

FINANCE COMMISSION MEETING
Thursday, May 26, 2016 - 2:00 p.m.
City Hall, Council Chambers, Vero Beach, Florida

REVISED AGENDA

- 1. CALL TO ORDER**
- 2. APPROVAL OF MINUTES**
 - A) February 8, 2016 – Regular Meeting**
 - B) May 2, 2016 – Joint Utilities/Finance Commission Meeting**
- 3. PUBLIC COMMENT**
- 4. FINANCE DIRECTOR’S MATTERS**
 - A) FY 15-16 Second Quarter Financial Report and Variance Analysis**
 - B) FY 15-16 Second Quarter Electric Utility Rate Sufficiency**
 - C) Recommendation on Fund Balance Policy**
 - D) Presentation of Comprehensive Annual Financial Report (CAFR) for FY Ended September 30, 2015 (Previously Distributed)**
- 5. NEW BUSINESS**
- 6. OLD BUSINESS**
- 7. CHAIRMAN’S MATTERS**
- 8. MEMBER’S MATTERS**
- 9. ADJOURNMENT**

This is a Public Meeting. Should any interested party seek to appeal any decision made by the Commission 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.

FINANCE COMMISSION MINUTES
Monday, February 8, 2016 - 2:00 p.m.
City Hall, Council Chambers, Vero Beach, Florida

PRESENT: Chairman, Peter Gorry; Vice Chairman, Glen Brovont; Members: Kathryn Barton, John Smith, Alternate Member #1, Daniel Stump and Alternate Member #2, Victor DeMattia
Also Present: City Manager, James O'Connor; Finance Director, Cindy Lawson and Deputy City Clerk, Sherri Philo

Excused Absence: Nathan Polackwich

1. CALL TO ORDER

Today's meeting was called to order at 2:04 p.m.

Mr. Gorry welcomed their new member, Mr. John Smith to the Commission.

Mr. Smith gave a brief background on his experience.

2. ELECTION OF OFFICERS

A) Chairman

Mr. Brovont nominated Mr. Peter Gorry for Chairman of the Finance Commission. There were no other nominations. Mr. Peter Gorry was unanimously appointed Chairman of the Finance Commission.

B) Vice Chairman

Mr. Gorry nominated Mr. Glen Brovont for Vice Chairman of the Finance Commission. There were no other nominations. Mr. Glen Brovont was unanimously appointed Vice Chairman of the Finance Commission.

3. APPROVAL OF MINUTES

A) November 12, 2015

The minutes of the November 12, 2015 Finance Commission meeting were unanimously approved.

4. PUBLIC COMMENT

None

5. FINANCE DIRECTOR'S MATTERS

A) Discussion Regarding Potential Elimination of Electric Utility Impact Fees

Ms. Cindy Lawson, Finance Director, briefly went over staff's report on the potential elimination of the Electric Utility impact fees with the Commission members (attached to the original minutes). Staff is requesting the Finance Commission's recommendation to eliminate the fees. She reported that the Utilities Commission voted unanimously to support staff's recommendation to eliminate these fees.

Mr. Smith asked how large are these fees relative to the total of impact fees that a developer would pay.

Ms. Lawson said there is one development currently in the works and the impact fees would be about \$20,000 per unit as compared to the \$4,000 in additional fees for service charges, deposits, etc. She said it could be very high on a large commercial development.

Mr. Brovont said this is a minor part of the City's budget.

Mr. Brovont made a motion to approve (to recommend to the City Council that they accept staff's recommendation to eliminate the electric utility impact fees). Mr. Stump seconded the motion and it passed unanimously.

B) Recommendation of Bid Award – Series 2016 Capital Improvement Revenue Bond

Ms. Lawson went over staff's report on the Series 2016 Capital Improvement Revenue Bond with the Commission members (attached to the original minutes). She reported that the City's Financial Advisor, Mr. Craig Dunlap of Dunlap and Associates, issued a Request for Proposal (RFP) for the bank loan to 21 banking institutions and they only received one (1) proposal, which was from BB&T. Dunlap and Associates reviewed the proposal and are recommending that the City accept it. It has provided a fixed interest rate of 2.47% that is valid until March 20, 2016.

Mr. Gorry asked what would be the interest in principle payments for 15 years.

Ms. Lawson said the payments would run about \$114,000 - \$115,000 a year, which would be funded entirely out of the one-cent sales tax. She said this is a simple bank qualified loan and the most they would go on a dollar amount like this is 15 years. She said it is a little higher than the budgeted amount, but nothing that they cannot handle through the one-cent sales tax money.

Mr. Stump said it sounds to him like the State is paying about 75% of the total cost through a grant, which means that grant is money the City does not have to pay back.

Ms. Lawson said that is correct.

Mr. Brovont made a motion to approve (to recommend to the City Council that they approve the Bid Award to BB&T). Mr. Stump seconded the motion and it passed unanimously.

C) Continue Discussion of Draft General Fund "Fund Balance" Policy (From 11/21/15)

Ms. Lawson explained that they would be discussing the Fund Balance in the General Fund only. She said the Fund Balance the City generates within the General Fund is not a recurring revenue source. Therefore, a central feature of the policy that she proposed is that it can only be used for one time expenditures. She then gave a brief overview of staff's report and the proposed Fund Balance Policy – General Fund with the Commission members (attached to the original minutes). She explained that the Fund Balance Policy being proposed calls for sort of a layered approach to the Fund Balance of three (3) expenditures, which were: 1) specifically for emergency expenditures, such as hurricanes; 2) budget stabilization, which is the money the City can dip into if something unexpected occurs after the City adopted a budget and millage rate (other than an emergency); and 3) working capital equal to three (3) months for simple cash flow needs for the three months of the year before the City begins to receive taxes, etc. The last piece of the policy is that there are specific targets for restoring these Fund Balances if they are used. She said the City is probably a month or so away from needing to do a budget amendment in the capital programs for the current year, particularly for stormwater projects. She said the City has stormwater infrastructure that is failing and therefore they are going to have to do a budget amendment to address this. She said a fund balance policy might help the City free up some money for the one-time capital expenditures. Secondly, staff would like to see this Policy in place before the City heads into the budgeting activities for 2016/2017 because it was a topic of discussion during the budget process last year in that there wasn't a policy in place on what to do.

Mr. Gorry reported that the Commission members received a copy of the Preliminary Report on the Stormwater Utility Study (on file in the City Clerk's office). He suggested that the Commission members have a discussion on the concept later in today's meeting.

Mr. Brovont said that he was very supportive of this concept. The only issue he had was that this was just a policy statement and it doesn't tie anyone's hands going forward.

Ms. Lawson said it depends. She said part of the Commission's recommendation would be to adopt it as a Resolution or as an Ordinance.

Mr. Brovont said the way he reads this is that it is a policy statement and it doesn't bind anyone.

Mr. James O'Connor, City Manager, explained that if the City Council sets a policy and sends staff off to formulate a budget, staff is going to do it within the confines of those policies. He noted that if it is as an Ordinance, it is law.

Ms. Lawson explained that it has to be adopted one way or the other in order for her to be able to show in the CAFR that these restricted balances are committed and assigned balances. She said it is required that it be formally adopted by the highest level of decision making authority within the City (City Council).

Mr. Brovont asked what is the difference between adopting this as an Ordinance or a Resolution.

Ms. Lawson explained that an Ordinance is essentially a local law and a Resolution is an expression that they feel very strongly about, but it doesn't have the force of local law.

Mr. Brovont said the way he reads this is that it suggests that the City Council could invade the 10% and then repay it back over four (4) years. He asked is that correct.

Ms. Lawson answered yes, through a budget amendment.

Mr. Brovont said then the City Council could spend up to \$2 million dollars, plus or minus, for a specific project. Then they would have to rebuild that fund over the next four (4) years. He said it appears that the City Council can make a decision to invade that 10% for anything they like other than operating expenditures. He said that he was not arguing with that, but he wanted to make sure that is what they were saying.

Ms. Lawson said the City Council could adopt a budget amendment mid-year that dips into the budget stabilization knowing that they have four (4) years to replenish it.

Mr. Brovont said in this policy, the City Council has the discretion to spend \$2 million dollars if they choose.

Ms. Lawson said that is correct, which they always have. She said there is nothing they could construct that would remove the City Council's discretionary power to amend a budget within a current year, which is by Florida Statute. She explained that currently, without this policy, the City Council could amend the budget in 2015/2016 and add \$1 million dollars worth of expenses as long as they have the money to cover it and it is a legitimate budget amendment. She said that is something they cannot do away with in a local Ordinance because it is in the Florida Statutes.

Mr. Brovont said in reading this carefully, the City Council can spend \$2 million dollars and all they have to do is budget over the next four (4) years to pay it back. Whereas, if they invade the working capital by \$3 million dollars above the \$2 million dollars by taking \$2 million dollars from the 10% and \$1 million dollars from the 25%, the way it reads is the \$2 million dollars would have to be paid back in four (4) years and the \$1 million dollars would have to be paid back in two (2) years.

Ms. Lawson said that is correct.

Mr. Brovont said there is nothing in this policy that binds the City Council from spending \$3 million dollars this next year.

Ms. Lawson said they could spend \$7 million dollars or \$8 million dollars. She said no matter how this is adopted, they cannot eliminate the right of the City Council to spend all of the available funds if they so desire because that is in the Florida Statutes.

Mr. Brovont said even if they had an Ordinance, they would be in the same situation. The reality is that they are not binding anyone's hands.

Mr. Stump said that he did not see it that way. The way he is looking at it is they are asking to approve an Ordinance that adopts this type of Fund Policy that is sponsored by the Government Finance Officers' Association (GFOA). He said if they pass the Ordinance, then a future City Council would be inhibited from going into the Fund unless they vote out the Ordinance. He agreed that the City Council can do what they want as long as they have three (3) votes. He said if they don't have the votes they would be bound by this Fund Balance. He said in looking at Figure 3, *Sample Calculation Based on FY 15-16 Adopted Budget*, it is really a small amount they could dip into from a Fund Balance of just under \$10 million dollars. Under that example,

if it was a non-recurring expense that is all they could use out of the Fund Balance. He asked if he was correct. He said that is the reason he doesn't like it.

Ms. Lawson said the point Mr. Brovont is making is well taken. She referred to Section 8 of the Policy where it states, *in no circumstances shall the unassigned fund balance be budgeted or appropriated to dip below 25%. However, if the City's fund balance drops below 25% due to unforeseen circumstances it is the intent of the Council that the fund balance be replenished within two (2) years.* She said by Florida law, they cannot limit the City Council from its ability to amend a budget if something unexpected happens. If something happens mid-year and the Council has to appropriate all of its Fund Balance in order to continue the operations of the government, they have that right regardless of any fund balance policy under Florida Statute.

Mr. Stump said that is his point. He asked in view of the Florida Statute, what is the purpose of this Fund Balance Policy.

Ms. Lawson said there are several purposes. One is it establishes an intent with regard to planned expenditures. If something unexpected happens you can't tie the City Council's hands in solving that problem. But, it makes it very clear that they cannot plan for a budget that completely depletes that fund balance on recurring expenses. The other huge difference is that without an adopted formal policy they cannot show their reserves as part of their CAFR. She felt that Section 5 and Section 6 were important. She said this determines how much "extra" there is and every year when entering into the budget workshops they are going determine a certain amount they consider extra and will budget that only for certain types of expenses. What Mr. Brovont is discussing is the unforeseen circumstance where it is necessary to go deeper than that, which is something they cannot limit through a policy.

Mr. Brovont said that he was not sure he would agree with that. The way he reads the Policy is that the City Council cannot make a planned decision to invade the 10%. What Ms. Lawson is suggesting is only the unplanned, but he doesn't think that is the case. If the City Council makes a decision to spend \$1 million dollars for something like upgrading a building they can invade it, but they do have to repay it over four (4) years. It is not just unplanned.

Ms. Lawson said that is not the way it was intended. She said that she would take another look at it. She noted that Section 5 determines how much they have to spend in any given year.

Mr. Brovont suggested that they look at the verbiage because the way he reads it is that any City Council could work around it. It is not specifically stating "unplanned." He felt it was possible that this was sort of authorizing use of the 10%.

Ms. Lawson said that she could tighten up the wording. She noted that Section 4 defines the budget stabilization reserves stating that it is a buffer for unexpected impacts to provide stability. She concurred with Mr. Brovont in that there is no way they can write and adopt this Policy that would make it so that the City Council does not have the authority or ability to spend the Fund Balance as they see fit to run this government.

Mr. O'Connor said the bottom line is that it takes two meetings to make the Ordinance go away if the City Council chooses. He explained that what they were doing was setting a policy and if asked who it really applies to it would be him and Ms. Lawson. They would be presenting a

budget within the guidelines, whether in a Resolution or an Ordinance. He felt the good thing about a reserve policy is it tells staff what the reserves in the budget can be used for.

Mrs. Barton felt that the payback provision makes it where it would not be abused.

Ms. Lawson said that she modeled the Policy after the GFOA offered as what they consider best practices and the mere adoption of a Fund Balance policy is considered best practice. It is something that bond rating agencies like to see. She said it is a good thing to have.

Mr. Brovont agreed.

Mr. Smith said there are three (3) different proposals. One is for an emergency fund, which they need and he felt the general population would understand it. The second is for cash flow, which is a business practice. They have to make sure they have enough cash on hand to cover expenses. To him all staff is asking for is to have enough cash on hand to handle the variation in cash flow, which is a reasonable policy for business practice. The third is working capital. He said that his experience in organizations is that they don't like a surplus balance. He said what they were trying to do was describe a slush fund. He felt it would be clearer if they state the amount.

Ms. Lawson asked Mr. Smith if he was stating that rather than having a percentage that they have a flat amount.

Mr. Smith answered yes. He said it would be their goal to have a certain amount, not to dip into, but to have in order to handle fluctuations in the budget.

Ms. Lawson said they could do that.

Mrs. Barton felt that having a set dollar amount might be appropriate, but having it as a percentage was good because it allows it to grow as the size of the government grows.

Mr. Randy Old, Vice Mayor, explained that some of the reasons the City Council was pushing for a policy was because during last year's budget process, one idea was to spend some of the \$9 million dollars on recurring expenses and the debate was whether or not that was a wise decision to do questioning if they would end up with an unbalanced budget for the year. What they are trying to do is clarify what they could spend it for. That was the debate and that is why the City Council is asking for clarification on this. They would like a policy on how to use that money and what the level should be. He said the City Council can get around it, but it is better if they have guidelines and have a policy that allows them to bounce their ideas against these policies.

Mr. Stump asked Mr. Old if he agreed with the principle of the GFOA regarding fund balance policies and the best practices where it states, "*it is not advisable to use a nonrecurring revenue source to support a recurring expenditure.*"

Mr. Old answered yes.

Mr. Stump asked Mr. Old if he knew of any current member of the City Council who didn't believe in it.

Mr. Old said the City Council had a debate last year about the accounting terms.

Mr. Stump asked when the budget was finalized they didn't get into the Fund Balance.

Mr. Old said that was correct.

Mr. Stump asked doesn't that prove that they don't need an Ordinance codifying this. He said there was a movement underway to raise the mileage and there were several people who opposed it. The City Council ended up with a modified mileage increase and rather than go into their Fund Balance some of the spending was put off. He said the City Council came to the best decision that they could have made, which proves that they don't need an Ordinance codifying this principle.

Ms. Lawson said the City Council directed staff during last year's budget process to prepare and take to the Finance Commission a Policy before the next budget season.

Mr. Stump said the way he sees it is if they put this in an Ordinance, they would be laying the groundwork to make it easier for future Councils to raise the mileage.

Mr. Old looked at it differently in that there are good reasons in keeping a balance for cash flow, emergencies, etc.

Mr. Stump said they do not need an Ordinance to protect the Fund Balance. Every year the City Council makes the decision on how much they should spend.

Mr. Old said they could say that they don't need a policy because the City Council has the power, but having a policy helps a lot in guiding new Councilmembers.

Mr. Brovont agreed.

Mr. Gorry said that he endorses this Policy.

Mr. DeMattia said it seemed to be the consensus that a policy is a good thing. He asked why isn't an Ordinance better. He asked procedurally, how does that bind the City Council. He asked what is the advantage or disadvantage of having it as an Ordinance.

Ms. Lawson said an Ordinance has more power than a Resolution because it is law, but an Ordinance can be amended or eliminated with two readings of the City Council.

Mr. Jay Kramer, Mayor, explained that one reason they want to do this is because a lot of times staff would prepare a budget and get neck deep into it and then the City Council wants to see a policy in another way. He said one of the frustrations they had during the last budget season was the budget was put together and then it was given to the City Council who had to go through it to find cuts, additions, and fine tune it with only a few weeks to get it done. He said they want to give staff a policy to make sure when the budget is put together that they are not just sticking money into reserves. From his perspective the whole purpose was that when it comes to setting mileage that they don't set the mileage to put a lot of money into the reserves that they don't need to put there in the first place. He did not want to see budgeting for a surplus that they don't need. His purpose is to see a stop to collecting money that they don't need. The message that

they want to send staff is that they have a policy or an Ordinance in place so when the budget comes around they don't end up in that situation again.

Mr. Stump said if they codify this, it will make it easier for a mileage increase to be passed.

Mr. Brovont disagreed. He said it might put more pressure on them to look at expenses carefully. He said the reality is that the City Council already has a wall against them in raising taxes.

Mr. Stump said that he didn't look at it that way. He does not have any problems with having a good frank discussion on the budget. He said last year the City Council made the decision that they were not going to go into reserves and they did it without a policy becoming part of an Ordinance.

Mayor Kramer said the point was that they added to the reserves, so really they collected too much in taxes. The point is to have a balanced budget and not add or subtract from reserves.

Ms. Lawson said they didn't budget to increase the reserves. Occasionally the reserves go up at the end of the year because estimated revenues and estimated expenditures were different than what was estimated. In the last few years Fund Balances have increased. The intent of this Policy is to keep the Fund Balances the same all the time.

Mr. O'Connor said they need to remember that they are never going to be right on target with the budget. In being conservative, his theory is that he always wants to be on the short end of the stick as opposed to the long end of spending the money. Therefore, they made great effort in training Department Directors that if they absolutely don't need it then don't do it. He felt the Policy should be an Ordinance because if the City Council was going to get outside of this perspective it would take two meetings to change the direction.

Mr. Brovont made a motion that the Finance Commission approves adopting the Fund Balance Policy as an Ordinance with clarification made on some of the language.

Ms. Lawson said that she has some verbiage that could be added to Section 6 and Section 8 that would help clarify it. She said that she could make the changes and bring it back before the Commission.

Mr. Gorry seconded the motion pending that the rewritten language is brought back before the Commission. Mr. Brovont added that stipulation to his motion.

Mr. Smith concurred with some clarification, for example, the maintaining of a certain balance as a goal in the budget stabilization. He felt that they should agree on 10% or a certain amount that could be used. They don't want to be able to use the entire amount. He explained that if they said it was going to be 10% - \$2 million dollars and they end up with a surplus of \$3 million dollars, they would only make appropriations for the extra \$1 million dollars.

Ms. Lawson briefly went over each Section of the Fund Balance Policy with the Commission members. She said under Section 4, the suggestion that she heard today was that they take the 10% in the Budget Stabilization Reserves and make it a flat number. She asked the Commission

members if they felt it was clearer and easier if they make that number a flat amount as opposed to a percentage.

Mr. Brovont felt it should stay as a percentage. He explained that if everything works right hopefully in years ahead they would pay off debt and the cash flow would be different and they need more flexibility.

Mr. Smith said that he didn't have a problem with the percentage. He was using the dollar amount as an example.

Mr. Brovont suggested that under Section 8, that the second paragraph somehow be included in the first paragraph.

Ms. Lawson said that she would make some changes and bring it back before the Commission.

Mr. Gorry questioned the motion that was made.

The Deputy City Clerk said the motion was to adopt the Policy as an Ordinance with some of the language clarified, which would be brought back before the Commission with the changes discussed.

The motion passed 4-1 with Mr. Stump voting no, Mr. Smith yes, Mrs. Barton yes, Mr. Brovont yes, and Mr. Gorry yes.

D) Discussion Regarding Customer Service Technology Upgrades

Ms. Lawson went over staff's report on the Customer Service technology upgrades with the Commission members (attached to the original minutes). She asked for the Finance Commission's recommendation to implement the Ebox and Lockbox. She reported that the Utilities Commission voted in favor of this.

Mr. Smith made a motion to recommend proceeding with the Ebox and Lockbox. Mr. Brovont seconded the motion and it passed unanimously.

E) Quarterly Financial Report & Variance Analysis – 1st Quarter FY 15-16

Ms. Lawson briefly went over the Variance Analysis with the Commission members (attached to the original minutes).

Mr. Gorry referred to the Preliminary Report on Stormwater that the Commission members received (on file in the City Clerk's office).

Mr. O'Connor reported that a joint Finance Commission/Utilities Commission meeting is scheduled for Monday, February 22, 2016, at 9:00 a.m., to go over the report.

At this time, Ms. Lawson gave a brief overview on the Quarterly Financial Report with the Commission members (on file in the City Clerk's office).

F) Update on Electric Utility

Mr. O'Connor reported that they are still in Phase I of taking personnel out of the Power Plant. They have reduced personnel by almost half and will be reducing further within the next few months. They are in the process of getting bids to remove the oil and clean the lines from the tanks. From there they would be putting out a Request for Proposal (RFP) to sell the tanks and the cooling towers. He said there is a storage building on the north side of the Plant that they are hoping to have removed at the same time they take down the oil tanks. He said this would depend on what kind of equipment they might need to keep on site. He briefly explained how the outage occurred last week. He noted that the part that blew was inspected about three or four weeks prior to this occurring. They are currently doing heat ratings around the poles and substations to see if there is heat buildup in the resistors. He reported that in one month there were 39 outages with 11 of them being caused by animals. They are currently in the process of putting out squirrel protectors. The City's tree trimming has not changed as the City is designated a Tree City U.S.A. He said they are working to make sure that reliability is an important part of their system. He reported that they still have some major expenses, such as litigation with Indian River County and with Indian River Shores.

Mr. Stump questioned FPL's proposed purchase of Indian River Shores.

Mr. O'Connor clarified that FPL made one offer and it was not a negotiable offer.

Mr. Stump said there was supposed to be a meeting set up in Tallahassee.

Mr. O'Connor said the meeting did take place, which FPL was not a part of. The meeting was between the Consultants from Indian River Shores, the City's Rate Consultant and Mr. Schef Wright, Attorney.

Mr. Stump asked when will this be made available to the public.

Mr. O'Connor said the City did receive a report from Mr. Wright on what took place at the meeting. He said the City Council received a copy and he would have it sent to the Finance Commission members.

6. NEW BUSINESS

A) Annual Report

It was noted that the Commission members did not see a copy of the Annual report in their backup.

The Deputy City Clerk suggested that they take a break so she could make copies of the Report for each member.

The Commission took a break at 4:35 p.m. so copies could be made and the Commission members could read the report.

The meeting was called back to order at 4:44 p.m.

Mr. Brovont made a motion to approve the Finance Commission's Annual Report to be submitted to the City Council. Mrs. Barton seconded the motion and it passed unanimously.

7. OLD BUSINESS

None

8. CHAIRMAN'S MATTERS

Mr. Gorry reported that he is in the process of reviewing the tourist tax that the County collects, noting that part of the money is for dune replacement in which none is being used for beaches within the City of Vero Beach.

9. MEMBER'S MATTERS

None

10. ADJOURNMENT

Today's meeting adjourned at 4:56 p.m.

/sp

SPECIAL CALL JOINT UTILITIES / FINANCE COMMISSION MINUTES

Monday, May 2, 2016 – 9:00 A.M.

City Hall, Council Chambers, Vero Beach, Florida

PRESENT: Finance Commission: Chairman, Peter Gorry; Vice Chairman, Glen Brovont; Members: Kathryn Barton, Nathan Polackwich, John Smith, Alternate Member #1, Daniel Stump and Alternate Member #2, Victor DeMattia **Utilities Commission:** Chairwoman, Laura Moss; Vice Chairman, Indian River Shores' Representative, Robert Auwaerter; Members: Chuck Mechling, Judy Orcutt, Stephen Lapointe, Bill Teston, J. Rock Tonkel and Alternate Member #1, George Baczynski **Also Present:** City Manager, James O'Connor and Deputy City Clerk, Sherri Philo

1. CALL TO ORDER

Today's meeting was called to order at 9:00 a.m.

Mrs. Moss read into the record the purpose of the Utilities Commission listed in the City's Code, *"The Utilities Commission is expressly charged with representing and considering all utility customers of the City in its activities, including City resident and non-resident customers alike."* She reported that tomorrow, immediately following Mr. Schef Wright's presentation to the City Council, Mr. Dylan Reingold, County Attorney, will be discussing the Florida Power & Light (FPL) electric utility sale. She read into the record Mr. Reingold's memorandum to the Board of County Commissioners dated April 5, 2016, *"The City of Vero Beach and FPL have entered into an agreement for the City to sell the City's electric utility to FPL. On two occasions, the voters of the City approved referenda supporting the sale of the City's electric utility to FPL. Since that time the negotiations between the Florida Municipal Power Agency (FMPA), Orlando utilities Commission (OUC), the City and FPL have stalled"* (memo attached to the original minutes). She said the purpose of Mr. Reingold coming before the City Council is to request that the City Council authorize the City's outside Counsel to join in discussions with FMPA, OUC, FPL, Indian River County, and the Town of Indian River Shores (IRS) to complete the sale.

Mr. Gorry said the Finance Commission is charged with the health and vitality in overseeing all finances of the City, which includes all customers, as well as City employees. He asked what is the expected outcome from each Commission as a result of today's presentation.

Mr. Jim O'Connor, City Manager, explained that staff is not requesting a recommendation. Today's meeting is for the Utilities/Finance Commissions to be briefed on what will be presented to the City Council pertaining to a partial sale of the utility.

2. PUBLIC COMMENT

None

3. PRESENTATION BY MR. SCHEF WRIGHT ON THE COST AND EXPOSURE FOR PARTIAL SALE OF THE ELECTRIC SYSTEM TO INDIAN RIVER SHORES

*Please note that questions and answers took place throughout the presentation (backup information on today's presentation attached to the original minutes).

Mrs. Moss asked Mr. Wright to introduce members of the audience who were with him today and to state their expertise so the Commission members can direct their questions to the appropriate person.

Mr. Schef Wright, Attorney, introduced Mr. Bill Herrington, stating that he has 40-years in the power industry almost all municipally related; Mr. Jerry Warren, stating that he also has about 40-years in utilities and is the past Utilities Director of Gainesville and the City of Winter Park; Mr. Henry Thomas, of Public Resources Management Group (PRMG), stating that he is the City's Rate Consultant. Not present today is Mr. Murry Hamilton, of PRMG, who is a key member of the Rate Study team for the City and a key member of the group who prepared the estimates that is included in their backup information.

Mr. Wright reported that in June, 2014, OUC and FMPA hit an impasse regarding OUC's ability to take assignment of the City's FMPA Power Purchase Agreements (PPA) and Project Support Contracts relative to bond covenants, which created the failure of a necessary condition for a total sale. When that happened IRS became very interested in a partial sale through various mitigation measures. In August, 2015, FPL made a formal offer in writing to purchase the IRS system for \$13 million dollars and the City's team was asked to give an estimate of what a reasonable payment and transaction structure would be to keep the City and all electric customers, other than IRS, whole in the event of a partial sale to FPL. The team did a preliminary analysis last summer and the number in that analysis was \$64.4 million. They then met with FPL in early September 2015, which did not go very far because FPL could not justify anything more than \$13 million.

Mrs. Moss said that she has a question regarding IRS Resolution #414 (on file in the City Clerk's office) before they get into the numbers. She said IRS originally contracted with the City for 25 years in 1968. But, in 1986 the IRS Town Council passed Resolution #414. She read into the record the title of the Resolution, "*A Resolution granting to the City of Vero Beach, Florida, its successors and assigns, an electric franchise in the incorporated areas of the Town of Indian River Shores, Florida; imposing provisions and conditions relating thereto; and providing an effective date.*" She then read into the record, in part, Section 14 of the Resolution, "*This*

franchise is subject to renewal upon the agreement of both parties. In the event the Grantee desires to renew this franchise, then a five year notice of that intention to the Grantor shall be required. Should the Grantor wish to renew this franchise, the same five year notice to the Grantee from the Grantor shall be required and in no event will the franchise be terminated prior to the initial thirty (30) year ...” She said this means that either party, the City of Vero Beach or IRS, needed to state five (5) years ago that they wished to continue this arrangement. She asked Mr. Wright was any notice furnished by either party.

Mr. Wright said that he did not agree with Mrs. Moss regarding notice being given, as a matter of law. He said somewhere close to February, 2014, IRS did give written notice to the City that they did not intend to renew the contract. He did not think notice was given five (5) years ago.

Mrs. Moss asked did the City give notice of their desire to renew five (5) years ago as required by this contract.

Mr. Wright said that he was not aware of any such notice having been given from either side in the five (5) year period contemplated by the franchise agreement. The only notice that he was aware of was the one that was given a few years ago from IRS to the City stating that they would not renew the franchise.

Mrs. Moss said then there is no argument that this expires.

Mr. Wright said that is correct. There is no argument that the franchise agreement is going to expire on November 6, 2016.

Mrs. Moss did not see where in this 30-year agreement that it extends beyond 30 years.

Mr. Wright said the franchise agreement is an agreement between the City and IRS as to the matters covered by the franchise agreement only. All that happens when the franchise agreement expires is that both sides are relieved of their obligations to each other as to the specific obligations under that agreement. There is no option to buy, no requirement that the City has to vacate, and there is nothing that states the City does not get to serve anymore. It simply states that the City doesn't collect the franchise agreement anymore and IRS doesn't have to maintain their rights-of-way for the City anymore.

At this time, Mr. Wright continued with his presentation. He said they met with representatives of IRS on January 27, 2016, and in the course of their conversation he was asked that they look at this from a revenue requirement perspective. At that time, the City's team embarked on a process that led to the preparation of the spreadsheets in front of the Commission today. He said the reason it took until the middle of April was because they knew new information would be

available from the FMPA regarding long term power cost projections from the three projects that the City participates in and they felt it would be best to wait until they had that information. He said they looked at all the components of the revenue requirements of the City and they broke them down into five (5) major components, which were: 1) General Fund transfer debt, 2) City electric costs, 3) non-departmental costs, 4) non-departmental costs paid by the electric system, and 5) bulk power supply costs. He said they also updated the natural gas price forecast and the latest bulk power supply costs. In front of the Commission is documentation of the revenue requirements, year by year, component by component analysis and the rate impacts of each.

Mrs. Moss asked Mr. Wright to go over the highlights of the difference between the \$64 million number and the \$42 million number.

Mr. Wright said they would cover that in their discussion. He said they were asked by the City to come up with the best estimate that they could come up with. They used the best information available, which produced the information presented today. In highlight, the principle that the City articulated all along is that they would consider selling IRS book of business to FPL or to IRS at a price and in a transaction structured so as to keep the City, their citizens, and all their customers whole in the event such a transaction were to occur. There are two components to that, which are: 1) a dollar amount sufficient to cover the fixed costs that would otherwise be shared by IRS over a period of time and 2) to address the City's contingent liabilities under the power supply contracts and project support contracts of the three (3) power supply contracts (Stanton I, Stanton II, and St. Lucie) in which the City participates.

Mrs. Moss said that she looked up the definition of "contingent liabilities" and what she found was the following, "*a contingent liability is recorded in the books of accounts only if the contingency is probable and the amount of the liability can be estimated.*" She asked Mr. Wright if he felt this was a fair definition.

Mr. Wright said in the disclosure requirements of the Financial Accounting Standards Board and the Government Accounting Standards Board, yes. In the practical reality of what the City of Vero Beach's liability would be if some unexpected significant cost arises with respect to one of the power supply contracts, the real impact could be different than that.

Mr. Auwaerter said that is where he is seeing inconsistency in a lot of the arguments that the City is making. He said a contingent liability is borne by the owner, not by the customers. He explained that if he was to do business with a company that he would not be responsible for the contingent liability. It would be the stockholders who bear that responsibility. On one hand the City argues that they are the sole equity owner of the utility in spite of the capital contributed by the utility by all the customers, with the majority living outside the City's incorporated limit and then it is argued that due to its ownership that they are entitled to a proper transfer of 6% of

revenues to subsidize its General Fund and lower property taxes for its residents. He said if they are going to make the argument that the City solely owns the utility then the City is responsible for all the potential contingent liabilities. He said they can't have it both ways. They can't say the City gets to keep the good profits and any potentially bad contingent liabilities are the responsibility of its customers.

Mr. Wright said that he understood where Mr. Auwaerter was coming from. But, in this context if there is an event that results in unexpected costs, those costs have to be paid. The City is contractually on the hook to pay them.

Mrs. Moss asked is Stanton II considered one of the three (3) projects.

Mr. Wright answered yes. He said FMPA actually has five (5) power supply projects, which are: 1) Stanton I, 2) Stanton II, 3) St. Lucie, 4) the Tri-City Project, and 5) the All Requirements Project.

Mrs. Moss said that she was on FMPA's website and they show that Stanton II was formed in 1990, which is four (4) years after Resolution #414. She then read into the record some of the information that she pulled from the site, *"Thirty (30) years (1978) ago FMPA was formed with no staff, no office, no power generation projects, no revenues, and no assets. There was only the idea that FMPA could coordinate the wholesale power needs of its members in order to create economies of scale and power generation and related services. Three (3) decades later (referring to 2008) FMPA has grown to supply nearly 50% of its members total power needs. In 2008 FMPA had 30 members, a fulltime staff of nearly 70, a 25,000 square foot headquarters in Orlando, five (5) power generation projects, a pooled financing fund, approximately two (2) dozen member service initiatives, annual revenues of \$707 million and total assets of \$1.6 billion."* She said it is a little hard to say that any of this could have been anticipated in any way, which is one of the reasons why Vero Beach has a problem with it.

Mr. Tonkel asked what is the major factors between the preliminary evaluation that was done and the current evaluation of \$42.4 million. He asked what were the major factors that contributed to the difference.

Mr. Wright said that he has not analyzed them item by item, but there is an updated Bulk Power Supply Cost forecast that was estimated last summer based on a current cost per MWH number that was escalated forward. After receiving the information from FMPA in April it was actually done on a project by project basis for 20 years. He said the numbers shown today are the sums. Stanton I and Stanton II roll off in 2035 in the new analysis and St. Lucie II continues through 2046. That is a significant difference. There was a difference in the way the non-departmental costs were calculated that double counted against IRS, which they fixed. They also looked at

every cost item on a component by component basis, year by year and projected those out. The General Fund transfer in the earlier analysis started at a value of \$5.44 million and escalated out at 2 or 2 1/2 percent a year. When the calculations were done, they actually projected the four (4) other cost components year by year. He briefly explained how the formula worked to arrive at the numbers shown in their analysis.

Mr. Auwaerter said in looking at the spreadsheet with and without IRS every year the differential between the time with IRS and without IRS it is a standard haircut going way into the future of 7.1%. So, that is saying they are not right sizing their expenses and the same with the electric fund expenses. They decline by a set ratio of 3.8%. He asked if they know IRS is going away, why aren't they right sizing their expenses over time. He was lost in this analysis in that it is a straight line and does not reflect that they would be losing 3.8% of their customers.

Mr. Wright said they specifically asked the Finance Director and the Utilities Director what the cost difference would be with and without IRS. He asked Mr. Ted Fletcher if they really are not going to be able to shed a Lineman, for example. Mr. Fletcher said that he would not be able to maintain service with fewer linemen. Mr. Wright explained to Mr. Auwaerter that the best information they had was the information they received from City staff and that is the numbers that are reflected in the analysis. He said Mr. Auwaerter's position is plausible, but so is the City's position. He said these costs are going to decline, but beyond that the bulk of the costs or fixed costs aren't going to change and the cost components are going to stay the same and they escalated those at the rate that they agreed on in conference with PRMG representatives. He said essentially it is slightly less than the escalation rate they are using in the Rate Study.

Mr. Auwaerter said in looking at the numbers in the bulk power with and without IRS the numbers should be exactly the same because that is the base that they were billing from. Then down the line they would be shedding the OUC contract. In terms of the bulk power numbers for power the City is going to have to purchase upon the expiration of the OUC contract, the analysis still states there was an impact on the customers for that new supplier for a period of time if the IRS customers were shed. He asked if they know far in advance that they were going to shed those customers, why wouldn't they right size the power contract with the new bulk power. He said at that point they would know exactly what they were looking at in that they would have a utility system that is roughly 8% smaller. He asked why that should have any impact at all.

