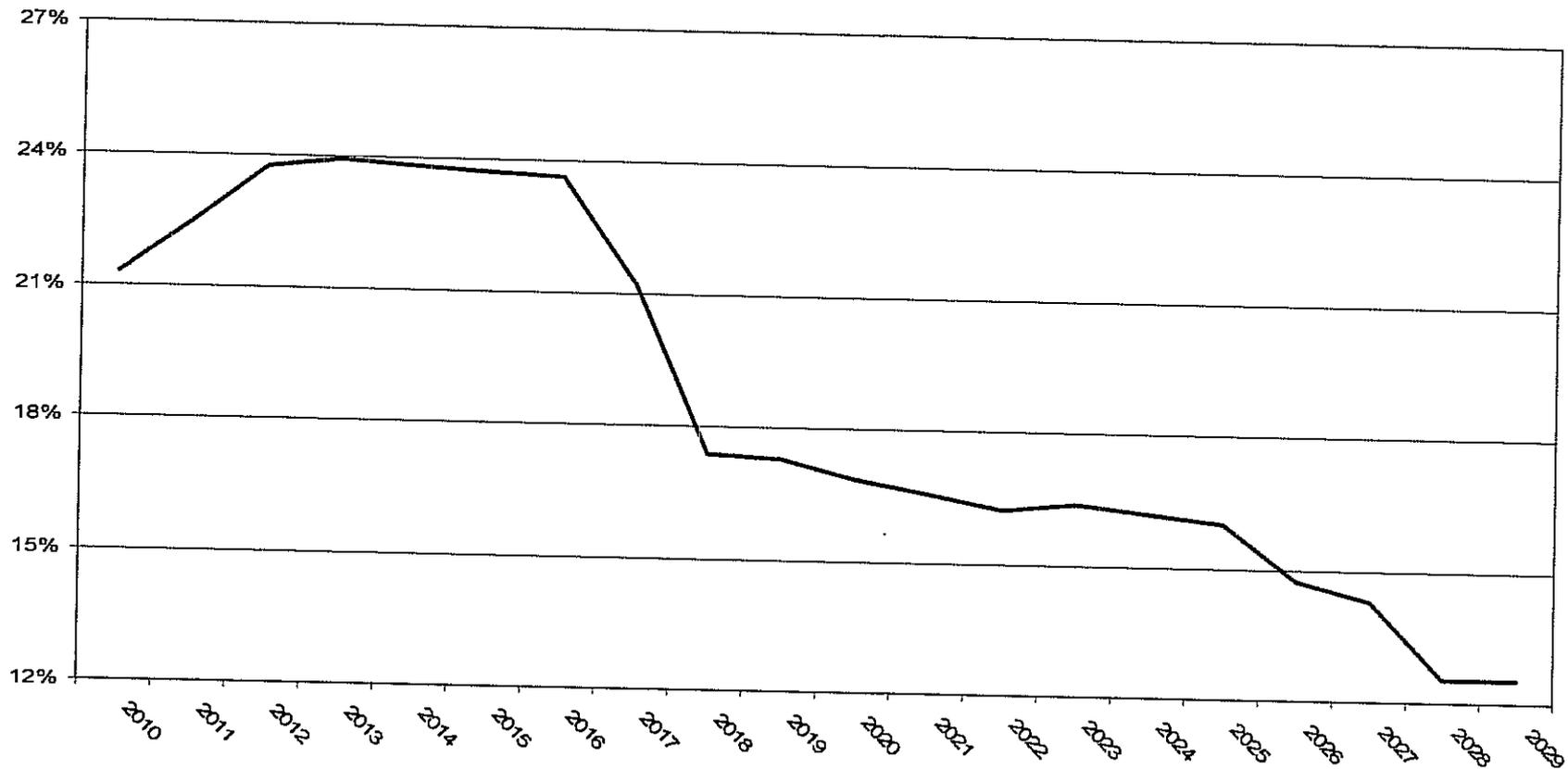
- ① October 1, 2009 Valuation Results
- ② Five-Year Actuarial Experience Review
- ③ **Contribution Projections**
- ④ Summary of Plan Provisions
- ⑤ Supplemental Information

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20-Year Contribution Projections as a % of Payroll

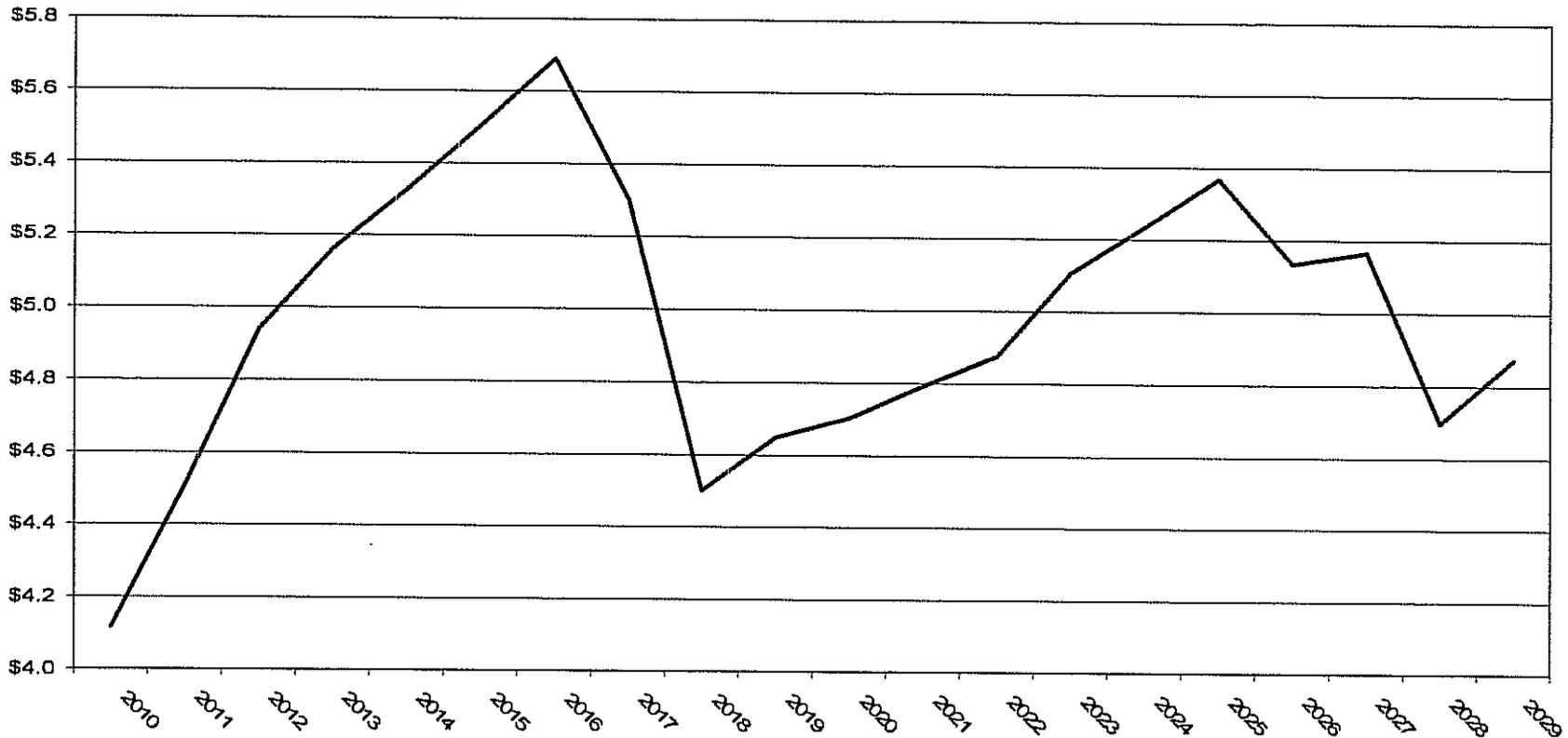
City of Vero Beach General Employee Retirement Plan
20-Year Projection of Contributions as a % of Payroll
Assumes All Valuation Assumptions Are Met Each Year



The above projections assume that plan experience will match current assumptions and that the number of active employees, their age and service will remain relatively consistent from year to year.

20-Year Contribution Projections as a \$ Amount

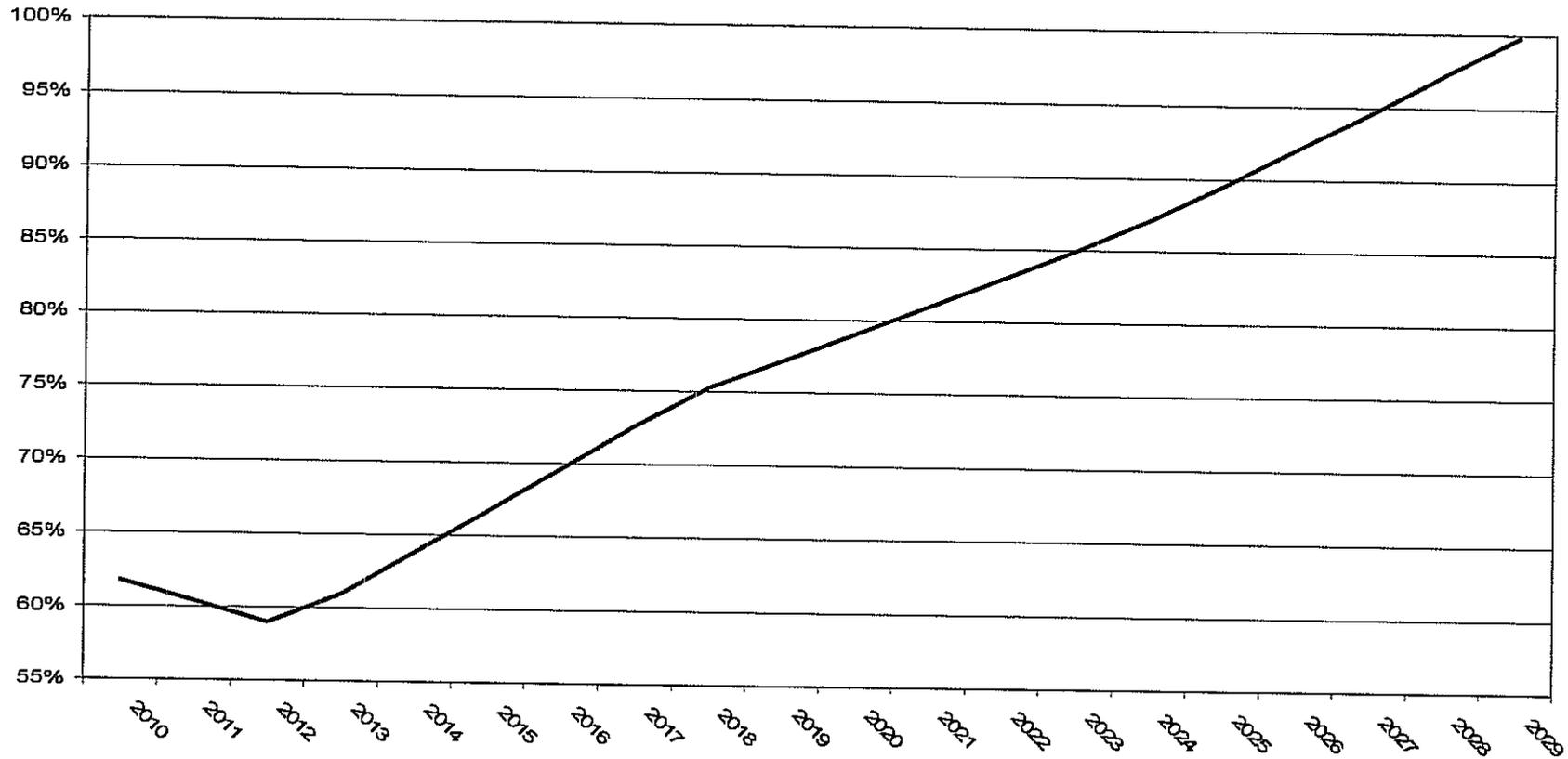
City of Vero Beach General Employee Retirement Plan
20-Year Projection of Contributions (in Millions)
Assumes All Valuation Assumptions Are Met Each Year



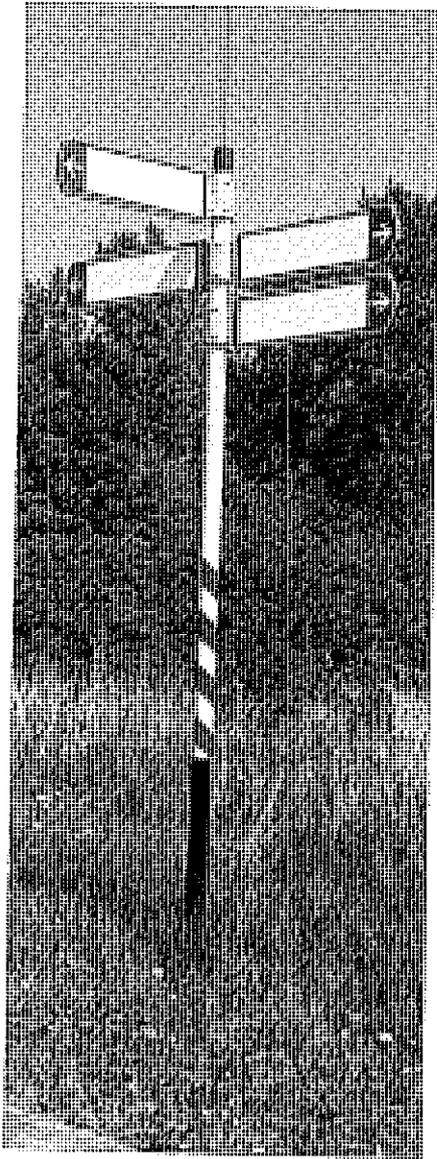
The above projections assume that plan experience will match current assumptions and that the number of active employees, their age and service will remain relatively consistent from year to year.