Mr. Wright thought the reason there is a continuing impact is because after the OUC contract rolls off, the City is still purchasing power from Stanton I, Stanton II, and St. Lucie. That power costs more than the market power supply costs for part of that time period. That is what causes the impact of losing IRS in the earlier years to be greater. If they look at years 2036 to 2046 they will see there is actually a benefit of not having IRS because St. Lucie II purchases represent a

higher percentage of the City's bulk power supply purchases, which brings the average cost down.

Mr. Auwaerter said the FMPA numbers are exactly the same. He said when they no longer have OUC they are going to have to go out and purchase power and they can scale it precisely because they know what their power requirements are going to be if they didn't have IRS. These spreadsheets still show there is a detriment to the remaining customers with IRS leaving past 2024.

Mr. Herrington said that is correct. He said if they look at the market to purchase power they would see the amount they purchase does decline by the amount that IRS customers use so they have recognized that the load is smaller. He said the percentage of the City's take from two (2) different cost sources changes and when the percentage changes the City's net costs changes, which works against the IRS analysis for a certain number of years.

Mr. Auwaerter said that he went to an FMPA meeting last week and the CFO stated that FMPA costs were going to go down substantially because there will no longer be an entrance component and amortization of principle because St. Lucie, Stanton I, and Stanton II debts were coming off. Therefore, FMPA power costs are going down.

Mr. Herrington said their analysis shows FMPA costs going down, but not until the mid 2020's.

Mr. Auwaerter said that he was having trouble understanding what that has to do with the charge for a new power supply. To him, they are two (2) separate things and yet the analysis states somehow they can't figure out (x) number of years down the line.

Mr. Herrington said the analysis does not show that.

Mr. Gorry said when trying to project all of this multi-variable analysis over the years it becomes based on a series of variables that one has to begin to quantify. He said they could debate all the variables, but it is difficult when one is trying to project data over this time period.

Mr. Tonkel said another big variable is the debt retirement, which is built in to the financial exhibit. He asked have they seen a debt retirement schedule from FMPA. He said as he looked at the history of the accumulation of debt, it has been pretty consistently stable throughout the past 10 or 15 years. He asked Mr. Wright how realistic did he think FMPA's ability was to retire the debt according to their schedule.

Mr. Wright asked Mr. Tonkel if he was referring to the FMPA debt service component of the power supply costs for the three projects (Stanton I, Stanton II, and St. Lucie).

Mr. Tonkel said that is correct.

Mr. Wright said all cost projects they received from FMPA are rolled into their analysis, which includes FMPA's current projections of their debt retirement. He did think it was realistic to expect FMPA to retire the debt on the schedules they set. But, something could happen, for example there could be an event that causes a significant capital expenditure that is presently unforeseen. If something breaks FMPA is on the hook for their share of that expenditure and the City is on the hook for their share of that expenditure. If there is an environmentally regulatory mandated upgrade to a Plant, FMPA and the City have no choice but to pay for it. If FMPA, in their discretion, were to make an environmental upgrade the participating cities would have the option not to participate.

Mr. Wright reported that included in their backup material are spread sheets that shows the rate impact. If they look at it on a 30-year basis, the new number is \$42.4 million and if they look at it on a 50-year basis the number is \$59.6 million.

Mr. Auwaerter said if he remembers it correctly, the profit transfer has an escalator of two and one-half percent per year.

Mr. Wright said it is not a flat two and one-half percent per year. He explained that the transfer is a calculated number based on some of the other four (4) revenue requirement components. He briefly explained that the analysis takes the four (4) components, projects them out, adds them out year by year, and grosses them up so that the sum will yield a 6% return at the bottom line.

Mr. Auwaerter said that he is having a problem with this because in his background in utility analysis when an investor owned utility goes in front of the PSC, the PSC gives them a rate of return on equity. In those situations the PSC does not look forward over the years and state they are entitled to an escalator. He said that he conceptually has a problem with the idea that not only is the City entitled to this profit stream that the IRS customers would have to compensate for, but also that it increases over time. He also had an issue with going out as many years as they did. He referred to the arbitration between the City of Winter Park and Florida Power Corporation. He said there was a big discussion as to how stranded costs were going to be calculated, which referred back to FERC Order #888, which he read, "*FERC defined a period of time that a utility could reasonably expect to continue to serve the departed customer.*" He said this is sort of in line with what they were discussing today. In two (2) cases FERC used the utility State mandated planning horizons as the duration of the "L" figure. At that time the State mandated planning horizon was 10 years, which he thought it still continues to be 10 years. He said it would seem to him that the maximum that they would be looking out is 10 years, but in this analysis they are looking out 30 years and 50 years.

Mr. Wright said that was a mandated arbitration that was pursuant to a provision in the franchise agreement between the City of Winter Park and Florida Power Corporation. That is not the context that the City of Vero Beach has. Here the City has a proposal from IRS and FPL to purchase part of the City's system for \$13 million. The City has an asset and the proposition to the City is, and the charge they were given in conducting this analysis, was what would it take to keep the City and the rest of the City's customers whole if they were to sell the IRS book of business. In analytical terms, it has value beyond that. There are stranded costs beyond 10 years and the asset has value beyond 10 years.

Mr. Auwaerter briefly reviewed a hand out on the Electric Rate Comparison - Vero Beach vs. Ft. Pierce with the Commission members (attached to the original minutes).

Mr. Brovont referred to the 3% used for factoring the discount rate. He said that he did an analysis using a discount rate of 8%. He said that he did this because he thought the discount rate of 3% was thin. He said that it did not make sense for him to quibble over the figures that the City projected and he was not willing to spend hours second guessing this paperwork and he doesn't have any basis to do that. But, he does have basis for judging the 3% and asked Mr. Wright to defend it. He noted that he did not have a real problem with the 3%, but his point was that when he did the analysis using 8%, he was coming in close to the figures listed, but he did not go out as far. He felt that they did a great job on the analysis and didn't think they could ask for anything more.

Mr. Polackwich referred to the \$42 million figure and how they came to that amount. He said they used a 30-year cash flow and discounted that back to present. He asked if they thought about using a terminal value at the end. He explained that is a formula where they project out indefinitely. They would have the final cash flow and the discount rate, subtract a growth rate from that and then discount that all the way back to the present, which would give them a terminal value on what it is worth indefinitely. He asked if they thought about this from an evaluation standpoint.

Mr. Wright said they did not think about using a terminal value.

Mr. Tonkel asked Mr. Polackwich if this analysis was done as he just discussed, would that have had a material effect on the figure calculated.

Mr. Polackwich said that he agreed with the 3% figure. But, if they used the terminal value on the 30-year it would bump up the \$42 million a little bit to maybe \$44 million or \$45 million.

Mr. Tonkel asked has this information been provided to IRS.

Mr. Wright thought the information was sent to IRS's after it was provided to the Finance Commission, Utilities Commission, and the City Council.

Mrs. Moss asked what happens when this franchise agreement with IRS expires in October.

Mr. Wright said all that happens is that IRS' obligation to the City terminates and the City's obligation to IRS terminates.

Mr. Tonkel said although he was troubled by the fact that there was a \$20 million difference in the preliminary evaluation and what was given to them today, it seems to be a reasonable analysis to take to the interested parties for further negotiations.

Mrs. Moss agreed and noted that she was going to make a motion to a slightly different effect.

Mrs. Moss made a motion that in order to honor the will of the voters who approved referenda supporting the sale of the City's electric to FPL that the Utilities Commission advise the City Council to join in discussions with FMPA, OUC, FPL, Indian River County, and the Town of Indian River Shores regarding the sale of the entire system. Mr. Mechling seconded the motion.

Mr. Lapointe asked how would that vary from the process that would be occurring without that motion. He asked how does that change the process going forward.

Mrs. Moss said it would substantially change it because if they go forward in selling the entire system they could stop debating and IRS would not be an issue. It would become a mute point. The motion is strictly for the City to go to the table and discuss it.

Mr. Wright thought the big difference is that the motion includes the entire system and what they were discussing today was the informational presentation on just IRS.

Mrs. Moss said Mr. Wright would be presenting his information to the City Council at tomorrow's meeting and at the end of his presentation Mr. Dylan Reingold, of Indian River County, would be making a presentation that has something to do with FMPA.

Mr. Tonkel asked is this a replication of the prior Resolutions offered by the City to sell the entire system.

Mrs. Moss said if anything it could be a confirmation. She explained that all she was proposing was that they all gather in the same room to discuss this.

Mr. O'Connor said that Mr. Reingold has not shared with him what his plan is for tomorrow's City Council meeting. He is hoping that he would give them a name of someone from FMPA that they can talk to. FMPA has said all along if the City had a willing buyer that is qualified that they would sit down and negotiate.

Mrs. Moss said her motion is to encourage everyone to sit in the same room at the same time and review it.

Mr. Tonkel said that he would be voting against her motion. He felt they should allow the jurisdictions to continue their negotiations with the new information. He did not see the necessity or the value of the motion at this stage.

At this time, Mrs. Moss repeated her motion.

Mrs. Orcutt felt it was inappropriate to have that motion because they came together for today's meeting to hear this other information. She said they have not heard anything regarding Mr. Reingold's proposal. She did not think today's meeting was held for the Commissions to make a motion, but to have the opportunity to have a discussion and ask questions.

Mrs. Moss agreed in that they were not charged to make a recommendation today.

Mr. Auwaerter felt the motion might be premature. He suggested that they wait to see what Mr. Reingold would be presenting to the City Council.

Mrs. Moss withdrew her motion at this time stating that they would discuss this at a future meeting.

Mr. Gorry referred to the residential usage in the system listed in the City's CAFR. He reported that the total kilowatts for the entire system per month are about 1,060. The County and the City of Vero Beach, excluding IRS, are 939 kilowatt hours per month. Indian River Shores is 1,500 kilowatts per month, which is a 60% higher usage than Indian River County and the City of Vero Beach.

Mr. Brovont said they did a great job in doing the analysis. The only issue he has is that it would seem given the constraints the City is under, that they should have opportunities for reinvestment of funds that are above 3%. But, what they are looking at is marketable securities and what he is looking at is investment in the City's assets. He did not think they could do much better than 3% if they stay with marketable securities, but on the other hand they have major exposures. It

would seem that somewhere in the capital expenditure program that they should do better than 3%.

4. ADJOURNMENT

Today's meeting adjourned at 11:11 a.m.

/sp

City of Vero Beach

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OFFICE OF THE
DIRECTOR OF FINANCE

TO: Finance Commission

DATE: May 18, 2016

SUBJECT: Quarterly Financial Report & Variance Analysis – Second Quarter FY 15-16

Attached for your review during our May 26, 2016 Finance Commission meeting is the March 2016 Quarterly Financial Report (which represents the second quarter financial results for Fiscal Year 2015-2016).

Also attached is an analysis of 'budget versus actual' variances to quarter ending Mar 31, 2016. The criteria used to identify the variances for analysis and discussion were:

- 1) A 'budget to actual' variance that is more than 10% over or under the pro-rata year to date percentage of 50%
- and**
- 2) A budgeted line item amount in excess of \$70,000

As previously discussed, all recurring variances that are caused by normal and expected variations in revenue collection or expenditure timing have been labeled as 'Variance within normal parameters'.

If you have any questions prior to our meeting, please give me a call at 772-978-4770.


Cynthia Lawson
Finance Director

cc: City Council
J. O'Connor, City Manager
T. Vock, City Clerk

CITY OF VERO BEACH



FISCAL YEAR 15-16 QUARTERLY FINANCIAL REPORT

As of: March 31, 2016

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City of Vero Beach

Revenues by Source All Funds

As of March 31, 2016 (50 % of fiscal year lapsed)



Revenue Source	Original Budget	Revised Budget	Month Actual	YTD Actual	% Realized
Ad Valorem Taxes	5,400,090	5,400,090	164,926	5,039,899	93.3%
Administrative Charges	2,792,296	2,792,296	232,691	1,396,148	50.0%
Cash Carryover	7,870,238	7,870,238	0	0	0.0%
Fees and Charges	115,887,315	115,887,315	8,407,688	54,775,109	47.3%
Grants and Reimbursements	8,214,936	8,214,936	141,945	740,353	9.0%
Interest	258,152	258,152	79,064	223,605	86.6%
Loan Proceeds	2,051,671	2,051,671	1,400,000	1,400,000	68.2%
Other Misc Revenue	5,131,824	5,131,824	295,750	2,129,895	41.5%
Other Taxes	4,644,001	4,644,001	354,635	1,909,342	41.1%
Transfers In	13,457,641	13,457,641	1,263,622	8,620,204	64.1%
TOTAL ALL FUNDS	165,708,164	165,708,164	12,340,321	76,234,555	46.0%

City of Vero Beach

Revenues by Fund All Funds

As of March 31, 2016 (50 % of fiscal year lapsed)



Revenue Source	Original Budget	Revised Budget	Month Actual	YTD Actual	% Realized
001 General Fund	22,040,739	22,040,739	1,586,728	12,903,706	58.5%
202 Excise Tax Bond Sinking Fund	0	0	0	999,662	0.0%
304 Street Paving & Drainage Fund	6,554,277	6,554,277	1,539,262	2,265,037	34.6%
311 Infrastructure & Real Est. Imp	2,567,087	2,567,087	156,800	714,999	27.9%
401 Electric Fund	91,406,736	91,406,736	6,408,995	43,393,644	47.5%
402 Electric Sinking Fund	0	0	112,396	708,125	0.0%
403 Electric R/R Fund	6,413,506	6,413,506	333,333	2,143,641	33.4%
405 Maintenance and Repairs	335,000	335,000	27,917	167,500	50.0%
421 Water & Sewer Fund	15,903,302	15,903,302	1,262,971	7,705,107	48.4%
422 Water/Sewer Sinking Fund	0	0	29,479	181,934	0.0%
423 Water/Sewer R/R Fund	9,060,500	9,060,500	224,624	1,286,962	14.2%
441 Airport Fund	2,368,243	2,368,243	206,112	1,253,670	52.9%
443 Airport Construction Fund	4,272,559	4,272,559	31,667	190,000	4.4%
451 Marina Fund	1,680,280	1,680,280	171,722	844,976	50.3%
461 Solid Waste Fund	2,913,587	2,913,587	235,254	1,402,756	48.1%
502 Self-Insurance Trust Fund	0	0	2,871	11,789	0.0%
602 Law Enforcement Education Fund	0	0	399	2,185	0.0%
603 Crestlawn Cemetery Trust Fund	192,348	192,348	9,791	58,862	30.6%
Grand Total	165,708,164	165,708,164	12,340,321	76,234,555	46.0%

City of Vero Beach

Expenditures by Type All Funds



As of March 31, 2016 (50 % of fiscal year lapsed)

Type of Expense	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
1. Salaries and Benefits	34,641,483	34,641,483	2,586,071	16,692,478	48.2%
2. Operating Expenses	79,668,297	79,598,900	5,080,476	33,283,245	41.8%
3. Capital Outlay	27,031,828	27,101,225	1,141,310	4,084,904	15.1%
4. Transfers and other	24,366,556	24,366,556	1,434,708	11,462,144	47.0%
TOTAL ALL FUNDS	165,708,164	165,708,164	10,242,565	65,522,771	39.5%

City of Vero Beach

Expenditures by Fund all Funds

As of March 31, 2016 (50 % of fiscal year lapsed)



Fund	Original Budget	Revised Budget	Month Actual	Actual	% Expended
001 General Fund	22,040,739	22,040,739	1,641,868	11,396,832	51.7%
202 Excise Tax Bond Sinking Fund	0	0	0	999,662	0.0%
304 Street Paving & Drainage Fund	6,554,277	6,554,277	494,060	866,287	13.2%
311 Infrastructure & Real Est. Imp	2,567,087	2,567,087	137,500	1,133,786	44.2%
401 Electric Fund	91,406,736	91,406,736	5,619,586	37,520,567	41.0%
402 Electric Sinking Fund	0	0	0	775,625	0.0%
403 Electric R/R Fund	6,413,506	6,413,506	450,694	2,167,341	33.8%
405 Maintenance and Repairs	335,000	335,000	884	18,913	5.6%
421 Water & Sewer Fund	15,903,302	15,903,302	1,201,303	6,476,945	40.7%
422 Water/Sewer Sinking Fund	0	0	0	188,869	0.0%
423 Water/Sewer R/R Fund	9,060,500	9,060,500	149,030	385,132	4.3%
441 Airport Fund	2,368,243	2,368,243	196,054	1,120,532	47.3%
443 Airport Construction Fund	4,272,559	4,272,559	43,773	508,538	11.9%
451 Marina Fund	1,680,280	1,680,280	87,219	625,012	37.2%
461 Solid Waste Fund	2,913,587	2,913,587	198,781	1,146,108	39.3%
502 Self-Insurance Trust Fund	0	0	260	103,413	0.0%
603 Crestlawn Cemetery Trust Fund	192,348	192,348	21,553	89,209	46.4%
Grand Total	165,708,164	165,708,164	10,242,565	65,522,771	39.5%

**POOLED CASH AND INVESTMENTS BALANCE BY FUND
AT MARCH 31, 2016**

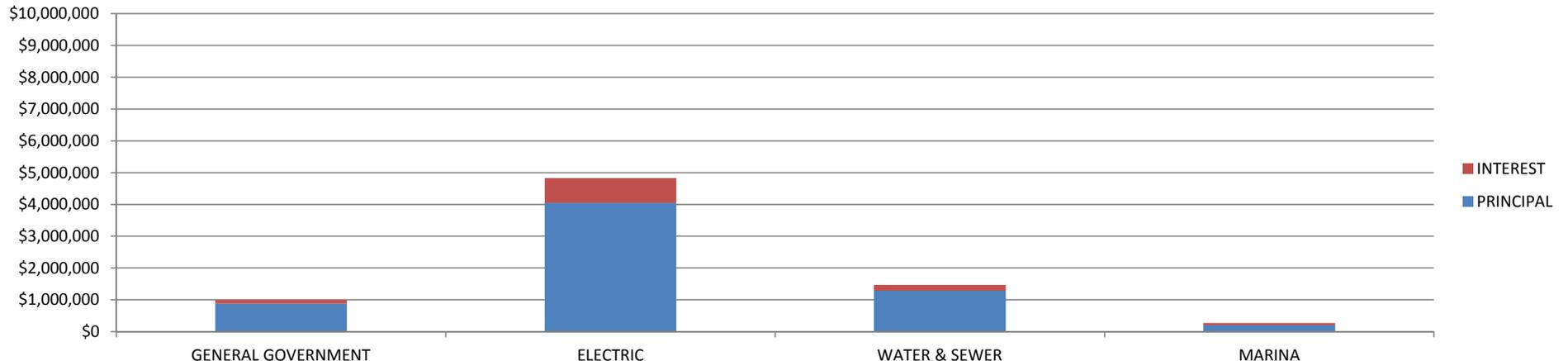
Fund	Cash & Investments Balance *
General Fund	\$ 11,289,641
Debt Service Sinking Fund	-
General Construction Fund	2,662,872
Infrastructure & Real Estate Improvement	1,103,490
Electric Utility Fund	30,764,430
Water Sewer Utility Fund	17,307,366
Airport Fund	4,135,407
Marina Fund	418
Solid Waste Fund	1,130,914
Risk Management (Self Insurance Trust)	1,993,574
Health Insurance Fund	2,024,281
Confiscated Property Trust Fund	38,487
Law Enforcement Education Fund	11,610
Crestlawn Cemetery Fund	(93,259)
Health and Life Insurance Fund	14,452
Retirement Premium Assistance (cash clearing)	(13,721)
Asset Management Trust Fund	1,352,784
Whitaker Trust Fund	723,321
Downey Little Flower Fund	148,865
TOTAL ALL FUNDS	\$ 74,594,932

* Does not include pension investments held separately in pension trust funds

**CITY OF VERO BEACH
FY 15-16 QUARTERLY DEBT SUMMARY**

				PRINCIPAL				INTEREST
				October 1, 2015 Principal Balance	FY 15-16 Principal Payments through Mar 31, 2016	Other FY 15-16 Principal Increases (Decreases)	Current Principal Balance at Mar 31, 2016	FY 15-16 Interest Payments through Mar 31, 2016
		Interest Rate	Maturity Date					
GOVERNMENTAL FUNDS DEBT								
Series 2012A	JP Morgan-Chase	1.18%	2017	\$ 970,000	\$ -	\$ -	\$ 970,000	\$ 5,754
Series 2012B	JP Morgan-Chase	1.06%	2016	1,775,000	(885,000)	-	890,000	9,408
Series 2007B-2	BofA	3.98%	2025	5,000,000	-	-	5,000,000	99,500
Series 2016	BB&T	2.47%	2031	-	-	1,400,000	1,400,000	-
ENTERPRISE FUNDS DEBT								
<i>Electric Utility</i>								
Series 2003A	US Bank	4.11%	2021	32,300,000	(4,050,000)	-	28,250,000	775,625
<i>Water/Sewer</i>								
Series 2013	BB&T	1.68%	2021	7,465,000	(1,015,000)	-	6,450,000	62,706
SRF WW310201 Original	FDEP	2.62%	2031	8,033,345	(220,325)	-	7,813,020	105,237
SRF WW310201 Am #2	FDEP	2.26%	2031	1,365,923	(38,503)	-	1,327,420	15,435
SRF DW310220	FDEP	2.82%	2031	256,499	(6,655)	-	249,844	3,617
SRF DW310221	FDEP	2.43%	2031	154,214	(4,127)	-	150,087	1,874
<i>Marina</i>								
Series 2007A	BofA	4.01%	2027	3,429,842	(206,153)	-	3,223,689	68,768

**FY 15-16 Debt Service Payments By Fund
Through Mar 31, 2016**





City of Vero Beach

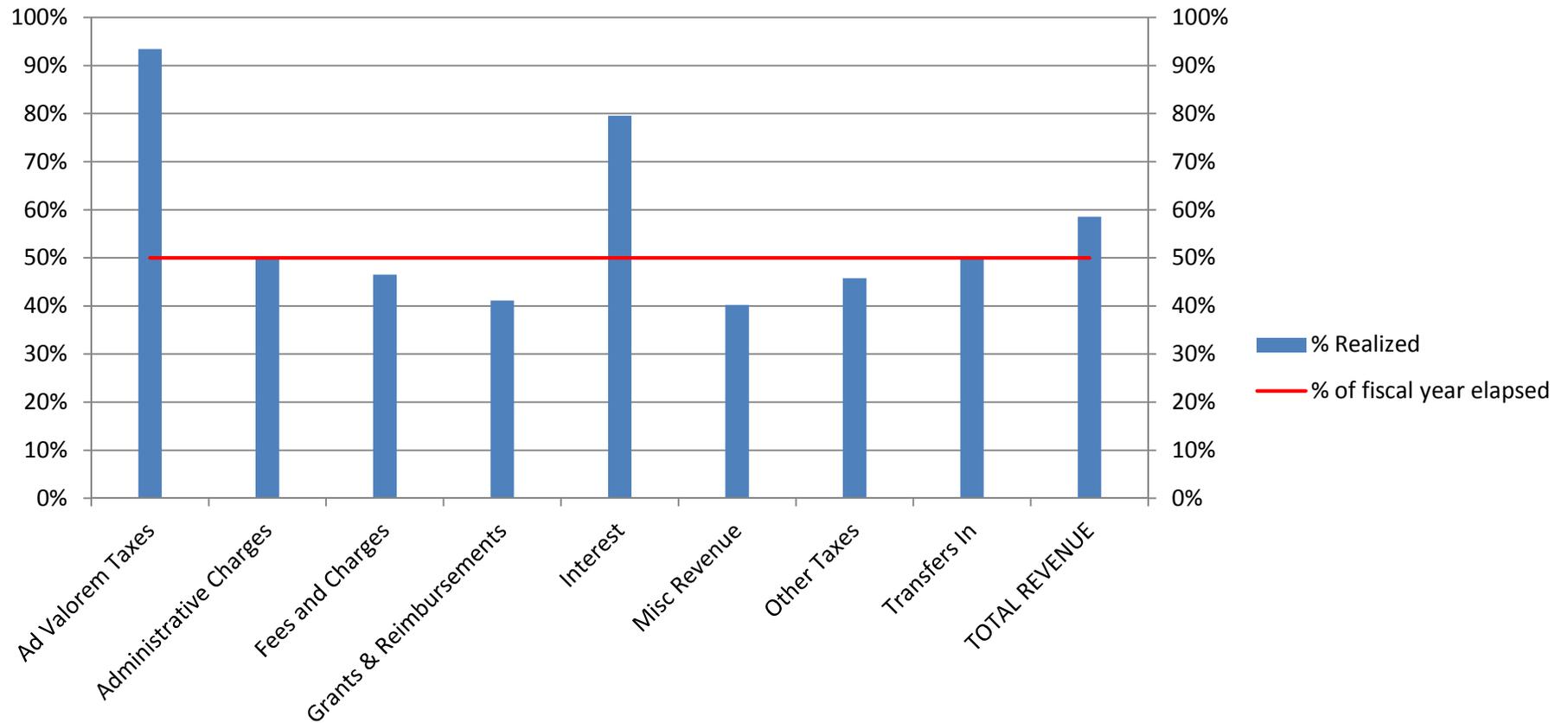
Revenues by Source

As of March 31, 2016 (50 % of fiscal year lapsed)



Revenue Source	Original Budget	Revised Budget	Month Actual	YTD Actual	% Realized
Fund 001 General Fund					
Ad Valorem Taxes	5,385,590	5,385,590	163,674	5,032,507	93.4%
Administrative Charges	2,792,296	2,792,296	232,691	1,396,148	50.0%
Cash Carryover	-9,892	-9,892	0	0	0.0%
Fees and Charges	450,000	450,000	86,125	209,382	46.5%
Grants and Reimbursements	1,767,687	1,767,687	141,945	727,040	41.1%
Interest	66,500	66,500	17,627	52,898	79.5%
Other Misc Revenue	2,040,684	2,040,684	169,542	820,877	40.2%
Other Taxes	2,626,577	2,626,577	198,073	1,202,543	45.8%
Transfers In	6,921,297	6,921,297	577,051	3,462,311	50.0%
Total for General Fund # 001	22,040,739	22,040,739	1,586,728	12,903,706	58.5%

FY 15-16
General Fund Revenues (excluding cash carryover)
As of: March 31, 2016



City of Vero Beach

Revenues by Fund / Source

As of March 31, 2016 (50 % of fiscal year lapsed)



Account Number	Account Name	Original Budget	Revised Budget	Month Actual	YTD Actual	% Realized
Fund 001	General Fund					
001.0000.311.010000	AD VALOREM TAXES	5,385,590	5,385,590	163,674	5,032,507	93.4%
001.0000.312.041000	LOCAL OPTION GAS TAX	501,577	501,577	37,049	167,139	33.3%
001.0000.313.300000	ROLL-OFF FRANCHISE FEE	13,000	13,000	1,219	10,631	81.8%
001.0000.314.000000	UTILITY TAXES	2,125,000	2,125,000	161,024	1,035,404	48.7%
001.0000.315.000100	LOCAL COMMUNICATIONS SERV TAX	1,116,240	1,116,240	94,075	382,862	34.3%
001.0000.316.000100	LOCAL BUSINESS TAX	160,000	160,000	2,057	39,738	24.8%
001.0000.322.000200	SIGN PERMIT FEES	7,500	7,500	1,040	5,740	76.5%
001.0000.322.000300	BURGLAR ALARM PERMITS	50,000	50,000	650	38,136	76.3%
001.0000.329.000200	TREE REPLACEMENT/MITIGATION FEES	0	0	48,977	55,161	0.0%
001.0000.334.090350	FMIT MATCHING SAFETY GRANT	0	0	610	610	0.0%
001.0000.335.012000	STATE REVENUE SHARING	565,764	565,764	46,914	281,483	49.8%
001.0000.335.014000	MOBILE HOME LICENSES	25,000	25,000	1,114	22,964	91.9%
001.0000.335.015000	ALCOHOLIC BEVERAGE LICENSES	55,000	55,000	0	4,929	9.0%
001.0000.335.018000	HALF CENT SALES TAX	1,121,923	1,121,923	92,291	391,155	34.9%
001.0000.342.010100	AIRPORT SECURITY	90,000	90,000	7,500	45,000	50.0%
001.0000.342.100200	POLICE INVESTIGATION EXPENSE REIMB	0	0	2,112	8,034	0.0%
001.0000.343.700100	DEDICATORY TREE PLANTING FEES	0	0	5,232	7,254	0.0%
001.0000.343.700200	TREE PLANTING APPLICATION FEES	0	0	1,002	1,002	0.0%
001.0000.347.000104	RECREATION DEPARTMENT INCOME	360,000	360,000	24,416	101,967	28.3%
001.0000.349.000500	ADMINISTRATIVE CHARGES	2,792,296	2,792,296	232,691	1,396,148	50.0%
001.0000.354.000100	FINES & FORFEITURES	75,000	75,000	7,365	31,472	42.0%
001.0000.354.000200	BURGLAR ALARM FINES	8,000	8,000	175	1,355	16.9%
001.0000.354.000300	CODE ENFORCEMENT FINES	25,000	25,000	300	7,644	30.6%
001.0000.360.000100	PLANNING DEPT REVENUE	75,000	75,000	9,732	52,501	70.0%
001.0000.361.010200	INTEREST ON INVESTMENTS	65,000	65,000	17,392	51,617	79.4%
001.0000.361.010300	INTEREST FROM BANK DEPOSITS	1,500	1,500	235	1,281	85.4%
001.0000.362.000100	DOWNTOWN PO RENT	120,744	120,744	10,062	50,310	41.7%
001.0000.362.000104	RECREATION CONCESSIONS & RENTALS	42,000	42,000	10,657	31,505	75.0%
001.0000.362.000114	RECREATION FACILITIES RENTAL	135,000	135,000	10,284	69,041	51.1%
001.0000.362.000600	RENTAL OF PW FACILITIES	74,200	74,200	6,183	37,100	50.0%
001.0000.365.090100	SALE OF SURPLUS MATERIALS AND SCRAP	20,000	20,000	0	0	0.0%
001.0000.366.000100	FOURTH OF JULY CONTRIBUTION	15,000	15,000	3,300	6,800	45.3%
001.0000.368.000100	POLICE MISC INCOME	3,000	3,000	1,272	4,958	165.3%
001.0000.368.000200	POLICE ADMIN FEES	5,000	5,000	355	1,390	27.8%
001.0000.369.000104	RECREATION JANITORIAL SERVICES	8,000	8,000	375	3,035	37.9%
001.0000.369.060000	INSURANCE PROCEEDS	0	0	0	7,746	0.0%
001.0000.369.090100	MISC REVENUE	70,000	70,000	5,968	22,491	32.1%
001.0000.369.090104	RECREATION MISCELLANEOUS REVENUES	2,000	2,000	42	-377	-18.9%
001.0000.382.000200	CONTRIBUTION FROM ELEC FUND	5,440,000	5,440,000	453,333	2,720,000	50.0%

City of Vero Beach

Revenues by Fund / Source

As of March 31, 2016 (50 % of fiscal year lapsed)



Account Number	Account Name	Original Budget	Revised Budget	Month Actual	YTD Actual	% Realized
001.0000.382.000300	CONTRIBUTION FROM W/S FUND	950,000	950,000	79,167	475,000	50.0%
001.0000.382.000400	CONTRIBUTION FROM SW FUND	162,000	162,000	13,500	81,000	50.0%
001.0000.382.000650	CONTRIBUTION FROM HEALTH INSURANCE FUND	269,297	269,297	22,718	136,311	50.6%
001.0000.382.001700	CONTRIBUTION FROM MARINA	100,000	100,000	8,333	50,000	50.0%
001.0000.389.000100	CASH OVER/SHORT	0	0	500	501	0.0%
001.0000.389.000500	UNAPPROPRIATED SURPLUS	-9,892	-9,892	0	0	0.0%
001.0000.389.002104	RECREATION SPONSORSHIP	13,000	13,000	800	5,787	44.5%
001.0000.389.002114	RECREATION PERFORMING ARTS COSTUMES	3,000	3,000	17	1,475	49.2%
001.0000.389.800000	CONTRIBUTIONS FROM PRIVATE SOURCES	0	0	1,016	25,899	0.0%
Total for General Fund # 001		22,040,739	22,040,739	1,586,728	12,903,706	58.5%

City of Vero Beach

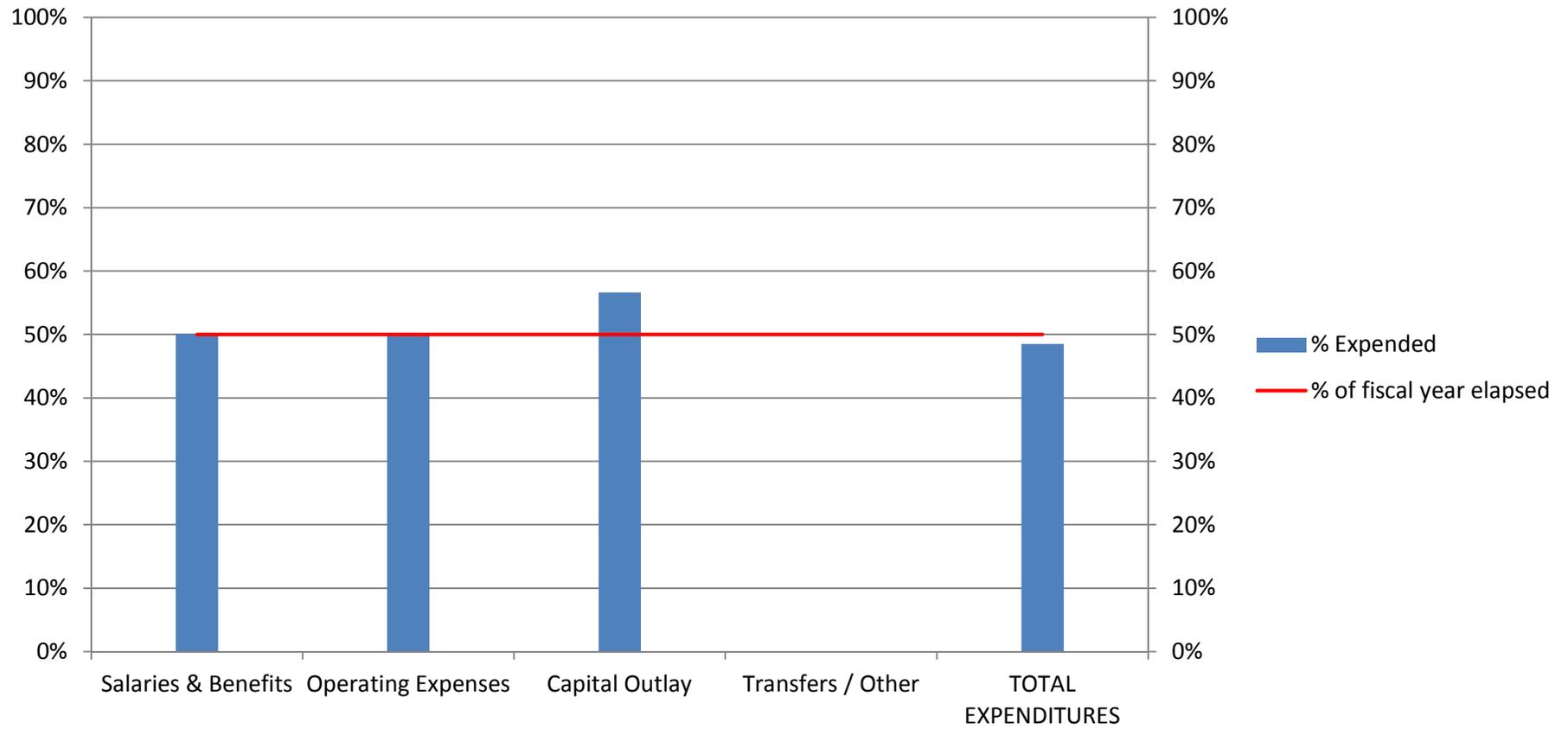


Expenditures by Fund / Type of Expense

As of March 31, 2016 (50 % of fiscal year lapsed)

Type of Expense	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
Fund 001 General Fund					
1. Salaries and Benefits	17,959,855	17,959,855	1,341,402	8,995,526	50.1%
2. Operating Expenses	3,127,214	3,127,214	279,384	1,565,312	50.1%
3. Capital Outlay	234,186	234,186	18,999	132,619	56.6%
4. Transfers and other	719,484	719,484	2,083	703,375	97.8%
Total for General Fund # 001	22,040,739	22,040,739	1,641,868	11,396,832	51.7%

FY 15-16 General Fund Expenditures As of: March 31, 2016



City of Vero Beach

Expenditures by Fund / Department



As of March 31, 2016 (50 % of fiscal year lapsed)

Department	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
Fund 001 General Fund					
City Council	93,224	93,224	7,204	44,464	47.7%
City Clerk	469,730	469,730	33,502	231,978	49.4%
City Manager	339,915	339,915	27,783	162,959	47.9%
City Hall	131,950	131,950	8,701	56,476	42.8%
City Attorney	462,947	462,947	36,523	218,125	47.1%
Human Resources	493,322	493,322	33,567	207,440	42.0%
Finance	846,959	846,959	55,489	371,407	43.9%
Info Systems	754,422	754,422	56,161	313,476	41.6%
Purchasing	432,334	432,334	33,065	201,804	46.7%
Warehouse	285,054	285,054	20,599	115,796	40.6%
Planning & Development	539,338	539,338	44,786	261,531	48.5%
Police	7,359,147	7,359,147	528,946	3,940,006	53.5%
Public Works - Engineering & Survey	515,586	515,586	33,086	280,669	54.4%
Public Works - Streets, Traffic, StormW	1,393,963	1,393,963	109,569	707,336	50.7%
Public Works - GIS	162,308	162,308	10,491	74,935	46.2%
Public Works - Grounds Maintenance	1,923,169	1,923,169	69,888	878,712	45.7%
Public Works - Admin	549,557	549,557	42,154	255,134	46.4%
Public Works - Fleet Mgmnt	2,058	2,058	10,538	4,524	219.8%
Public Works - Facilities Mgmnt	720,004	720,004	52,494	310,462	43.1%
Recreation	2,160,682	2,160,682	201,666	1,021,527	47.3%
Non-Departmental	2,405,070	2,405,070	225,656	1,738,071	72.3%
Total for General Fund # 001	22,040,739	22,040,739	1,641,868	11,396,832	51.7%

City of Vero Beach

Expenditures by Fund / Object

As of March 31, 2016 (50 % of fiscal year lapsed)



Object	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
Fund 001 General Fund					
112001 OPERATING SALARIES	10,407,813	10,407,813	797,853	4,838,351	46.5%
113002 PART TIME SALARIES	225,500	225,500	19,905	110,223	48.9%
114001 OVERTIME SALARIES	288,100	288,100	19,210	196,812	68.3%
114002 COURT OVERTIME	30,000	30,000	1,635	14,193	47.3%
115002 CAREER DEVELOPMENT	29,802	29,802	2,672	14,804	49.7%
115003 INCENTIVE PROGRAM	300	300	23	141	47.0%
115006 CITY INCENTIVE	32,914	32,914	3,099	17,184	52.2%
115006 EMT/LIFEGUARD	10,400	10,400	692	4,922	47.3%
115007 EDUCATION	30,720	30,720	2,986	16,336	53.2%
115008 INCENTIVE OVERTIME	16,000	16,000	1,027	6,618	41.4%
115009 MEAL ALLOWANCE	1,250	1,250	28	953	76.2%
121001 SOCIAL SECURITY	846,708	846,708	60,471	369,611	43.7%
122001 PENSION CONTRIBUTION	260,028	260,028	21,114	126,212	48.5%
122001 PENSION FUND	230,575	230,575	18,849	113,015	49.0%
122001 PENSION FUND CONTRIBUTION	1,937,536	1,937,536	156,097	941,656	48.6%
122002 CONTRIB TO POLICE PENSION	872,634	872,634	0	872,634	100.0%
122003 CONTRIBUTION TO FIRE PENSION FUND	27,747	27,747	0	0	0.0%
123001 GROUP LIFE INSURANCE	30,513	30,513	3,093	18,500	60.6%
123002 HOSPITALIZATION INSURANCE	2,150,559	2,150,559	171,704	1,030,637	47.9%
123004 RETIREMENT PREMIUM ASSIST	411,756	411,756	33,925	199,069	48.3%
123005 WORKERS COMPENSATION	119,000	119,000	27,019	103,655	87.1%
331001 PROFESSIONAL SERVICES	159,597	159,597	26,270	126,371	79.2%
331002 STATE ACCREDITATION	3,000	3,000	0	675	22.5%
331020 FOURTH OF JULY EXPENDITURES	15,000	15,000	0	0	0.0%
332001 AUDIT	17,134	17,134	2,399	13,707	80.0%
334002 CLEANING & LAUNDRY	32,225	32,225	1,532	8,740	27.1%
334002 UNIFORM SERVICE	3,500	3,500	198	1,238	35.4%
334003 JANITORIAL SERVICES	66,124	66,124	5,141	27,288	41.3%
334004 SUMMER CAMP EXP	13,250	13,250	0	0	0.0%
334005 JANITORIAL SERVICES/RENTALS	9,500	9,500	771	2,786	29.3%
334007 OTHER CONTRACTUAL SERVICES	115,099	115,099	4,264	49,099	42.7%
334014 INDIAN RIVER CRIME LAB	60,586	60,586	0	30,293	50.0%
334016 DISCOUNT ON CREDIT CARDS	1,600	1,600	124	809	50.6%
334020 BEACH CLEANING	49,500	49,500	0	17,302	35.0%
334021 FERTILIZER	10,000	10,000	0	1,830	18.3%
334022 IRRIGATION	1,000	1,000	0	0	0.0%
334023 CONTRACT PAINTING SERVICES	47,000	47,000	0	800	1.7%
340001 MILEAGE ALLOWANCE	7,400	7,400	473	2,042	27.6%
340002 AUTO ALLOWANCE	4,800	4,800	400	2,400	50.0%
341001 TELEPHONE	54,359	54,359	7,086	26,936	49.6%
341002 TELECOMMUNICATIONS SERVICES	31,000	31,000	1,499	12,789	41.3%
342001 POSTAGE	20,350	20,350	1,033	7,249	35.6%
343001 UTILITIES	644,260	644,260	43,705	290,730	45.1%

City of Vero Beach

Expenditures by Fund / Object

As of March 31, 2016 (50 % of fiscal year lapsed)



Object	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
343002 STREET & HIGHWAY LIGHTING	390,000	390,000	32,360	195,123	50.0%
344001 MACH & EQUIP RENT	4,600	4,600	2,790	3,438	74.7%
344001 RENTAL OF MACHINERY & EQUIP	500	500	0	0	0.0%
344003 AIRPORT LAND RENT	71,400	71,400	5,960	35,759	50.1%
345001 GENERAL INSURANCE	366,030	366,030	91,580	274,807	75.1%
345003 G/L AND AUTO-LOSSES/DEDUCTIBLES	0	0	0	1,165	0.0%
346001 EQUIPMENT MAINTENANCE	64,806	64,806	4,512	22,457	34.7%
346002 VEHICLE MAINTENANCE	504,852	504,852	47,048	243,567	48.2%
346003 BUILDING MAINTENANCE	73,050	73,050	8,090	28,609	39.2%
346004 AIR CONDITIONING MAINT	16,500	16,500	310	1,963	11.9%
346006 EQUIPMENT LEASING	2,400	2,400	129	957	39.9%
346012 NETWORK MAINTENANCE	5,000	5,000	152	1,797	35.9%
346013 OTHER VEHICLE & BOAT MAINT	3,750	8,855	1,111	4,074	46.0%
346028 MAIN TRAFFIC SIGNALS	50,000	50,000	4,843	22,785	45.6%
346054 POLICE RANGE GROUND MAINT	960	960	0	0	0.0%
346058 RIVERSIDE PK GROUNDS MAINT	49,200	49,200	4,100	20,500	41.7%
346062 GAS BOY MAINTENANCE	1,500	1,500	16	96	6.4%
346063 ROAD MAINT MATERIALS	20,000	20,000	3,776	9,756	48.8%
346064 POLICE RANGE TARGET EQUIP MAINT	7,200	7,200	0	0	0.0%
346082 DONATED BENCHES & PLAQUES	0	0	174	2,150	0.0%
346200 SOFTWARE MAINTENANCE	130,100	130,100	8,370	55,081	42.3%
346300 FLOORING	500	500	0	0	0.0%
346330 PAINTING & EXTERIOR REPAIRS	500	500	0	32	6.4%
346375 CARPENTRY DRYWALL & ELECTRICAL	400	400	0	0	0.0%
347001 PRINTING & BINDING	33,300	33,300	1,000	9,496	28.5%
347002 MUNICIPAL CODE	7,000	7,000	0	2,655	37.9%
349001 ADVERTISING	16,800	16,800	578	4,862	28.9%
349002 ELECTION EXPENSE	22,000	22,000	0	22,000	100.0%
349003 SCHOOLS & MEETINGS	53,750	55,150	4,063	17,149	31.1%
349013 CODE ENFORCEMENT ABATEMENT	20,000	20,000	3,141	3,201	16.0%
349023 BAD DEBT	2,500	2,500	4	-14	-0.6%
349028 LANDFILL FEES	31,320	31,320	596	22,233	71.0%
351001 OFFICE SUPPLIES	61,900	60,900	5,173	22,342	36.7%
351003 OFFICE FURNITURE & EQUIPMENT	12,450	12,450	475	1,528	12.3%
352001 GAS & OIL	224,217	218,712	15,666	68,535	31.3%
352001 MOTOR FUEL	54,718	54,718	3,326	17,281	31.6%
352003 VEHICLE PARTS & SUPPLIES	320,000	320,000	33,391	163,004	50.9%
352004 EQUIP PARTS & SUPPLIES	26,830	26,830	919	6,708	25.0%
352005 CONSUMABLE TOOLS	31,014	31,014	2,887	12,721	41.0%
352006 JANITORIAL SUPPLIES	39,755	39,755	3,459	20,245	50.9%
352007 SIGN MATERIAL	70,250	70,250	255	44,423	63.2%
352008 SAFETY SHOES & GLASSES	3,000	3,000	75	2,550	85.0%
352008 UNIFORMS & CLOTHING	35,400	35,400	4,304	24,083	68.0%
352009 BUILD SUPPLIES & MATLS	43,500	43,500	2,216	10,894	25.0%
352009 BUILDING SUPPLIES & MATERIALS	8,500	8,500	2,041	2,422	28.5%

City of Vero Beach

Expenditures by Fund / Object

As of March 31, 2016 (50 % of fiscal year lapsed)



Object	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
352010 ELEC PARTS & SUPPLIES	13,000	13,000	1,385	5,713	43.9%
352011 PLUMB PARTS & SUPPLIES	5,000	5,000	518	1,550	31.0%
352012 SURVEY PARTS & SUPPLIES	1,500	1,500	0	0	0.0%
352014 OTHER COMMODITIES	26,049	26,049	1,861	16,979	65.2%
352015 TRAINING AIDS	5,390	5,390	0	0	0.0%
352017 SPECIAL EVENTS SUPPLIES	3,500	3,500	659	2,107	60.2%
352027 PERFORMING ARTS COSTUMES	1,500	1,500	0	981	65.4%
352033 ATHLETICS	10,000	10,000	1,890	6,937	69.4%
352035 ATHLETIC AREAS MAINT	5,000	5,000	2,396	2,857	57.1%
352036 PLAYGROUNDS MAINT	9,500	9,500	0	2,099	22.1%
352050 CRIME PREVENTION	1,700	1,700	50	1,429	84.1%
352059 SHOP SUPPLIES	24,000	24,000	960	6,101	25.4%
352061 INVESTIGATION EXPENSE	3,500	3,500	70	3,143	89.8%
352063 LANDSCAPE/RECREATION	179,079	179,079	40,909	81,998	45.8%
352064 RECREATION SPONSORSHIPS	2,500	2,500	125	3,483	139.3%
352065 SMALL EQUIPMENT	4,000	4,000	328	1,003	25.1%
352066 IRRIGATION MATERIALS	15,000	15,000	1,453	5,587	37.2%
352067 FENCING MATERIALS	2,500	2,500	0	93	3.7%
352068 CHEMICAL SUPPLIES	14,000	14,000	562	2,319	16.6%
352069 LANDSCAPE MATERIALS	22,000	22,000	1,958	8,722	39.6%
352070 ID SUPPLIES	3,306	3,306	0	1,643	49.7%
352071 AMMUNITION	15,000	15,000	1,889	8,351	55.7%
352072 UNIFORMS/EQUIP/ACCESSORY	17,996	17,996	1,945	12,126	67.4%
352073 SWALE SOD	4,000	4,000	536	1,530	38.3%
352074 DARE PROGRAM	5,000	5,000	592	4,155	83.1%
354001 SUBSCRIPTIONS/MEMBERSHIPS	23,590	23,590	2,484	9,509	40.3%
354002 FLA LEAGUE OF CITIES	1,600	1,600	0	1,671	104.4%
354005 LAW LIBRARY/SUBSCRIPTIONS	6,000	6,000	464	2,059	34.3%
354006 DOWNTOWN FRIDAY FEST	1,700	1,700	123	986	58.0%
354008 MAIN STREET VERO BEACH	26,000	26,000	2,150	12,900	49.6%
355001 PURCHASES FOR RESALE	3,500	3,500	98	899	25.7%
355002 MISCELLANEOUS	10,955	10,955	398	6,146	56.1%
355003 K 9 EXPENSES	7,805	7,805	50	2,554	32.7%
355006 INVENTORY VARIANCE	1,000	1,000	0	0	0.0%
355009 EMPLOYEE BENEFITS	300	300	0	0	0.0%
355010 CHRISTMAS DECORATIONS	25,000	25,000	0	24,995	100.0%
355011 RECORDING FEES	4,000	4,000	551	2,205	55.1%
355012 MEMORIAL IS FLAG	3,000	3,000	0	522	17.4%
355016 DEDICATORY TREE PLANTING	0	0	948	2,494	0.0%
359900 INTERFUND SERVICES	-222,500	-222,500	-12,415	-60,766	27.3%
359900 INTERFUND SVCS LABOR	-1,039,542	-1,039,542	-74,804	-483,091	46.5%
359900 PARK MAINT INCOME	-441,669	-441,669	-98,705	-197,403	44.7%
359901 INTERFUND SERVICES	0	0	0	-1,305	0.0%
365004 BANK CHARGES	30,000	30,000	0	9,430	31.4%
365015 TURTLE LIGHTS	3,000	3,000	0	51	1.7%

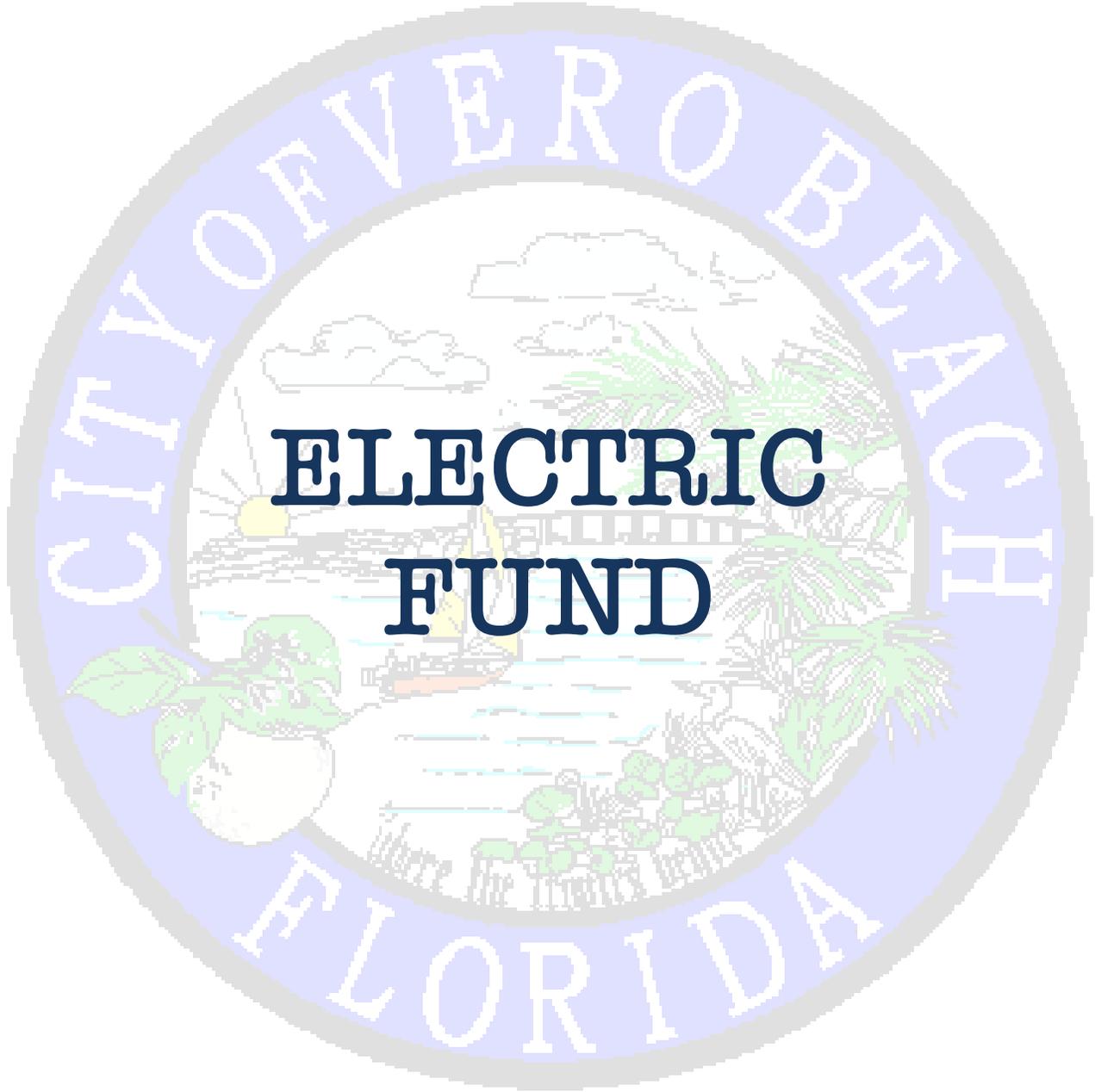
City of Vero Beach

Expenditures by Fund / Object

As of March 31, 2016 (50 % of fiscal year lapsed)



Object	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
365068 STATE DEM/FEMA REPAYMENT PLAN FRANCES	13,855	13,855	1,385	8,313	60.0%
365069 STATE DEM/FEMA REPAYMENT PLAN JEANNE	27,864	27,864	2,786	16,719	60.0%
600101 EXERCISE EQUIPMENT	5,000	5,000	0	6,590	131.8%
601001 COMPUTER	0	500	1,690	1,690	338.0%
601009 COMPUTERS	3,200	3,200	0	0	0.0%
605025 PADDLEBOARD	1,300	1,300	0	0	0.0%
607002 SICKLE MOWER ATTACHMENT	4,500	4,500	0	0	0.0%
609001 ATV	8,000	8,000	0	5,865	73.3%
609001 COMPUTER	2,600	2,600	0	2,113	81.3%
609001 COMPUTERS	9,900	9,900	0	6,741	68.1%
609002 COMPUTERS	1,300	1,300	0	1,060	81.5%
609002 RIDING MOWER	10,000	10,000	0	9,633	96.3%
610002 COMPUTER WORKSTATIONS	4,400	4,400	0	4,237	96.3%
615008 POLICE MOBILE DATA TRANSMITTERS (MDT'S)	22,100	22,100	2,870	8,610	39.0%
615009 PC WORKSTATIONS	13,200	13,200	0	12,290	93.1%
615010 RMS/CAD/MOBILE	27,286	27,286	0	27,283	100.0%
615026 800 MEGAHERTZ RADIOS	3,400	3,400	0	0	0.0%
615053 MISC POLICE EQUIPMENT	15,700	15,700	14,439	14,439	92.0%
616001 IT CAPITAL OUTLAY FY 15-16	52,000	52,000	0	14,369	27.6%
616002 PW ENGINEERING CAPITAL FY 15-16	4,200	4,200	0	1,887	44.9%
616003 PW STREETS CAPITAL FY 15-16	43,500	43,500	0	10,203	23.5%
616052 COPIER	0	-500	0	3,496	-699.2%
667002 COMPUTER WORKSTATIONS	2,600	2,600	0	2,113	81.3%
991023 TRANS TO CEMETERY	25,000	25,000	2,083	12,500	50.0%
991035 DEBT SVC TRF SERIES 2012B	694,484	694,484	0	690,875	99.5%
Total for General Fund # 001	22,040,739	22,040,739	1,641,868	11,396,832	51.7%



City of Vero Beach

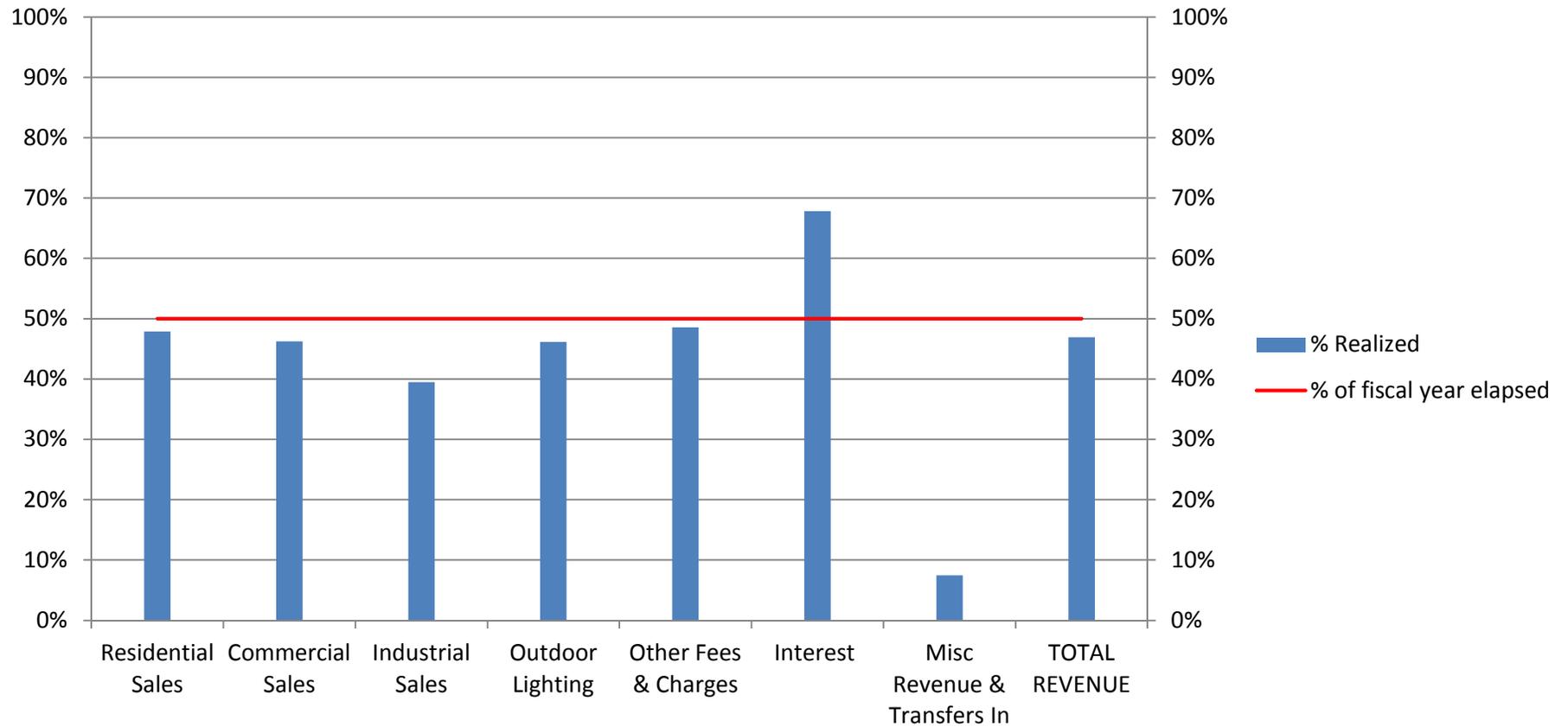
Revenues by Source

As of March 31, 2016 (50 % of fiscal year lapsed)



Revenue Source	Original Budget	Revised Budget	Month Actual	YTD Actual	% Realized
Fund 401 Electric Fund					
Cash Carryover	-1,044,745	-1,044,745	0	0	0.0%
Fees and Charges	92,117,165	92,117,165	6,452,300	43,278,154	47.0%
Interest	150,000	150,000	35,950	101,738	67.8%
Other Misc Revenue	50,000	50,000	-90,448	-53,406	-106.8%
Transfers In	134,316	134,316	11,193	67,158	50.0%
Total for Electric Fund # 401	91,406,736	91,406,736	6,408,995	43,393,644	47.5%

FY 15-16
Electric Utility Revenues (excluding cash carryover)
As of: March 31, 2016



City of Vero Beach

Revenues by Fund / Source

As of March 31, 2016 (50 % of fiscal year lapsed)



Account Number	Account Name	Original Budget	Revised Budget	Month Actual	YTD Actual	% Realized
Fund 401 Electric Fund						
401.0000.343.010100	RESIDENTIAL SALES	46,756,353	46,756,353	3,325,268	22,391,117	47.9%
401.0000.343.010200	COMMERCIAL SALES	41,118,273	41,118,273	2,835,422	19,016,115	46.2%
401.0000.343.010400	INDUSTRIAL SALES	1,793,634	1,793,634	104,726	708,541	39.5%
401.0000.343.010500	OUTDOOR LIGHTING	1,106,160	1,106,160	85,197	510,313	46.1%
401.0000.343.010800	TURN ON FEES	375,000	375,000	22,240	146,710	39.1%
401.0000.343.011000	FIBER OPTIC RENTAL	32,000	32,000	2,768	16,608	51.9%
401.0000.343.011100	POLE RENTALS	40,000	40,000	0	27,706	69.3%
401.0000.343.011200	CUSTOMER SVC WATER SEWER	442,127	442,127	36,844	221,064	50.0%
401.0000.343.011500	ELEC CONNECTION FEES	26,000	26,000	5,105	18,680	71.8%
401.0000.343.012100	PENALTY INCOME	290,000	290,000	21,380	146,860	50.6%
401.0000.343.012200	CUST SVC/SW	87,618	87,618	7,302	43,809	50.0%
401.0000.343.061300	UNDERGROUND CONNECTION CHARGE	10,000	10,000	2,190	8,520	85.2%
401.0000.343.090100	COMMUNICATION EQUIP RENTAL	40,000	40,000	3,858	22,111	55.3%
401.0000.361.010200	INTEREST ON INVESTMENTS	150,000	150,000	35,950	101,738	67.8%
401.0000.364.000200	GAIN OR LOSS ON DISPOSAL OF ASSETS	0	0	-93,688	-93,688	0.0%
401.0000.365.090100	SALE OF SURPLUS MATERIALS AND SCRAP	0	0	2,573	33,976	0.0%
401.0000.369.060000	INSURANCE PROCEEDS	0	0	0	1,522	0.0%
401.0000.369.090100	MISCELLANEOUS REVENUES	50,000	50,000	607	4,439	8.9%
401.0000.369.090200	STATE SALES TAX FEES	0	0	60	259	0.0%
401.0000.382.000650	CONTRIBUTION FROM HEALTH INSURANCE FUND	134,316	134,316	11,193	67,158	50.0%
401.0000.389.000100	CASH OVER SHORT	0	0	0	86	0.0%
401.0000.389.000200	CASH CARRYOVER	-1,044,745	-1,044,745	0	0	0.0%
Total for Electric Fund # 401		91,406,736	91,406,736	6,408,995	43,393,644	47.5%

City of Vero Beach

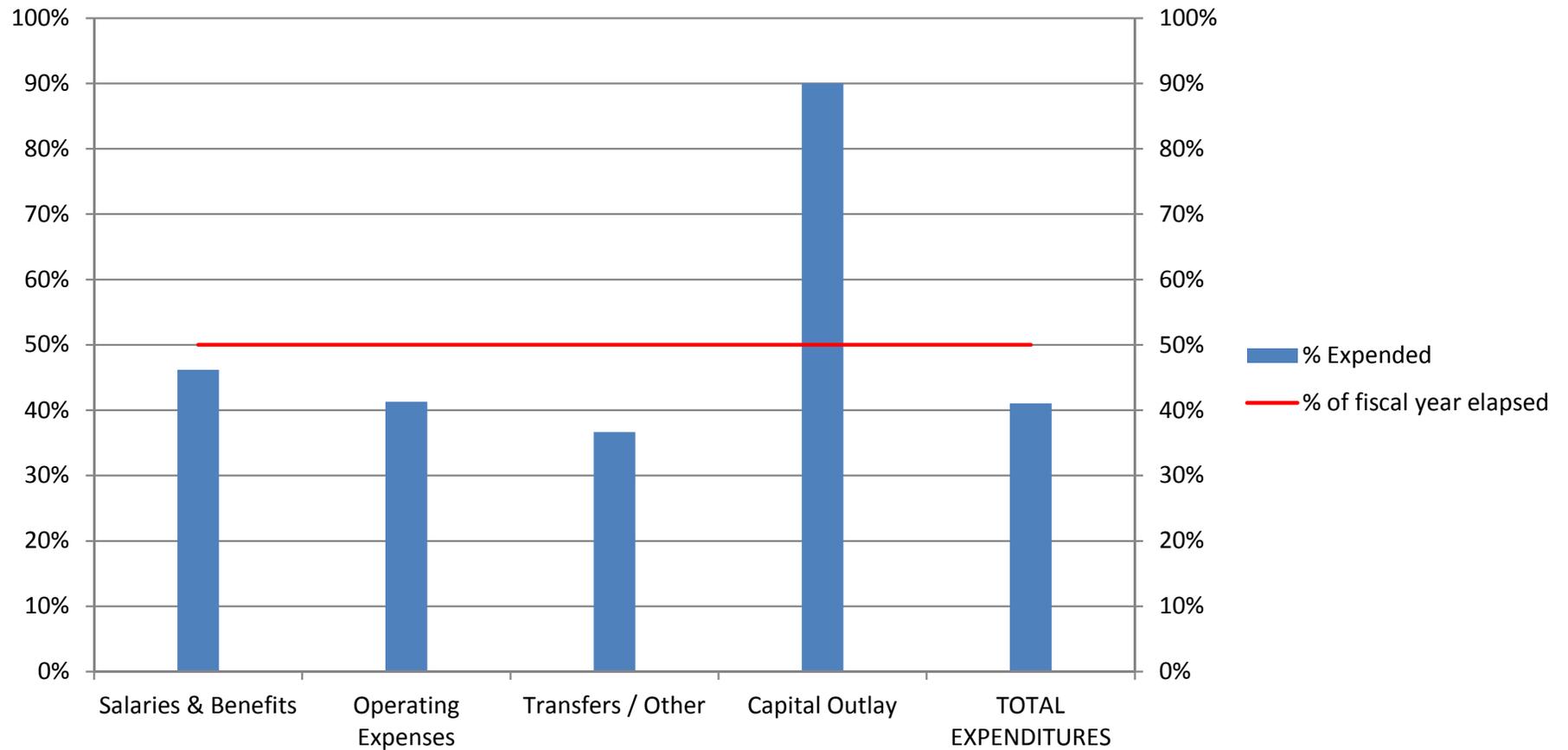


Expenditures by Fund / Type of Expense

As of March 31, 2016 (50 % of fiscal year lapsed)

Type of Expense	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
Fund 401 Electric Fund					
1. Salaries and Benefits	9,141,971	9,141,971	660,280	4,222,065	46.2%
2. Operating Expenses	66,989,765	66,920,368	4,008,038	27,640,420	41.3%
3. Capital Outlay	0	69,397	24,289	62,457	90.0%
4. Transfers and other	15,275,000	15,275,000	926,979	5,595,625	36.6%
Total for Electric Fund # 401	91,406,736	91,406,736	5,619,586	37,520,567	41.0%

FY 15-16 Electric Utility Expenditures As of: March 31, 2016



City of Vero Beach

Expenditures by Fund / Department



As of March 31, 2016 (50 % of fiscal year lapsed)

Department	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
Fund 401 Electric Fund					
Power Resources	3,766,930	3,766,930	179,570	1,642,183	43.6%
Power & Fuel	59,250,000	59,250,000	3,128,536	23,720,324	40.0%
Customer Service	1,988,729	1,988,729	142,783	929,430	46.7%
T&D	5,266,058	5,266,058	573,716	2,803,908	53.2%
Elec Eng & New Const	605,827	605,827	44,073	272,496	45.0%
Electric Metering	845,334	845,334	71,224	408,270	48.3%
Non-Departmental	19,683,858	19,683,858	1,479,684	7,743,956	39.3%
Total for Electric Fund # 401	91,406,736	91,406,736	5,619,586	37,520,567	41.0%

City of Vero Beach

Expenditures by Fund / Object

As of March 31, 2016 (50 % of fiscal year lapsed)



Object	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
Fund 401 Electric Fund					
112001 OPERATING SALARIES	3,140,109	3,140,109	223,654	1,523,165	48.5%
112001 OPERATING SALARIES/DISTR	740,759	740,759	61,801	335,377	45.3%
112002 MAINT SALARIES/DISTR	871,508	871,508	64,107	333,522	38.3%
112002 MAINTENANCE SALARIES	412,694	412,694	0	70,340	17.0%
114001 OVERTIME SALARIES	153,000	153,000	3,576	41,010	26.8%
114001 OVERTIME SALARIES/DISTR	265,000	265,000	33,402	259,955	98.1%
115009 MEAL ALLOWANCE	7,000	7,000	476	3,716	53.1%
121001 SOCIAL SECURITY	427,106	427,106	26,849	180,164	42.2%
122001 PENSION FUND CONTRIBUTION	1,845,955	1,845,955	145,974	883,579	47.9%
123001 GROUP LIFE INSURANCE	15,192	15,192	1,379	8,613	56.7%
123002 HOSPITALIZATION INSURANCE	970,808	970,808	68,708	428,256	44.1%
123004 RETIREMENT PREM ASSISTANCE	249,840	249,840	20,754	122,106	48.9%
123005 WORKERS COMPENSATION	43,000	43,000	9,600	32,262	75.0%
331001 PROFESSIONAL SERVICES	1,211,000	1,211,000	103,444	534,443	44.1%
331002 NERC COMPLIANCE	400,000	330,603	83,906	253,776	76.8%
331003 PROF SVCS PERMITTING	5,000	5,000	0	0	0.0%
331005 LINE LOCATION SVCS (INTERFUND)	90,000	90,000	22,500	45,000	50.0%
331012 PAYING AGENTS FEE	750	750	0	2,500	333.3%
332001 AUDIT	40,574	40,574	5,680	32,459	80.0%
334002 CLEANING & LAUNDRY	17,300	17,300	1,278	7,078	40.9%
334002 CLEANING/LAUNDRY	12,000	12,000	352	2,610	21.8%
334003 JANITORIAL SERVICES	21,649	21,649	2,594	12,966	59.9%
334009 POLE RENTAL	20,000	20,000	0	19,245	96.2%
334010 ENVIRONMENTAL HEALTH & SAFETY	25,000	25,000	6,715	11,771	47.1%
340001 MILEAGE ALLOWANCE	2,500	2,500	0	0	0.0%
341001 TELEPHONE	42,800	42,800	5,045	19,447	45.4%
341002 TELECOMMUNICATIONS SERVICES	12,550	12,550	645	5,475	43.6%
342001 POSTAGE	186,800	186,800	15,907	80,180	42.9%
343001 UTILITIES	111,800	111,800	5,194	37,576	33.6%
344001 EQUIPMENT RENTAL	6,000	6,000	7,267	37,426	623.8%
344001 MACH/EQUIP RENT	6,000	6,000	0	1,412	23.5%
344003 LAND RENT AIRPORT	138,400	138,400	11,406	68,438	49.4%
345001 GENERAL INSURANCE	988,809	988,809	286,526	679,301	68.7%
345001 GENERAL INSURANCE-BOILER	267,214	267,214	0	277,440	103.8%
345003 G/L AND AUTO-LOSSES/DEDUCTIBLES	0	0	0	5,655	0.0%
346002 VEHICLE MAINTENANCE	109,025	109,025	9,953	59,147	54.3%
346003 BUILDING MAINTENANCE	13,000	13,000	607	3,374	26.0%
346004 AIR CONDITIONING MAINT	1,500	1,500	0	0	0.0%
346004 METER MAINT/DISTR	4,000	4,000	0	100	2.5%
346004 METERS MAINTENANCE	500	500	0	0	0.0%
346006 BUILDING MAINT	5,000	5,000	210	1,748	35.0%
346006 BUILDING MAINTENANCE	3,000	3,000	0	0	0.0%
346010 INSTRUMENTATION MAINT	50,000	50,000	0	0	0.0%