20-Year Projections of Funded Ratio

City of Vero Beach General Employee Retirement Plan
20-Year Projection of Funded Percentages
Assumes All Valuation Assumptions Are Met Each Year



The above projections assume that plan experience will match current assumptions and that the number of active employees, their age and service will remain relatively consistent from year to year.



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Recent Plan Changes

- 13 participants took part in an Early Retirement Incentive Program and retired on August 31, 2010
- The following plan changes took place effective October 1, 2010 for participants with less than 25 years of service of who are younger than age 65 as of October 1, 2010:
 - Participation to begin on the first day of the month following an employee's date of hire. For employees hired within the immediate three years preceding October 1, 2010, participation begins on October 1, 2010.
 - The benefit multiplier for service earned after September 30, 2010 is reduced from 2.25% to 1.60%.
 - The Early Retirement Factor for service earned after September 30, 2010 is increased from 1.5% for each year preceding normal retirement to 3.0%.
 - Member contributions increase from 2.25% to 3.25%. Contributions will cease upon the first of retirement, termination, or death.
- The following two pages provide a summary of the major provisions of the Plan

Plan Provisions

Benefit	Less than 25 years of service of younger than age 65 on October 1, 2010	At least 25 years of service or at least age 65 on October 1, 2010
A. Normal Retirement	Eligibility: age 65 with 5 years of service; Amount: 2.25% for each year of service accrued prior to October 1, 2010 plus 1.60% for each year of service accrued after September 30, 2010, times five year average salary	Eligibility: age 65 with 5 years of service; Amount: 2.25% for the first 25 years of service plus .5% per year thereafter, times five year average salary
B. Early Retirement	Eligibility: age 55 with 5 years of service; Amount: Normal amount reduced by 1.5% per year for benefits accrued prior to October 1, 2010 and 3.0% per year for benefits accrued after September 30, 2010 for each year younger than age 65	Eligibility: age 55 with 5 years of service; Amount: Normal amount reduced by 1.5% per year younger than age 65
C. Disability Retirement	Eligibility: after completing 5 years of service; Amount: Normal amount but not less than 25% of salary	Eligibility: after completing 5 years of service; Amount: Normal amount but not less than 25% of salary
D. Vesting	Eligibility: after completing 5 years of service; Amount: Normal amount or Early amount deferred to the appropriate age	Eligibility: after completing 5 years of service; Amount: Normal amount or Early amount deferred to the appropriate age

Plan Provisions

Benefit	Less than 25 years of service of younger than age 65 on October 1, 2010	At least 25 years of service or at least age 65 on October 1, 2010
E. Pre-Retirement Death Benefit	Before Vesting: Return of Employee Contributions; After Vesting: a 66 2/3% survivor benefit payable no earlier than when the participant would have been eligible for retirement	Before Vesting: Return of Employee Contributions; After Vesting: a 66 2/3% survivor benefit payable no earlier than when the participant would have been eligible for retirement
F. Participation	First day of the month following day of hire. For those hired in the three years preceding October 1, 2010, participation begins on October 1, 2010.	After completion of three years of service
G. Employee Contributions	3.25% of basic salary until the earlier of retirement, termination, or death	After beginning participation, 2.25% of basic salary until completion of 25 years of service
H. Post Retirement Cost-of-Living-Adjustment	1% each October 1st	1% each October 1st
I. Military Service Purchase option	Eligible participants may purchase up to 4 years of prior military service for benefit purposes	Eligible participants may purchase up to 4 years of prior military service for benefit purposes

Plan Provisions

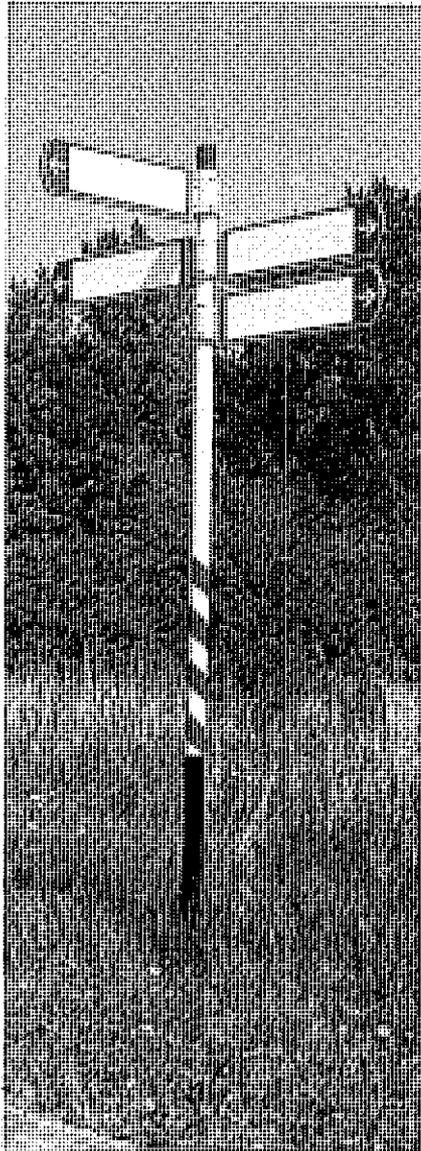
For a participant to maintain their standard of living into their retirement years, they will need between 75% and 90% of their pre-retirement take home pay.

This percentage is presumed to include post-retirement adjustments for inflation.

Since the Vero Beach plan includes an automatic 1% COLA, the participant has some protection from inflation. Some benefit wear away is anticipated due to inflation being greater than 1% over the expected retirement years.

For the typical Vero Beach employee who is hired at age 33 and works 28 years and retires at age 61, the current plan is anticipated to provide a single employee with about a 45% replacement ratio.

This combined with Social Security and some personal savings should serve to allow most employees to approach the targeted %'s noted above.



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★ SEGAL

Supplemental Information

- Retirement Plans fall into 2 broad categories:
 - **Defined Benefit Plans** – which focus on benefit security
 - **Defined Contribution Plans** - which focus on wealth accumulation
- **Defined Benefit Plans** include final average salary plans, career average salary plans and flat dollar plans
 - Risk generally borne by Employer
 - Risk includes: Wage inflation, Inflation risk, Interest rate, Investment risk, Longevity risk, Incentive risk, Regulatory risk
- **Defined Contribution Plans** include 401(k), 403(b), 457 and matching plans
 - Risk generally borne by Employee
 - Risk includes: Wage inflation, Inflation risk, Interest rate, Investment risk, Longevity risk, Incentive risk, Regulatory risk, Non-participation risk, Leakage risk, Cognitive and Will-power risk

Supplemental Information

Comparison of Features

Objective	Defined Benefit	Defined Contribution
Funding Certainty	Plan liabilities change based on actuarial assumptions, e.g., future salary increases, investment earnings, employee turnover.	Employer liability is fulfilled annually as contributions are made to employee accounts based on a percentage of payroll.
Predictable Contribution Costs	Annual contribution may vary from year-to-year based upon actuarial assumptions (see above). Rates may be set by statute to increase predictability.	Annual cash expenditures are more predictable as they are based on a set percentage of employee salaries.
Recruitment Tool	Some portability through service credit purchase or return of employee contributions.	Assets are portable.
Reward Career Employees	Benefits are typically based on final year(s) salary, rewarding career employees.	Benefits are based upon accumulated contributions and earnings.
Expenses	Expenses include actuarial valuation and investment fees, including recordkeeping and investment management. Employer pays administrative and investment fees.	Expenses may appear lower than a defined benefit plan because no actuarial valuation is necessary, and investment fees are shifted to the employee. Employee education costs are usually higher. Actual expenses are more difficult to determine and may be included as an offset to investment return.

Supplemental Information

Comparison of Features *continued*

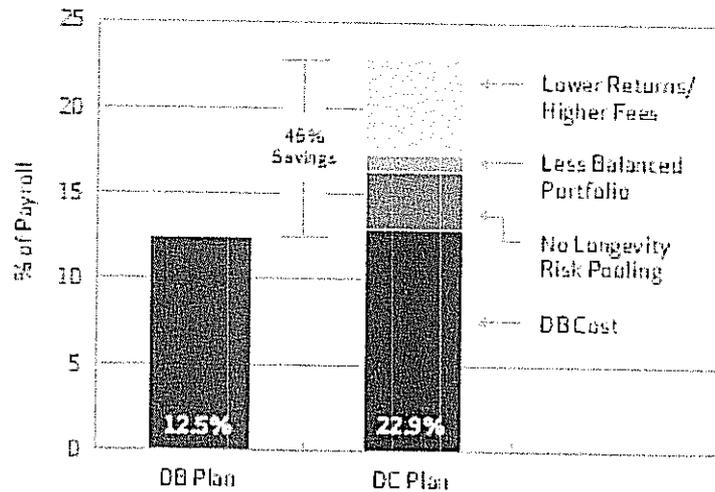
Objective	Defined Benefit	Defined Contribution
Benefit Potential	Benefits paid at retirement are for life and are guaranteed by the plan's benefit formula. Cost of living increases are common.	Benefits paid at retirement are based on contributions and earnings. The final retirement benefit can be eroded by pre-retirement distributions.
Understandable Benefits	Benefits require explanation because they are based on a set of variables, e.g., future earnings and year of service at retirement. There are no separate accounts.	Benefits are based on accumulated contributions plus earnings at the time of retirement. Market fluctuations make it difficult to predict retirement benefit.
Access to Benefits While Employed	Benefits may not be withdrawn while actively employed. Loans can be made provided IRS guidelines are followed, but are rare.	Benefits may be withdrawn or loaned under certain circumstances provided IRS guidelines are followed.
Investment Risk	Investment risk is assumed by the employer. Contributions may be lowered by earnings that exceed assumed rates of return.	The employee assumes investment risk and bears a direct relationship to the retirement benefit. In some cases, the plan design includes a minimum guaranteed return.

Supplemental Information

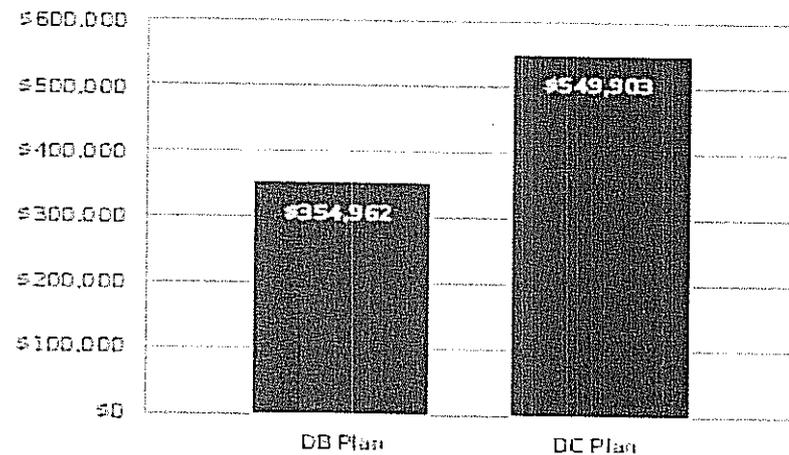
Case Studies

- The article "A Better Bang for the Buck: The Economic Efficiencies of DB Plans" revealed that DB plans are more cost effective than DC plans at delivering retirement benefits as shown below.

Cost of DB and DC Plan as % of Payroll



Per Employee Amount Required at Age 62
DB Plan vs. DC Plan

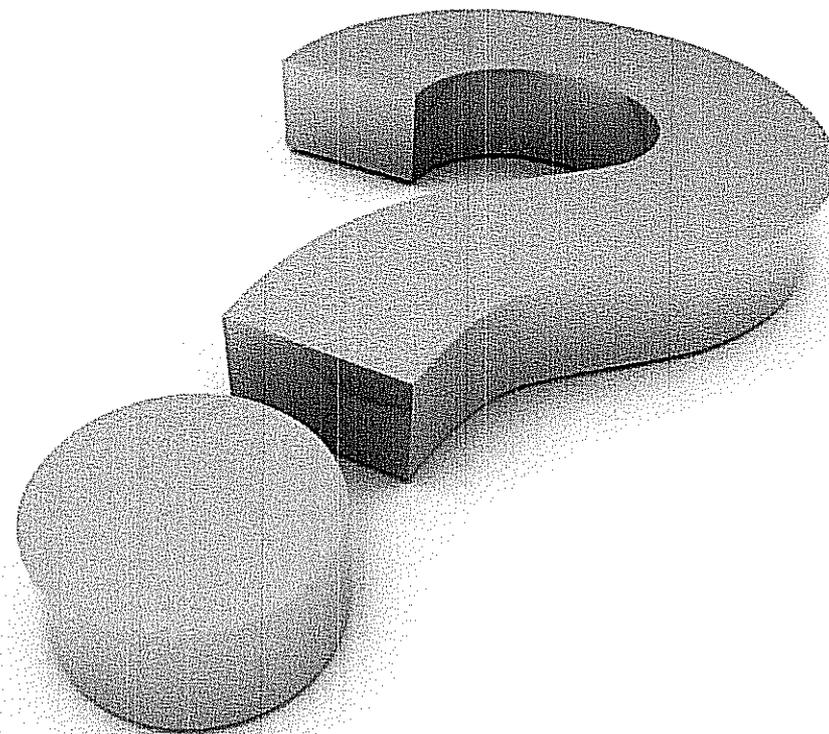


Questions



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Health Plan Overview & Updates

**City of Vero Beach
City Council Workshop
Tuesday, April 12, 2011**

Presented by:

Kurt Gehring, President CEO



Your Gehring Group Team

- Kurt Gehring, President CEO
- Christian Bergstrom, Director – Analytical Services
- Ellen Jones, Director – Risk Management
- Rodney Louis – Benefits & Risk Analyst
- Leanne Jacone – Senior Account Manager
- Larissa Sherman – Internal Service Specialist

Your Gehring Group Team

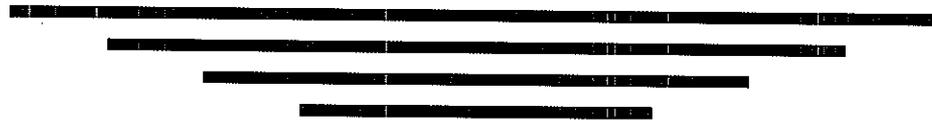
- Serving Vero Beach since 1996
- Public sector focus serving 72 governmental agencies in Florida

Local Governments Served	
Indian River County	Indian River Constitutional Officers
City of Sebastian	City of Fellsmere
Martin County	City of Stuart

Items for Discussion

- Health Plan Overview
 - Self Funded versus Fully Insured
 - Claims Experience
 - Benefit Changes / Additional Changes
 - Enrollment Shift
- Health Care Reform

Health Plan Overview



Health Plan Options

- Fully Insured Concept
 - Employer pays a set premium
 - Insurance carrier assumes financial and legal risk of loss
 - Costs are fixed for the year
 - Rates include margin & reserves
- Self-Funded Concept (City self-funded since 2002)
 - City assumes a portion of the risk
 - Additional risk protection through stop loss insurance /reinsurance (\$125,000 per claimant)
 - City pays health care claims via BCBSFL (network discounts)
 - Required reserves (already established)

Health Plan Options

- Self-Funded Terminology

Administrative Fee	Fee charged for claims adjudication, billing, eligibility, customer service, plan document maintenance, access fees, managed care fees, etc.
Specific Stop Loss Insurance	Purchased to protect you when claims for one individual exceed \$125,000 (the specific deductible)
Aggregate Stop Loss Insurance	Purchased to protect the City when all claims for the entire group exceed a certain specified amount
Expected Claims	Total claims underwriter and/or actuary expects you to have in one policy year, actuarially determined from your past claims experience
Aggregate Maximum	125% above your expected claims

Health Plan Options

Advantages & Disadvantages of Self-Funding

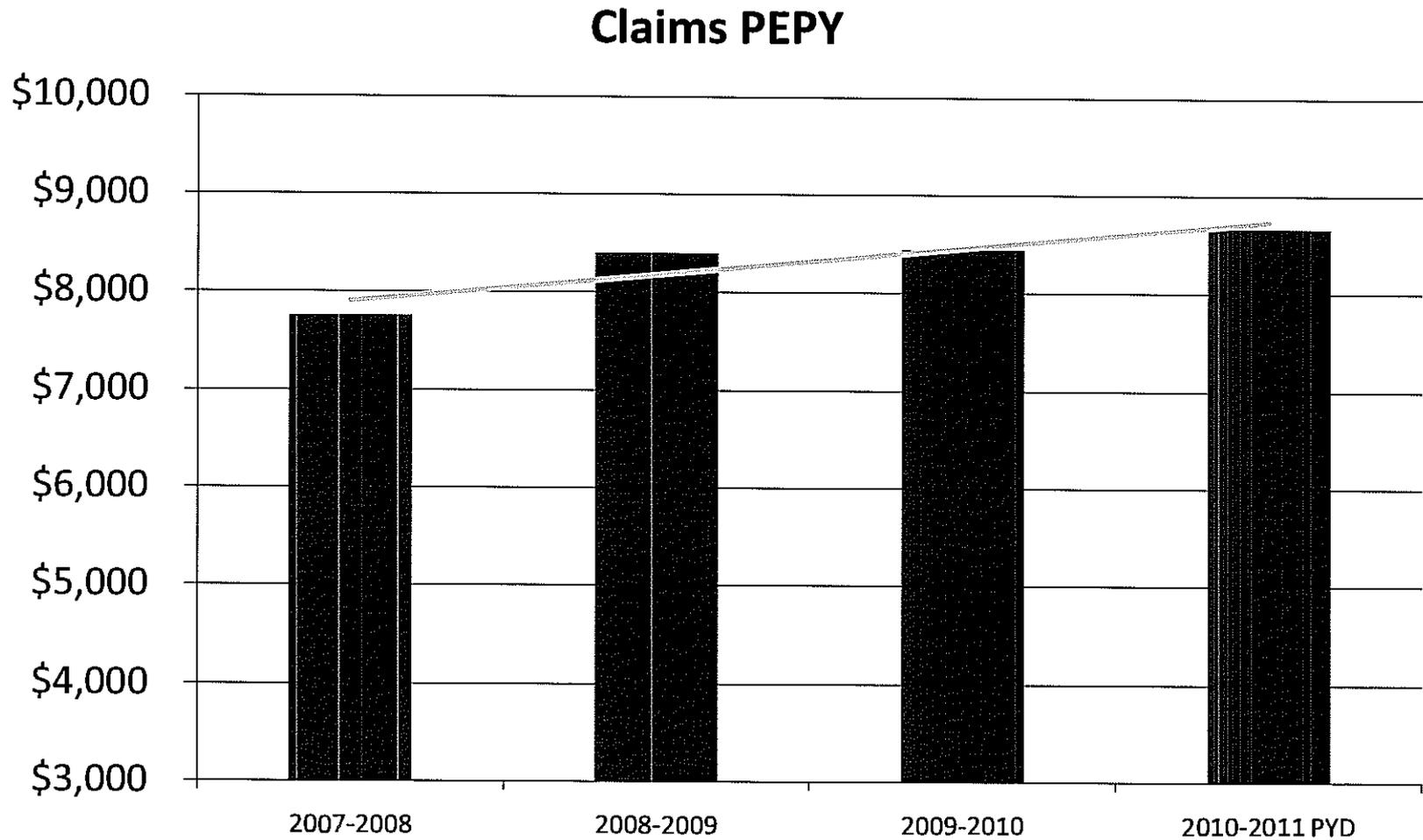
Advantages	Disadvantages
<ul style="list-style-type: none">• Flexibility in plan design• Risk management effectiveness with stop loss insurance (\$125,000/claim)• Tax savings (no state premium tax)• Retention – administration costs less expensive• Additional cash flow (City holds reserves & earns interest)• Elimination of “Margin” (typically built in for claims fluctuations)• Health Care Reform	<ul style="list-style-type: none">• Employer assumes risk between the anticipated claims and stop loss coverage level (aggregate maximum)• Fiduciary responsibility (employee benefits liability purchased)• Reserve requirements specific to public sector entities (60-days of claims) ((already funded))

**Background:
Claims Experience &
Rate History**

Claims Experience

Plan Year	Average Enrollment	Paid Claims (net of stop loss recoveries)	Claims Cost per EE per year	City Claims Increase per Year	Industry Trend Increase per Year
2004-2005	618	\$3,656,163	\$5,916	13%	14%
2005-2006	622	\$3,664,506	\$5,891	(0.40%)	13%
2006-2007	640	\$3,963,807	\$6,193	5%	13%
2007-2008	653	\$5,067,315	\$7,760	25%	13%
2008-2009	643	\$5,401,344	\$8,400	8%	12%
2009-2010	626	\$5,283,992	\$8,441	0.50%	11%
2010-2011	611	\$2,206,086 (YTD)	\$8,665	3%	10%

Claims Per Employee per Month



Catastrophic Claims (12-months)

- 42 Individuals in excess of \$25,000 (30 employees, 12 dependents)
- \$2,089,359 in claims

Claim Payment Range	Claimants
Less than \$1,000	466
\$1,000 - \$9,999	621
\$10,000 - \$24,999	110
\$25,000 - \$49,999	27
\$50,000 +	15

- 3.4% of total membership has generated 38% of total claims for prior 12-months (March 2010 – February 2011)