City of Vero Beach

Expenditures by Fund / Object

As of March 31, 2016 (50 % of fiscal year lapsed)



Object	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
346011 PLANT COMPUTER MAINTENANCE	10,000	10,000	0	0	0.0%
346012 OFFICE EQUIP MAINT	7,500	7,500	92	1,479	19.7%
346012 OFFICE EQUIPMENT MAINTENANCE	5,000	5,000	158	499	10.0%
346013 VEHICLE/EQUIP MAINT	500	500	0	0	0.0%
346017 OFFICE EQUIP MAINT	4,500	4,500	0	624	13.9%
346017 OFFICE EQUIPMENT MAINTANCE	350	350	0	0	0.0%
346018 RADIO MAINT	3,500	3,500	204	545	15.6%
346018 RADIO MAINTENANCE	300	300	0	730	243.3%
346019 TOOLS/SHOP EQUIPMENT MAINT	6,000	6,000	0	4,838	80.6%
346026 STATION EQUIP MAINT/DISTR	20,000	20,000	10,400	12,274	61.4%
346027 HYDRAULIC EQUIP MAINT	10,000	10,000	211	2,978	29.8%
346058 GROUNDS MAINT	30,000	30,000	7,816	15,589	52.0%
346058 GROUNDS MAINT/DISTR	71,411	71,411	16,484	36,816	51.6%
346081 DISPOSAL OF SCRAP MATERIAL	100	100	0	0	0.0%
346200 SOFTWARE MAINTENANCE	238,200	238,200	6,962	141,062	59.2%
347001 PRINTING & BINDING	75,900	75,900	6,083	30,326	40.0%
347001 PRINTING/BINDING	100	100	0	0	0.0%
349001 ADVERTISING	500	500	0	112	22.4%
349003 SCHOOLS & MEETINGS	64,000	64,000	3,340	34,052	53.2%
349003 SCHOOLS/MEETINGS	15,000	15,000	0	1,801	12.0%
349007 STATE SALES TAX	0	0	1,331	4,087	0.0%
349015 CREDIT BUREAU CHARGES	28,000	28,000	2,254	7,411	26.5%
349016 GF ADMIN CHARGES	1,796,112	1,796,112	149,676	898,056	50.0%
349019 METER DEPOSIT INTEREST	27,000	27,000	303	1,734	6.4%
349021 ENVIRONMENTAL AND POLLUTION	200,000	200,000	8,623	26,478	13.2%
349023 BAD DEBTS	240,000	240,000	-1,534	-7,036	-2.9%
349028 LANDFILL FEES	6,250	6,250	104	3,662	58.6%
349031 PSC REGULATORY FEE	14,800	14,800	0	7,755	52.4%
349034 GROSS RECEIPTS TAX	0	0	-311	4,972	0.0%
351001 OFFICE SUPPLIES	16,500	16,500	636	4,920	29.8%
351002 LOGS/CHARTS/FORMS/MAPS	2,000	2,000	120	1,270	63.5%
351003 OFFICE FURNITURE & EQUIPMENT	18,500	18,500	767	7,451	40.3%
352001 GAS & OIL	94,598	94,598	5,497	27,809	29.4%
352006 JANITORIAL SUPPLIES	6,100	6,100	276	1,698	27.8%
352008 UNIFORMS & CLOTHING	26,300	26,300	601	8,470	32.2%
352014 OTHER COMMODITIES	1,000	1,000	0	1,033	103.3%
352018 OIL	100,000	100,000	0	105	0.1%
352019 CHEMICAL AND WATER TR SUP	5,000	5,000	0	0	0.0%
352020 LUBRICANTS	4,000	4,000	0	0	0.0%
352021 GENERATOR COOLING GASES	15,000	15,000	0	1,532	10.2%
352022 MATERIALS	15,000	15,000	0	0	0.0%
352024 FIRST AID SUPPLIES	500	500	0	0	0.0%
352025 MACHINE SHOP SUPPLIES	10,000	10,000	0	304	3.0%
352026 STATION EQUIP/DISTR	50,000	50,000	2,311	4,145	8.3%
352027 TOOLS & INSTRUMENTS	25,000	25,000	9,875	25,466	101.9%

City of Vero Beach

Expenditures by Fund / Object

As of March 31, 2016 (50 % of fiscal year lapsed)



Object	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
352038 STATION EXPENSES/DISTR	15,000	15,000	3,504	9,686	64.6%
352041 OVERHEAD LINES MAINT	430,000	430,000	43,234	189,729	44.1%
352042 UNDERGROUND LINES MAINT	10,000	10,000	220	4,573	45.7%
352044 STATION MATERIAL/DISTR	10,000	10,000	72	4,133	41.3%
352048 STREET LIGHT MATERIAL	5,000	5,000	0	3,689	73.8%
352053 POWER PURCHASED ST LUCIE	8,000,000	8,000,000	675,467	3,371,503	42.1%
352062 STANTON I	7,500,000	7,500,000	828,880	3,953,809	52.7%
352063 STANTON II	10,000,000	10,000,000	780,788	3,141,712	31.4%
352064 OUC	31,050,000	31,050,000	594,538	12,075,885	38.9%
352065 FPL	2,600,000	2,600,000	248,863	1,177,310	45.3%
352144 STATION MATERIAL/TRANS	8,500	8,500	247	7,640	89.9%
354001 SUBSCRIPTIONS/MEMBERSHIPS	40,500	40,500	0	29,344	72.5%
355002 MISCELLANEOUS	18,500	18,500	6,315	9,923	53.6%
355007 GRACE	2,500	2,500	95	2,026	81.0%
365068 STATE DEM/FEMA REPAYMENT PLAN FRANCES	108,925	108,925	10,892	65,355	60.0%
365069 STATE DEM/FEMA REPAYMENT PLAN JEANNE	134,148	134,148	13,415	80,489	60.0%
615056 NERC DISPATCH FACILITY EQUIPMENT	0	69,397	24,289	62,457	90.0%
991004 TRANSFER TO GENERAL FUND	5,440,000	5,440,000	453,333	2,720,000	50.0%
991005 TRANS TO ELECTRIC R&R	4,000,000	4,000,000	333,333	2,000,000	50.0%
991010 TRANSFER TO FUND 405	335,000	335,000	27,917	167,500	50.0%
991053 DEBT SERVICE TRF SERIES 2003A	5,500,000	5,500,000	112,396	708,125	12.9%
Total for Electric Fund # 401	91,406,736	91,406,736	5,619,586	37,520,567	41.0%

**ELECTRIC UTILITY FUND
CONSOLIDATED BALANCE SHEET**

QUARTER ENDING 3/31/2016

ASSETS

Unrestricted Cash and Investments	\$	21,551,222
Receivables, Prepaids		9,581,754
Inventories		5,637,139
Restricted Cash and Investments		9,213,208
Capital Assets Net of Depreciation		114,059,606
TOTAL ASSETS	\$	160,042,929

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Related to Pensions	\$	1,958,753
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 162,001,682

LIABILITIES

Accounts Payable/Accrued Liabilities	624,608
Compensated Absences	1,065,613
Customer Deposits	5,287,791
Bonds/Notes Payable (and accrued interest)	28,823,422
Net Pension Liability	10,480,227

TOTAL LIABILITIES

\$ 46,281,661

NET ASSETS

Invested in Capital Assets, net of related debt & depreciation	85,754,032
Restricted for Emergencies and R&R (per bond covenants)	2,000,000
Unrestricted	27,965,989
TOTAL NET ASSETS	\$ 115,720,021

OPERATING EXPENDITURES (MINUS DEPRECIATION)

75,606,991

Total Cash Balance

\$ 30,764,430

Days Unrestricted Cash on Hand

104



City of Vero Beach

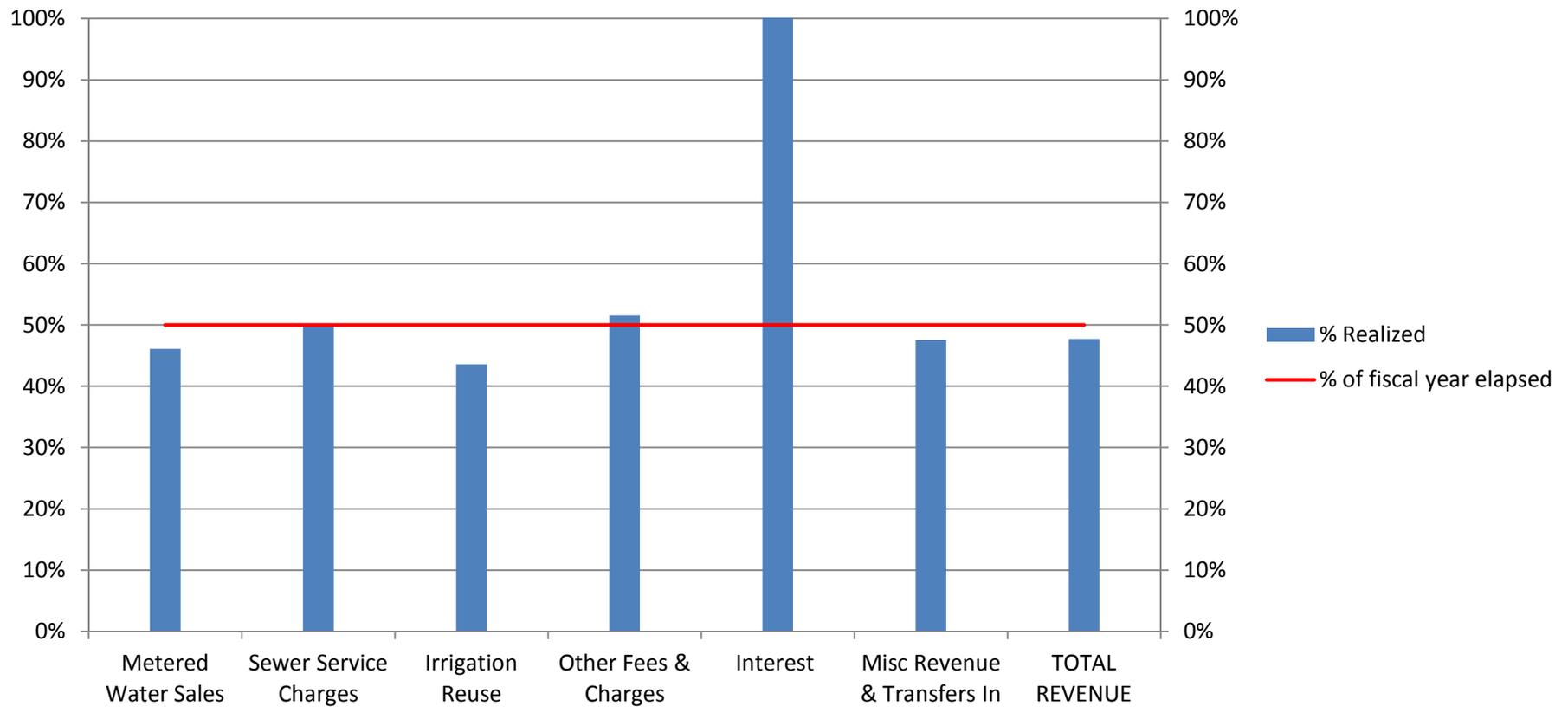
Revenues by Source

As of March 31, 2016 (50 % of fiscal year lapsed)



Revenue Source	Original Budget	Revised Budget	Month Actual	YTD Actual	% Realized
Fund 421 Water & Sewer Fund					
Cash Carryover	-242,860	-242,860	0	0	0.0%
Fees and Charges	15,576,350	15,576,350	1,205,649	7,408,718	47.6%
Interest	20,000	20,000	14,393	35,099	175.5%
Other Misc Revenue	478,000	478,000	36,945	225,384	47.2%
Transfers In	71,812	71,812	5,984	35,906	50.0%
Total for Water & Sewer Fund # 421	15,903,302	15,903,302	1,262,971	7,705,107	48.4%

FY 15-16
Water & Sewer Utility Revenues (excluding cash carryover)
As of: March 31, 2016



City of Vero Beach

Revenues by Fund / Source

As of March 31, 2016 (50 % of fiscal year lapsed)



Account Number	Account Name	Original Budget	Revised Budget	Month Actual	YTD Actual	% Realized
Fund 421 Water & Sewer Fund						
421.0000.343.060100	METERED WATER SALES	8,400,000	8,400,000	610,417	3,870,887	46.1%
421.0000.343.060200	NEW WATER CONNECTIONS	7,000	7,000	1,835	5,755	82.2%
421.0000.343.060400	SEWER SERVICE CHARGES	6,450,000	6,450,000	554,657	3,209,619	49.8%
421.0000.343.060600	FIRE HYDRANT RENTAL	139,350	139,350	0	69,675	50.0%
421.0000.343.061500	IRRIGATION REUSE OTHERS	580,000	580,000	38,740	252,782	43.6%
421.0000.343.500000	W/S EQUALIZATION CHARGE	330,000	330,000	25,794	158,125	47.9%
421.0000.349.000100	BILLING SERVICE CHARGES	130,000	130,000	11,051	66,133	50.9%
421.0000.361.010200	INTEREST ON INVESTMENTS	20,000	20,000	14,393	35,099	175.5%
421.0000.365.090100	SALE OF SURPLUS MATERIALS AND SCRAP	3,000	3,000	0	0	0.0%
421.0000.369.090100	MISCELLANEOUS REVENUES	15,000	15,000	100	1,126	7.5%
421.0000.382.000650	CONTRIBUTION FROM HEALTH INSURANCE FUND	71,812	71,812	5,984	35,906	50.0%
421.0000.389.000200	CASH CARRYOVER	-242,860	-242,860	0	0	0.0%
Total for	Water & Sewer Fund # 421	15,903,302	15,903,302	1,262,971	7,705,107	48.4%

City of Vero Beach



Expenditures by Fund / Type of Expense

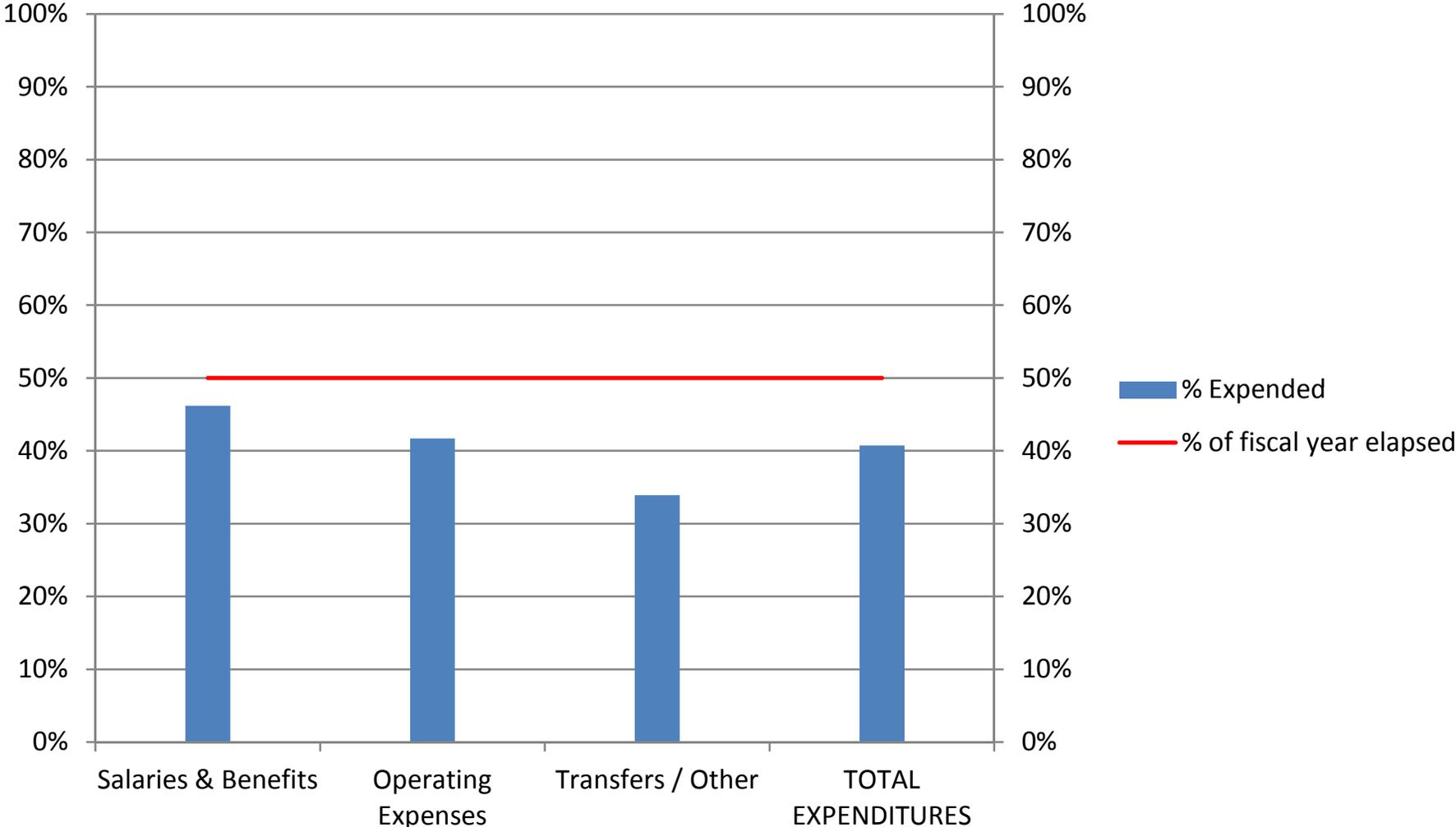
As of March 31, 2016 (50 % of fiscal year lapsed)

Type of Expense	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
Fund 421 Water & Sewer Fund					
1. Salaries and Benefits	4,919,711	4,919,711	381,163	2,272,564	46.2%
2. Operating Expenses	6,160,163	6,160,163	546,019	2,569,472	41.7%
3. Capital Outlay	0	0	2,975	2,975	0.0%
4. Transfers and other	4,823,428	4,823,428	271,146	1,631,934	33.8%
Total for Water & Sewer Fund # 421	15,903,302	15,903,302	1,201,303	6,476,945	40.7%

FY 15-16

Water & Sewer Utility Expenditures

As of: March 31, 2016



City of Vero Beach

Expenditures by Fund / Department



As of March 31, 2016 (50 % of fiscal year lapsed)

Department	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
Fund 421 Water & Sewer Fund					
Wastewater Treatment	1,705,264	1,705,264	140,601	748,033	43.9%
Water Treatment	2,996,000	2,996,000	218,011	1,116,929	37.3%
Wastewater Reuse	343,500	343,500	20,115	124,792	36.3%
Water Sewer Admin	850,510	850,510	75,049	366,221	43.1%
Facility Maint. & Asset Management	747,457	747,457	56,834	305,573	40.9%
Wastewater Collection	1,159,153	1,159,153	111,045	532,398	45.9%
Water Distribution	1,277,919	1,277,919	96,606	544,119	42.6%
Non-Departmental	6,823,499	6,823,499	483,042	2,738,880	40.1%
Total for Water & Sewer Fund # 421	15,903,302	15,903,302	1,201,303	6,476,945	40.7%

City of Vero Beach

Expenditures by Fund / Object

As of March 31, 2016 (50 % of fiscal year lapsed)



Object	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
Fund 421 Water & Sewer Fund					
112001 OPERATING SALARIES	2,811,810	2,811,810	213,336	1,256,404	44.7%
114001 OVERTIME SALARIES	183,000	183,000	10,743	77,479	42.3%
115009 MEAL ALLOWANCE	4,700	4,700	462	2,795	59.5%
121001 SOCIAL SECURITY	229,103	229,103	15,579	93,141	40.7%
122001 PENSION FUND CONTRIBUTION	983,788	983,788	79,843	476,635	48.4%
123001 GROUP LIFE INSURANCE	8,961	8,961	860	5,049	56.3%
123002 HOSPITALIZATION INSURANCE	551,634	551,634	42,941	255,862	46.4%
123004 RETIREMENT PREM ASSIST	110,715	110,715	9,361	55,281	49.9%
123005 WORKERS COMPENSATION	36,000	36,000	8,038	49,918	138.7%
331001 PROFESSIONAL SERVICES	177,144	177,144	16,361	41,134	23.2%
331012 PAYING AGENTS FEE	1,500	1,500	0	0	0.0%
331015 GIS SERVICES	40,000	40,000	4,434	21,272	53.2%
331020 LICENSES & TESTING	177,000	177,000	27,026	64,184	36.3%
332001 AUDIT	17,515	17,515	2,452	14,012	80.0%
334003 JANITORIAL SERVICES	12,899	12,899	1,156	5,778	44.8%
334007 OTHER CONTRACTUAL SERVICES	286,000	286,000	20,669	91,638	32.0%
340001 MILEAGE ALLOWANCE	4,000	4,000	443	2,070	51.8%
341001 TELEPHONE	19,500	19,500	1,555	8,072	41.4%
341002 TELECOMMUNICATIONS SERVICES	5,700	5,700	293	2,488	43.6%
342001 POSTAGE	2,650	2,650	79	206	7.8%
343001 UTILITIES	1,599,000	1,599,000	115,941	663,975	41.5%
344001 MACH & EQUIP RENT	35,250	35,250	5,967	23,939	67.9%
344003 AIRPORT LAND RENT	275,600	275,600	23,010	138,061	50.1%
344003 LAND RENT AIRPORT	47,500	47,500	3,926	23,556	49.6%
344004 ENVIRONMENTAL CLEANUP RECOVERY	-200,000	-200,000	-16,667	-100,000	50.0%
345001 GENERAL INSURANCE	215,872	215,872	51,755	128,968	59.7%
346001 EQUIPMENT MAINTENANCE	369,500	369,500	62,381	142,681	38.6%
346002 VEHICLE MAINTENANCE	98,183	98,183	3,011	46,150	47.0%
346029 STRUCTURE & IMPROV MAINT	76,500	76,500	863	27,970	36.6%
346030 WELL MAINTENANCE	80,000	80,000	1,860	5,405	6.8%
346031 SUPPLY MAINS MAINT	1,000	1,000	0	0	0.0%
346035 ELEC CONTROL SYS MAINT	18,000	18,000	1,153	6,431	35.7%
346042 GRAVITY MAINS & LATRLS MAINT	20,000	20,000	2,032	5,619	28.1%
346042 T & D MAINS MAINT	80,000	80,000	20,988	43,495	54.4%
346043 SERVICES MAINT	10,000	10,000	347	1,020	10.2%
346044 METERS MAINT	9,000	9,000	783	2,028	22.5%
346046 HYDRANTS MAINT	12,000	12,000	37	651	5.4%
346047 CUST PREMISES MAINT	6,500	6,500	1,906	2,888	44.4%
346048 GROUND RESV MAINT	15,000	15,000	0	0	0.0%
346049 FORCE MAINS & APPURT MAINT	5,000	5,000	0	0	0.0%
346049 MAINS & APPURT MAINT	5,000	5,000	0	0	0.0%
346058 GROUNDS MAINT	28,176	28,176	6,117	12,461	44.2%
346059 ODOR CONTROL SYSTEM MAINTENANCE	150,000	150,000	0	0	0.0%

City of Vero Beach

Expenditures by Fund / Object

As of March 31, 2016 (50 % of fiscal year lapsed)



Object	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
346200 SOFTWARE & MAINTENANCE	74,000	74,000	1,759	31,346	42.4%
349003 SCHOOLS & MEETINGS	17,500	17,500	232	1,738	9.9%
349005 FIRST AID	750	750	0	0	0.0%
349011 CUSTOMER SERVICE	442,127	442,127	36,844	221,064	50.0%
349016 GF ADMIN CHARGE	634,475	634,475	52,873	317,238	50.0%
349023 BAD DEBT	20,000	20,000	-4	-339	-1.7%
349028 LANDFILL FEES	61,000	61,000	8,104	28,849	47.3%
351001 OFFICE SUPPLIES	10,250	10,250	833	3,264	31.8%
351002 LOGS/CHARTS/FORMS/MAPS	1,000	1,000	0	215	21.5%
351003 OFFICE FURNITURE & EQUIPMENT	15,800	15,800	368	627	4.0%
352001 GAS & OIL	111,000	111,000	3,467	18,731	16.9%
352005 CONSUMABLE TOOLS	14,000	14,000	1,432	3,206	22.9%
352006 JANITORIAL SUPPLIES	8,250	8,250	311	2,852	34.6%
352008 UNIFORMS & CLOTHING	35,245	35,245	1,392	13,823	39.2%
352013 CHEMICAL & LAB SUPPLIES	20,500	20,500	1,702	9,825	47.9%
352013 CHEMICAL AND LAB SUPPLIES	7,000	7,000	0	1,326	18.9%
352014 OTHER COMMODITIES	18,000	18,000	648	4,285	23.8%
352019 CHEMICAL & WATER TR SUP	590,000	590,000	48,390	241,268	40.9%
352019 CHEMICAL & WATER TR SUPPLIES	250	250	0	0	0.0%
352023 HORTICULTURE SUPPLIES	1,500	1,500	252	611	40.7%
353003 REPLACEMENT PAVEMENT	30,000	30,000	4,720	12,183	40.6%
354001 SUBSCRIPTIONS/MEMBERSHIPS	12,050	12,050	3,873	6,436	53.4%
355002 MISCELLANEOUS	2,000	2,000	0	0	0.0%
355007 GRACE	65,000	65,000	6,423	59,638	91.8%
355011 RECORDING FEES	5,000	5,000	0	0	0.0%
359900 INTERFUND SERVICES	-87,746	-87,746	-22,500	-45,000	51.3%
365068 STATE DEM/FEMA REPAYMENT PLAN FRANCES	240,631	240,631	24,063	144,379	60.0%
365069 STATE DEM/FEMA REPAYMENT PLAN JEANNE	109,592	109,592	10,959	65,755	60.0%
640100 MISC TOOLS & EQUIPMENT	0	0	2,975	2,975	0.0%
991004 TRANSFER TO GENERAL FUND	950,000	950,000	79,167	475,000	50.0%
991007 TRANS TO W/S R&R FUND	1,950,000	1,950,000	162,500	975,000	50.0%
991058 DEBT SERVICE TRF WW 310201 ORIG	651,124	651,124	17,058	104,275	16.0%
991059 DEBT SERVICE TRF DW 310220	20,542	20,542	587	3,523	17.2%
991060 DEBT SERVICE TRF WW 310201 AM #2	107,876	107,876	2,500	15,290	14.2%
991061 DEBT SERVICE TRF DW 310221	12,000	12,000	304	1,824	15.2%
991062 DEBT SVC TRF SERIES 2013	1,131,886	1,131,886	9,030	57,022	5.0%
Total for Water & Sewer Fund # 421	15,903,302	15,903,302	1,201,303	6,476,945	40.7%



City of Vero Beach

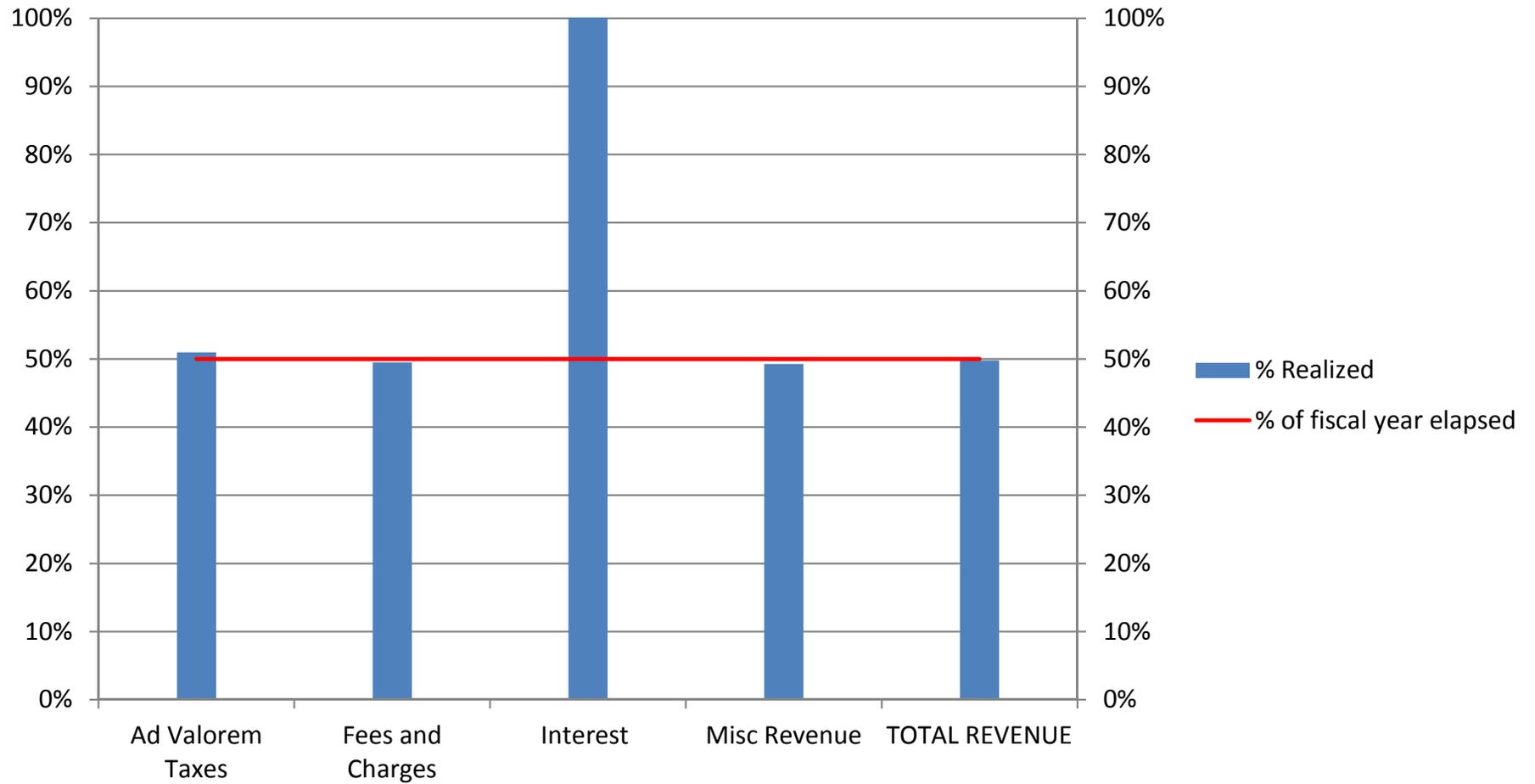
Revenues by Source

As of March 31, 2016 (50 % of fiscal year lapsed)



Revenue Source	Original Budget	Revised Budget	Month Actual	YTD Actual	% Realized
Fund 441 Airport Fund					
Ad Valorem Taxes	14,500	14,500	1,252	7,392	51.0%
Cash Carryover	-150,096	-150,096	0	0	0.0%
Fees and Charges	2,472,400	2,472,400	197,181	1,224,222	49.5%
Interest	7,000	7,000	6,043	10,013	143.0%
Other Misc Revenue	13,800	13,800	749	6,724	48.7%
Transfers In	10,639	10,639	887	5,319	50.0%
Total for Airport Fund # 441	2,368,243	2,368,243	206,112	1,253,670	52.9%

FY 15-16
Airport Revenues (excluding cash carryover)
As of: March 31, 2016



City of Vero Beach

Revenues by Fund / Source

As of March 31, 2016 (50 % of fiscal year lapsed)



Account Number	Account Name	Original Budget	Revised Budget	Month Actual	YTD Actual	% Realized
Fund 441 Airport Fund						
441.0000.311.010000	AD VALOREM TAXES	14,500	14,500	1,252	7,392	51.0%
441.0000.344.010100	AIRPORT RENTALS	1,495,000	1,495,000	112,372	703,907	47.1%
441.0000.344.010200	CITRUS PARK VILLAGE RENTALS	155,000	155,000	12,582	75,418	48.7%
441.0000.344.010300	FUEL FLOWAGE FEES	110,000	110,000	14,803	57,403	52.2%
441.0000.344.010500	RESOLUTION RENTALS	532,400	532,400	46,071	276,424	51.9%
441.0000.344.010700	GROSS RECEIPTS	180,000	180,000	11,353	111,070	61.7%
441.0000.361.010200	INTEREST ON INVESTMENTS	7,000	7,000	6,043	10,013	143.0%
441.0000.369.040100	LANDFILL	3,800	3,800	439	2,350	61.8%
441.0000.369.090100	MISCELLANEOUS REVENUES	10,000	10,000	310	4,374	43.7%
441.0000.382.000650	CONTRIBUTION FROM HEALTH INSURANCE FUND	10,639	10,639	887	5,319	50.0%
441.0000.389.000200	CASH CARRY OVER	-150,096	-150,096	0	0	0.0%
Total for Airport Fund # 441		2,368,243	2,368,243	206,112	1,253,670	52.9%

City of Vero Beach

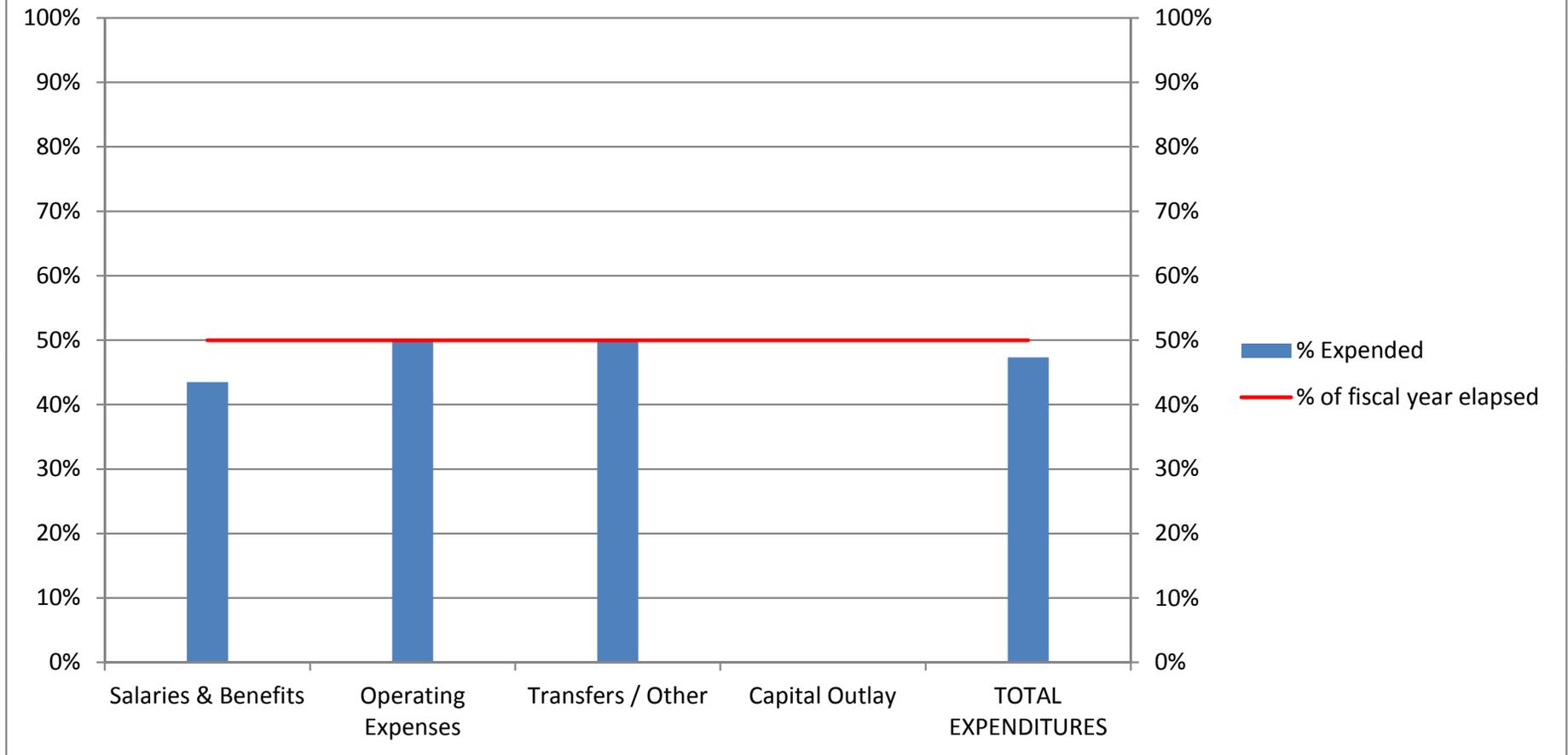


Expenditures by Fund / Type of Expense

As of March 31, 2016 (50 % of fiscal year lapsed)