Funding Changes – 2010-2011

TRIPLE OPTION PLAN DESIGN		2009/2010 – PRIOR PLAN FUNDING				2010/2011 – CURRENT FUNDING				
BASE PLAN		BlueCross BlueShield of Florida - BlueChoice 101				BlueCross BlueShield of Florida - BlueOptions 3769				
		Total	Employer	Employee	EE %	Total	Employer	Employee	EE %	EE \$ Increase
Employee	333	\$492.32	\$492.32	\$0.00	0%	\$418.47	\$418.47	\$0.00	0%	\$0.00
Employee + Spouse	125	\$1,089.46	\$837.26	\$252.20	23%	\$926.04	\$713.05	\$212.99	23%	-\$39.21
Employee + Child(ren)	64	\$983.74	\$767.92	\$215.82	22%	\$836.18	\$652.22	\$183.96	22%	-\$31.86
Employee + Family	120	\$1,547.73	\$1,181.71	\$366.02	24%	\$1,315.57	\$999.83	\$315.74	24%	-\$50.28
MIDDLE PLAN		BlueCross BlueShield of Florida - BlueChoice 101				BlueCross BlueShield of Florida - BlueOptions 3766				
		Total	Employer	Employee	EE %	Total	Employer	Employee	EE %	EE \$ Increase
Employee		\$492.32	\$492.32	\$0.00	0%	\$448.01	\$418.47	\$29.54	7%	\$29.54
Employee + Spouse		\$1,089.46	\$837.26	\$252.20	23%	\$991.41	\$713.05	\$278.36	28%	\$26.16
Employee + Child(ren)		\$983.74	\$767.92	\$215.82	22%	\$895.20	\$652.22	\$242.98	27%	\$27.16
Employee + Family		\$1,547.73	\$1,181.71	\$366.02	24%	\$1,408.43	\$999.83	\$408.60	29%	\$42.58
HIGH PLAN		BlueCross BlueShield of Florida - BlueChoice 101				BlueCross BlueShield of Florida - BlueChoice 101				
		Total	Employer	Employee	EE %	Total	Employer	Employee	EE %	EE \$ Increase
Employee		\$492.32	\$492.32	\$0.00	0%	\$492.32	\$418.47	\$73.85	15%	\$73.85
Employee + Spouse		\$1,089.46	\$837.26	\$252.20	23%	\$1,089.46	\$713.05	\$376.41	35%	\$124.21
Employee + Child(ren)		\$983.74	\$767.92	\$215.82	22%	\$983.74	\$652.22	\$331.52	34%	\$115.70
Employee + Family		\$1,547.73	\$1,181.71	\$366.02	24%	\$1,547.73	\$999.83	\$547.90	35%	\$181.88
TOTAL PLAN MONTHLY COST		\$548,812.02	\$459,552.14	\$89,259.88		\$466,490.22	\$390,204.71	\$76,285.51		
TOTAL PLAN ANNUAL COST		\$6,585,744.24	\$5,514,625.68	\$1,071,118.56		\$5,597,882.60	\$4,682,456.49	\$915,426.11		
TOTAL PLAN \$ INCREASE		N/A	N/A	N/A		-\$987,861.64	-\$832,169.19	-\$155,692.45		
TOTAL PLAN % INCREASE		N/A	N/A	N/A		-15.0%	-15.1%	-14.5%		13

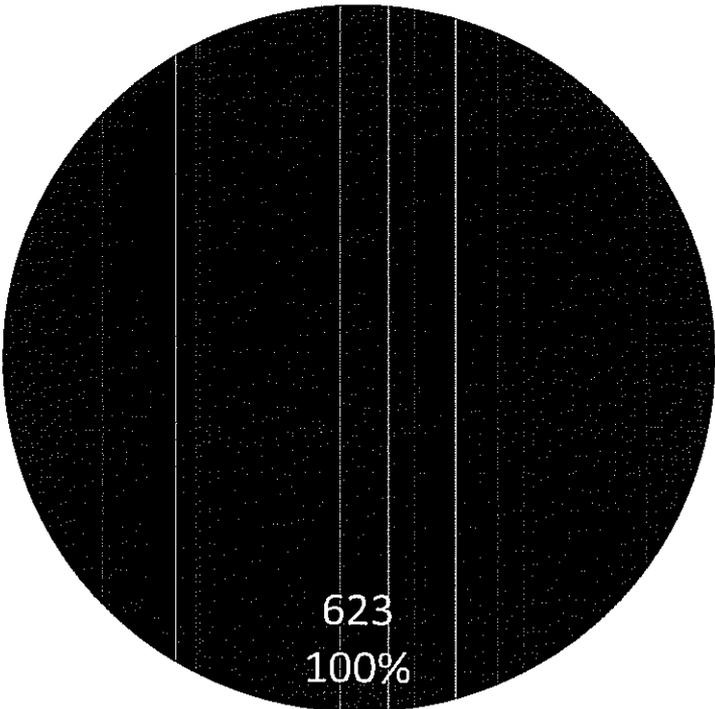
*Enrollment assumes active, retiree & COBRA participants. Premiums reflect current 2009/2010 values.

Benefit Changes – 2010-2011

Schedule of Benefits	Proposed BASE PLAN BlueOptions PPO 3769	Proposed MIDDLE PLAN BlueOptions PPO 3766	Proposed HIGH PLAN BlueChoice PPO 101
Primary Visit	\$25 per visit	\$20 per visit	10% after deductible
Specialist Visit	\$60 per visit	\$40 per visit	10% after deductible
Inpatient Hospital	20% after deductible	\$600 per admission	10% after deductible
Outpatient Hospital	20% after deductible	\$200 per procedure	10% after deductible
E.R.	\$300	\$100	10% after deductible
Urgent Care	\$65 per visit	\$45 per visit	10% after deductible
Rx	\$10 / \$25 / \$40	\$10 / \$25 / \$40	\$7 / \$20
Deductible	\$500 EE / \$1,500 FM Max	No in-network deductible	\$200 EE / \$400 FM Max
Out of Pocket Max	\$3,000 EE / \$6,000 FM Max	\$2,500 EE / \$5,000 FM Max	\$1,500 EE / \$3,000 FM Max
Estimated Savings	-15% or (\$832,169) City Cost		

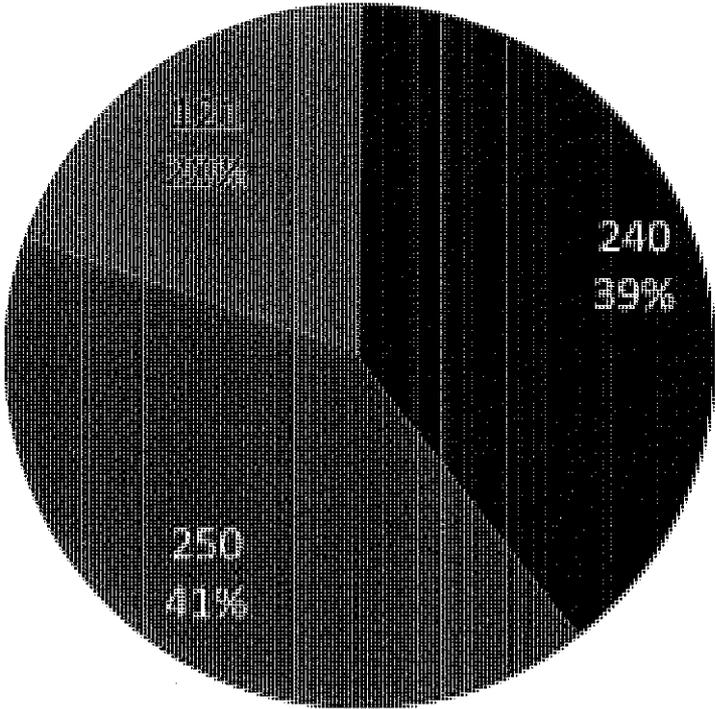
Enrollment Shift

2009-2010 Enrollment



■ BlueChoice

2010-2011 Enrollment



■ High Plan ■ Middle Plan

■ Low Plan

Requested Benefit Changes

Schedule of Benefits	Proposed BASE PLAN BlueOptions PPO 3769	Proposed MIDDLE PLAN BlueOptions PPO 3766	Proposed HIGH PLAN BlueChoice PPO 101
Primary Visit	\$25 per visit to \$30 (0.26%)	\$20 per visit	10% after deductible
Specialist Visit	\$60 per visit	\$40 per visit	10% after deductible
Inpatient Hospital	20% after deductible	\$600 per admission	10% after deductible
Outpatient Hospital	20% after deductible	\$200 per procedure	10% after deductible
E.R.	\$300	\$100	10% after deductible
Urgent Care	\$65 per visit	\$45 per visit	10% after deductible
Rx	\$10 / \$25 / \$40	\$10 / \$25 / \$40	\$7 / \$20
Deductible	\$500 EE / \$1,500 FM Max to \$1,000 EE / \$3,000 FM Max (1.24%)	No in-network deductible	\$200 EE / \$400 FM Max
Out of Pocket Max	\$3,000 EE / \$6,000 FM Max to \$4,000 EE / \$8,000 FM Max (1.19%)	\$2,500 EE / \$5,000 FM Max	\$1,500 EE / \$3,000 FM Max

Health Care Reform



Health Care Reform

▲ Patient Protection & Affordable Care Act

signed into law on March 23, 2010

▲ Health Care & Education Reconciliation Act

signed into law on March 30, 2010

Estimated 32 million additional covered by 2019

Gehring Group Services	
Client Web Portal (Daily Updates)	HCR Seminars
Early Retiree Reinsurance Program Administration	Legislative Compliance
CPA on staff for referrals	Employee Notifications

What Was Effective In 2010-2011?

▲ Effective for Vero Beach for 2010-2011

- Coverage for adult children until age 26 (state mandates still apply)
- Prohibition on lifetime limits
- No pre-existing condition exclusions or limitations for children under 19
- Cost sharing for preventive services is prohibited
- No pre-authorization requirements for emergency services
- Coverage of essential benefits
- Health insurers offering new plans will have to develop an appeals process to make it easy for enrollees to dispute the denial of a medical claim

What was Effective In 2010-2011?

- ▲ **Grandfathered status lost due to plan changes**
- ▲ **Early Retiree Reinsurance Program Approval**
- ▲ **Over-The-Counter drugs no longer reimbursable under FSA**
 - Claims incurred through 12/31/10 are reimbursable
 - Claims incurred 1/1/11 and after are NOT reimbursable
 - Mandate is regardless of plan year
- ▲ **Uniform coverage documents and standard definitions developed by HHS (Dept. of Health & Human Services)**
- ▲ **Employer cost of benefits reported on employees W-2 (delayed until 2012)**
- ▲ **85% MLR for large group mandated**
 - Self insured groups (pending guidance from DOL)

What was Effective In 2011?

RESULTS TO DATE

- Carriers have not experienced the “huge influx” of over-age dependents
- No pre-ex for children to age 19 – time will tell
- New coverage mandates have impacted claims costs by about 1.7% - 2.4% for:
 - Removal of lifetime limit
 - Removal of cost-share for preventive care
 - Extension of coverage to dependents to age 26

What's Effective In 2013?

- ▲ **Health FSAs limited to \$2,500 (indexed for CPI after that)**
- ▲ **CLASS (long term care) program implementation**
- ▲ **New notification requirements for employers**
 - Notice to employees of State Exchange
 - Notice to employees of ability to opt out of long term care
 - Notice of material coverage changes no less than 60 days in advance of plan effective date

What's Effective In 2014?

▲ **“Pay or Play” mandate**

- Employers with more than 50 employees who do not offer coverage
 - Free Rider penalty of \$2,000 per employee if even one employee receives subsidy
- Employers with more than 50 employees who do offer coverage, but coverage is not “affordable”
 - \$3,000 assessment per employee who receives subsidy

▲ **Employer reporting requirements to IRS**

▲ **Individual coverage requirement**

- Penalty phased in - \$695 by 2016

▲ **Health insurance exchange is established**

▲ **Limits on rating plans based on age**

▲ **Tax credits available for individuals and small business tax credits expanded**

▲ **Essential benefit plan is created (minimum benefits defined)**

What's Effective In 2014?

- ▲ **Pre-existing condition exclusions are prohibited**
(now applies to grandfathered plans)
- ▲ **CO-Ops are established**
- ▲ **Multi-state qualified health plans are created and offered through the Exchange**
- ▲ **Lifetime and annual limits are prohibited for essential benefits**
(now applies to grandfathered plans)
- ▲ **Coverage for approved clinical trials is mandated**
- ▲ **Limits on out-of-pocket expenses and cost-sharing**
- ▲ **No waiting period over 90 days**
- ▲ **Guaranteed issue and renewal**
- ▲ **Additional taxes on health insurance companies**

What's Effective In 2018?

▲ 40% excise tax on “Cadillac Plans”

- \$10,200 for single coverage (High Risk Employees: \$11,850)
- \$27,500 for family coverage (High Risk Employees: \$30,950)
- Excludes dental and vision
- Includes health plan, FSA, HSA, HRA and supplemental
- Employers must calculate and report excess value and tax

Questions & Answers

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MEMORANDUM

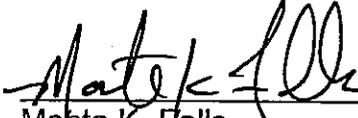
TO: The Honorable Mayor Jay Kramer, Vice Mayor Pilar Turner, Councilmember Brian Heady, Councilmember Craig Fletcher and Councilmember Tracy Carroll

FROM: Monte Falls, P.E. - Interim City Manager

DATE: March 9, 2011

SUBJECT: BUDGET PROCESS

The attached budget information has been prepared for your information. I would like to get the City Council's input on the "front end" of the budget process and will be placing an item on the April 5, 2011 City Council Meeting for that purpose.