Type of Expense	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
Fund 441 Airport Fund					
1. Salaries and Benefits	828,317	828,317	60,731	360,077	43.5%
2. Operating Expenses	1,144,426	1,144,426	103,656	570,455	49.8%
3. Capital Outlay	15,500	15,500	0	0	0.0%
4. Transfers and other	380,000	380,000	31,667	190,000	50.0%
Total for Airport Fund # 441	2,368,243	2,368,243	196,054	1,120,532	47.3%

FY 15-16 Airport Expenditures As of: March 31, 2016



City of Vero Beach

Expenditures by Fund / Department



As of March 31, 2016 (50 % of fiscal year lapsed)

Department	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
Fund 441 Airport Fund					
Airport	2,368,243	2,368,243	196,054	1,120,532	47.3%
Total for Airport Fund # 441	2,368,243	2,368,243	196,054	1,120,532	47.3%

City of Vero Beach

Expenditures by Fund / Object

As of March 31, 2016 (50 % of fiscal year lapsed)



Object	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
Fund 441 Airport Fund					
112001 OPERATING SALARIES	488,620	488,620	35,962	213,389	43.7%
113002 PART TIME SALARIES	25,000	25,000	0	0	0.0%
114001 OVERTIME SALARIES	15,000	15,000	1,444	11,577	77.2%
121001 SOCIAL SECURITY TAXES	38,909	38,909	2,707	16,071	41.3%
122001 PENSION FUND CONTRIBUTION	151,287	151,287	12,230	72,783	48.1%
123001 GROUP LIFE INSURANCE	1,323	1,323	146	840	63.5%
123002 HOSPITALIZATION INSURANCE	94,840	94,840	6,812	39,092	41.2%
123004 RETIREMENT PREM ASSIST	10,338	10,338	739	4,253	41.1%
123005 WORKERS COMPENSATION	3,000	3,000	691	2,072	69.1%
331001 PROFESSIONAL SERVICES	25,015	25,015	2,670	8,112	32.4%
331002 OUTSIDE LEGAL SERVICES	5,000	5,000	0	0	0.0%
332001 AUDIT	3,882	3,882	544	3,106	80.0%
334002 CLEANING & LAUNDRY	1,300	1,300	74	341	26.2%
334003 JANITORIAL SERVICES	8,000	8,000	882	3,590	44.9%
334005 FIRE PROTECTION	138,320	138,320	11,526	69,159	50.0%
334007 OTHER CONTRACTUAL SERVICES	3,000	3,000	85	4,505	150.2%
334010 AIRPORT SECURITY	90,000	90,000	7,500	45,000	50.0%
334017 ENVIRONMENTAL	5,000	5,000	0	0	0.0%
340001 MILEAGE ALLOWANCE	1,500	1,500	0	200	13.3%
341001 TELEPHONE	5,000	5,000	1,015	2,784	55.7%
342001 POSTAGE	1,700	1,700	139	557	32.8%
343001 UTILITIES	120,000	120,000	7,583	51,491	42.9%
344001 MACH & EQUIP RENT	1,000	1,000	0	0	0.0%
344004 ENVIRONMENTAL CLEANUP	200,000	200,000	16,667	100,000	50.0%
345001 GENERAL INSURANCE	78,328	78,328	20,964	60,584	77.3%
346001 EQUIPMENT MAINTENANCE	2,500	2,500	385	1,096	43.8%
346002 VEHICLE MAINTENANCE	32,860	32,860	566	15,414	46.9%
346003 BUILDING MAINTENANCE	25,000	25,000	1,457	6,121	24.5%
346004 AIR CONDITIONING MAINT	2,000	2,000	0	358	17.9%
346052 AIRFIELD MAINT	35,000	35,000	3,674	20,743	59.3%
346058 GROUNDS MAINT	47,300	47,300	10,893	21,723	45.9%
346061 AIRSIDE DRAINAGE MAINT	15,000	15,000	0	0	0.0%
346200 SOFTWARE MAINTENANCE	1,000	1,000	0	0	0.0%
349001 ADVERTISING	15,000	15,000	2,322	10,263	68.4%
349003 SCHOOLS & MEETINGS	5,000	5,000	307	1,425	28.5%
349008 COUNTY AD VALOREM TAXES	25,000	25,000	0	19,597	78.4%
349016 GF ADMIN CHARGE	147,623	147,623	12,302	73,812	50.0%
349028 LANDFILL FEES	10,000	10,000	0	10,725	107.3%
349033 PROMOTION	50,000	50,000	1,058	30,970	61.9%
351001 OFFICE SUPPLIES	2,500	2,500	174	1,018	40.7%
351003 OFFICE FURNITURE & EQUIPMENT	1,000	1,000	0	0	0.0%
352001 GAS & OIL	17,098	17,098	748	4,151	24.3%
352002 TIRES & TUBES	500	500	0	0	0.0%

City of Vero Beach

Expenditures by Fund / Object

As of March 31, 2016 (50 % of fiscal year lapsed)



Object	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
352005 CONSUMABLE TOOLS	1,000	1,000	0	496	49.6%
352006 JANITORIAL SUPPLIES	1,500	1,500	101	660	44.0%
352007 SIGN MATERIAL	1,500	1,500	0	0	0.0%
352008 UNIFORMS & CLOTHING	1,000	1,000	0	774	77.4%
352010 ELEC PARTS & SUPPLIES	1,000	1,000	0	0	0.0%
352011 PLUMB PARTS & SUPPLIES	1,000	1,000	0	0	0.0%
352013 CHEMICAL AND LAB SUPPLIES	7,000	7,000	0	124	1.8%
352014 OTHER COMMODITIES	1,000	1,000	0	353	35.3%
354001 SUBSCRIPTIONS/MEMBERSHIPS	5,000	5,000	20	1,173	23.5%
355002 MISCELLANEOUS	1,000	1,000	0	30	3.0%
365002 STORM DAMAGE	2,000	2,000	0	0	0.0%
616018 72 INCH SCAGG MOWER	11,000	11,000	0	0	0.0%
616019 100 GALLON SPRAYER AND HOSE	4,500	4,500	0	0	0.0%
991017 NON OP TRANS TO CONST FUND	380,000	380,000	31,667	190,000	50.0%
Total for Airport Fund # 441	2,368,243	2,368,243	196,054	1,120,532	47.3%



City of Vero Beach

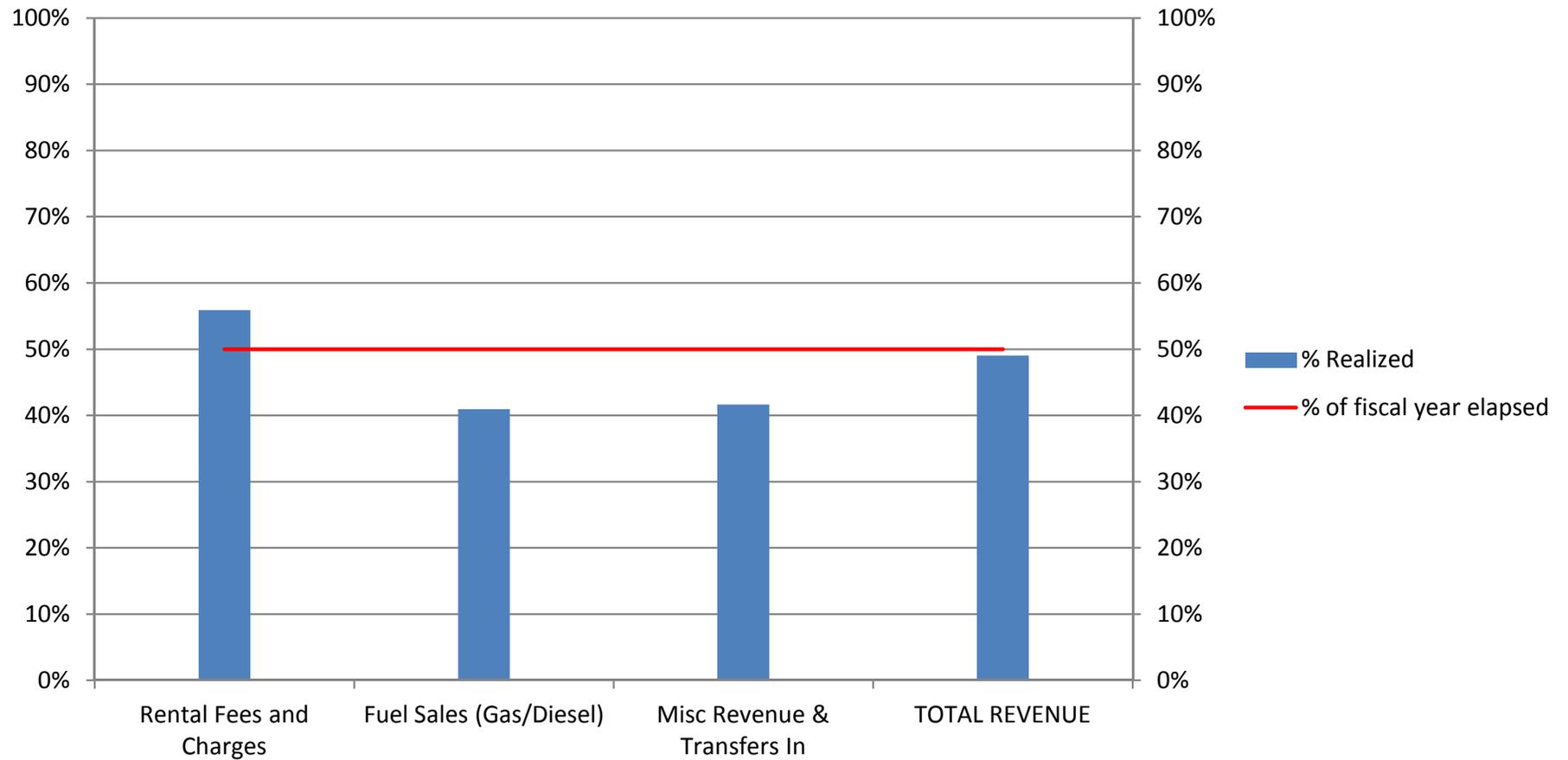
Revenues by Source

As of March 31, 2016 (50 % of fiscal year lapsed)



Revenue Source	Original Budget	Revised Budget	Month Actual	YTD Actual	% Realized
Fund 451 Marina Fund					
Cash Carryover	-42,880	-42,880	0	0	0.0%
Fees and Charges	1,668,400	1,668,400	168,563	822,161	49.3%
Grants and Reimbursements	12,000	12,000	0	0	0.0%
Interest	100	100	9	25	25.0%
Other Misc Revenue	40,000	40,000	2,928	21,460	53.7%
Transfers In	2,660	2,660	222	1,330	50.0%
Total for Marina Fund # 451	1,680,280	1,680,280	171,722	844,976	50.3%

FY 15-16
Marina Revenues (excluding cash carryover)
As of: March 31, 2016



City of Vero Beach

Revenues by Fund / Source

As of March 31, 2016 (50 % of fiscal year lapsed)



Account Number	Account Name	Original Budget	Revised Budget	Month Actual	YTD Actual	% Realized
Fund 451 Marina Fund						
451.0000.334.072000	F I N D GRANT	12,000	12,000	0	0	0.0%
451.0000.344.020100	TRANSIENT UTILITIES	33,500	33,500	5,411	13,891	41.5%
451.0000.344.020200	PERMANENT SLIP UTILITIES	11,000	11,000	1,064	7,005	63.7%
451.0000.344.020300	DOCK RENTAL	178,000	178,000	12,034	76,026	42.7%
451.0000.344.020400	DOCK RENTAL TRANSIENT	205,000	205,000	28,756	118,235	57.7%
451.0000.344.020500	HOUSE RENTAL DOCKMASTER	15,600	15,600	1,300	7,800	50.0%
451.0000.344.020600	DIESEL FUEL SALES	290,000	290,000	30,959	130,830	45.1%
451.0000.344.020700	OIL SALES	6,500	6,500	416	3,353	51.6%
451.0000.344.020800	GAS SALES	448,500	448,500	36,371	171,523	38.2%
451.0000.344.020900	LIVE ABOARD FEE	15,000	15,000	1,460	7,740	51.6%
451.0000.344.021100	ANCHORAGE RENTAL	200,000	200,000	28,821	149,756	74.9%
451.0000.344.021200	LOCKER RENTALS	1,300	1,300	54	324	24.9%
451.0000.344.021300	DRY STORAGE SOUTH COMPLEX	173,000	173,000	13,641	87,871	50.8%
451.0000.344.021400	DOCK RENTAL SOUTH COMPLEX	35,000	35,000	3,047	18,282	52.2%
451.0000.344.021600	BUILDING RENTAL SOUTH COMPLEX	53,000	53,000	4,504	27,024	51.0%
451.0000.344.021700	ALCOHOL SALES	3,000	3,000	725	2,501	83.4%
451.0000.361.010200	INTEREST ON INVESTMENTS	100	100	9	25	25.0%
451.0000.365.090150	SALE OF SURPLUS VEHICLES	0	0	0	750	0.0%
451.0000.369.090100	MISCELLANEOUS REVENUES	40,000	40,000	3,158	21,124	52.8%
451.0000.382.000650	CONTRIBUTION FROM HEALTH INSURANCE FUND	2,660	2,660	222	1,330	50.0%
451.0000.389.000100	CASH/OVER AND SHORT	0	0	-230	-414	0.0%
451.0000.389.000200	CASH CARRY OVER	-42,880	-42,880	0	0	0.0%
Total for Marina Fund # 451		1,680,280	1,680,280	171,722	844,976	50.3%

City of Vero Beach

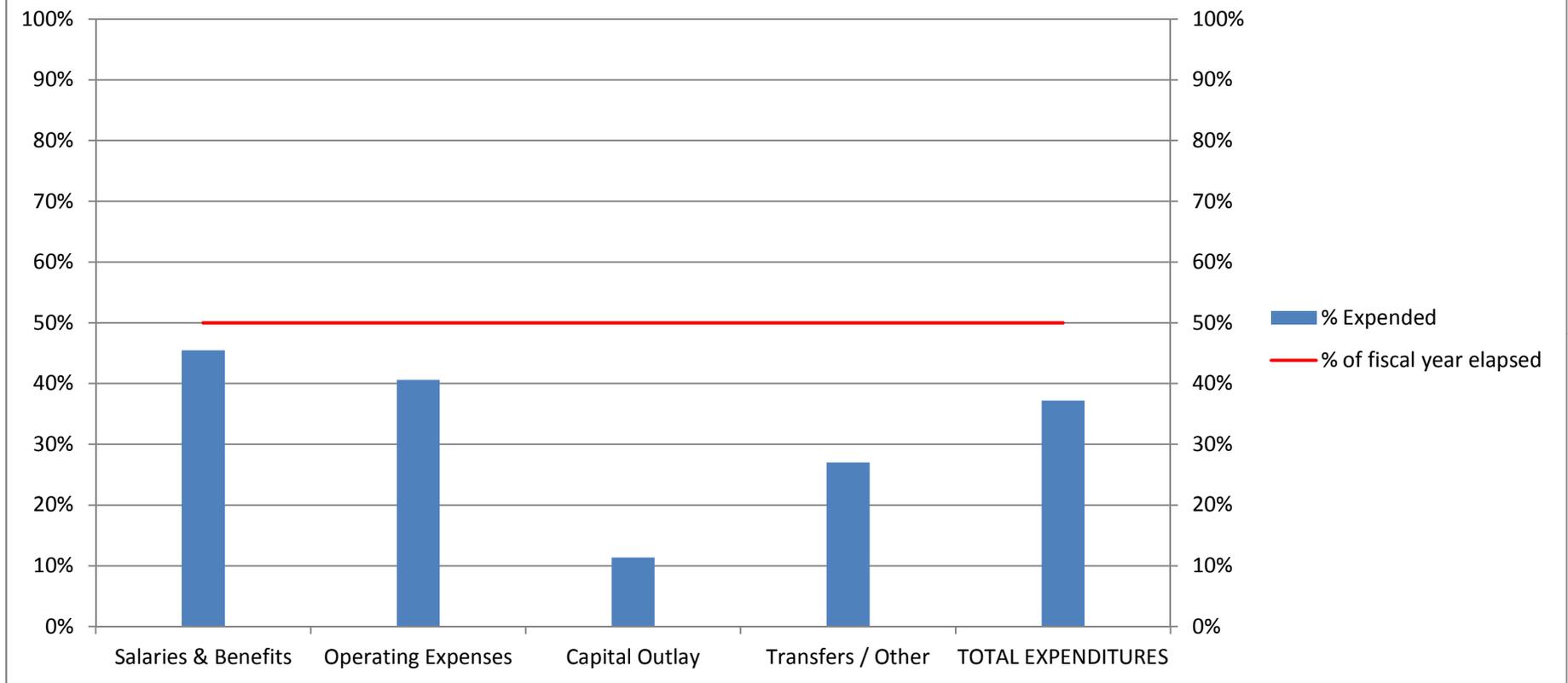
Expenditures by Fund / Type of Expense

As of March 31, 2016 (50 % of fiscal year lapsed)



Type of Expense	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
Fund 451 Marina Fund					
1. Salaries and Benefits	236,074	236,074	16,700	107,367	45.5%
2. Operating Expenses	974,649	974,649	62,186	395,463	40.6%
3. Capital Outlay	30,000	30,000	0	3,414	11.4%
4. Transfers and other	439,557	439,557	8,333	118,768	27.0%
Total for Marina Fund # 451	1,680,280	1,680,280	87,219	625,012	37.2%

FY 15-16
Marina Expenditures
As of: March 31, 2016



City of Vero Beach

Expenditures by Fund / Department



As of March 31, 2016 (50 % of fiscal year lapsed)

Department	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
Fund 451 Marina Fund					
Marina Div	1,524,923	1,524,923	54,768	542,800	35.6%
Mooring Div	155,357	155,357	32,451	82,212	52.9%
Total for Marina Fund # 451	1,680,280	1,680,280	87,219	625,012	37.2%

City of Vero Beach

Expenditures by Fund / Object

As of March 31, 2016 (50 % of fiscal year lapsed)



Object	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
Fund 451 Marina Fund					
112001 OPERATING SALARIES	116,934	116,934	9,047	55,046	47.1%
113002 PART TIME SALARIES	33,200	33,200	1,824	13,303	40.1%
114001 OVERTIME SALARIES	11,700	11,700	150	3,207	27.4%
121001 SOCIAL SECURITY TAXES	12,379	12,379	821	5,327	43.0%
122001 PENSION FUND CONTRIBUTION	40,281	40,281	3,199	20,181	50.1%
123001 GROUP LIFE INSURANCE	356	356	27	198	55.6%
123002 HOSPITALIZATION INSURANCE	13,953	13,953	610	5,987	42.9%
123004 RETIREMENT PREM ASSIST	4,271	4,271	349	2,100	49.2%
123005 WORKER COMPENSATION	3,000	3,000	673	2,018	67.3%
331001 PROFESSIONAL SERVICES	1,408	1,408	4	6	0.4%
332001 AUDIT	851	851	119	681	80.0%
334002 CLEANING & LAUNDRY	3,000	3,000	0	0	0.0%
334003 JANITORIAL SERVICES	3,536	3,536	308	1,541	43.6%
334007 OTHER CONTRACTUAL SERVICES	24,500	24,500	2,248	11,827	48.3%
334016 DISCOUNT ON CREDIT CARDS	34,000	34,000	1,936	11,382	33.5%
340001 MILEAGE ALLOWANCE	1,200	1,200	0	0	0.0%
341001 TELEPHONE	2,800	2,800	446	1,613	57.6%
342001 POSTAGE	800	800	41	299	37.4%
343001 UTILITIES	86,750	86,750	6,450	42,646	49.2%
345001 GENERAL INSURANCE	42,539	42,539	2,943	39,842	93.7%
346001 EQUIPMENT MAINTENANCE	6,650	6,650	140	3,271	49.2%
346002 VEHICLE MAINTENANCE	13,000	13,000	1,216	2,137	16.4%
346003 BUILDING MAINTENANCE	8,500	8,500	596	5,410	63.6%
346056 DOCKS MAINT	5,000	5,000	139	2,708	54.2%
346060 MARINA MOORINGS MAINT	14,000	14,000	0	3,516	25.1%
346200 SOFTWARE MAINTENANCE	650	650	0	0	0.0%
349001 ADVERTISING	9,900	9,900	1,010	9,027	91.2%
349003 SCHOOLS & MEETINGS	500	500	0	0	0.0%
349016 GF ADMIN CHARGE	47,163	47,163	3,930	23,582	50.0%
349028 LANDFILL FEES	1,500	1,500	640	1,623	108.2%
351001 OFFICE SUPPLIES	3,000	3,000	70	1,138	37.9%
352000 DIESEL	232,000	232,000	13,501	78,229	33.7%
352001 GAS & OIL	358,500	358,500	16,940	118,703	33.1%
352004 EQUIP PARTS & SUPPLIES	1,500	1,500	0	27	1.8%
352005 CONSUMABLE TOOLS	850	850	509	1,115	131.2%
352006 JANITORIAL SUPPLIES	5,133	5,133	284	1,339	26.1%
352008 UNIFORMS & CLOTHING	500	500	39	386	77.2%
352009 BUILD SUPPLIES & MATLS	850	850	0	0	0.0%
352010 ELEC PARTS & SUPPLIES	1,000	1,000	45	1,942	194.2%
352011 PLUMB PARTS & SUPPLIES	1,250	1,250	0	97	7.8%
352014 OTHER COMMODITIES	6,000	6,000	220	4,300	71.7%
352063 LANDSCAPE/MARINA	29,574	29,574	6,760	15,025	50.8%
354001 SUBSCRIPTIONS/MEMBERSHIPS	1,000	1,000	0	824	82.4%

City of Vero Beach

Expenditures by Fund / Object

As of March 31, 2016 (50 % of fiscal year lapsed)



Object	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
355001 PURCHASES FOR RESALE	8,000	8,000	349	2,743	34.3%
355002 MISCELLANEOUS	11,000	11,000	405	4,212	38.3%
355003 ALCOHOL PURCHASES FOR RESALE	2,050	2,050	479	1,755	85.6%
365068 STATE DEM/FEMA REPAYMENT PLAN FRANCES	4,195	4,195	419	2,517	60.0%
603001 DOCK REPAIRS	25,000	25,000	0	0	0.0%
615001 REPAIR DRYSTACK OFFICE/SHOP SPACE ROOF	5,000	5,000	0	0	0.0%
615002 UPDATE NORTHERN RESTROOMS	0	0	0	3,414	0.0%
772000 DEBT SERVICE SERIES 2007-A	339,557	339,557	0	68,768	20.3%
991004 TRANSFER TO GENERAL FUND	100,000	100,000	8,333	50,000	50.0%
Total for Marina Fund # 451	1,680,280	1,680,280	87,219	625,012	37.2%



City of Vero Beach

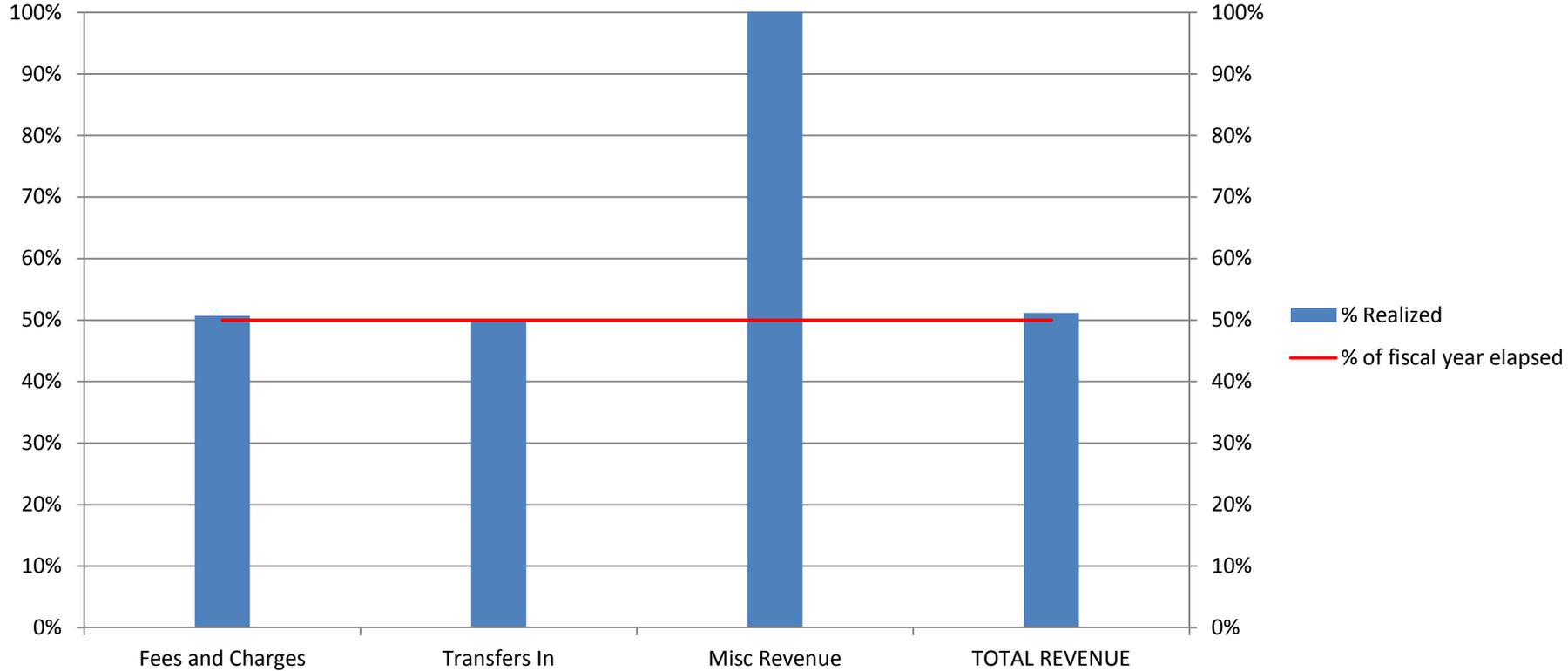
Revenues by Source

As of March 31, 2016 (50 % of fiscal year lapsed)



Revenue Source	Original Budget	Revised Budget	Month Actual	YTD Actual	% Realized
Fund 461 Solid Waste Fund					
Cash Carryover	171,000	171,000	0	0	0.0%
Fees and Charges	2,700,000	2,700,000	231,917	1,368,487	50.7%
Interest	0	0	3	8	0.0%
Other Misc Revenue	12,000	12,000	785	18,967	158.1%
Transfers In	30,587	30,587	2,549	15,294	50.0%
Total for Solid Waste Fund # 461	2,913,587	2,913,587	235,254	1,402,756	48.1%

FY 15-16
Solid Waste Revenues (excluding cash carryover)
As of: March 31, 2016



City of Vero Beach

Revenues by Fund / Source

As of March 31, 2016 (50 % of fiscal year lapsed)



Account Number	Account Name	Original Budget	Revised Budget	Month Actual	YTD Actual	% Realized
Fund 461 Solid Waste Fund						
461.0000.343.040100	GARBAGE COLLECTION FEES	2,700,000	2,700,000	231,917	1,368,487	50.7%
461.0000.361.010200	INTEREST ON INVESTMENTS	0	0	3	8	0.0%
461.0000.365.090100	SALE OF SURPLUS MATERIALS AND SCRAP	4,000	4,000	100	409	10.2%
461.0000.365.090150	SALE OF SURPLUS VEHICLES	0	0	0	15,100	0.0%
461.0000.369.090100	MISCELLANEOUS REVENUES	8,000	8,000	685	3,458	43.2%
461.0000.382.000650	CONTRIBUTION FROM HEALTH INSURANCE FUND	30,587	30,587	2,549	15,294	50.0%
461.0000.389.000500	UNAPPROPRIATED SURPLUS	171,000	171,000	0	0	0.0%
Total for Solid Waste Fund # 461		2,913,587	2,913,587	235,254	1,402,756	48.1%

City of Vero Beach

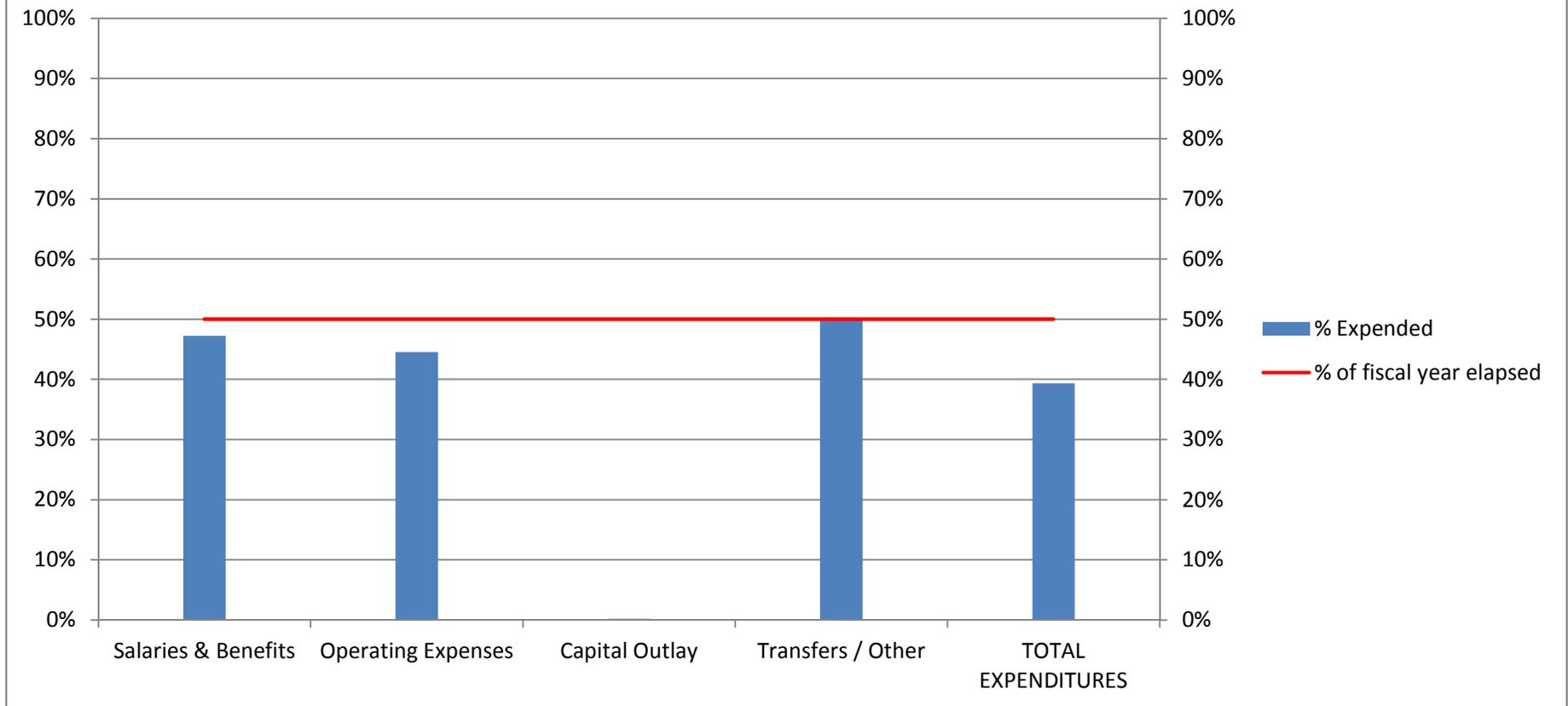


Expenditures by Fund / Type of Expense

As of March 31, 2016 (50 % of fiscal year lapsed)

Type of Expense	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
Fund 461 Solid Waste Fund					
1. Salaries and Benefits	1,474,870	1,474,870	119,297	696,612	47.2%
2. Operating Expenses	825,417	825,417	64,994	367,506	44.5%
3. Capital Outlay	451,300	451,300	990	990	0.2%
4. Transfers and other	162,000	162,000	13,500	81,000	50.0%
Total for Solid Waste Fund # 461	2,913,587	2,913,587	198,781	1,146,108	39.3%

FY 15-16 Solid Waste Expenditures As of: December 31, 2015



City of Vero Beach

Expenditures by Fund / Department



As of March 31, 2016 (50 % of fiscal year lapsed)

Department	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
Fund 461 Solid Waste Fund					
Solid Waste	2,913,587	2,913,587	198,781	1,146,108	39.3%
Total for Solid Waste Fund # 461	2,913,587	2,913,587	198,781	1,146,108	39.3%

City of Vero Beach

Expenditures by Fund / Object

As of March 31, 2016 (50 % of fiscal year lapsed)



Object	Original Budget	Revised Budget	Month Actual	YTD Actual	% Expended
Fund 461 Solid Waste Fund					
112001 OPERATING SALARIES	835,716	835,716	64,089	379,429	45.4%
114001 OVERTIME SALARIES	14,000	14,000	144	5,347	38.2%
121001 SOCIAL SECURITY TAXES	65,003	65,003	4,387	26,528	40.8%
122001 PENSION FUND CONTRIBUTION	279,994	279,994	22,789	135,969	48.6%
123001 GROUP LIFE INSURANCE	2,563	2,563	257	1,509	58.9%
123002 HOSPITALIZATION INSURANCE	213,386	213,386	18,495	109,202	51.2%
123004 RETIREMENT PREM ASSIST	38,208	38,208	3,184	18,433	48.2%
123005 WORKER COMPENSATION	26,000	26,000	5,952	20,195	77.7%
331001 PROFESSIONAL SERVICES	8,589	8,589	17	26	0.3%
332001 AUDIT	1,094	1,094	153	875	80.0%
334002 CLEANING & LAUNDRY	6,600	6,600	479	2,955	44.8%
334007 OTHER CONTRACTUAL SERVICES	2,000	2,000	31	730	36.5%
342001 POSTAGE	150	150	1	13	8.7%
343001 UTILITIES	5,382	5,382	482	2,587	48.1%
344000 RENT	74,200	74,200	6,183	37,100	50.0%
344003 LAND RENT/AIRPORT	21,600	21,600	1,768	10,611	49.1%
345001 GENERAL INSURANCE	20,520	20,520	5,034	15,034	73.3%
346002 VEHICLE MAINTENANCE	280,080	280,080	15,730	131,509	47.0%
346390 CONTAINERS	15,000	15,000	9,808	10,427	69.5%
349001 ADVERTISING	900	900	0	0	0.0%
349003 SCHOOLS & MEETINGS	250	250	0	0	0.0%
349011 CUSTOMER SERVICE	87,618	87,618	7,302	43,809	50.0%
349016 GF ADMIN CHARGE	132,569	132,569	11,047	66,285	50.0%
349023 BAD DEBT	10,000	10,000	0	-110	-1.1%
349028 LANDFILL FEES	4,000	4,000	203	1,814	45.4%
351001 OFFICE SUPPLIES	1,500	1,500	115	465	31.0%
351003 OFFICE FURNITURE & EQUIPMENT	300	300	0	0	0.0%
352001 GAS & OIL	137,415	137,415	6,616	38,280	27.9%
352004 EQUIP PARTS & SUPPLIES	500	500	0	0	0.0%
352005 CONSUMABLE TOOLS	2,000	2,000	0	0	0.0%
352008 UNIFORMS & CLOTHING	3,800	3,800	0	3,150	82.9%
352013 CHEMICAL AND LAB SUPPLIES	3,300	3,300	0	1,303	39.5%
352014 OTHER COMMODITIES	5,000	5,000	25	370	7.4%
354001 SUBSCRIPTIONS/MEMBERSHIPS	250	250	0	0	0.0%
355007 GRACE	800	800	0	273	34.1%
600101 GARBAGE TRUCK	450,000	450,000	0	0	0.0%
600103 COMPUTERS	1,300	1,300	990	990	76.2%
991004 TRANSFER TO GENERAL FUND	162,000	162,000	13,500	81,000	50.0%
Total for Solid Waste Fund # 461	2,913,587	2,913,587	198,781	1,146,108	39.3%

**FISCAL YEAR 2015-2016
BUDGET vs ACTUAL VARIANCE ANALYSIS
QUARTER ENDING March 31, 2016**

Account Number	Account Name	Mar 2016 Financial Report Page #	Original Budget	Revised Budget	Actual to Mar 31, 2016	% of Budget	Variance Explanation	Recommended Action
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GENERAL FUND REVENUES

001.0000.311.010000	Ad Valorem Taxes	13	5,385,590	5,385,590	5,032,507	93.4%	Ad valorem tax revenues typically received in November to April due to timing of tax bills and discounts for early payment.	Variance within normal parameters
001.0000.312.041000	Local Option Gas Tax	13	501,577	501,577	167,139	33.3%	State distributed tax revenues received during October and November 2015 are accrued back as revenues for the previous fiscal year. Only four months of revenue have been recognized YTD.	Variance within normal parameters
001.0000.315.000100	Local Communication Serv Tax	13	1,116,240	1,116,240	382,862	34.3%	State distributed tax revenues received during October and November 2015 are accrued back as revenues for the previous fiscal year. Only four months of revenue have been recognized YTD.	Variance within normal parameters
001.0000.335.018000	Half Cent Sales Tax	13	1,121,923	1,121,923	391,155	34.9%	State distributed tax revenues received during October and November 2015 are accrued back as revenues for the previous fiscal year. Only four months of revenue have been recognized YTD.	Variance within normal parameters
001.0000.347.000104	Recreation Department Income	13	360,000	360,000	101,967	28.3%	Recreation Department income is highly seasonal and increases during summer months.	Variance within normal parameters
001.0000.360.010000	Planning Dept Revenue	13	75,000	75,000	52,501	70.0%	Planning Dept. has seen an increase in business activity during the first two quarters of FY 15-16	None required at this time. Continue to monitor.