Monte K. Falls

MKF:jav
Attachments

C:\MY DOCUMENTS\MEMOS MKF 2011\CC - BUDGET PROCESS.DOCX

CITY OF VERO BEACH

PROPOSED BUDGET SCHEDULE 2011-2012

3/28/2011	Monday	Distribute mission statements/capital and 5YR plan to department heads-due back 4/15
4/4/2011	Monday	Distribute personnel worksheets to department heads-due back 4/18
4/15/2011	Friday	Mission statements, capital, & 5YR plan back to Finance from Departments
4/18/2011	Monday	Distribute revenue and expense worksheets to departments-due back 5/2
4/18/2011	Monday	Personnel worksheets returned to Finance from Departments
5/2/2011	Monday	Revenue and Expense worksheets back to Finance from Departments
5/11/2011	Wednesday	Preliminary feedback to department heads; changes due back 5/16
5/16/2011	Monday	Changes and data entry cutoff for City Manager's Review -all funds and departments
5/25/2011	Wednesday	Final workbooks to Department Heads
6/7/2011	Tuesday	City Manager review - begin
6/10/2011	Friday	City Manager review - end
6/15/2011	Wednesday	Changes and data entry cutoff for Council Review -all funds, all departments
7/1/2011	Friday	Books to Council and Department Heads
7/18/2011	Monday	Council workshop review of budget -begin
7/22/2011	Friday	Council workshop review of budget - end

The Budget Process

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 expenses 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 based on cost analyses, expected needs, and historical data produced by the finance and operating departments. The budget process also produces the related but separately published Five Year Capital Program.

A brief summary of the timing and principal steps in the budget process follows:

DATE	ACTIVITY
<i>Feb-Mar</i>	City Council and City Manager establish service level goals and broad citywide objectives for the following budget year. Finance Department reviews and prepares the necessary forms and instructions and distributes them to the departments.
<i>Mar-Apr</i>	City Manager may hold a budget workshop to review citywide objectives and service level goals with Department Heads.
<i>April-May</i>	Department Heads return completed input forms to Finance for editing and compilation of preliminary budget document. Finance produces a complete and very detailed draft of the proposed budget.
<i>June</i>	City Manager meets with Department Heads to review budget proposals.
<i>July-Aug</i>	City Manager presents his proposed budget to the City Council for review in a series of meetings that are open to the public. At these meetings, the proposed budget is discussed in overview and in detail.
<i>September</i>	The taxpayers are notified of the proposed property tax rate and its relationship to the prior year's rate. City Council conducts two public hearings in compliance with the "Truth in Millage" Statute of Florida. These hearings provide the citizens with additional opportunities to express their views about the proposed budget. At the second hearing, the budget is adopted.

Select Year:

The 2010 Florida Statutes(including Special Session A)

[Title XII](#)
MUNICIPALITIES

[Chapter 166](#)
MUNICIPALITIES

[View Entire Chapter](#)

166.241 Fiscal years, appropriations, budgets, and budget amendments.—

(1) Each municipality shall make provision for establishing a fiscal year beginning October 1 of each year and ending September 30 of the following year.

(2) The governing body of each municipality shall adopt a budget each fiscal year. The budget must be adopted by ordinance or resolution unless otherwise specified in the respective municipality's charter. The amount available from taxation and other sources, including amounts carried over from prior fiscal years, must equal the total appropriations for expenditures and reserves. The budget must regulate expenditures of the municipality, and it is unlawful for any officer of a municipal government to expend or contract for expenditures in any fiscal year except in pursuance of budgeted appropriations.

(3) The governing body of each municipality at any time within a fiscal year or within up to 60 days following the end of the fiscal year may amend a budget for that year as follows:

(a) Appropriations for expenditures within a fund may be decreased or increased by motion recorded in the minutes, provided that the total of the appropriations of the fund is not changed.

(b) The governing body may establish procedures by which the designated budget officer may authorize certain budget amendments within a department, provided that the total of the appropriations of the department is not changed.

(c) If a budget amendment is required for a purpose not specifically authorized in paragraph (a) or paragraph (b), the budget amendment must be adopted in the same manner as the original budget unless otherwise specified in the charter of the respective municipality.

History.—s. 1, ch. 73-129; s. 4, ch. 83-106; s. 6, ch. 96-324; s. 14, ch. 2004-305.

Section 3.04.- City manager—Powers and duties.

The city manager when necessary shall appoint, suspend, demote, or dismiss any city employee under his jurisdiction in accordance with law and the personnel rules, and may authorize any department head to exercise these powers with respect to subordinates in that department. The city manager shall direct and supervise the administration of all departments of the city except the offices of city clerk and city attorney and shall attend all council meetings unless excused by council and shall have the right to take part in discussions, but not vote. He shall see that all laws, Charter provisions, ordinances, resolutions, and other acts of the council subject to enforcement by him are faithfully executed, and he shall act as the city's director of emergency management with all of the authority of that position either granted by the city's emergency management plan, the city council, state law, city or county ordinance. The city manager shall also prepare and submit the annual budget, budget message, and capital program to the council, and shall keep the council fully advised as to the financial condition and future needs of the city, and shall make such recommendations to the council concerning the affairs of the city as he deems desirable. The city manager shall designate a qualified city employee to exercise the powers and perform the duties of city manager during any temporary absence or disability of the city manager. The council may revoke such designation at any time and appoint another eligible person, other than a currently sitting councilmember, to serve as acting city manager.

(Ord. No. 2003-10, § 4, 4-1-2003; Ord. No. 2005-14, § 2, 11-29-2005)

Section 5.04.- Budget adoption.

The council shall adopt an annual budget for the city by ordinance before October 1 of each year. An ordinance adopting an annual budget shall constitute appropriations of the amounts specified as expenditures from the funds indicated and shall constitute a levy of the property tax proposed.

State law reference— Procedure for adoption of budget and millage rate, F.S. § 200.065.

TRUTH IN MILLAGE (TRIM)

The Truth in Millage (TRIM) process informs taxpayers and the public about the legislative process by which local ad valorem (property) taxes are determined. Florida state laws provide for public input and for governing bodies of taxing authorities to state specific reasons for proposed changes in taxes and the budget.

When levying a millage, taxing authorities are required to follow Chapter 200, of the Florida Statutes (F.S.), which governs TRIM. In 2007, those statutory requirements were revised to provide maximum millage rates for non-voted levies of counties, municipalities and independent special districts.

This workbook gives taxing authorities an overview of the TRIM process and their responsibilities and requirements. The information contained in this workbook is a guide. Chapter 200, F.S. and Chapter 12D-17 Florida Administrative Code (FAC) state the specific requirements for TRIM compliance. Please consult the Florida Statutes before taking specific action.

According to Florida law, failure to meet TRIM requirements will result in the loss of revenue sharing for the taxing authority.

TRIM TIMETABLE

Timetable and Important Dates

On June 1, the property appraiser delivers an estimate of the total assessed value of nonexempt property for the current year to the presiding officer of each taxing authority within the county. This estimate is used for budget planning purposes only.

If the Department of Revenue (Department) has not completed a county's railroad assessment by June 1, the property appraiser may use the prior year's values for millage certification. (*s. 193.085(4), F.S.*)

The dates below are directory and may be shortened by the property appraiser. The property appraiser must give written notice and coordinate any new dates with all affected taxing authorities. Taxing Authorities can use the full time period designated by the time periods given below.

DAY 1 is JULY 1, or the Date of Certification, whichever is LATER

- | | |
|--|---|
| <p>Day 1
<i>July 1</i></p> | <p>The property appraiser certifies, to each taxing authority, the taxable value within the jurisdiction of the taxing authority on Form DR-420, Certification of Taxable Value. A Form DR-420DEBT, Certification of Voted Debt Millage, will be certified if the taxing authority has a voted debt. The Form DR-420TIF, Tax Increment Adjustment Worksheet, will also be certified if there is a Community Redevelopment Area.</p> |
| <p>Day 15
<i>July 15</i></p> | <p>Within 15 days of certification of value, the Board of County Commissioner's (BCC) budget officer delivers a tentative budget to the Board. (<i>s. 129.03(3), F.S.</i>)</p> |
| <p>Day 35
<i>August 4</i></p> | <p>Within 35 days of certification of value, each taxing authority certifies the completed DR-420 and any additional forms to the property appraiser. At this time, the taxing authority informs the property appraiser of the following:</p> <ul style="list-style-type: none"> • Prior year millage rate • Current year proposed millage rate • Current year rolled-back rate (computed under <i>s. 200.065, F.S.</i>) • The date, time, and meeting place of the tentative budget hearing <p>This is the final hearing for School Districts.</p> |

**Hearing
Dates With
July 1
Certification**

- Hold the tentative hearing from September 3 to September 18, which is 65 to 80 days from certification of taxable value.
- Hearings must be held Monday through Friday after 5:00 p.m. or any time on Saturday. Do not hold hearings on Sunday.
- No taxing authority, except multicounty/water management districts, can hold a hearing on the same day as a school district or county commission.

If a taxing authority does not provide the required information within 35 days to the property appraiser, the taxing authority cannot levy a millage rate greater than the rolled-back rate for the upcoming year. The property appraiser will calculate the rolled-back rate and use it to prepare the Notice of Proposed Property Taxes (TRIM Notice).

(s. 200.065(2) (b), F.S.)

**Day 55
August 24**

The property appraiser mails the TRIM Notice pursuant to section 200.065, F.S. within 55 days after certification of value.

If the Department has issued a review notice to the county's property appraiser, the TRIM Notice cannot be mailed until the assessment roll has been approved by the Department, pursuant to section 193.1142, F.S.

**Days 65-80
Sept 3 to 18**

Within 65 to 80 days of certification of value, the taxing authority holds a public hearing on the tentative budget and proposed millage rate (final hearing for school districts). This hearing is publicized on the TRIM Notice which is mailed by the property appraiser.

At this hearing, the taxing authority:

- amends and adopts the amended tentative budget,
- re-computes the proposed millage rate,
- publicly announces the percent, if any, by which the re-computed proposed millage exceeds the rolled-back rate, and
- adopts a tentative millage and budget.

If the tentatively adopted millage rate is greater than the proposed rate used for the TRIM Notice, each taxpayer within the jurisdiction must be notified of the increase by first class mail, at the expense of the taxing authority. *(s. 200.065(2)(d), F.S.)*

Day 95
Sept 18 to
Oct 3

Within 15 days after the tentative budget hearing, the taxing authority advertises its intent to adopt a final millage and budget.

The taxing authority must advertise a

- **NOTICE OF PROPOSED TAX INCREASE**

If the tentatively adopted millage rate is greater than the rolled-back rate. The advertisement must be 1/4 page, and headed Notice of Proposed Tax Increase. (s. 200.065(3) (a), F.S.)

OR a

- **NOTICE OF BUDGET HEARING**

If the tentatively adopted millage rate is equal to or less than the rolled-back rate. This advertisement does not have a size requirement, and will be headed, Notice of Budget Hearing. (s. 200.065(3) (b), F.S.)

AND a

- **BUDGET SUMMARY**

The Budget Summary advertisement must be adjacent to the advertisement for the final hearing and meet the requirements of s. 129.03(3) (b), F.S., (s. 200.065(3) (l), F.S.)

Day 97 - 100

Hold the public hearing to adopt the final millage rate and budget within 2 to 5 days after the advertisement is published. (s. 200.065(2), F.S.)

- The first substantive issue discussed will be the percentage increase in millage over the rolled-back rate.
- Adopt the millage before adopting the budget, by separate votes.
- The final millage rate adopted **must not** exceed the millage rate tentatively adopted.
- Before adopting the millage levy resolution or ordinance, the taxing authority must publicly announce the
 - name of the taxing authority,
 - rolled-back rate,
 - percentage increase over the rolled-back rate, and the
 - millage rate to be levied

Within 3 days after the final hearing

Send the resolution or ordinance adopting the final millage rate to the property appraiser, the tax collector, and the Department of Revenue, within 3 days after the final hearing.