GENERAL FUND EXPENDITURES

114001	Overtime Salaries	18	288,100	288,100	196,812	68.3%	Police overtime in excess of budgeted amount due to additional airport security details for new airline service. In addition, this year's caseload has resulted in increased overtime.	Continue to monitor and include in year end budget amendment if needed. Airport overtime will be part of year end true up of airport security charges.
122002	Contrib to Police Pension	18	872,634	872,634	872,634	100.0%	Per actuarial valuation, entire 2015-2016 police pension contribution was made in October 2015, in order to reduce required contribution due to timing.	None required.
123005	Workers Compensation	18	119,000	119,000	103,655	87.1%	Insurance payments are made on a quarterly basis and are due at the beginning of each quarter. As of Mar 31st, 2016 the City has made three quarterly insurance payments.	None required.

**FISCAL YEAR 2015-2016
BUDGET vs ACTUAL VARIANCE ANALYSIS
QUARTER ENDING March 31, 2016**

Account Number	Account Name	Mar 2016 Financial Report Page #	Original Budget	Revised Budget	Actual to Mar 31, 2016	% of Budget	Variance Explanation	Recommended Action
345001	General Insurance	19	366,030	366,030	274,807	75.1%	Insurance payments are made on a quarterly basis and are due at the beginning of each quarter. As of Mar 31st, 2016 the City has made three quarterly insurance payments.	None required.
346003	Building Maintenance	19	73,050	73,050	28,609	39.2%	Expenses are variable based on on actual maintenance requirements. Not expended on a straight pro-rata basis.	Variance within normal parameters
352001	Gas & Oil	19	224,217	224,217	68,535	30.6%	Per gallon cost of gasoline was below budgeted levels during the first two quarters of FY 2016.	None required.
352007	Sign Material	19	70,250	70,250	44,423	63.2%	Based on a projection of the years' workload, the sign shop buys the material by truckload at the beginning of the year to save on both material and shipping cost. Material orders during the first quarter were \$32.9K.	Continue to monitor.
359900	Interfund Services	20	(222,500)	(222,500)	(60,766)	27.3%	Interfund services charges vary according to actual services rendered and are not expended on a prorata basis.	Variance within normal parameters
991035	Debt Svc Trf Series 2012B	21	694,484	694,484	690,875	99.5%	Principal and interest payment due annually on October 1st	Variance within normal parameters

ELECTRIC FUND REVENUES

401.0000.343.010400	Industrial Sales	25	1,793,634	1,793,634	708,541	39.5%	Billed revenue for sales to the City's sole industrial customer are down only 5% from prior year. Sales were higher during summer months in 2015 so there may be some reduction in variance by year end.	Continue to monitor and include in year end budget amendment if needed.
401.0000.343.010800	Turn On Fees	25	375,000	375,000	146,710	39.1%	Revenues are under budgeted amount but are in line with prior year actuals of \$159K through first 6 months of FY 14-15	Continue to monitor and include in year end budget amendment if needed.
401.0000.361.010200	Interest on Investments	25	150,000	150,000	101,738	67.8%	Interest rates on short term investments have improved in the second quarter of 2016.	None required.

ELECTRIC FUND EXPENDITURES

112002	Maintenance Salaries/Distr	29	871,508	871,508	333,522	38.3%	Under budget due to turnover/retirement of employees.	Continue to monitor and include in year end budget amendment if needed.
112002	Maintenance Salaries	29	412,694	412,694	70,430	17.1%	Under budget in Power Resources department due to turnover/retirement of employees and plant closure.	Continue to monitor and include in year end budget amendment if needed.

**FISCAL YEAR 2015-2016
BUDGET vs ACTUAL VARIANCE ANALYSIS
QUARTER ENDING March 31, 2016**

Account Number	Account Name	Mar 2016 Financial Report Page #	Original Budget	Revised Budget	Actual to Mar 31, 2016	% of Budget	Variance Explanation	Recommended Action
331002	NERC Compliance	29	400,000	330,603	253,776	76.8%	Expenditures variable based on timing of required projects. Not expended on a straight pro-rata basis.	Variance within normal parameters
343001	Utilities	29	111,800	111,800	37,576	33.6%	Utility expenses are 27% under budget in Power Resources department due to plant closure and staffing reductions.	None required.
345001	General Insurance	29	988,809	988,809	679,301	68.7%	Insurance payments are made on a quarterly basis and are due at the beginning of each quarter. As of Mar 31st, 2016 the City has made three quarterly insurance payments.	None required.
345001	General Insurance - Boiler	29	267,214	267,214	277,440	103.8%	Entire boiler insurance premium paid in first quarter, renewal cost was higher than expected.	Continue to monitor and include in year end budget amendment if needed.
349021	Environmental and Pollution	30	200,000	200,000	26,478	13.2%	Expenses are variable based on on project and utility analysis requirements. Not expended on a straight pro-rata basis.	Variance within normal parameters
349023	Bad Debts	30	240,000	240,000	(7,036)	-2.9%	Most of the expenditures for bad debt are posted as a September write-off based on analysis of outstanding accounts during audit/FY close process	Variance within normal parameters
352001	Gas & Oil	30	94,598	94,598	27,809	29.4%	Per gallon cost of gasoline was below budgeted levels during the first two quarters of FY 2016.	None required.
352018	Oil	30	100,000	100,000	105	0.1%	Fuel oil for Power Plant is used only when the plant is in service	Variance within normal parameters
352063	Stanton II	31	10,000,000	10,000,000	3,141,712	31.4%	Expenditure to date is for 5 months only. The October payment is for September billing and is accrued to prior fiscal year. This is the case for all purchased power line items (OUC, St Lucie, Stanton I/II and FPL.	None required at this time. Continue to monitor.
352604	OUC	31	31,050,000	31,050,000	12,075,885	38.9%	Expenditure to date is for 5 months only. The October payment is for September billing and is accrued to prior fiscal year. This is the case for all purchased power line items (OUC, St Lucie, Stanton I/II and FPL. In addition, OUC contract was revised in November 2015 to lower rates	None required at this time. Continue to monitor.

**FISCAL YEAR 2015-2016
BUDGET vs ACTUAL VARIANCE ANALYSIS
QUARTER ENDING March 31, 2016**

Account Number	Account Name	Mar 2016 Financial Report Page #	Original Budget	Revised Budget	Actual to Mar 31, 2016	% of Budget	Variance Explanation	Recommended Action
991053	Debt Service Transfer Series 2003A	31	5,500,000	5,500,000	708,125	12.9%	For cash flow purposes, the budgeted expense includes both principal and interest payments on debt. Per government accounting standards for enterprise funds, however, only interest payments are actually booked as an expense. Principal payments are treated as a reduction in the corresponding liability account.	Variance within normal parameters

WATER & SEWER FUND REVENUES

No variances meeting criteria for analysis
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WATER & SEWER FUND EXPENDITURES

331001	Professional Services	40	177,144	177,144	41,134	23.2%	Expenses are variable based on on project and utility analysis requirements. Not expended on a straight pro-rata basis.	Variance within normal parameters
331020	Licenses & Testing	40	177,000	177,000	15,883	9.0%	This operating expenditure is tied to the license renewal schedule and frequency of testing which normally increases during summer months.	Variance within normal parameters, continue monitoring.
334007	Other Contractual Services	40	286,000	286,000	64,184	22.4%	Expenses are variable based on on project and utility analysis requirements. Not expended on a straight pro-rata basis.	Variance within normal parameters
346001	Equipment Maintenance	40	369,500	369,500	142,681	38.6%	Expenditures variable based on timing of required projects. Not expended on a straight pro-rata basis.	None required at this time. Continue to monitor.
346029	Structure & Improvement Maintenance	40	76,500	76,500	27,970	36.6%	Expenditures variable based on timing of required projects. Not expended on a straight pro-rata basis.	None required at this time. Continue to monitor.
346030	Well Maintenance	40	80,000	80,000	5,405	6.8%	Expenditures variable based on timing of required projects. Not expended on a straight pro-rata basis. Expect additional expenses prior to year end.	None required at this time. Continue to monitor.
346059	Odor Control System Maintenance	40	150,000	150,000	-	0.0%	Annual expense. Scheduled for later in FY 15-16	Variance within normal parameters
352001	Gas & Oil	41	111,000	111,000	18,731	16.9%	Per gallon cost of gasoline was below budgeted levels during the first two quarters of FY 2016.	None required.

**FISCAL YEAR 2015-2016
BUDGET vs ACTUAL VARIANCE ANALYSIS
QUARTER ENDING March 31, 2016**

Account Number	Account Name	Mar 2016 Financial Report Page #	Original Budget	Revised Budget	Actual to Mar 31, 2016	% of Budget	Variance Explanation	Recommended Action
991058	Debt Svc Transfer WW310201 Orig	41	651,124	651,124	104,275	16.0%	For cash flow purposes, the budgeted expense includes both principal and interest payments on debt. Per government accounting standards for enterprise funds, however, only interest payments are actually booked as an expense. Principal payments are treated as a reduction in the corresponding liability account.	Variance within normal parameters
991060	Debt Svc Transfer WW310201 Am#2	41	107,876	107,876	15,290	14.2%	See explanation for Account Number 991058 (directly above)	Variance within normal parameters
991062	Debt Svc Transfer Series 2013	41	1,131,886	1,131,886	57,022	5.0%	See explanation for Account Number 991058 (directly above)	Variance within normal parameters

AIRPORT FUND REVENUES

441.0000.344.010700	Gross Receipts	45	180,000	180,000	111,070	61.7%	Increased activity at the Airport has led to an increase in the revenue received based on percentage of tenant/FBO gross receipts	None required.
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AIRPORT FUND EXPENDITURES

345001	General Insurance	49	78,328	78,328	60,584	77.3%	Insurance payments are made on a quarterly basis and are due at the beginning of each quarter. As of Mar 31st, 2016 the City has made three quarterly insurance payments.	None required.
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MARINA FUND REVENUES

451.0000.344.020800	Gas Sales	54	448,500	448,500	171,523	38.2%	Price per gallon for gas sales less than the amount originally projected. Loss of revenue offset by lower expenses for gas for resale (see item 'Gas & Oil' item below)	Continue to monitor.
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MARINA FUND EXPENDITURES

352000	Diesel	58	232,000	232,000	78,229	33.7%	Per gallon cost of diesel for resale was below budgeted levels during the first two quarters of FY 2016. Savings offset by decreased revenue.	Continue to monitor.
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**FISCAL YEAR 2015-2016
BUDGET vs ACTUAL VARIANCE ANALYSIS
QUARTER ENDING March 31, 2016**

Account Number	Account Name	Mar 2016 Financial Report Page #	Original Budget	Revised Budget	Actual to Mar 31, 2016	% of Budget	Variance Explanation	Recommended Action
352001	Gas & Oil	58	358,500	358,500	118,703	33.1%	Per gallon cost of gasoline for resale was below budgeted levels during the first two quarters of FY 2016. Savings offset by decreased revenues.	Continue to monitor.
772000	Debt Service Series 2007A	59	339,557	339,557	68,768	20.3%	For cash flow purposes, the budgeted expense includes both principal and interest payments on debt. Per government accounting standards for enterprise funds, however, only interest payments are actually booked as an expense. Principal payments are treated as a reduction in the corresponding liability account.	Continue to monitor.

SOLID WASTE FUND REVENUES

No variances meeting criteria for analysis

SOLID WASTE FUND EXPENDITURES

352001	Gas & Oil	67	137,415	137,415	38,280	27.9%	Per gallon cost of gasoline was below budgeted levels during the first two quarters of FY 2016.	None required.
600101	Garbage Truck	67	450,000	450,000	-	0.0%	This budget line item is a one time capital purchase. Vehicle will be ordered for delivery/payment later this year.	None required.

MEMORANDUM

TO: Finance Commission

FROM: James R. O'Connor, City Manager

Cynthia D. Lawson, Finance Director

DATE: May 16, 2016

SUBJECT: **SECOND QUARTER FISCAL YEAR 15-16 ELECTRIC UTILITY RATE SUFFICIENCY**

Attached for your review and consideration during your upcoming Commission meeting is the second quarter analysis of Electric Utility rate sufficiency for FY 15-16, including actuals through March 2016.

Based on this analysis, staff is recommending that the Purchased Power Cost (i.e. Bulk Power Cost Adjustment) be decreased from \$65.15 per 1,000 kWh to \$63.15 per 1,000 kWh effective with billing read dates beginning June 15, 2016. This represents a decrease of 1.7% on a typical 1,000 kWh residential bill. This analysis has been reviewed with the City's rate consultant, PRMG, and they concur with this recommended reduction, pending the completion of the rate study scheduled for later this summer.

Attachment A is an updated FY 15-16 summary which incorporates:

- Actual billed revenues and purchased power expenses through March 2016
- Operating expenses and other expenses/revenues per the adopted FY 15-16 budget. For the Power Resources department, this has been updated to reflect the latest estimated costs for staffing and capital projects based on closure of the power plant and optimization of the utility.

This summary shows a year-end surplus currently estimated at \$1.988 million.

Attachment B is a detailed comparison of actuals versus forecasts for kWh sales, billed revenue and purchased power costs.

Attachment C compares actual versus forecast sales, revenue and purchased power costs in graph format. Per a request from the Utility Commission, bar graphs have been added which compare actuals versus the forecast on a year to date basis.

Staff will continue to monitor and compare the actual revenues and expenses to the forecast and provide the Commissions with an updated sufficiency analysis on a quarterly basis.

SUMMARY OF EXPENSES, REVENUE AND REVENUE SURPLUS (DEFICIENCY)

	PROJECTED FY 15-16	SOURCE
Operating Expenses		
Power Resources	2,484,980	FY 15-16 Revised Budget
Purchased Power	57,846,468	Revised Forecast (Actuals to Mar 15)
Customer Service	1,988,729	FY15-16 Adopted Budget
Transmission & Distribution	5,266,058	FY 15-16 Adopted Budget
Electric System Design	605,827	FY 15-16 Adopted Budget
Electric Metering	845,334	FY 15-16 Adopted Budget
Non-Departmental	4,743,858	FY 15-16 Adopted Budget
Total Operating Expenses	73,781,254	
Other Revenue Requirements		
Debt Service	5,500,000	FY 15-16 Adopted Budget
Transfer to the R&R Fund (Fund 403)	5,000,000	FY 15-16 Revised Budget
Transfer to the General Fund	5,440,000	FY 15-16 Adopted Budget
TOTAL REVENUE REQUIREMENTS	89,721,254	
Projected Rate Revenue		
		At Current Rates
Residential	46,456,677	Projected (Actuals to Mar 16)
Commercial	41,023,700	Projected (Actuals to Mar 16)
Industrial	1,543,444	Projected (Actuals to Mar 16)
Outdoor Lighting	1,008,395	Projected (Actuals to Mar 16)
Total Projected Rate Revenue	90,032,216	
Other Revenue		
Interest revenue	150,000	FY 15-16 Adopted Budget
Customer fees and penalties	701,000	FY 15-16 Adopted Budget
Customer Service charges - Water/Sewer & Solid Waste	529,745	FY 15-16 Adopted Budget
Miscellaneous revenue	296,316	FY 15-16 Adopted Budget
TOTAL REVENUE	91,709,277	
REVENUE SURPLUS (DEFICIENCY) ORIGINAL FORECAST	1,044,745	Adopted Budget
REVENUE SURPLUS (DEFICIENCY) CURRENT PROJECTED	1,988,023	2.21% of revenue forecast

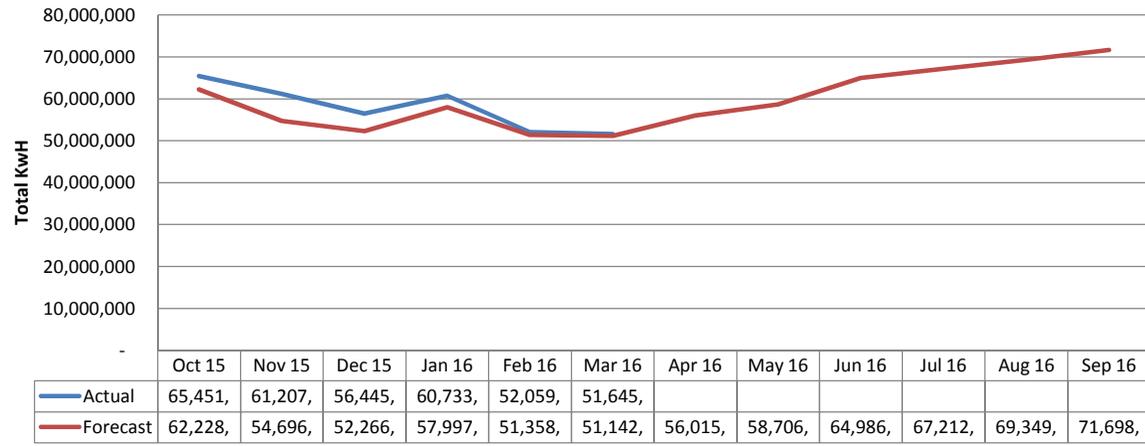
ATTACHMENT B

COMPARISON OF ORIGINAL FY 15-16 FORECAST TO ACTUALS

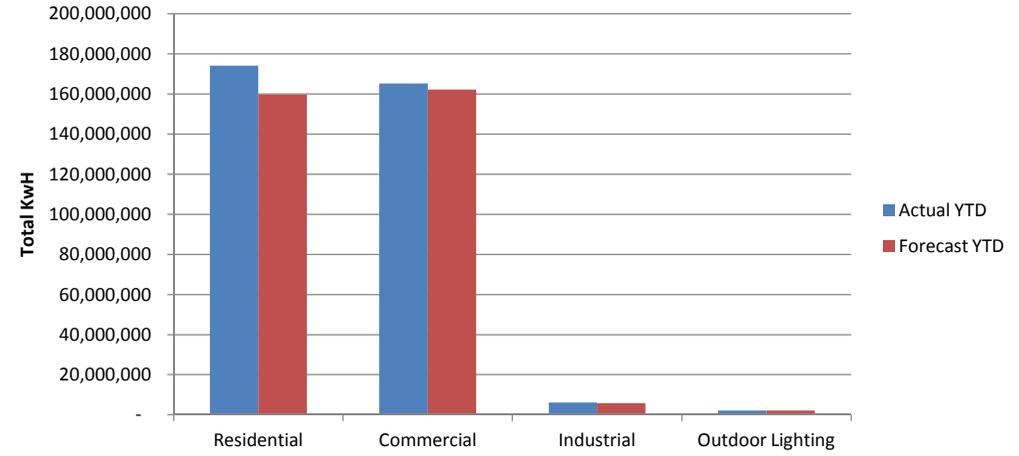
ACTUAL YEAR TO DATE	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16
Kwh Sales												
Residential	32,448,407	30,024,494	27,481,956	30,587,558	27,569,810	26,076,994	-	-	-	-	-	-
Commercial	31,336,073	29,716,076	27,597,467	28,836,762	23,357,708	24,324,433	-	-	-	-	-	-
Industrial	1,317,600	1,118,400	1,017,600	960,000	782,400	895,200	-	-	-	-	-	-
Outdoor Lighting	349,480	348,831	348,524	349,481	349,335	348,805	-	-	-	-	-	-
TOTAL	65,451,560	61,207,801	56,445,547	60,733,801	52,059,253	51,645,432	-	-	-	-	-	-
Billed Revenue												
Residential	4,230,246	3,911,631	3,525,384	3,914,301	3,522,837	3,327,608	-	-	-	-	-	-
Commercial	3,658,558	3,488,960	3,206,333	3,309,786	2,736,686	2,835,562	-	-	-	-	-	-
Industrial	151,220	131,914	117,807	110,175	92,699	104,726	-	-	-	-	-	-
Subtotal	8,040,024	7,532,505	6,849,524	7,334,262	6,352,222	6,267,896	-	-	-	-	-	-
Outdoor Lighting	85,125	84,996	84,987	84,957	85,162	76,768	-	-	-	-	-	-
TOTAL	8,125,149	7,617,501	6,934,511	7,419,219	6,437,384	6,344,664	-	-	-	-	-	-
Purchased Power Costs												
St Lucie	669,635	675,467	675,467	675,467	675,467	675,480	-	-	-	-	-	-
Stanton	955,649	857,696	661,811	649,772	828,880	826,253	-	-	-	-	-	-
Stanton II	425,600	659,538	655,745	620,041	780,788	695,597	-	-	-	-	-	-
OUC	2,581,851	2,920,159	3,013,917	2,965,419	594,538	2,317,738	-	-	-	-	-	-
FPL	240,882	236,539	216,763	234,264	248,863	218,758	-	-	-	-	-	-
Fuel (COVB)	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	4,873,617	5,349,399	5,223,703	5,144,964	3,128,537	4,733,826	-	-	-	-	-	-

ORIGINAL FORECAST - FY 15-16	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	FY TOTALS
Kwh Sales													
Residential	29,914,824	25,431,784	24,352,956	30,137,120	25,205,496	24,586,382	26,763,879	27,998,957	31,872,781	33,607,557	34,979,636	36,063,009	350,914,381
Commercial	30,638,338	28,111,849	26,636,975	26,759,067	24,902,485	25,211,920	27,769,904	29,082,794	31,378,952	31,870,015	32,465,637	33,757,994	348,585,930
Industrial	1,332,469	810,474	932,038	756,189	906,046	999,859	1,136,315	1,278,455	1,388,919	1,388,919	1,557,864	1,533,903	14,021,451
Outdoor Lighting	342,501	342,546	344,974	345,120	344,458	343,893	345,784	346,122	345,932	345,932	345,864	343,552	4,136,678
TOTAL	62,228,131	54,696,653	52,266,943	57,997,496	51,358,485	51,142,054	56,015,882	58,706,329	64,986,584	67,212,423	69,349,001	71,698,458	717,658,440
Billed Revenue													
	Original Rate (Eff 9/1/15)		Rate Change (Effective 12/1/16)										
Residential	3,808,652	3,181,251	2,969,386	3,764,420	3,086,568	3,001,471	3,300,768	3,470,529	4,002,986	4,241,431	4,430,023	4,578,933	43,836,418
Commercial	3,623,308	3,392,309	3,240,943	3,300,335	2,985,495	3,059,313	3,286,799	3,394,562	3,677,330	3,731,189	3,779,784	3,918,151	41,389,518
Industrial	146,191	95,266	104,351	82,951	94,153	103,542	117,669	128,964	139,138	139,028	156,430	153,673	1,461,357
Subtotal	7,578,151	6,668,826	6,314,680	7,147,706	6,166,216	6,164,326	6,705,236	6,994,055	7,819,454	8,111,649	8,366,237	8,650,758	86,687,292
Outdoor Lighting (use last 3 mo avg)	84,400	84,400	84,400	84,400	84,400	84,400	84,400	84,400	84,400	84,400	84,400	84,400	1,012,800
TOTAL	7,662,551	6,753,226	6,399,080	7,232,106	6,250,616	6,248,726	6,789,636	7,078,455	7,903,854	8,196,049	8,450,637	8,735,158	87,700,092
Purchased Power Costs													
St Lucie	752,471	752,471	752,471	752,471	752,471	752,471	376,236	752,471	752,471	752,471	752,471	376,240	8,277,185
Stanton	715,408	715,408	715,408	715,408	715,408	715,408	715,408	715,408	715,408	715,408	715,408	715,408	8,584,894
Stanton II	335,905	716,477	716,477	716,477	716,477	716,477	335,905	716,477	716,477	716,477	716,477	716,477	7,836,584
OUC	2,907,249	2,340,560	2,167,861	2,050,212	2,201,613	2,219,170	2,725,445	2,503,118	2,612,968	2,630,467	2,563,689	2,849,450	29,771,802
FPL	249,083	173,996	181,744	183,042	170,423	206,035	260,385	261,171	260,385	272,254	230,911	249,083	2,698,511
Fuel (COVB)	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	4,960,116	4,698,913	4,533,962	4,417,610	4,556,392	4,609,561	4,413,378	4,948,645	5,057,709	5,087,077	4,978,956	4,906,659	57,168,976

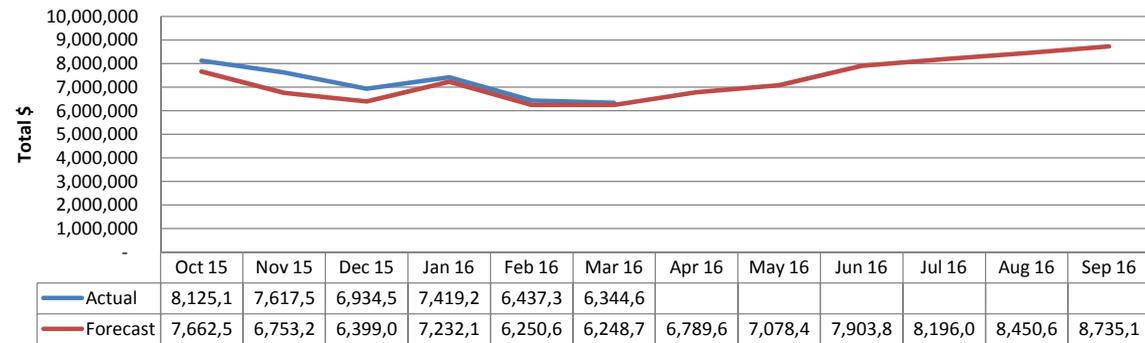
KwH Sales - Actual vs Forecast by Month



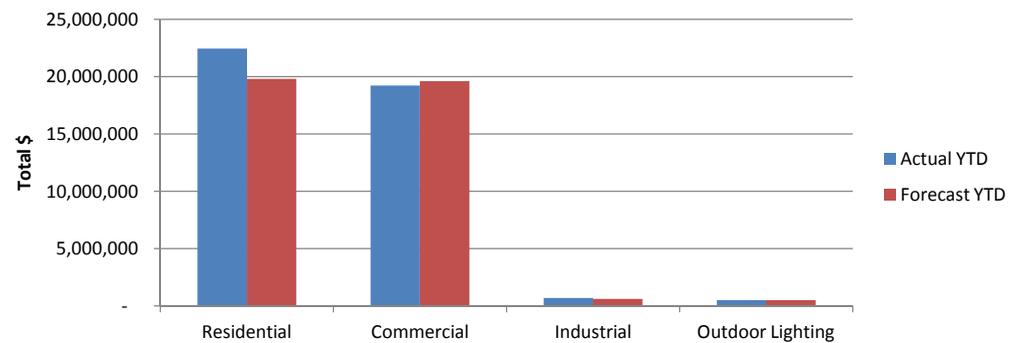
KwH Sales - Actual vs Forecast Year to Date



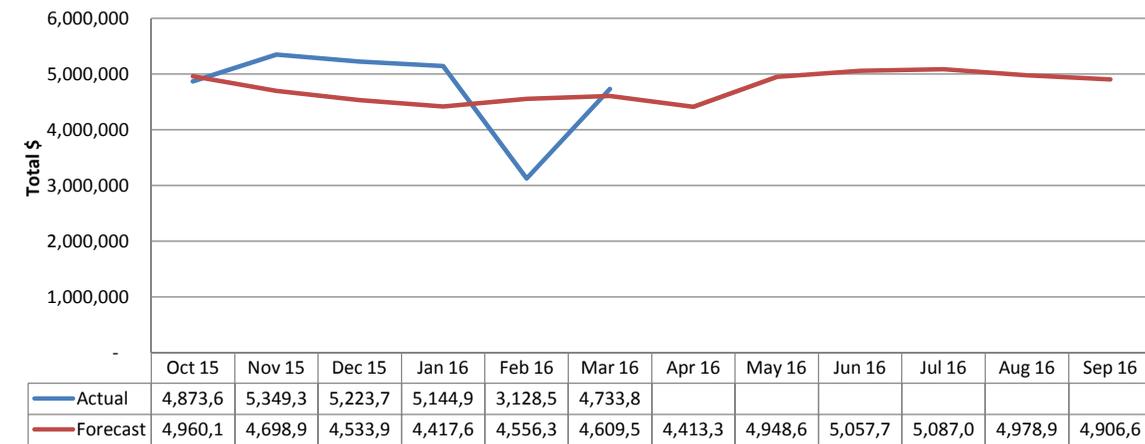
Billed Revenue - Actual vs Forecast by Month



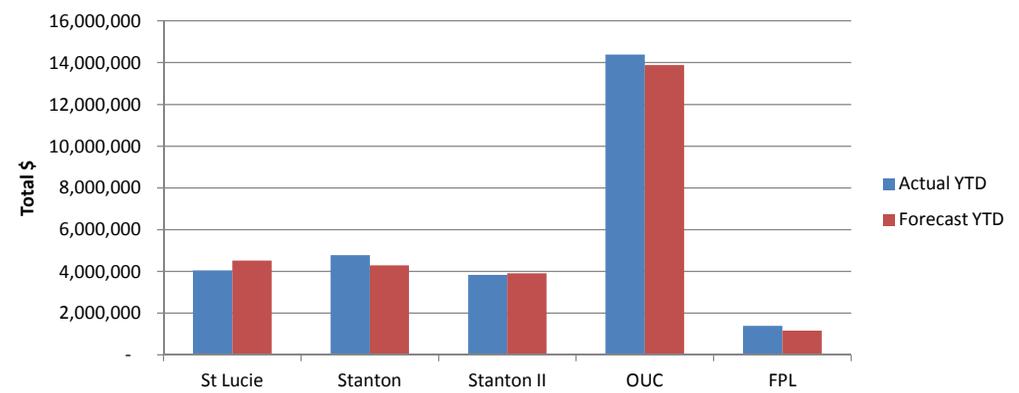
Billed Revenue - Actual vs Forecast Year to Date



Purchased Power Costs - Actual vs Forecast by Month



Purchased Power Costs by Vendor Actual vs Forecast Year to Date





TO: Finance Commission

DATE: May 18, 2016

THROUGH: James R. O'Connor, City Manager

FROM: Cynthia Lawson, Finance Director

SUBJECT: General Fund Fund Balance Policy – Recommendation to City Council

Based on our extensive discussion at both the November 4, 2015 and the February 8, 2016 Commission meetings, attached is a final version of the General Fund fund balance policy for the Commission to review and recommend to City Council for adoption.

At the February 8, 2016 meeting the Commission voted to recommend that Council adopt this policy by ordinance. If the City Council accepts this recommendation, they will direct the City Attorney to draft an ordinance for public hearing which will incorporate this policy into the City Code. Other options that the City Council has for approval of this policy include adoption by resolution or adoption as a policy by simple majority vote (without a formal resolution). After discussion with the City Attorney, these other methods may be more desirable given the nature of the policy and the costs associated with adoption and any subsequent changes to an ordinance. Staff would like to review the 'pros and cons' of the various methods at our meeting on May 26th, prior to your final recommendation to Council.

Staff intends to place the Finance Commission's recommendation on the City Council agenda for June 21st, so that this policy can be reviewed and possibly approved by Council prior to the start of the FY 16-17 budget workshops in July.

CITY OF VERO BEACH FUND BALANCE POLICY – GENERAL FUND

1.0 PURPOSE:

The City desires to maintain a prudent level of financial resources in its General Fund to guard against service disruption in the event of unexpected temporary revenues shortfalls or unpredicted one-time expenditures. The City also desires to maintain adequate working cash to support operating expenditures in its General Fund during the first quarter of each fiscal year prior to receipt of seasonal revenues.

2.0 SOURCES OF FUND BALANCE

The General Fund fund balances are accumulated primarily through budget surpluses and/or unanticipated non-recurring revenues.

3.0 FUND BALANCE CATEGORIES

The City will maintain three categories of fund balance reserves in the General Fund in accordance with this policy. These are:

- Emergency (Disaster) Reserves – (Committed Fund Balance)
- Budget Stabilization Reserve – (Unassigned Fund Balance)
- Working Capital – (Unassigned Fund Balance)

4.0 FUND BALANCE CATEGORY DESCRIPTIONS AND TARGET LEVELS

The **Emergency (Disaster) Reserves** category of fund balance is intended to provide funding for expenditures needed in the event, primarily, of tropical storms and hurricane events which require extensive clean up or damage to infrastructure. The **Emergency Disaster Reserve** is hereby established at \$2,000,000 in the General Fund as a ‘committed’ fund balance in accordance with the requirements of GASB Statement No. 54 “*Fund Balance Reporting and Governmental Fund Type Definitions*”.

The City’s unassigned General Fund fund balance will be divided into both a **Budget Stabilization Reserve** and a **Working Capital** component.

The **Budget Stabilization Reserve** is intended as a buffer for unexpected budgetary impacts to ensure budget stability and provide service continuity. The targeted level of **Budget Stabilization Reserves** is **10%** of annual budgeted operating expenditures (including transfers out) in the most recently adopted General Fund budget.

The **Working Capital** component of fund balance is intended to serve the City’s cash flow needs, including the ability to meet payroll and vendor obligations in the first quarter of the City’s fiscal year prior to receipt of significant ad valorem taxes and other seasonal revenues. The targeted level of **Working Capital** is **25%** of annual budgeted operating expenditures (including transfers out) in the most recently adopted General Fund budget.

5.0 DETERMINATION OF EXCESS FUND BALANCE AMOUNTS

After the annual audit and financial statements for each fiscal year ended September 30th have been issued, if the total audited General Fund unassigned fund balance is greater than the sum of the targeted Budget Stabilization and Working Capital reserves (35%) calculated as a percent of the subsequent year's budgeted General Fund operating budget expenditures (including transfers out), the excess may be used for allowable expenditures (as defined in Section 6.0 below) through one or more of the following actions:

- 1) Appropriated for expenditure in the current fiscal year through a budget amendment.
- 2) Retained for appropriation in the coming fiscal year as directed during the annual budget adoption process.
- 3) Left in the General Fund fund balance to earn interest and roll forward for a future use.

6.0 ALLOWABLE USES OF EXCESS FUND BALANCES:

Available fund balances shall not be used for ongoing operating expenditures. Instead, fund balances shall be used for non-recurring items. A non-recurring item is defined as an expenditure that has not occurred in the previous two years and is not expected to occur in the following year. Emphasis shall be placed on one-time uses that achieve future operating cost reductions, fund necessary infrastructure or reduce long term liabilities. Except in unusual circumstances, General Fund fund balance shall be used for general governmental purposes and not transferred in support of enterprise or utility funds.

Unless otherwise prohibited by law, appropriate uses of excess fund balance (as determined under Section 5.0) include one-time capital improvements, funding for capital and construction projects, retirement of General Government debt (not including payment of annual debt service payments which do not meet the definition of a non-recurring item) or funding of pension or OPEB liabilities.

7.0 PROCEDURE FOR USE OF EMERGENCY (DISASTER) RESERVE:

In the event of an emergency, the City Manager may authorize use of the **Emergency (Disaster) Reserve** funds in accordance with the requirements of Section 2-350 of the City's Code of Ordinances.