- No millage rates, other than ones approved by referendum, can be levied, until the governing board of the taxing authority approves the resolution or ordinance to levy and sends it to the property appraiser and the tax collector.
- Receipt of the resolution or ordinance by the property appraiser is the official notice that the taxing authority has approved the millage rate. (s. 200.065(4), F.S.)

Before the extension of the rolls, the property appraiser sends Form DR-422, Certification of Final Taxable Value, to each taxing authority and if applicable, Form DR-422DEBT, Certification of Final Voted Debt Millage. The DR-422 and DR-422DEBT state any aggregate change in the assessment roll from the preliminary roll, including changes that result from actions by the Value Adjustment Board (VAB) and correction of errors to the assessment roll.

Within 3 days after receipt of Certification

Within 3 days after receipt of Form DR-422 and if applicable, DR-422DEBT, the taxing authority completes and certifies final millage(s) to the property appraiser.

Within 30 days of the final hearing

Within 30 days following adoption of the millage and budget ordinances or resolutions, each taxing authority uses Form DR-487, Certification of Compliance, to certify compliance with the provisions of Chapter 200, F.S., to the Property Tax Oversight Program.

Do not delay in submitting your TRIM Compliance package. It is due within 30 days of the final hearing.

If the DR-422 has not been received, indicate this on the Form DR-487. Once the DR-422 has been received from the property appraiser, complete and return the form to the property appraiser and send a copy to the Property Tax Oversight Program.

Certification Date Examples

Typical date of certification = July 1						SCHOOL'S FINAL		FINAL
DAY	BCC	SCHOOL	DR-420S	TRIM NOTICE		TENTATIVE HEARING		
	15	29	DR-420	MAILED	PETITION	65	80	
	35	55	25	65	80	95		
JULY 1	7/15	7/29	8/4	8/24	9/18	9/3	9/18	9/18-10/3
JULY 2	7/16	7/30	8/5	8/25	9/19	9/4	9/19	9/19-10/4
JULY 3	7/17	7/31	8/6	8/26	9/20	9/5	9/20	9/20-10/5
JULY 4	7/18	8/1	8/7	8/27	9/21	9/6	9/21	9/21-10/6
JULY 5	7/19	8/2	8/8	8/28	9/22	9/7	9/22	9/22-10/7
JULY 6	7/20	8/3	8/9	8/29	9/23	9/8	9/23	9/23-10/8
JULY 7	7/21	8/4	8/10	8/30	9/24	9/9	9/24	9/24-10/9
JULY 8	7/22	8/5	8/11	8/31	9/25	9/10	9/25	9/25-10/10
JULY 9	7/23	8/6	8/12	9/1	9/26	9/11	9/26	9/26-10/11
JULY 10	7/24	8/7	8/13	9/2	9/27	9/12	9/27	9/27-10/12
JULY 11	7/25	8/8	8/14	9/3	9/28	9/13	9/28	9/28-10/13
JULY 12	7/26	8/9	8/15	9/4	9/29	9/14	9/29	9/29-10/14
JULY 13	7/27	8/10	8/16	9/5	9/30	9/15	9/30	9/30-10/15
JULY 14	7/28	8/11	8/17	9/6	10/1	9/16	10/1	10/1-10/16
JULY 15	7/29	8/12	8/18	9/7	10/2	9/17	10/2	10/2-10/17
JULY 16	7/30	8/13	8/19	9/8	10/3	9/18	10/3	10/3-10/18
JULY 17	7/31	8/14	8/20	9/9	10/4	9/19	10/4	10/4-10/19
JULY 18	8/1	8/15	8/21	9/10	10/5	9/20	10/5	10/5-10/20
JULY 19	8/2	8/16	8/22	9/11	10/6	9/21	10/6	10/6-10/21
JULY 20	8/3	8/17	8/23	9/12	10/7	9/22	10/7	10/7-10/22
JULY 21	8/4	8/18	8/24	9/13	10/8	9/23	10/8	10/8-10/23
JULY 22	8/5	8/19	8/25	9/14	10/9	9/24	10/9	10/9-10/24
JULY 23	8/6	8/20	8/26	9/15	10/10	9/25	10/10	10/10-10/25
JULY 24	8/7	8/21	8/27	9/16	10/11	9/26	10/11	10/11-10/26
JULY 25	8/8	8/22	8/28	9/17	10/12	9/27	10/12	10/12-10/27
JULY 26	8/9	8/23	8/29	9/18	10/13	9/28	10/13	10/13-10/28
JULY 27	8/10	8/24	8/30	9/19	10/14	9/29	10/14	10/14-10/29
JULY 28	8/11	8/25	8/31	9/20	10/15	9/30	10/15	10/15-10/30
JULY 29	8/12	8/26	9/1	9/21	10/16	10/1	10/16	10/16-10/31
JULY 30	8/13	8/27	9/2	9/22	10/17	10/2	10/17	10/17-11/1
JULY 31	8/14	8/28	9/3	9/23	10/18	10/3	10/18	10/18-11/2
Shortened Time Period								
JUNE 23	7/7	7/21	7/27	8/16	9/10	8/26	9/10	9/10-9/25

**SPECIAL CALL CITY COUNCIL MEETING
CITY OF VERO BEACH, FLORIDA
APRIL 12, 2011 3:30 P.M.
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA**

A G E N D A

- 1. CALL TO ORDER**
 - A) Roll Call
 - B) Pledge of Allegiance

- 2. ITEMS TO BE DISCUSSED:**
 - A) Pension Plans
 - B) Health Insurance
 - C) Budget

- 3. AJDOURNMENT**

Council Meetings will be televised on Channel 13 and replayed.

This is a Public Meeting. Should any interested party seek to appeal any decision made by Council with respect to any matter considered at such meeting or hearing, he will need a record of the proceedings and that, for such purpose he may need to ensure that a record of the proceedings is made which record includes the testimony and evidence upon which the appeal is to be based. Anyone who needs a special accommodation for this meeting may contact the City's Americans with Disabilities Act (ADA) Coordinator at 978-4920 at least 48 hours in advance of the meeting.

Vock, Tammy

From: Maillet, Steve
Sent: Wednesday, April 06, 2011 7:42 AM
To: Kramer, Jay; Turner, Pilar; Fletcher, Craig; Heady, Brian; Carroll, Tracy
Cc: Falls, Monte; Vock, Tammy
Subject: FW: February Memo-001.pdf; General Fund Feb.pdf; Electric.pdf; Water & Sewer.pdf; Airport.pdf; Marina.pdf; Solid Waste.pdf

From: Maillet, Steve
Sent: Monday, March 21, 2011 4:04 PM
To: Falls, Monte
Cc: Vock, Tammy; Lee, John; Bolton, Robert; Menger, Eric; Grabenbauer, Tim; Edward Wiegner; Herbert Whitall; Jane Burton; Jason Fykes; Robert Blumstein; Bill Fish; Eric Swenson; Laura Torres; Warren Winchester; William Teston
Subject:

Monte,

Attached are updates for Feb 2011 for the General, Electric, Water & Sewer, Airport, Marina and Solid Waste Funds.

There is a short memo that covers all of the funds, and each fund has a separate pdf.

Thanks.

Steve



Memorandum

To: Monte Falls, Interim City Manager
From: S. Maillet, Finance Director
Date: March 21, 2011
Subject: Budget Update through February 2011

General Fund:

The General Fund (GF) is on target for revenues.

On the expense side the GF is also on target. However, there have been some additional expenditures I want to mention:

The City has to begin making a small contribution (\$32,000) to the Fire pension plan.

Sick and annual payouts (through the March 11th pay period, although this memo is as of Feb 28) total \$300,000. There will be some savings to offset these additional expenditures—e.g., salary and benefit savings until new charter officers are hired. Later in the year, as the total of the net cost become clearer, we will amend the budget.

Electric System:

As you recall, there have been two rate cuts this fiscal year, the first on October 1st, the second on January 1st. And we still have the recession. And we had another cold winter.

The results are showing up in the electric system, just as you would expect. Year to date (YTD), power purchased is a little higher than budgeted, and electric collections a little lower. The change in cash of -\$1,555,000 is money flowing back to the rate payers through the lower rates.

Speaking of lower rates—after the two rate cuts, the electric system has seventy-five days of working capital (unrestricted cash). The City's target is 45-60 days. This current level of coverage allows another rate cut. The city manager is putting an item on the April 5th agenda to discuss the amount and timing of another rate cut

Water & Sewer System:

The water and sewer system (WS) is on target to meet its budget for FY 11. At the end of February, WS has \$2,300,000 in unrestricted cash. This is an increase of \$400,000 from the end of FY 10. WS should easily meet its FY 11 budget of a proposed \$775,000 surplus.

As a reminder, the Council approved a plan where the WS system accumulates enough funds to pay down some debt in FY 13. The reduction in debt will allow a rate cut at that time.

Airport:

Airport revenues are down slightly. This reflects less revenue due to tenant vacancies caused by the recession. The slight decline in airport revenues (\$40,000 through February) will have a minimal impact because the budget projects a \$460,000 surplus. The net effect will be that the airport still ends the year in the black.

Marina:

The Marina's revenues are down. This decline is related to both the recession and the weather. With the return of great weather, the Marina director is expecting that revenues will pick up.

The Marina has a budgeted surplus of \$395,000 for FY 11. The Marina will end the year in the black, even after the YTD budget shortfall of \$95,000.

Solid Waste:

Revenues for Solid Waste (SW) are down because of the recession. The YTD shortfall is approximately \$120,000. SW has a budgeted surplus of \$522,000 for FY 11. As with the Airport and Marina, SW will end in the black even after a budget shortfall. In the meantime, the Public Works director and the SW manager are reviewing operations to find more ways to cut costs but not service.

City of Vero Beach
 FY 11
 Airport Monthly Budget Summary

	Monthly Actual 02/28/11	Monthly Budgeted 02/28/11	Monthly Variance as %	YTD Actual 02/28/11	YTD Budgeted 02/28/11	YTD Variance as %	Budget
Revenue:							
Airport revenues	185,735	211,733	-12.28%	1,020,761	1,058,665	-3.58%	2,540,795
Other	3,804	3,167	20.13%	17,047	15,833	7.66%	38,000
Total revenue	189,539	214,900	-11.80%	1,037,808	1,074,498	-3.41%	2,578,795
Expenses							
Operating Expenses	158,978	160,637	-1.03%	868,881	866,294	0.30%	2,094,022
Operating Income	30,561	54,262		168,927	208,204		
Trf to GF	0	0	#DIV/0!	0	0	#DIV/0!	0
Net Income	30,561	54,262	-43.68%	168,927	208,204	-18.86%	
plus Grants	268,327	268,327	0.00%	1,383,441	1,383,441	0.00%	975,000
less Capital	26,798	26,798	0.00%	1,648,848	1,648,848	0.00%	1,000,000
Cash change	272,090	295,792		(96,480)	(57,203)		
Other balance sheet changes, net	(587,837)			(446,638)			
Cash beginning of month	1,810,958						Budgeted surplus (deficit)
Cash beginning of year				2,038,329			
Cash End of Period	1,495,212			1,495,212			459,773

City of Vero Beach
Airport
02/28/11

ASSETS

Current Assets:

Equity in pooled cash and investments	1,495,212
Accounts receivable, net of allowance for estimated uncollectibles	0
Accrued interest receivable	3,818
Due from other governments	<u>1,108,156</u>
Total Current Assets	<u>2,607,185</u>

Noncurrent Assets:

Capital Assets

Property, plant and equipment	51,670,356
Less: accumulated depreciation	<u>(10,303,414)</u>

Construction in progress	<u>41,366,942</u>
	<u>3,491,506</u>

Total property, plant and equipment, net	<u>44,858,448</u>
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Total Noncurrent Assets	<u>44,858,448</u>
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Total Assets	<u><u>47,465,633</u></u>
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LIABILITIES

Current Liabilities (Payable from Current Assets)

Accounts and contracts payable	27,510
Accrued liabilities	31,571
Customer deposits	<u>172,202</u>
Total Current Liabilities (Payable from Current Assets)	<u>231,283</u>