8.0 MINIMUM RESERVES AND REPLENISHMENT OF FUND BALANCE TARGETS

If the **Emergency Disaster Reserve** is used it shall be replenished to the \$2,000,000 level first using any available disaster relief funds or insurance proceeds. If this funding is inadequate to restore the \$2,000,000 within one fiscal year, it is the intent of the City Council to restore this committed balance through other funding sources within three fiscal years. Replenishment of the Emergency Disaster Reserve will be the highest priority in restoration of fund balance components to target levels.

If, as a result of unforeseen budgetary needs, the City's audited unassigned fund balance drops below 35% but remains above 25% (as calculated in Section 5.0 above) it is the intent of the City Council that the unassigned fund balance will be replenished to the target level of 35% to restore the **Budget Stabilization Reserve** within four fiscal years.

In no circumstances shall the total General Fund unassigned fund balance be budgeted or otherwise appropriated in such a manner to cause it to fall below the targeted 25% balance for **Working Capital**. If the City's audited unassigned fund balance drops below 25% (as calculated in Section 5.0 above) due to unforeseen circumstances in any fiscal year, it is the intent of the City Council that the unassigned fund balance will be replenished to the target level of 25% to restore **Working Capital** within two fiscal years.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2015



CITY OF VERO BEACH, FLORIDA

Prepared by: Department of Finance

Cynthia D. Lawson
Director of Finance

CITY OF VERO BEACH, FLORIDA

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INTRODUCTORY SECTION

**City of Vero Beach, Florida
CITY OFFICIALS
As of September 30, 2015**



**MAYOR
Richard G. Winger**



**VICE MAYOR
Jay Kramer**



**COUNCILMEMBER
Randolph B. Old**



**COUNCILMEMBER
Pilar Turner**



**COUNCILMEMBER
Amelia Graves**

**CITY MANAGER
James R. O'Connor**

**CITY CLERK
Tammy K. Vock**

**CITY ATTORNEY
Wayne R. Coment**

**FINANCE DIRECTOR
Cynthia D. Lawson**

City of Vero Beach
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March 28, 2016

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

The Comprehensive Annual Financial Report of the City of Vero Beach, Florida, for the fiscal year ended September 30, 2015, is hereby submitted as required to meet Florida Statutes 218.39 and Rules of the Florida Auditor General. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Management of the City and is contingent upon the comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data are reported in a manner designed to present fairly the financial position and results of operations and the cash flows of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

Profile of the City

The City of Vero Beach is the County seat for Indian River County and is a political subdivision of the State of Florida. The City, through its Council-Manager form of government, provides a full range of services, including general government, public safety, public improvements, planning and zoning, and related general and administrative services, to approximately 15,000 residents. In addition, the City operates an electric system, water and sewer system, a solid waste collection system, a park and recreation system, a cemetery, an airport and a marina.

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

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

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

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

Local Economy

The City of Vero Beach and Indian River County rely on three primary economic activities: tourism, citrus and agriculture, and retirement. Vero Beach is a family oriented community. Sunny beaches, beautiful weather and low-density housing attract tourists and future residents. Climate and soil have combined to produce tasty and popular Indian River citrus and other agricultural products.

Retirees are attracted by the climate and general lifestyle in Vero Beach. The median age in Indian River County was 47 in 1980, 45 in 1995, 47 in 2000 and 52 in 2014, as compared to the median age of 41 for the State of Florida as a whole.

Several key financial indicators continue to improve, indicating a recovery from the financial downturn of recent years. The City's taxable assessed value increased for the second year in a row, by 3.8% to \$2.21 billion in 2015 after increasing 1.6% in 2014. The unemployment rate decreased for the fifth consecutive year to 7.2% in 2015. The City's leadership is determined to actively manage financial assets and continue its efforts to attract new businesses which benefit and complement our unique lifestyle.

Long-Term Financial Planning/Financial Policies

The City of Vero Beach strives to maintain linkage between its vision for the future, its departmental goals and objectives, and the allocation of its financial and human resources. The vision of Vero Beach as a safe and attractive environment in which to live, work and play is reflected in the City's organizational structure and the priorities given in the annual budget. Out of the total operating expenditures in the General Fund budget, 34% is dedicated to public safety through our police department, with an additional 20% budgeted for culture & recreation to maintain the City's parks and recreation facilities and provide recreation programs and community events.

Long-term financial planning includes monitoring the City's electric and water and sewer rates while providing quality service for customers. City officials and staff have undertaken a system optimization study and are pursuing other related initiatives, with the goal of achieving savings on electric rates for the City's residents and customers.

Relevant Financial Policies

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

The assessed taxable value of property within the City of Vero Beach increased this year in keeping with a recovery in the local real estate market. In conjunction with this increase in values, the City adopted the prior year millage rate of 2.0336. As a result, property tax revenue increased 3.5% from the prior year and represented 21.0% of total general government revenue. The City continued to maintain a low millage rate of 2.0336 through its focus on controlling discretionary operating expenditures and staffing levels while still providing an acceptable level of service for City residents.

Utility and other tax collections (including intergovernmental revenue from state shared sales taxes) represent 27% of general government revenue. Total revenues for telecommunications tax, gas tax and State sales tax decreased 2% from last year, due primarily to a 10% reduction in telecommunications tax as a result of recent changes in the application of this tax rate to wireless services. State estimates for FY 15-16 project that these revenue sources in total will increase by 1.2%, as the decreases in telecommunications tax collections are expected to level off.

Transfers from the enterprise funds are designed to be a return to ownership, the general government, and have historically been in the 27% - 35% range of total general government revenues. The total transfers of \$7.1 million for this fiscal year increased slightly to 35% of total general government revenues and are primarily from the Electric and Water Sewer Systems.

Most other revenue sources remained relatively level, with the exception of investment earnings which are up 198.4% from last year, as the earnings rate on short term investments continues to improve. Federal and state grants received as reimbursement for specific capital projects vary from year to year.

Overall, general government expenditures are up 16.1% from the prior year, as a result of the City's decision to eliminate the Recreation enterprise fund and absorb all recreation related operating costs into the General Fund. This resulted in an additional \$2.1 million (or 12.2%) in operating costs in the General Fund. In conjunction with this change, the City continues to hold operating budgets and staffing to the minimum required for effective service delivery. The Electric Utility enterprise fund revenues decreased by 0.5% from the prior year, while the Water and Sewer enterprise fund revenues increased by 2.3%. In both systems, charges for services and other income provided adequate revenue to meet operating and capital needs. The City continues to carefully monitor utility rates in order to keep rates competitive while also maintaining rate sufficiency for operations, capital improvements and debt service coverage.

Major Initiatives

General Government Major general government policy objectives are to keep all infrastructures safe and functional, contain the property tax burden to City taxpayers, and to carefully and thoughtfully manage growth. Significant funding is also provided to support and enhance a police presence adequate to suppress crime. The budget for next year maintains staffing levels required to provide the level of service expected by the citizens.

Electric The City continues its efforts to finalize the sale of its electric utility to Florida Power & light (FPL). The City and FPL have an approved sale and purchase agreement that is valid through December 2016, but at the present time the City has been unable to satisfy certain contractual obligations and liabilities in order to finalize this sale. In the interim, the City has commissioned an optimization study and continues to pursue other initiatives to lower electric utility rates for its customers.

Water and Sewer The water and sewer system revenues met operating and capital needs for this fiscal year, with an overall increase in net position at year end. Careful rate management will continue to be a focus, in order to maintain viable processing and distribution systems while planning for future supply needs. The major initiative within the Water and Sewer utility is the implementation of the Septic Tank Effluent Pump (STEP) program; this program was designed as a cost effective alternative to traditional sewer hook-ups in order to encourage homeowners to make voluntary connections to the City's sewer system

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

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

Marina The Marina spares no effort to live up to its long-term policy of superior services to boaters at reasonable cost. The Marina has established itself as a popular boating haven along the Indian River, and occupancy and revenues are improving as part of the overall economic recovery.

Risk Management The City has transitioned to fully insured workers compensation and third party general liability insurance. As a result, for the fiscal year ended September 30, 2015, the Liability Insurance internal service fund received no self insurance premium revenues; instead, insurance premiums from third party providers were allocated directly to the appropriate operating fund. Claims expenses in the internal service fund were for 'legacy' claims of various types and the City has established adequate reserves to fund these outstanding claims to completion. The City's Human Resources department continues to manage closure of outstanding claims and serves as a liaison to the City's third party insurance providers. In addition, the risk manager identifies potential safety hazards and recommends corrective measures to reduce the City's exposure to loss.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Vero Beach for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2014. This was the thirty second consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

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

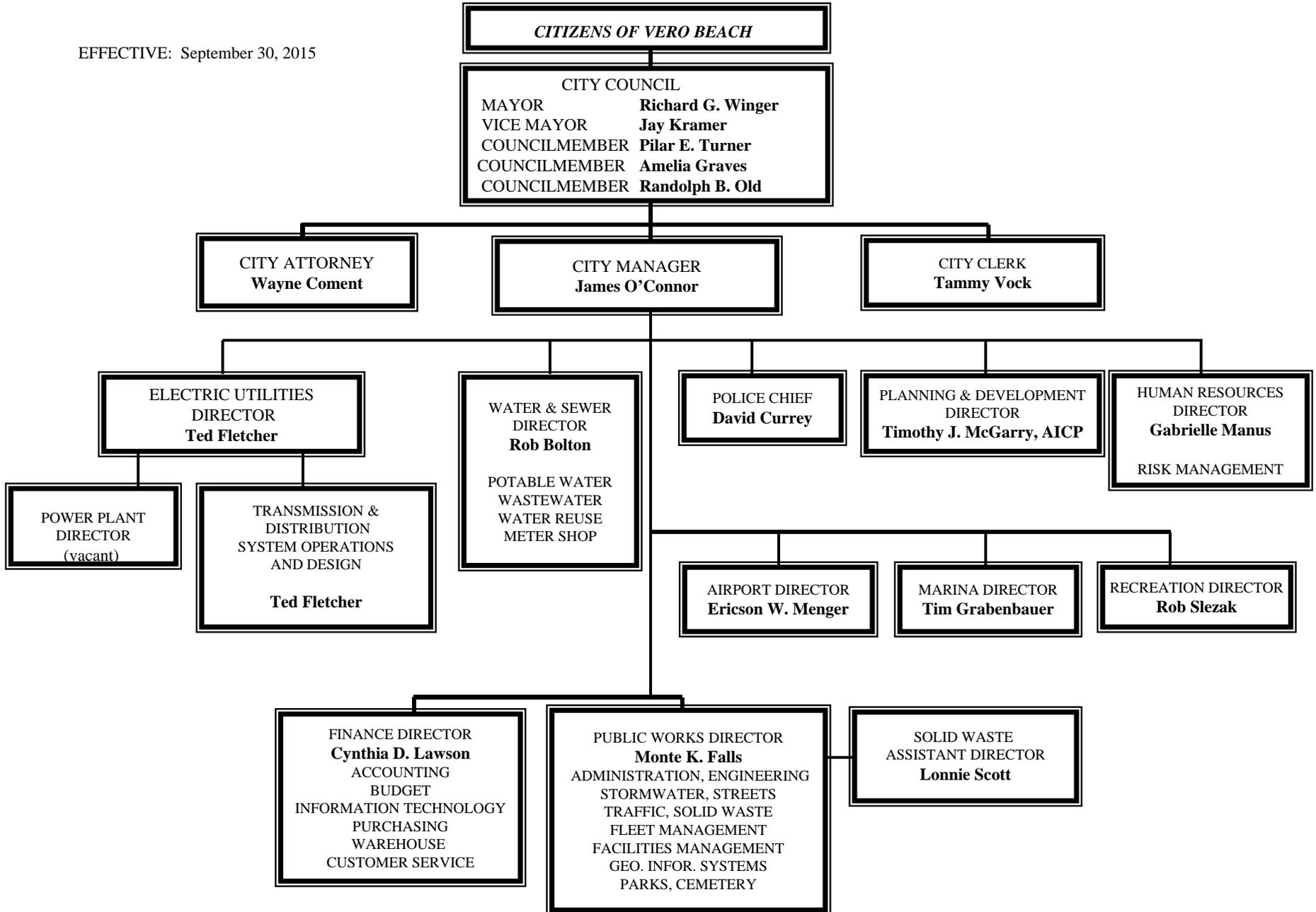
The preparation of this report was made possible by the clear policy and direction established by the City Council, the assistance of the City Manager and the dedicated service of the entire staff of the Finance department. All who assisted in this report's preparation and publication have my sincere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



Cynthia D. Lawson
Finance Director

CITY OF VERO BEACH, FLORIDA ORGANIZATIONAL CHART

EFFECTIVE: September 30, 2015





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Vero Beach
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

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FINANCIAL SECTION

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Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vero Beach, Florida (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 20 to the financial statements, effective October 1, 2014, the City adopted the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

Fund Reclassification

As described in Note 20 to the financial statements, effective October 1, 2014, the City has reclassified the Recreation Fund from a separately-reported proprietary fund to a department within the General Fund, affecting beginning balances of the governmental and business activities net position and the General Fund. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and required supplementary information, as provided in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cheryl Behrman LLP".

Orlando, Florida
March 28, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF VERO BEACH, FLORIDA

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2015

This section in the Comprehensive Annual Financial Report has been developed in accordance with the Governmental Accounting Standards Board (GASB) Statement Number 34 (GASB 34). It is intended to provide the readers of this report with a general overview and analysis of the financial activities of the City of Vero Beach for the fiscal year ended September 30, 2015.

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

Financial Highlights

The City is in good financial condition. For the year ended September 30, 2015:

- The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$223.2 million (net position). Of this amount, \$17.9 million was from governmental activities and \$205.3 million was from business-type activities.
- Unrestricted net positions for governmental and business activities respectively were \$22.9 million (deficit) and \$42.1 million. The deficit in governmental unrestricted net position is attributable primarily to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions- an Amendment of GASB Statement No. 27*, which required recognition of a net pension liability of \$19.8 million for governmental activities as of the year ended September 30, 2015. The implementation of GASB 68 also resulted in recognition of a net pension liability of \$18.6 million for business-type activities, for a total net pension liability of \$38.4 million for the City of Vero Beach.
- The City's revenues for governmental funds, excluding transfers, were \$16.7 million. The expenditures for governmental funds were \$24.9 million.
- The business-type activities of the City had total revenues of \$117.4 million and total expenses of \$104.6 million before transfers.
- At the close of the current fiscal year, the governmental funds reported combined ending fund balances of \$15.0 million, an increase of \$0.2 million in comparison with the prior year. Approximately \$9.8 million or 65% of this total amount is available for spending at the government's discretion (unassigned fund balance).
- The City's long-term debt for business-type activities decreased by \$5.4 million. Long term liabilities for governmental activities decreased by \$0.6 million.

Overview of the Financial Statements

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

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

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

CITY OF VERO BEACH, FLORIDA

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2015

The Basic Financial Statements include:

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

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

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

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

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

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

- Net investment in capital assets
- Restricted
- Unrestricted

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

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

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it may be useful to compare the information presented for governmental funds with similar information presented

CITY OF VERO BEACH, FLORIDA

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2015

for governmental activities in the government-wide financial statements. This comparison highlights the long-term impact of the City's near term financial decisions.

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

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

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

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

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

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

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

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

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

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

CITY OF VERO BEACH, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2015

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

Government-Wide Financial Analysis

The Statement of Net Position and the concept of net position are useful indicators of a governmental entity's financial health and stability. In the case of the City, total assets (current and capital) plus deferred outflows of resources exceed total liabilities (current and long-term) and deferred inflows of resources by \$223.2 million. Further, the City has combined positive balances in all categories of net position--net investment in capital assets, restricted and unrestricted. The City's combined net position decreased by \$29.8 million from the amounts previously reported at the end of fiscal year 2014. Governmental activities are responsible for a decrease of \$11.6 million, while the business-type activities are responsible for a decrease of \$18.2 million. In both the governmental and business-type activities, the primary reason for the decrease is the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions- an Amendment of GASB Statement No. 27*, which requires local governments to recognize as a liability, beginning October 1, 2014, the long term obligation associated with pension benefits. As a result, the governmental activities reported a net pension liability of \$19.8 million and the business-type activities reported a net pension liability of \$18.6 million for fiscal year ended September 30, 2015. For additional information regarding this change in accounting standards see Note 20 in the Notes to Financial Statements section of this report.

The following schedule provides a comparative summary of net position for the City for fiscal years 2015 and 2014. For more detail see the Statement of Net Position in the Financial Section of this report immediately following this MD&A.

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 20,786,200	\$ 22,222,681	\$ 76,443,094	\$ 69,870,700	\$ 97,229,294	\$ 92,093,381
Capital assets, net	44,450,475	37,726,605	214,263,719	229,390,771	258,714,194	267,117,376
Deferred Outflows (Pensions)	4,738,547	-	3,479,955	-	8,218,502	-
Total assets	69,975,222	59,949,286	294,186,768	299,261,471	364,161,990	359,210,757
Liabilities						
Long-term liabilities	33,457,957	14,040,128	74,726,908	61,490,554	108,184,865	75,530,682
Other liabilities	18,186,807	16,441,525	14,127,580	14,294,642	32,314,387	30,736,167
Deferred Inflows (Pensions)	481,957	-	-	-	481,957	-
Total liabilities	52,126,721	30,481,653	88,854,488	75,785,196	140,981,209	106,266,849
Net Position						
Net investment in capital assets	35,672,966	28,542,240	161,203,321	170,783,743	196,876,287	199,325,983
Restricted	5,088,640	5,400,588	2,000,000	2,000,000	7,088,640	7,400,588
Unrestricted	(22,913,105)	(4,475,195)	42,128,959	50,692,532	19,215,854	46,217,337
Total net position	\$ 17,848,501	\$ 29,467,633	\$ 205,332,280	\$ 223,476,275	\$ 223,180,781	\$ 252,943,908

By far the largest portion of the City's net position is *investment in capital assets* (less any related outstanding debt used to acquire those assets). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital

CITY OF VERO BEACH, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2015

assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate debt.

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

The **Statement of Activities** reconciles and links net position to the sources of changes in net position. Program revenues and expenses are presented by function and with their positive or negative effect on net position. General revenues and transfers, and their effect on net position, are shown separately. The Statement of Activities combines the effects of all revenues, expenses and transfers to calculate net position by governmental activities, business-type activities, and in total. The schedule below provides a comparative summary of activities and the changes in net position for the City for the fiscal years ended September 30, 2015 and 2014. For more detailed information see the Statement of Activities in the Financial Section of this report.

	Change in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for services	\$ 4,019,065	\$ 3,362,672	\$ 115,662,206	\$ 116,329,283	\$ 119,681,271	\$ 119,691,955
Operating grants	513,190	635,643	-	44,794	513,190	680,437
Capital grants	91,742	179,446	1,271,305	2,605,464	1,363,047	2,784,910
General Revenues						
Property Taxes	4,335,449	4,189,203	-	-	4,335,449	4,189,203
Other Taxes	5,846,861	5,971,721	-	-	5,846,861	5,971,721
Intergovernmental	1,645,349	1,607,641			1,645,349	1,607,641
Investment earnings	228,767	89,954	296,383	126,448	525,150	216,402
Other revenue (expense)	94,948	144,557	(177,305)	(1,134,393)	(82,357)	(989,836)
Total revenues	16,775,371	16,180,837	117,052,589	117,971,596	133,827,960	134,152,433
Expenses:						
General Government	9,237,771	10,889,683	-	-	9,237,771	10,889,683
Public Safety	7,498,780	7,491,964	-	-	7,498,780	7,491,964
Physical Environment	193,287	197,150	-	-	193,287	197,150
Transportation	3,835,253	2,151,441	-	-	3,835,253	2,151,441
Culture and Recreation	4,735,272	1,824,566	-	-	4,735,272	1,824,566
Interest on long-term debt	249,296	257,600	-	-	249,296	257,600
Electric System	-	-	84,536,494	84,916,435	84,536,494	84,916,435
Water and Sewer System	-	-	13,133,789	13,213,332	13,133,789	13,213,332
Municipal Airport	-	-	3,314,122	3,072,287	3,314,122	3,072,287
Municipal Marina	-	-	1,340,805	1,508,790	1,340,805	1,508,790
Solid Waste	-	-	2,287,153	2,266,298	2,287,153	2,266,298
Recreation	-	-	-	2,659,264	-	2,659,264
Total expenses	25,749,659	22,812,404	104,612,363	107,636,406	130,362,022	130,448,810
Change in net position before transfers	(8,974,288)	(6,631,567)	12,440,226	10,335,190	3,465,938	3,703,623
Transfers	6,656,986	5,147,454	(6,656,986)	(5,147,454)	-	-
Change in net position	(2,317,302)	(1,484,113)	5,783,240	5,187,736	3,465,938	3,703,623
Net position, beginning of year, as previously reported	29,467,633	30,951,746	223,476,275	218,288,539	252,943,908	249,240,285
Accounting change (Note 20)	(9,301,830)	-	(23,927,235)	-	(33,229,065)	-
Net position - beginning as restated	20,165,803	30,951,746	199,549,040	218,288,539	219,714,843	249,240,285
Net position - ending	\$ 17,848,501	\$ 29,467,633	\$ 205,332,280	\$ 223,476,275	\$ 223,180,781	\$ 252,943,908

CITY OF VERO BEACH, FLORIDA

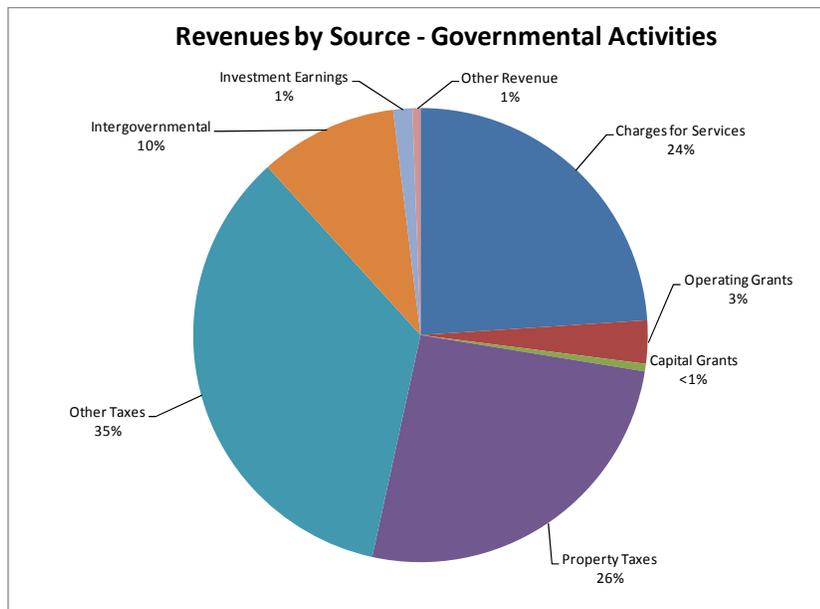
MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2015

Governmental Activities. Net position of the City's governmental-type activities decreased by \$11.6 million from the amounts previously reported at the end of fiscal year 2014. The primary reasons for the decrease were a \$1.3 million increase in the net OPEB obligation and the net effect of a prior period restatement of \$9.3 million (see Note 20) associated with the implementation of GASB 68 and with moving Recreation activities previously accounted for in an enterprise fund into the General Fund.

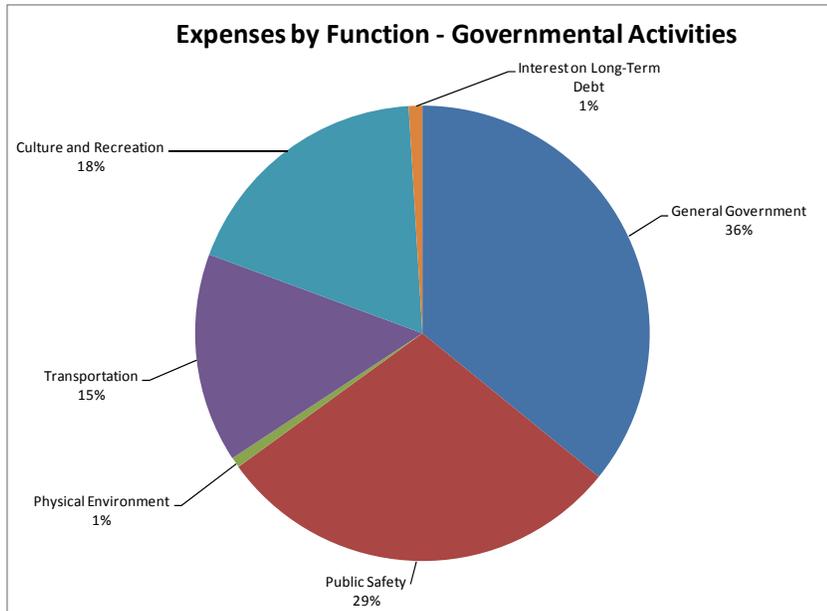
Most of the City's major revenue sources, including property taxes, sales tax, and intergovernmental sources remained relatively stable from 2014 to 2015. The increase in charges for services was attributable primarily to the inclusion of Recreation related revenue in the General Fund for 2015. The inclusion of the Recreation department function in the General Fund also accounts for the \$2.9 million in increase in Culture & Recreation expenses, as well as the \$1.5 million decrease in transfers out (as the subsidy from the General Fund to the Recreation enterprise fund is no longer necessary). Expenses for transportation increased by \$1.7 million due to the abandonment of a capital project after completion of the design phase, with these costs being expensed in 2015 out of 'construction in progress'. These increases were offset by a \$1.5 million decrease in general government expenses, due to a \$1.5 million decrease in claims expenses in the internal service risk management fund from 2014 to 2015.

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

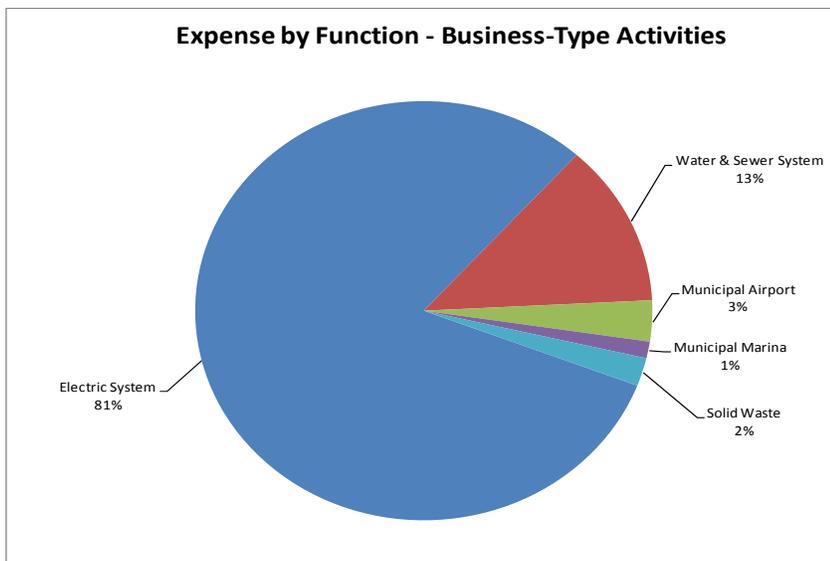


CITY OF VERO BEACH, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2015



Business-type Activities: Net position of the City’s business-type activities showed a decrease of \$18.1 million from the amounts previously reported at the end of fiscal year 2014. This change is attributable primarily to a prior period restatement of \$23.9 million (see Note 20) associated with the implementation of GASB 68 and with moving Recreation activities previously accounted for in an enterprise fund into the General Fund. Charges for services decreased from 2014 by \$0.9 million, primarily due to eliminating the Recreation enterprise fund and moving this function and its associated revenues to the General Fund. Total operating expenses for the remaining business-type activities, aside from the elimination of Recreation expenses, remained relatively level. The following graph provides an analysis of the City’s business-type activity expenses by function.



CITY OF VERO BEACH, FLORIDA

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2015

Financial Analysis of the City's Funds.

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

Governmental Funds. As of the end of fiscal year 2015, the City's governmental funds reported combined ending fund balances of \$15.0 million, an increase of \$0.2 million from the (restated) prior year. Total governmental revenue of \$16.7 million increased \$0.5 million from the previous year, primarily because Recreation department program revenues were included in the General Fund for the first time in the fiscal year ended September 30, 2015. Total governmental expenditures showed an increase of \$4.3 million; of this total increase, \$1.5 million is an increase in capital outlay from the prior year, while \$2.1 million was associated with moving the Recreation department into the General Fund. As previously noted, the increase in operating expenditures was offset by a corresponding decrease of \$1.5 million in transfers out, as it is no longer necessary for the City's General Fund to transfer funds to subsidize the Recreation enterprise fund. The remainder of the City's operating expenditures were relatively flat compared to the prior year.

The general governmental fund balances of \$15.0 million are available for spending, subject to regulatory, statutory, and budgetary restrictions. Of the available balance, \$9.8 million or 65% is unassigned; the remainder of fund balance is non-spendable or restricted and not available for new spending because the funds have already been committed by law or covenant as follows:

- \$ 153,000 for nonspendable inventory
- \$ 30,000 for public safety
- \$ 871,000 for culture and recreation
- \$ 4.2 million for physical environment

The General Fund is the City's major governmental fund. As of September 30, 2015, its fund balance was \$10.0 million with \$9.8 million of that unassigned. General fund revenue budgeted for 2015 was \$13.6 million in the original budget and \$13.8 million in the final budget, with actual revenue received of \$13.8 million. General fund expenditures were under final budget by \$58,000 as all general fund programs kept operating costs to a minimum. As a result, the fiscal year 2015 ended with a net increase in fund balance of \$457,000.

Proprietary Funds. The City's Enterprise Funds generate revenues and expenses that are shown as business-type activities in the government-wide financial statements. At the fund level, enterprise funds have unrestricted net position of \$42.1 million. Of this amount the Electric System has \$26.1 million and the Water & Sewer System has \$13.1 million. There was an increase in the total net position of the enterprise funds of \$5.8 million in the current year, attributable mainly to the Electric and Water Sewer utilities investing operating income in capital improvements. However, the overall net position represents an \$18.2 million decrease from the amount previously reported in the prior year, due to the re-statement of net pension liability for GASB 68 and the elimination of the Recreation enterprise fund as described above.

The Internal Service Funds (a category of the City's proprietary funds) are an accounting device used to accumulate and allocate costs internally among some of the City's various functions. At the fund level they have total net position of \$2.5 million, which is a decrease of \$0.6 from the prior year, attributed primarily to payment of the City's 'legacy' claims within its liability insurance fund.

CITY OF VERO BEACH, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2015

General Fund Budgetary Highlights

Both the original and final budgets are estimates based on the best information available to management prior to year-end. By comparison to the original adopted budget, the actual revenues were \$255 thousand or 1.8% higher, and the actual expenditures were \$159 thousand or 0.8 % lower. The actual net increase to the General Fund fund balance was \$49 thousand less than was projected in the final budget. This was a result of revenues that were \$9 thousand higher than the final budget and expenditures \$58 thousand higher than the final budget.

Original & Final Budget Comparison
General Fund

	<u>Original</u>	<u>Final</u>	<u>Change</u>
REVENUES			
Taxes	\$ 8,164,363	\$ 8,326,341	\$ 161,978
Licenses and permits	132,600	141,500	8,900
Intergovernmental	1,591,488	1,641,488	50,000
Grants	-	13,748	13,748
Charges for Services	3,104,902	3,090,602	(14,300)
Fines and Forfeitures	143,000	142,400	(600)
Investment Earnings	61,400	142,400	81,000
Rental	273,501	273,501	-
Miscellaneous	119,000	64,200	(54,800)
Total Revenues	<u>\$ 13,590,254</u>	<u>\$ 13,836,180</u>	<u>\$ 245,926</u>
EXPENDITURES			
Current:			
General Government	5,124,153	5,001,885	(122,268)
Public Safety	6,939,787	6,779,632	(160,155)
Transportation	2,307,393	2,204,734	(102,659)
Culture/Recreation	3,921,404	3,947,198	25,794
Non-departmental	1,706,820	1,849,282	142,462
Total Expenditures	<u>\$ 19,999,557</u>	<u>\$ 19,782,731</u>	<u>\$ (216,826)</u>

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

- Taxes: Estimated tax collections were revised upward for increased collections in ad valorem taxes, utility taxes and higher state sales tax revenue sharing than originally projected.
- General Government, Public Safety and Transportation Expenditures: The final budgeted expenditures were decreased in all functional areas due to a combination of factors which decreased both personnel and operating costs, most notably employee turnover/vacancies (which lowered salary and health insurance costs) and gas prices lower than originally budgeted in all departments.

CITY OF VERO BEACH, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2015

Capital Assets and Debt Administration

Capital Assets. The City's capital assets for its governmental and business-type activities as of September 30, 2015 are \$267 million (net of accumulated depreciation).

	Capital Assets (Net of Depreciation) (in 000s)					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 14,431	\$ 12,820	\$ 11,240	\$ 12,851	\$ 25,671	\$ 25,671
Intangible assets	825	825	-	-	825	825
Buildings	7,596	6,101	33,495	37,286	41,091	43,387
Improvements other than buildings	5,345	1,429	164,501	175,313	169,845	176,742
Machinery and equipment	1,956	1,272	2,412	2,759	4,369	4,031
Infrastructure	13,590	13,845	-	-	13,590	13,845
Construction in Progress	708	1,435	2,615	1,182	3,323	2,617
Total capital assets, net	\$ 44,450	\$ 37,727	\$ 214,264	\$ 229,391	\$ 258,714	\$ 267,118

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

There was an increase in net capital assets in government activities of \$8.2 million, with a corresponding decrease of \$8.2 million in business-type assets, as result of a prior period restatement associated with the elimination of the Recreation enterprise fund and the inclusion of the Recreation department within the General Fund (see Note 20).

Additional information on the City's capital assets can be found in Note 8 of this report.

Long-Term Debt. At the end of the fiscal year, the City of Vero Beach had total long-term debt outstanding of \$69.5 million. Of this amount \$53 million was in notes and bonds secured solely by specified revenue sources and \$8.8 million was debt backed by the full faith and credit of the government. In addition, the City has a liability for approximately \$1.7 million in legacy claims payable and \$6.0 million in compensated absences. For more information on the changes in long-term debt see Note 9.

CITY OF VERO BEACH, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2015

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue Bonds and Notes	7,745	9,095	53,005	58,607	60,750	67,702
Capital Leases	1,033	89	56	-	1,089	89
Claims Payable	1,659	2,118	-	-	1,659	2,118
Compensated Absences	3,198	2,738	2,762	2,884	5,960	5,622
Total Long-Term Debt	13,635	\$ 14,040	\$ 55,823	\$ 61,491	\$ 69,458	\$ 75,531

In addition to long-term debt, the City has long term liabilities associated with Other Postemployment Benefits (OPEB) of \$16.7 million (see Note 15 in the Notes to Financial Statements) as well as a total of \$38.4 million in net pension liability associated with various employee pension plans (see Note 14).

Economic Factors and Next Year’s Budgets and Rates

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

The adopted Citywide budget for fiscal year 2016 is \$159.1 million. This budget shows a Citywide staff decrease of 2 positions for a total savings of \$225,000 in salaries, in addition to associated personnel and operating expenditures. These savings were primarily in the Electric and Water & Sewer Utility funds as operational changes and improved efficiency enabled reductions in staffing. Ad valorem tax revenues are projected to increase by 24% as a result of the adoption of a millage rate of 2.3800 (as compared to the prior year’s millage rate of 2.0336) combined with a 7.9% increase in taxable values. The increased tax revenue was used to fund additional Police Officers, lifeguards, recreation and finance/IT staff positions, as well as providing for a salary increase of 3% for all employees as a result of collective bargaining. State shared revenues for gas tax and State sales tax sharing are projected to increase slightly in the coming year, and the local communications service tax revenue declines of recent years appear to be stabilizing.

The adopted budget for FY 15-16 reflects the City Council’s continued commitment to public safety, recreation and quality municipal services for its residents and visitors.

Requests for Information

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

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

The City’s CAFR is also available on-line at www.covb.org under City Departments – Finance.