Noncurrent Liabilities

Compensated absences	<u>200,220</u>
Total Noncurrent Liabilities	<u>200,220</u>

Total Liabilities	<u>431,503</u>
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Net Assets

Invested in capital assets, net of related debt	44,858,448
Unrestricted	<u>2,175,682</u>

Total Net Assets	<u><u>47,034,130</u></u>
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City of Vero Beach
Airport
Statement of Revenues, Expenses and Changes I Net Assets
02/28/11

OPERATING REVENUES	
Charges for services	<u>1,020,761</u>
Total Operating Revenues	<u>1,020,761</u>
OPERATING EXPENSES	
Operating charges	868,881
Depreciation expense	<u>324,078</u>
Total Operating Expenses	<u>1,192,959</u>
Operating Income (Loss)	(172,198)
NON-OPERATING REVENUES (EXPENSES)	
Investment earnings	73
Miscellaneous	<u>16,974</u>
Total Non-Operating Revenues (Expenses)	<u>17,047</u>
Income (Loss) Before Contributions and Transfers	(155,151)
Capital Contributions	<u>1,383,441</u>
Change in Net Assets	<u>1,228,290</u>
Net Assets - Beginning of Period	45,596,495
Net Assets - End of Period	<u><u>46,824,785</u></u>

City of Vero Beach
FY 11
General Fund Monthly Budget Summary

	Monthly Actual 02/28/11	Monthly Budgeted 02/28/11	Monthly Variance as %	YTD Actual 02/28/11	YTD Budgeted 02/28/11	YTD Variance as %	Budget
Revenue:							
Ad Valorem Tax	196,233	196,233	0.00%	3,485,115	3,485,115	0.00%	4,166,950
Utility Tax	153,587	172,603	-11.02%	841,663	937,500	-10.22%	2,250,000
State Taxes							
Gasoline	40,434	38,971	3.75%	187,549	194,857	-3.75%	467,656
Communications Services	101,273	110,745	-8.55%	550,673	398,683	38.12%	1,328,943
State Revenue Sharing	45,846	46,219	-0.81%	229,232	231,094	-0.81%	554,625
Half Cent	105,625	87,898	20.17%	419,378	337,527	24.25%	1,054,773
Other	1,242	7,083	-82.47%	26,770	35,417	-24.41%	85,000
Administrative Charges	227,888	227,888	0.00%	1,139,442	1,139,442	0.00%	2,734,660
Enterprise Transfers	558,160	558,160	0.00%	2,790,799	2,790,799	0.00%	6,697,918
Other	45,238	67,252	-32.73%	286,718	362,681	-20.94%	876,600
Total revenue	1,475,526	1,513,053	-2.48%	9,957,340	9,913,115	0.45%	20,217,205
Expenses							
Council	7,414	8,989	-17.52%	41,915	44,945	-6.74%	107,868
Clerk	26,312	29,735	-11.51%	145,401	148,677	-2.20%	356,825
Manager	7,628	22,034	-65.38%	114,613	110,168	4.03%	264,404
City Hall	8,700	12,167	-28.49%	52,284	60,833	-14.05%	146,000
Attorney	47,900	50,909	-5.91%	251,045	254,545	-1.37%	610,907
Human Resources	22,676	28,755	-21.14%	129,373	143,775	-10.02%	345,060
Finance	140,772	58,687	139.87%	370,356	293,437	26.21%	704,249
Information Systems	61,034	68,083	-10.35%	296,076	340,414	-13.02%	816,993
Purchasing	30,989	33,665	-7.95%	166,099	168,324	-1.32%	403,978
Warehouse	20,440	22,292	-8.31%	107,931	111,460	-3.17%	267,505
Planning	51,074	55,729	-8.35%	279,893	278,644	0.45%	668,746
Police	561,388	584,372	-3.93%	2,958,429	2,921,858	1.25%	7,012,460
Engineering & Survey	61,174	66,398	-7.87%	350,196	331,991	5.48%	796,779
Stormwater	48,769	51,874	-5.98%	267,256	259,368	3.04%	622,482
Streets	56,048	35,329	58.65%	243,717	176,646	37.97%	423,950
Traffic	13,656	21,734	-37.17%	93,573	108,668	-13.89%	260,802
GIS	15,780	16,357	-3.53%	91,029	81,786	11.30%	196,287
Grounds Maintenance	41,110	65,003	-36.76%	285,455	325,015	-12.17%	780,037
Administration	37,161	41,199	-9.80%	196,543	205,994	-4.59%	494,386
Fleet Mgmt	16,707	35,613	-53.09%	107,094	178,066	-39.86%	427,358
Facilities Mgmt	50,553	59,359	-14.83%	275,946	296,793	-7.02%	712,303
Non-Departmental:							
Operating	114,563	79,528	44.05%	525,542	397,638	32.17%	954,332
Transfers	116,000	116,000	0.00%	1,761,011	1,761,011	0.00%	2,847,600
Total Operating Expenses	1,557,848	1,563,809	-0.38%	9,110,777	9,000,057	1.23%	20,221,311
Operating Income	(82,322)	(50,756)		846,563	913,058		
Other balance sheet changes, net	(77,507)			(44,705)			
Cash beginning of month	7,527,393						Budgeted surplus
Cash beginning of year				6,565,707			(deficit)
Cash End of Period	7,367,564			7,367,564			(4,106)

City of Vero Beach
FY 11
Marina Monthly Budget Summary

	Monthly Actual 02/28/11	Monthly Budgeted 02/28/11	Monthly Variance as %	YTD Actual 02/28/11	YTD Budgeted 02/28/11	YTD Variance as %	Budget
Revenue:							
Marina revenues	118,828	132,013	-9.99%	645,489	711,926	-9.33%	1,720,880
Other	2,166	7,821	-72.30%	16,965	42,177	-59.78%	101,950
Total revenue	120,994	139,834	-13.47%	662,454	754,102	-12.15%	1,822,830
Expenses							
Operating Expenses	68,744	95,429	-27.96%	516,469	514,634	0.36%	1,243,984
Operating Income	52,251	44,405		145,985	239,468		
Trf to GF	7,218	7,218	0.00%	36,091	36,091	0.00%	86,618
Net Income	45,033	37,186	21.10%	109,894	203,377	-45.97%	
plus Grant	0	0	#DIV/0!	0	0	#DIV/0!	250,000
less Debt service	0	0	#DIV/0!	(256,526)	(256,526)	0.00%	343,690
less Capital	0	0	#DIV/0!	0	0	#DIV/0!	4,000
Cash change	45,033	37,186		(146,632)	(53,149)		
Other balance sheet changes, net	(95,332)			180,365			
Cash beginning of month	196,188						Budgeted surplus (deficit)
Cash beginning of year				112,156			
Cash End of Period	145,889			145,889			394,538

City of Vero Beach
Marina
Statement of Net Assets
02/28/11

ASSETS

Current Assets:	
Equity in pooled cash and investments	145,889
Accounts receivable	105,963
Inventories	<u>40,841</u>
Total Current Assets	<u>292,693</u>
Noncurrent Assets:	
Capital Assets	
Property, plant and equipment	6,616,696
Less: accumulated depreciation	<u>(1,088,415)</u>
	5,528,281
Construction in progress	<u>0</u>
Total property, plant and equipment, net	<u>5,528,281</u>
Issuance costs FY 08 S. Marina Complex	<u>23,263</u>
Total Noncurrent Assets	<u>5,551,544</u>
Total Assets	<u><u>5,844,237</u></u>

LIABILITIES

Current Liabilities	
Accounts and contracts payable	1,432
Accrued liabilities	104,982
Customer deposits	<u>36,891</u>
Total Current Liabilities	<u>143,305</u>
Noncurrent Liabilities	
Compensated absences	54,029
Bonds and loans payable	<u>4,177,982</u>
Total Noncurrent Liabilities	<u>4,232,011</u>
Total Liabilities	<u>4,375,316</u>
Invested in capital assets, net of related debt	5,528,281
Unrestricted	<u>(4,059,360)</u>
Total Net Assets	<u><u>1,468,921</u></u>

City of Vero Beach
Marina
Statement of Revenues, Expenses and Changes I Net Assets
02/28/11

OPERATING REVENUES	
Charges for services	<u>645,489</u>
Total Operating Revenues	<u>645,489</u>
OPERATING EXPENSES	
Operating charges	516,469
Depreciation expense	<u>22,761</u>
Total Operating Expenses	<u>539,230</u>
Operating Income (Loss)	106,259
NON-OPERATING REVENUES (EXPENSES)	
Investment earnings	8
Miscellaneous	16,957
Federal and state grants	0
Operating grants	0
Interest / amortization expense	<u>(87,164)</u>
Total Non-Operating Revenues (Expenses)	<u>(70,199)</u>
Income (Loss) Before Contributions and Transfers	36,060
Transfers In	0
Transfers Out	<u>(36,091)</u>
Change in Net Assets	<u>(31)</u>
Net Assets - Beginning of Period	1,468,952
Net Assets - End of Period	<u><u>1,468,921</u></u>

City of Vero Beach
FY 11
Electric System Monthly Budget Summary

	Monthly Actual 02/28/11	Monthly Budgeted 02/28/11	Monthly Variance as %	YTD Actual 02/28/11	YTD Budgeted 02/28/11	YTD Variance as %	Budget
Revenue:							
Residential	3,177,993	3,528,767	-9.94%	18,077,057	19,030,137	-5.01%	46,000,000
Commercial	2,614,610	2,991,781	-12.61%	15,183,324	16,134,247	-5.89%	39,000,000
Industrial	83,492	99,726	-16.28%	518,003	537,808	-3.68%	1,300,000
Other	195,974	166,658	17.59%	869,705	898,760	-3.23%	2,172,500
Total revenue	6,072,068	6,786,932	-10.53%	34,648,089	36,600,952	-5.34%	88,472,500
Expenses							
Power Resources	261,596	377,610	-30.72%	1,844,039	2,036,394	-9.45%	4,922,410
Purchased Pwr	4,520,467	4,050,241	11.61%	23,400,630	21,842,373	7.13%	52,797,788
Customer Service	148,875	148,785	0.06%	764,077	802,378	-4.77%	1,939,524
T&D	328,142	361,688	-9.27%	1,712,489	1,950,529	-12.20%	4,714,855
Engineering	42,578	56,220	-24.27%	235,904	303,186	-22.19%	732,867
Metering	56,724	50,699	11.88%	302,201	273,415	10.53%	660,904
Non Deptl	221,805	283,139	-21.66%	1,538,052	1,526,929	0.73%	3,690,920
Total Operating Expenses	5,580,187	5,328,382	4.73%	29,797,392	28,735,204	3.70%	69,459,268
Operating Income	491,881	1,458,549		4,850,697	7,865,748		
Debt Service	565,106	565,106	0.00%	2,802,944	2,802,944	0.00%	6,727,066
Trf to GF	466,529	466,529	0.00%	2,332,646	2,332,646	0.00%	5,598,350
Non-operating expenses	1,031,635	1,031,635	0.00%	5,135,590	5,135,590	0.00%	
Net Income	(539,754)	426,915	-226.43%	(284,893)	2,730,158	-110.44%	
plus Impact Fees	23,020	23,020	0.00%	94,020	94,020	0.00%	660,000
less Capital	482,038	569,146	-15.31%	1,363,943	2,845,729	-52.07%	6,829,750
Cash change	(998,772)	(119,211)		(1,554,816)	(21,551)		
Other balance sheet changes, net	1,455,485			(639,831)			
Cash beginning of month	17,852,443						
Cash beginning of year				20,503,804			Budgeted surplus (deficit)
Cash End of Period	18,309,156			18,309,156			518,066

City of Vero Beach
Electric System Consolidation
02/28/11

ASSETS

Current Assets	
Equity in pooled cash and investments	18,309,156
Accounts receivable-(net of allowances for estimated uncollectibles)	10,776,348
Accrued interest receivable	61,829
Inventory	7,235,659
Prepaid expenses	<u>7,241</u>
Total Current Assets	<u>36,390,234</u>
Noncurrent assets	
Equity in pooled cash and investments:	
Sinking funds	671,953
Hurricane Recovery	1,344,168
Emergency repair	1,000,000
Renewal and replacement	1,000,000
Bonds payable	4,341,000
Customer deposits	<u>3,983,600</u>
Total Restricted assets	<u>12,340,720</u>
Property, Plant & Equipment	248,368,886
less: accumulated depreciation	<u>(122,095,334)</u>
	126,273,552
Construction in progress	<u>1,950,262</u>
Total Property, Plant and Equipment, net	<u>128,223,814</u>
Other Assets	
SO2 Allowance	438,526
Unamortized bond issue costs	<u>454,473</u>
Total other assets	<u>892,998</u>
Total Noncurrent assets	<u>141,457,532</u>
Total Assets	<u><u>177,847,766</u></u>

City of Vero Beach
Electric System Consolidation
02/28/11

LIABILITIES

Current liabilities payable from current assets	
Accounts and contracts payable	360,342
Accrued liabilities	6,159,571
Due to other funds	<u>0</u>
Total current liabilities payable from current assets	<u>6,519,913</u>
 Current liabilities payable from restricted assets	
Bonds payable	4,341,000
Interest payable	671,953
Customer deposits	<u>3,983,600</u>
Total current liabilities (payable from restricted assets)	<u>8,996,553</u>
 Total Current Liabilities	 <u>15,516,465</u>
 Noncurrent Liabilities	
Bonds payable	48,659,000
less: unamortized bond discount	<u>0</u>
	48,659,000
Accrued compensated absences	<u>1,388,221</u>
Total Noncurrent Liabilities	<u>50,047,221</u>
 Total Liabilities	 <u>65,563,687</u>
 Net Assets	
Invested in capital, net of related debt	75,223,814
Reserved for:	
hurricanes	1,344,168
plant replace—emergencies	1,000,000
renewal & replacement	1,000,000
Unrestricted	<u>33,716,098</u>
Total Net Assets	<u>112,284,079</u>

City of Vero Beach
Electric System Consolidation
02/28/11

Operating revenues	<u>34,522,625</u>
Operating expenses	
Production (5000)	1,844,039
Fuel (5001)	23,400,630
Transmission and distribution(5400, 5410,542	2,250,594
Administrative and general (9900)	1,538,052
Customer service (5100)	652,410
Depreciation expense	<u>2,889,217</u>
Total operating expenses	<u>32,574,943</u>
Operating Income for Period	1,947,683
Nonoperating revenues and (expenses)	
Miscellaneous revenue	13,797
Impact Fees	94,020
Interest and amortization expenses	(1,110,303)
Total Nonoperating revenues and (expenses)	<u>(1,002,485)</u>
Income (loss) before Contributions & Transfers	<u>945,197</u>
Operating transfers	
Operating transfers in	0
Operating transfers out	<u>(2,332,646)</u>
Total operating transfers	<u>(2,332,646)</u>
Change in Net Assets	<u>(1,387,449)</u>
Net Assets at Beginning of Year	113,671,528
Net Assets at End of Year	<u><u>112,284,079</u></u>

City of Vero Beach
FY 11
Solid Waste Monthly Budget Summary

	Monthly Actual 02/28/11	Monthly Budgeted 02/28/11	Monthly Variance as %	YTD Actual 02/28/11	YTD Budgeted 02/28/11	YTD Variance as %	Budget FY 11
Revenue:							
Garbage Collection	206,987	223,313	-7.31%	1,038,717	1,116,563	-6.97%	2,679,750
Other	1,588	429	270.22%	4,001	2,104	90.13%	5,050
Total revenue	208,575	223,741	-6.78%	1,042,718	1,118,667	-6.79%	2,684,800
Expenses							
Operating Expenses	180,116	167,461	7.56%	881,436	837,306	5.27%	2,009,535
Operating Income	28,459	56,280		161,281	281,360		
Trf to GF	12,750	12,750	0.00%	63,750	63,750	0.00%	153,000
Net Income	15,709	43,530	-63.91%	97,531	217,610	-55.18%	
less Capital	0	0	#DIV/0!	0	0	#DIV/0!	0
Cash change	15,709	43,530		97,531	217,610		
Other balance sheet changes, net	(4,255)			(18,092)			
Cash beginning of month	(91,467)						Budgeted surplus
Cash beginning of year				(159,452)			(deficit)
Cash End of Period	(80,013)			(80,013)			522,265

City of Vero Beach
Statement of Net Assets
Solid Waste
02/28/11

ASSETS

Current Assets:

Equity in pooled cash and investments	0
Accounts receivable	381,697

Total Current Assets	<u>381,697</u>
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Noncurrent Assets:

Capital Assets

Property, plant and equipment	3,160,722
Less: accumulated depreciation	<u>(2,385,477)</u>

Total property, plant and equipment, net	<u>775,246</u>
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Total Noncurrent Assets	<u>775,246</u>
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Total Assets	<u><u>1,156,942</u></u>
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LIABILITIES

Current Liabilities (Payable from Current Assets)

Accounts and contracts payable	651
Accrued liabilities	47,895
Due to other funds	80,013
Total Current Liabilities	<u>128,559</u>

Noncurrent Liabilities

Compensated absences	340,967
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Total Noncurrent Liabilities	<u>340,967</u>
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Total Liabilities	<u>469,527</u>
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Net Assets

Invested in capital assets, net of related debt	775,246
Unrestricted	<u>(87,830)</u>

Total Net Assets	<u><u>687,416</u></u>
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City of Vero Beach
Statement of Net Assets
Solid Waste
02/28/11

OPERATING REVENUES	
Charges for services	<u>1,038,717</u>
Total Operating Revenues	<u>1,038,717</u>
OPERATING EXPENSES	
Operating charges	881,436
Depreciation expense	<u>62,541</u>
Total Operating Expenses	<u>943,977</u>
Operating Income (Loss)	94,739
NON-OPERATING REVENUES (EXPENSES)	
Investment earnings	8
Interest / amortization expense	0
Miscellaneous	<u>3,993</u>
Total Non-Operating Revenues (Expenses)	<u>4,001</u>
Income (Loss) Before Contributions and Transfers	98,740
Transfers In	0
Transfers Out	<u>(63,750)</u>
Change in Net Assets	<u>34,990</u>
Net Assets - Beginning of Period	652,425
Net Assets - End of Period	<u><u>687,416</u></u>

City of Vero Beach
FY 11
Water & Sewer System Monthly Budget Summary

	Monthly Actual 02/28/11	Monthly Budgeted 02/28/11	Monthly Variance as %	YTD Actual 02/28/11	YTD Budgeted 02/28/11	YTD Variance as %	Budget
Revenue:							
Water	700,538	678,904	3.19%	4,065,223	3,661,233	11.03%	8,850,000
Sewer	582,587	538,137	8.26%	2,916,033	2,902,096	0.48%	7,015,000
Reuse	67,276	83,616	-19.54%	433,783	450,932	-3.80%	1,090,000
Other	37,372	8,975	316.39%	147,358	48,403	204.44%	117,000
Total revenue	1,387,773	1,309,633	5.97%	7,562,397	7,062,663	7.08%	17,072,000
Expenses							
Wastewtr Treatment	142,328	133,737	6.42%	672,146	721,224	-6.80%	1,743,356
Gravity Swr	38,524	38,586	-0.16%	202,668	208,087	-2.60%	502,992
Water Treatment	204,243	238,754	-14.45%	1,153,461	1,287,565	-10.42%	3,112,325
Wtr Dist	77,832	79,576	-2.31%	389,706	429,683	-9.30%	1,038,638
Wastewtr Reuse	32,605	48,559	-32.86%	369,113	261,871	40.95%	633,000
Admin	71,196	67,575	5.36%	435,715	364,421	19.56%	880,886
Environ Lab	37,677	38,100	-1.11%	202,646	205,466	-1.37%	496,657
Maintenance	56,706	61,734	-8.15%	305,411	332,924	-8.26%	804,750
Lift Station	45,666	43,974	3.85%	203,114	237,144	-14.35%	573,228
Meter Maint	26,800	28,821	-7.01%	149,035	155,426	-4.11%	375,699
Non Depl	125,042	106,067	17.89%	627,737	572,005	9.74%	1,382,660
Total Operating Expenses	858,619	885,582	-3.04%	4,710,751	4,775,816	-1.36%	11,544,191
Operating Income	529,154	424,051		2,851,646	2,286,847		
Debt Service	215,641	215,641	0.00%	1,549,591	1,549,591	0.00%	2,153,164
Trf to GF	71,663	71,663	0.00%	358,313	358,313	0.00%	859,950
Non-operating expenses	287,304	287,304	0.00%	1,907,904	1,907,904	0.00%	
Net Income	241,850	136,748	76.86%	943,743	378,943	149.05%	
plus Impact Fees, grants & Special Asmts	2,563	2,563	0.00%	53,735	53,735	0.00%	470,000
less Capital	44,889	169,509	-73.52%	423,821	914,140	-53.64%	2,209,675
Cash change	199,524	(30,198)		573,658	(481,461)		
Other balance sheet changes, net	403,244			(165,825)			Budgeted surplus (deficit)
Cash beginning of month	1,678,312						
Cash beginning of year				1,873,247			
Cash End of Period	2,281,080			2,281,080			775,020

City of Vero Beach
Water and Sewer System Consolidation
02/28/11

ASSETS

Current Assets

Equity in pooled cash and investments	2,281,080
Accounts receivable-(net of allowances for estimated uncollectibles)	2,708,032
Hurricane--FEMA & State expected	0
Accrued interest receivable	14,432
Special assessments receivable	451,961
Inventory	<u>198,009</u>

Total Current Assets 5,653,515

Restricted Assets

Equity in pooled cash and investments: Sinking funds	1,196,391
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Total Restricted Assets 1,196,391

Capital Assets	111,870,422
less: accumulated depreciation	<u>(62,077,518)</u>

	49,792,904
Construction in progress	<u>16,442,598</u>

Total Property, Plant and Equipment, net 66,235,502

Other Assets

Unamortized bond issue costs	<u>50,687</u>
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Total other assets	<u>50,687</u>
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Total NonCurrent Assets 67,482,580

Total Assets 73,136,095

City of Vero Beach
Water and Sewer System Consolidation
02/28/11

LIABILITIES

Current Liabilities Payable from Current Assets

Accounts & Contracts payable	130,487
Accrued liabilities	915,904
Total Current Liabilities Payable from Current Asset	<u>1,046,392</u>

Bonds payable	1,137,282
Interest payable	<u>59,109</u>

Total Current Liabilities Payable from Restricted As:	<u>1,196,391</u>
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Total Current Liabilities	<u>2,242,783</u>
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Noncurrent Liabilities

Bonds payable	21,979,202
less: unamortized bond discount	<u>0</u>
	21,979,202
Accrued compensated absences	<u>1,171,625</u>

Total Noncurrent Liabilities	<u>23,150,827</u>
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Total Liabilities	<u>25,393,610</u>
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Net Assets

Invested in capital assets, net of related debt	43,913,336
Unrestricted	<u>3,829,148</u>
Total Net Assets	<u>47,742,484</u>

City of Vero Beach
Water and Sewer System Consolidation
02/28/11

Operating Revenues	7,466,521
Operating Expenses	
Wastewater Treatment & Reuse (9000 & 9004)	1,041,259
Gravity Sewer (9001)	202,668
Water Treatment & Distribution (9002 & 9003)	1,543,167
Administrative and General (9005 & 9900)	1,063,452
Environmental Lab (9006)	202,646
Maintenance Division (9007)	305,411
Lift Station Division (9008)	203,114
Meter Shop Division (9009)	149,035
Depreciation Expense	1,138,517
	5,849,268
 Total Operating Expenses	 5,849,268
 Operating Income for Period	 1,617,253
Nonoperating Revenues (expenses)	
Interest revenue	66,080
Miscellaneous revenue	31,916
Impact Fees	53,735
Interest and amortization expense	(360,627)
	(208,895)
 Total Nonoperating Revenues (expenses)	 (208,895)
 Income (loss) before Contributions & Transfers	 1,408,358
Operating Transfers	
Operating transfers in	0
Operating transfers out	(358,313)
	(358,313)
 Total Operating Transfers	 (358,313)
 Changes in Net Assets	 1,050,046
 Net Assets beginning of Period	 46,692,439
 Net Assets at End of Period	 47,742,484