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BASIC FINANCIAL STATEMENTS

CITY OF VERO BEACH, FLORIDA
STATEMENT OF NET POSITION

SEPTEMBER 30, 2015

	Primary Government		
	Governmental Activities	Business- type Activities	Total Primary Government
Assets			
Equity in pooled cash and investments	\$ 19,025,792	\$ 41,983,734	\$ 61,009,526
Cash with fiscal agent	372,257	-	372,257
Receivables	1,190,608	15,733,225	16,923,833
Inventories	152,543	6,328,425	6,480,968
Prepaid costs	45,000	5,663	50,663
Restricted assets:			
Equity in pooled cash and investments	-	12,392,047	12,392,047
Capital assets:			
Land and intangible assets	15,255,834	11,240,119	26,495,953
Construction in progress	707,874	2,615,448	3,323,322
Capital assets not being depreciated	<u>15,963,708</u>	<u>13,855,567</u>	<u>29,819,275</u>
Capital assets being depreciated	82,835,325	441,502,656	524,337,981
Accumulated depreciation	<u>(54,348,558)</u>	<u>(241,094,504)</u>	<u>(295,443,062)</u>
Capital assets being depreciated, net	<u>28,486,767</u>	<u>200,408,152</u>	<u>228,894,919</u>
Total capital assets	<u>44,450,475</u>	<u>214,263,719</u>	<u>258,714,194</u>
Total assets	<u>65,236,675</u>	<u>290,706,813</u>	<u>355,943,488</u>
Deferred outflows of resources			
Deferred outflows related to pensions	<u>4,738,547</u>	<u>3,479,955</u>	<u>8,218,502</u>
Liabilities			
Accounts payable and accrued liabilities	1,449,689	8,736,691	10,186,380
Deposits	-	5,390,889	5,390,889
Long-term liabilities:			
Due within one year	2,291,755	5,965,379	8,257,134
Due in more than one year	11,343,244	49,857,590	61,200,834
Unearned revenue	-	284,582	284,582
Net pension liability	19,822,958	18,619,357	38,442,315
Other postemployment benefits obligation	<u>16,737,118</u>	<u>-</u>	<u>16,737,118</u>
Total liabilities	<u>51,644,764</u>	<u>88,854,488</u>	<u>140,499,252</u>
Deferred inflows of resources			
Deferred inflows related to pensions	<u>481,957</u>	<u>-</u>	<u>481,957</u>
Net position			
Net investment in capital assets	35,672,966	161,203,321	196,876,287
Restricted for:			
Special revenue projects	2,221,745	-	2,221,745
Capital projects	2,836,795	-	2,836,795
Plant replacement and renewal	-	2,000,000	2,000,000
Law enforcement	30,100	-	30,100
Unrestricted (deficit)	<u>(22,913,105)</u>	<u>42,128,959</u>	<u>19,215,854</u>
Total net position	<u>\$ 17,848,501</u>	<u>\$ 205,332,280</u>	<u>\$ 223,180,781</u>

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

CITY OF VERO BEACH, FLORIDA
STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 9,237,771	\$ 3,120,424	\$ -	\$ 1,500	\$ (6,115,847)	\$ -	\$ (6,115,847)
Public safety	7,498,780	194,385	513,190	-	(6,791,205)	-	(6,791,205)
Physical environment	193,287	194,881	-	-	1,594	-	1,594
Transportation	3,835,253	-	-	90,242	(3,745,011)	-	(3,745,011)
Culture/recreation	4,735,272	509,375	-	-	(4,225,897)	-	(4,225,897)
Interest and fiscal charges	249,296	-	-	-	(249,296)	-	(249,296)
Total governmental activities	<u>25,749,659</u>	<u>4,019,065</u>	<u>513,190</u>	<u>91,742</u>	<u>(21,125,662)</u>	<u>-</u>	<u>(21,125,662)</u>
Business-type activities:							
Electric System	84,536,494	92,830,617	-	247,791	-	8,541,914	8,541,914
Water and sewer system	13,133,789	16,029,976	-	321,309	-	3,217,496	3,217,496
Municipal airport	3,314,122	2,514,581	-	702,205	-	(97,336)	(97,336)
Municipal marina	1,340,805	1,546,143	-	-	-	205,338	205,338
Solid waste	2,287,153	2,740,889	-	-	-	453,736	453,736
Total business-type activities	<u>104,612,363</u>	<u>115,662,206</u>	<u>-</u>	<u>1,271,305</u>	<u>-</u>	<u>12,321,148</u>	<u>12,321,148</u>
Total	<u>\$ 130,362,022</u>	<u>\$ 119,681,271</u>	<u>\$ 513,190</u>	<u>\$ 1,363,047</u>	<u>(21,125,662)</u>	<u>12,321,148</u>	<u>(8,804,514)</u>
General revenues:							
Property taxes					4,335,449	-	4,335,449
Sales and gas taxes					2,525,140	-	2,525,140
Utility taxes					3,321,721	-	3,321,721
Intergovernmental revenue: state revenue sharing / sales tax					1,645,349	-	1,645,349
Investment earnings					228,767	296,383	525,150
Other revenue (expense)					94,948	(177,305)	(82,357)
Transfers - internal activities					6,656,986	(6,656,986)	-
Total general revenues and transfers					<u>18,808,360</u>	<u>(6,537,908)</u>	<u>12,270,452</u>
Change in net position					(2,317,302)	5,783,240	3,465,938
Net position - beginning, as restated					20,165,803	199,549,040	219,714,843
Net position - ending					<u>\$ 17,848,501</u>	<u>\$ 205,332,280</u>	<u>\$ 223,180,781</u>

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

CITY OF VERO BEACH, FLORIDA

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Equity in pooled cash and investments	\$ 9,867,062	\$ 4,791,477	\$ 14,658,539
Cash with fiscal agent	-	372,257	372,257
Receivables, net:			
Accounts	193,326	-	193,326
Special assessments	28,710	10,709	39,419
Interest	26,116	10,146	36,262
Due from other funds	63,300	-	63,300
Due from other governments	430,165	456,694	886,859
Inventories	152,542	-	152,542
Total assets	\$ 10,761,221	\$ 5,641,283	\$ 16,402,504
Liabilities			
Accounts payable and contracts payable	\$ 233,826	\$ 543,599	\$ 777,425
Accrued liabilities	523,671	1,328	524,999
Due to other funds	-	63,300	63,300
Total liabilities	<u>757,497</u>	<u>608,227</u>	<u>1,365,724</u>
Deferred inflows of resources			
Unavailable revenue -			
Special assessment receivable	-	10,709	10,709
Fund balances			
Nonspendable	152,542	-	152,542
Restricted	-	5,088,640	5,088,640
Committed	3,521	-	3,521
Unassigned	9,847,661	(66,293)	9,781,368
Total fund balances	<u>10,003,724</u>	<u>5,022,347</u>	<u>15,026,071</u>
Total liabilities, deferred inflows and fund balances	\$ 10,761,221	\$ 5,641,283	\$ 16,402,504

CITY OF VERO BEACH, FLORIDA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION**

SEPTEMBER 30, 2015

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

Ending fund balance - governmental funds	\$ 15,026,071
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:	
Capital assets not being depreciated	15,963,708
Capital assets being depreciated, net	28,486,767
Some items are recorded as revenues and expenditures in the fund statement when paid or when received. These items are recorded on the government-wide statements when incurred in the case of expenditures and when revenues are earned.	
Deferred inflows for long-term special assessments receivable	10,709
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities.	
Net position of governmental activities accounted for in internal service funds	2,569,489
Net pension amounts are not considered to represent financial asset or liabilities and therefore are not presented in a governmental fund, but are reported as assets and liabilities in the government-wide statement of net position.	
Net pension liability	(19,592,165)
Deferred outflows related to pensions	4,695,412
Deferred inflows related to pensions	(481,957)
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds:	
Bonds and notes payable	(8,777,508)
Accrued interest on long-term debt	(121,991)
Compensated absences	(3,192,916)
Other postemployment benefits obligation	<u>(16,737,118)</u>
Total liabilities	<u>(28,829,533)</u>
Net position of governmental activities	<u>\$ 17,848,501</u>

CITY OF VERO BEACH, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 8,327,118	\$ 2,017,377	\$ 10,344,495
Licenses and permits	141,970	-	141,970
Intergovernmental	1,645,349	499,442	2,144,791
Special Assessments	-	2,186	2,186
Grants	13,748	90,242	103,990
Charges for services	3,091,495	194,881	3,286,376
Fines and forfeitures	143,223	4,658	147,881
Investment earnings	143,498	38,601	182,099
Rentals	274,493	-	274,493
Miscellaneous	64,241	16,432	80,673
Total revenues	<u>13,845,135</u>	<u>2,863,819</u>	<u>16,708,954</u>
Expenditures			
Current:			
General government	6,928,971	-	6,928,971
Public safety	6,649,379	504,763	7,154,142
Physical environment	-	174,602	174,602
Transportation	2,182,186	-	2,182,186
Culture and recreation	3,905,673	-	3,905,673
Debt service:			
Principal	-	1,634,857	1,634,857
Interest and fiscal charges	-	249,296	249,296
Capital outlay	174,168	2,559,590	2,733,758
Total expenditures	<u>19,840,377</u>	<u>5,123,108</u>	<u>24,963,485</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,995,242)</u>	<u>(2,259,289)</u>	<u>(8,254,531)</u>
Other financing sources (uses)			
Capital contributions	-	1,500	1,500
Capital lease proceeds	-	1,228,001	1,228,001
Proceeds from sale of capital assets	-	14,275	14,275
Transfers in	7,146,297	2,957,752	10,104,049
Transfers out	(694,000)	(2,232,422)	(2,926,422)
Total other financing sources (uses)	<u>6,452,297</u>	<u>1,969,106</u>	<u>8,421,403</u>
Net change in fund balances	457,055	(290,183)	166,872
Fund balance - beginning, as restated	<u>9,546,669</u>	<u>5,312,530</u>	<u>14,859,199</u>
Fund balance - ending	<u>\$ 10,003,724</u>	<u>\$ 5,022,347</u>	<u>\$ 15,026,071</u>

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

CITY OF VERO BEACH, FLORIDA

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

YEAR ENDED SEPTEMBER 30, 2015

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

Net change in fund balances - total governmental funds \$ 166,872

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

Purchase of capital assets	2,243,967
Loss on disposal of capital assets	(1,674,313)
Depreciation expense	(2,050,393)

Special assessments are long-term in nature and are collectible over several years. However the current receipts are reflected as revenue on the fund statements.

Change in deferred inflows for long-term special assessments receivable	(2,186)
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on long-term liabilities	1,634,856
Capital lease proceeds	(1,228,000)

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

Change in accrual for compensated absences	(225,742)
Change in net pension liability	509,630
Change in net other postemployment benefits obligation	(1,316,769)
Change in accrued interest on bonds payable	(5,414)

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

Change in net position of internal service funds	<u>(369,811)</u>
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Change in net position of governmental activities	<u>\$ (2,317,303)</u>
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CITY OF VERO BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 8,164,363	\$ 8,326,341	\$ 8,327,118	\$ 777
Licenses and permits	132,600	141,500	141,970	470
Intergovernmental	1,591,488	1,641,488	1,645,349	3,861
Grants	-	13,748	13,748	-
Charges for services	3,104,902	3,090,602	3,091,495	893
Fines and forfeitures	143,000	142,400	143,223	823
Investment earnings	61,400	142,400	143,498	1,098
Rentals	273,501	273,501	274,493	992
Miscellaneous	119,000	64,200	64,241	41
Total revenues	<u>13,590,254</u>	<u>13,836,180</u>	<u>13,845,135</u>	<u>8,955</u>
Expenditures				
Current:				
General government	5,124,153	5,001,885	4,972,115	29,770
Public safety	6,939,787	6,779,632	6,768,072	11,560
Transportation	2,307,393	2,204,734	2,185,447	19,287
Culture/Recreation	3,921,404	3,947,198	3,930,063	17,135
Non-departmental	1,706,820	1,849,282	1,984,680	(135,398)
Total expenditures	<u>19,999,557</u>	<u>19,782,731</u>	<u>19,840,377</u>	<u>(57,646)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,409,303)</u>	<u>(5,946,551)</u>	<u>(5,995,242)</u>	<u>(48,691)</u>
Other financing sources (uses)				
Transfers in	7,146,297	7,146,297	7,146,297	-
Transfers out	(693,965)	(694,000)	(694,000)	-
Total other financing sources (uses)	<u>6,452,332</u>	<u>6,452,297</u>	<u>6,452,297</u>	<u>-</u>
Net change in fund balances	43,029	505,746	457,055	(48,691)
Fund balance - beginning	<u>9,546,669</u>	<u>9,546,669</u>	<u>9,546,669</u>	<u>-</u>
Fund balance - ending	<u>\$ 9,589,698</u>	<u>\$ 10,052,415</u>	<u>\$ 10,003,724</u>	<u>\$ (48,691)</u>

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

SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds		
	Electric System	Water and Sewer System	Municipal Airport
Assets			
Current assets			
Equity in pooled cash and investments	\$ 21,257,819	\$ 15,261,105	\$ 4,345,641
Receivables, net:			
Accounts	11,976,849	2,323,619	45,330
Special Assessments	-	148,034	-
Interest	49,214	7,717	2,994
Due from other funds	-	281,915	-
Due from other governments	-	-	838,281
Inventories	5,799,104	500,480	-
Prepaid costs	5,663	-	-
Restricted assets:			
Equity in pooled cash and investments	9,086,717	1,030,408	-
Total current assets	<u>48,175,366</u>	<u>19,553,278</u>	<u>5,232,246</u>
Noncurrent assets			
Restricted assets:			
Equity in pooled cash and investments	2,000,000	-	-
Total noncurrent assets	<u>2,000,000</u>	<u>-</u>	<u>-</u>
Capital assets:			
Land	4,876,606	184,988	1,722,672
Construction in progress	636,959	847,945	1,126,484
Capital assets not being depreciated	<u>5,513,565</u>	<u>1,032,933</u>	<u>2,849,156</u>
Capital assets being depreciated	251,916,606	127,195,880	57,735,656
Accumulated depreciation	<u>(145,537,908)</u>	<u>(73,549,516)</u>	<u>(18,853,257)</u>
Capital assets being depreciated, net	<u>106,378,698</u>	<u>53,646,364</u>	<u>38,882,399</u>
Total capital assets	<u>111,892,263</u>	<u>54,679,297</u>	<u>41,731,555</u>
Total assets	<u>162,067,629</u>	<u>74,232,575</u>	<u>46,963,801</u>
Deferred outflows of resources			
Deferred outflows related to pensions	1,958,753	1,036,320	153,791
Total assets and deferred outflows of resources	<u>\$ 164,026,382</u>	<u>\$ 75,268,895</u>	<u>\$ 47,117,592</u>

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

Business-type Activities - Enterprise Funds			Governmental Activities
Municipal Marina	Solid Waste	Total	Internal Service Funds
\$ -	\$ 1,119,169	\$ 41,983,734	\$ 4,367,253
21,651	319,536	14,686,985	20,368
-	-	148,034	-
-	-	59,925	14,374
-	-	281,915	-
-	-	838,281	-
28,841	-	6,328,425	-
-	-	5,663	45,000
274,922	-	10,392,047	-
<u>325,414</u>	<u>1,438,705</u>	<u>74,725,009</u>	<u>4,446,995</u>
-	-	2,000,000	-
-	-	<u>2,000,000</u>	-
4,455,853	-	11,240,119	-
4,060	-	2,615,448	-
<u>4,459,913</u>	-	<u>13,855,567</u>	-
2,135,510	2,519,004	441,502,656	11,368
(1,315,916)	(1,837,907)	(241,094,504)	(11,368)
<u>819,594</u>	<u>681,097</u>	<u>200,408,152</u>	-
5,279,507	681,097	214,263,719	-
<u>5,604,921</u>	<u>2,119,802</u>	<u>290,988,728</u>	<u>4,446,995</u>
40,670	290,421	3,479,955	43,135
<u>\$ 5,645,591</u>	<u>\$ 2,410,223</u>	<u>\$ 294,468,683</u>	<u>\$ 4,490,130</u>

Continued

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

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

SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds		
	Electric System	Water and Sewer System	Municipal Airport
Liabilities			
Current liabilities:			
Accounts and contracts payable	\$ 827,100	\$ 369,316	\$ 357,456
Accrued liabilities	5,963,932	116,822	18,216
Due to other funds	-	-	-
Due to other governments	-	350,223	-
Claims payable	-	-	-
Customer deposits	-	-	146,366
Current portion of compensated absences	53,281	51,056	10,821
Revenue bonds and notes payable, not payable from restricted assets	688,411	614,795	-
Current portion of unearned revenue	-	-	10,373
Payable from restricted assets:			
Accrued interest payable	517,848	87,519	-
Customer deposits	5,193,869	-	-
Revenue bonds and notes payable	3,375,000	942,889	-
Total current liabilities	<u>16,619,441</u>	<u>2,532,620</u>	<u>543,232</u>
Noncurrent liabilities, net of current portion:			
Compensated absences	1,012,331	970,054	205,592
Revenue bonds and notes payable	28,292,163	15,717,299	-
Claims payable	-	-	-
Unearned revenue	-	-	284,582
Net pension liability	10,480,227	5,544,790	822,853
Total noncurrent liabilities	<u>39,784,721</u>	<u>22,232,143</u>	<u>1,313,027</u>
Total liabilities	<u>56,404,162</u>	<u>24,764,763</u>	<u>1,856,259</u>
Net position			
Net investment in capital assets	79,536,689	37,404,314	41,731,555
Restricted for:			
Plant replacement and emergencies	1,000,000	-	-
Renewal and replacement	1,000,000	-	-
Unrestricted (deficit)	26,085,531	13,099,818	3,529,778
Total net position	<u>107,622,220</u>	<u>50,504,132</u>	<u>45,261,333</u>
Total liabilities and net position	<u>\$ 164,026,382</u>	<u>\$ 75,268,895</u>	<u>\$ 47,117,592</u>

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

Business-type Activities - Enterprise Funds			Governmental Activities
Municipal Marina	Solid Waste	Total	Internal Service Funds
\$ 11,598	\$ 5,123	\$ 1,570,593	\$ 23,969
6,647	25,750	6,131,367	1,305
281,915	-	281,915	-
-	-	350,223	-
-	-	-	497,700
50,654	-	197,020	-
2,677	20,295	138,130	279
-	-	1,303,206	-
-	-	10,373	-
68,768	-	674,135	-
-	-	5,193,869	-
206,154	-	4,524,043	-
<u>628,413</u>	<u>51,168</u>	<u>20,374,874</u>	<u>523,253</u>
50,865	385,597	2,624,439	5,295
3,223,689	-	47,233,151	-
-	-	-	1,161,300
-	-	284,582	-
217,604	1,553,883	18,619,357	230,793
<u>3,492,158</u>	<u>1,939,480</u>	<u>68,761,529</u>	<u>1,397,388</u>
<u>4,120,571</u>	<u>1,990,648</u>	<u>89,136,403</u>	<u>1,920,641</u>
1,849,664	681,097	161,203,319	-
-	-	1,000,000	-
-	-	1,000,000	-
(324,644)	(261,522)	42,128,961	2,569,489
<u>1,525,020</u>	<u>419,575</u>	<u>205,332,280</u>	<u>2,569,489</u>
<u>\$ 5,645,591</u>	<u>\$ 2,410,223</u>	<u>\$ 294,468,683</u>	<u>\$ 4,490,130</u>

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

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

YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds		
	Electric System	Water and Sewer System	Municipal Airport
Operating revenues			
Charges for services	\$ 92,830,617	\$ 16,029,976	\$ 2,514,581
Miscellaneous	-	-	-
Total operating revenue	<u>92,830,617</u>	<u>16,029,976</u>	<u>2,514,581</u>
Operating expenses			
Production	64,151,791	2,806,262	-
Transmission and distribution	6,501,016	2,639,171	-
Administrative and general	4,130,514	2,275,727	-
Pollution control	-	1,801,677	-
Customer service	1,316,324	-	-
Claims expense	-	-	-
Operating charges	-	-	1,737,969
Depreciation	6,852,271	3,193,208	1,576,153
Total operating expenses	<u>82,951,916</u>	<u>12,716,045</u>	<u>3,314,122</u>
Operating income (loss)	<u>9,878,701</u>	<u>3,313,931</u>	<u>(799,541)</u>
Nonoperating revenues (expenses)			
Investment earnings	215,309	70,026	10,857
Interest/amortization expense	(1,584,578)	(388,303)	-
Loss on disposal of capital assets	-	(29,441)	-
Federal and state grants (reimbursements)	(291,688)	(103,590)	-
Miscellaneous revenue	76,180	77,845	15,600
Total nonoperating revenues (expenses)	<u>(1,584,777)</u>	<u>(373,463)</u>	<u>26,457</u>
Income (loss) before capital contributions and transfers	8,293,924	2,940,468	(773,084)
Capital contributions and transfers			
Capital grants and contributions	247,791	321,309	702,205
Transfers In	134,316	71,812	10,639
Transfers Out	(5,640,000)	(970,000)	(30,000)
Total capital contributions and transfers	<u>(5,257,893)</u>	<u>(576,879)</u>	<u>682,844</u>
Changes in net position	3,036,031	2,363,589	(90,240)
Total net position - beginning - as restated	<u>104,586,189</u>	<u>48,140,543</u>	<u>45,351,573</u>
Total net position - end of year	<u>\$ 107,622,220</u>	<u>\$ 50,504,132</u>	<u>\$ 45,261,333</u>

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

Business-type Activities - Enterprise Funds			Governmental Activities
Municipal Marina	Solid Waste	Total	Internal Service Funds
\$ 1,546,143	\$ 2,740,889	\$ 115,662,206	\$ -
-	-	-	6,160
<u>1,546,143</u>	<u>2,740,889</u>	<u>115,662,206</u>	<u>6,160</u>
-	-	66,958,053	-
-	-	9,140,187	-
-	-	6,406,241	-
-	-	1,801,677	-
-	-	1,316,324	-
-	-	-	(369,197)
1,147,094	2,099,774	4,984,837	270,548
56,174	187,379	11,865,185	647
<u>1,203,268</u>	<u>2,287,153</u>	<u>102,472,504</u>	<u>(98,002)</u>
<u>342,875</u>	<u>453,736</u>	<u>13,189,702</u>	<u>104,162</u>
65	126	296,383	46,668
(137,537)	-	(2,110,418)	-
-	-	(29,441)	-
(5,034)	-	(400,312)	-
35,463	17,919	223,007	-
<u>(107,043)</u>	<u>18,045</u>	<u>(2,020,781)</u>	<u>46,668</u>
235,832	471,781	11,168,921	150,830
-	-	1,271,305	-
2,660	30,587	250,014	3,325
(105,000)	(162,000)	(6,907,000)	(523,966)
<u>(102,340)</u>	<u>(131,413)</u>	<u>(5,385,681)</u>	<u>(520,641)</u>
133,492	340,368	5,783,240	(369,811)
<u>1,391,528</u>	<u>79,207</u>	<u>199,549,040</u>	<u>2,939,300</u>
<u>\$ 1,525,020</u>	<u>\$ 419,575</u>	<u>\$ 205,332,280</u>	<u>\$ 2,569,489</u>

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

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

YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds		
	Electric System	Water and Sewer System	Municipal Airport
Operating activities			
Receipts from customers and users	\$ 92,942,252	\$ 15,953,248	\$ 2,833,787
Cash received from vendors for program expenses	-	-	-
Payment to vendors	(67,503,254)	(5,340,005)	(752,730)
Payments for personnel services	(9,722,128)	(4,585,458)	(733,027)
Benefit payments	-	-	-
Net cash provided by (used in) operating activities	<u>15,716,870</u>	<u>6,027,785</u>	<u>1,348,030</u>
Noncapital financing activities			
Transfers in	134,316	71,812	10,639
Transfers out	(5,640,000)	(970,000)	(30,000)
Net cash provided by (used in) noncapital financing activities	<u>(5,505,684)</u>	<u>(898,188)</u>	<u>(19,361)</u>
Capital and related financing activities			
Refunds to grantors	(291,688)	(420,267)	-
Purchase of capital assets	(2,762,654)	(1,425,939)	(705,934)
Capital contributions	247,791	321,309	371,578
Special assessments received	-	52,375	-
Principal paid on long-term debt	(3,889,452)	(1,528,997)	-
Interest and agent fees paid on long-term debt	(1,648,397)	(396,357)	-
Net cash (used in) capital and related financing activities	<u>(8,344,400)</u>	<u>(3,397,876)</u>	<u>(334,356)</u>
Investing activities			
Purchases of pooled investments	(18,794,569)	(4,995,634)	(1,089,994)
Proceeds from sale and maturity of pooled investments	18,813,805	4,929,881	1,078,093
Interest received	211,819	68,903	10,645
Net cash provided by (used in) investing activities	<u>231,055</u>	<u>3,150</u>	<u>(1,256)</u>
Net increase (decrease) in cash and cash equivalents	<u>2,097,841</u>	<u>1,734,871</u>	<u>993,057</u>
Cash and cash equivalents			
Beginning of year	<u>9,537,827</u>	<u>7,912,805</u>	<u>2,098,639</u>
End of year	<u>\$ 11,635,668</u>	<u>\$ 9,647,676</u>	<u>\$ 3,091,696</u>
Cash and cash equivalents classified as:			
Equity in pooled cash and investments	\$ 21,257,819	\$ 15,261,105	\$ 4,345,641
Restricted assets:			
Current:			
Equity in pooled cash and investments	9,086,717	1,030,408	-
Noncurrent:			
Equity in pooled cash and investments	2,000,000	-	-
Less: investment not meeting definition of cash equivalents	(20,708,868)	(6,643,837)	(1,253,945)
	<u>\$ 11,635,668</u>	<u>\$ 9,647,676</u>	<u>\$ 3,091,696</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 9,878,701	\$ 3,313,931	\$ (799,541)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	6,852,271	3,193,208	1,576,153
Miscellaneous revenue	76,180	77,845	15,600
Change in assets and liabilities:			
Accounts receivable	(102,707)	(154,573)	8,361
Due from other funds	-	(36,483)	-
Inventories	(403,093)	(342,994)	-
Prepaid costs	939	-	-
Deferred outflows related to pensions	(1,958,753)	(1,036,320)	(153,791)
Accounts and contracts payable	2,654	154,566	265,448
Accrued liabilities	(251,605)	7,539	(20,249)
Due to other funds	-	-	-
Accrued compensated absences	(4,386)	63,539	43,934
Unearned revenue	-	-	294,955
Claims payable	-	-	-
Net pension liability	1,488,507	787,527	116,870
Customer deposits	138,162	-	290
Total adjustments	<u>5,838,169</u>	<u>2,713,854</u>	<u>2,147,571</u>
Net cash provided by (used in) operating activities	<u>\$ 15,716,870</u>	<u>\$ 6,027,785</u>	<u>\$ 1,348,030</u>

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

Business-type Activities - Enterprise Funds			Governmental Activities
Municipal Marina	Solid Waste	Total	Internal Service Funds
\$ 1,569,876	\$ 2,746,616	\$ 116,045,779	\$ -
-	-	-	(3,282)
(878,746)	(676,419)	(75,151,154)	(85,419)
(233,775)	(1,490,853)	(16,765,241)	(186,965)
-	-	-	(189,803)
<u>457,355</u>	<u>579,344</u>	<u>24,129,384</u>	<u>(465,469)</u>
2,660	30,587	250,014	3,325
<u>(105,000)</u>	<u>(162,000)</u>	<u>(6,907,000)</u>	<u>(523,966)</u>
<u>(102,340)</u>	<u>(131,413)</u>	<u>(6,656,986)</u>	<u>(520,641)</u>
(5,034)	-	(716,989)	-
(6,355)	(1,921)	(4,902,803)	-
-	-	940,678	-
-	-	52,375	-
(198,205)	-	(5,616,654)	-
<u>(141,511)</u>	<u>-</u>	<u>(2,186,265)</u>	<u>-</u>
<u>(351,105)</u>	<u>(1,921)</u>	<u>(12,429,658)</u>	<u>-</u>
(39,935)	(11,601)	(24,880,197)	(3,771,425)
39,875	11,477	24,821,779	3,720,074
65	126	291,367	45,748
<u>5</u>	<u>2</u>	<u>232,949</u>	<u>(5,603)</u>
<u>3,915</u>	<u>446,012</u>	<u>5,275,696</u>	<u>(991,713)</u>
270,679	672,469	20,492,419	(82,095)
<u>\$ 274,594</u>	<u>\$ 1,118,481</u>	<u>\$ 25,768,115</u>	<u>\$ (1,073,808)</u>
\$ -	\$ 1,119,169	\$ 41,983,734	\$ 4,367,253
274,922	-	10,392,047	-
-	-	2,000,000	-
<u>(329)</u>	<u>(689)</u>	<u>(28,607,668)</u>	<u>(5,441,061)</u>
<u>\$ 274,593</u>	<u>\$ 1,118,480</u>	<u>\$ 25,768,113</u>	<u>\$ (1,073,808)</u>
\$ 342,875	\$ 453,736	\$ 13,189,702	\$ 104,162
56,174	187,379	11,865,185	647
35,463	17,919	223,007	-
(13,376)	(12,192)	(274,487)	-
-	-	(36,483)	(20,368)
22,675	-	(723,412)	-
-	-	939	-
(40,670)	(290,421)	(3,479,955)	(43,135)
(19,677)	(4,164)	398,827	(80,969)
(430)	2,135	(262,610)	(985)
36,483	-	36,483	-
5,286	4,254	112,627	1,400
-	-	294,955	-
-	-	-	(459,000)
30,906	220,698	2,644,508	32,779
1,646	-	140,098	-
<u>114,480</u>	<u>125,608</u>	<u>10,939,682</u>	<u>(569,631)</u>
<u>\$ 457,355</u>	<u>\$ 579,344</u>	<u>\$ 24,129,384</u>	<u>\$ (465,469)</u>

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

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

SEPTEMBER 30, 2015

	Pension Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 61	\$ -
Interest receivable	102,181	-
Other receivables	23,725	-
Investments, at fair value:		
Mutual fund investments	73,699,496	-
Corporate stocks	22,914,626	-
Corporate bonds	3,056,168	-
Treasury and agency bonds & notes	9,585,847	-
Real estate	4,848,709	-
Municipal bonds and notes	94,020	-
Total investments, at fair value:	<u>114,198,866</u>	<u>-</u>
Total assets	<u>114,324,833</u>	<u>-</u>
Liabilities		
Refunds payable	6,122	-
Expenses payable	17,756	-
Total liabilities	<u>23,878</u>	<u>-</u>
Net position		
Restricted for pension benefits and other purposes	<u>\$ 114,300,955</u>	<u>\$ -</u>

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

YEAR ENDED SEPTEMBER 30, 2015

	Pension Trust Funds
Additions	
Contributions:	
Employer	\$ 5,808,467
Plan members	565,032
State (passed through the Police & Firefighter's Premium Tax Trust Fund)	499,442
	<hr/>
Total contributions	6,872,941
	<hr/>
Investment income:	
Interest and dividends	2,916,968
Net appreciation in fair value of investments	(871,316)
	<hr/>
Total investments income	2,045,652
Investment expense	(715,961)
	<hr/>
Net investment income	1,329,691
	<hr/>
Total additions	8,202,632
	<hr/>
Deductions	
Benefit payments	8,582,475
Refunds of contributions	35,403
Administrative expenses	135,960
	<hr/>
Total deductions	8,753,838
	<hr/>
Change in net position	(551,206)
	<hr/>
Net position restricted for pension benefits - beginning of year	114,852,161
	<hr/>
Net position restricted for pension benefits - end of year	\$ 114,300,955
	<hr/> <hr/>

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NOTES TO FINANCIAL STATEMENTS

CITY OF VERO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

Government-wide and Fund Financial Statements

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

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

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

CITY OF VERO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. All revenues are considered measurable and available only when cash is received by the City. Property taxes, utility taxes, communications taxes, sales taxes, fuel taxes, grant revenue, interest revenue, charges for services, and certain intergovernmental revenues are considered measurable and available and are thus susceptible to accrual. Local business tax revenues are not considered available since neither a legally enforceable claim exists nor were the related services provided before October 1, 2015. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable. An exception to this general rule is principal and interest on general long-term obligations, which are recognized when due.

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

The government reports the following major governmental fund:

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

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The government reports the following major proprietary funds:

The *Electric System Fund* accounts for the activities of the government's electric system services provided to the customers within our designated service territory.

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

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

The *Pension Trust Funds* account for the activities of the General Employee Retirement Plan, the Police Officers' Retirement Fund, and the Firefighter's Relief and Pension Fund, which accumulate resources for pension benefit payments to qualified city employees, police officers, and firefighters.

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

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

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

CITY OF VERO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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

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

Deposits and Investments

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

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

Receivables and Payables

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

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

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Restricted Assets

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

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

Other Assets

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

Prepaid costs consist of prepaid insurance premiums and postage costs that have been prepaid for the next fiscal year.

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

Capital Assets

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

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

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

Compensated Absences

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

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

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

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

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

CITY OF VERO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Long-term Obligations

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

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

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting, from special assessments receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Equity

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

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

Interfund Transactions

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

CITY OF VERO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Use of Estimates

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

2. BUDGETARY INFORMATION

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

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

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

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

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

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

The budget may be formally amended by City Council at any time during the fiscal year; however, in practice, it is usually amended one or two times per year. In fiscal year 2015 the budget was amended once. In November 2015, the fiscal year 2015 budget was amended to recognize changes in projected revenues and expenditures for the general fund, enterprise funds and capital projects funds. Budget amounts shown in the financial statements reflect the amendments to the originally adopted budget.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

2. BUDGETARY INFORMATION – Continued

The City Manager is authorized to transfer budgeted amounts between accounts within a department. At any time during the fiscal year, the City Manager may transfer part or all of any unencumbered appropriation among programs within one department, or among departments that are in the same fund and under his supervision, provided that such transfer does not exceed fifty thousand dollars in any one fiscal year and does not exceed the total appropriation for that fund.

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

3. FUND DEFICIT

At September 30, 2015, the Crestlawn cemetery permanent fund has an ending fund balance deficit of \$66,293. This deficit is attributable primarily due to insufficient revenues to cover fixed operating costs.

4. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of September 30, 2015:

Statement of net position	
Equity in pooled cash and investments	\$ 61,009,526
Restricted assets:	
Equity in pooled cash and investments	12,392,047
Statement of fiduciary net position	
Pension trust funds:	
Investments	114,198,866
Total	\$ 187,600,439
Deposits and investments	
Bank deposits	
Checking and savings accounts	\$ 14,501,017
Investments:	
Cash and investment pool	58,885,506
Pension trust fund investments	114,198,866
Cash on hand	15,050
Total	\$ 187,600,439

CITY OF VERO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

4. DEPOSITS AND INVESTMENTS - *Continued*

Custodial Credit Risk - Deposits

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

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

City ordinances authorize the City to make investments through authorized depositories. The City's investment policy is designed to mirror the guidelines set forth in Florida Statute Section 218.415(15). As prescribed by the Florida statutes and City ordinance, the City's investment portfolio at September 30, 2015, and for the year then ended, includes money market mutual fund investments with Wells Fargo Advantage Funds, Regions Bank, the Florida State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (SBA) and investment in obligations of the U.S. Treasury and federal instrumentalities.

Wells Fargo Advantage Funds is the firm under which Wells Fargo Bank, N.A. conducts its investment management business. The City utilizes the Wells Fargo Advantage Government Money Market Fund - GVIXX to handle its pooled cash and investments, considered a money market mutual fund. The fund invests exclusively in high-quality, short term money market instruments that consist of U.S. Government obligations and repurchase agreements collateralized by U.S. Government obligations. This fund is an SEC registered 2a-7 money market fund with AAAM ratings by Standard and Poor's and Aaa-mf by Moody's.

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

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

SBA investments are held in Florida PRIME (formerly Fund A) which is an open-pool investment fund operated by the SBA that operates in essentially the same fashion as a mutual fund and is open to non-pension assets of all Florida governmental entities. Florida PRIME is rated AAAM by Standard and Poor's and will buy only top tier, money-market assets of the highest quality. It is structured as a "2a – 7" like fund with an objective to pool investments from participants in a portfolio of eligible securities that principally provides liquidity while preserving capital and secondarily provides competitive yields net of fees.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

4. DEPOSITS AND INVESTMENTS – Continued

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

The deposits and investments of the Pension Trust Funds are held separately from those of other City funds. As prescribed by the Plan documents, the investment portfolios for these funds at September 30, 2015 and for the year then ended include investment obligations of the U.S. Treasury, various domestic and international stocks and bonds, and real estate.

Custodial Credit Risk – Investments

The following is a summary of the City's general investments as of September 30, 2015:

Investment Type	Value
U.S. Treasury notes	\$ 36,651,588
Federal instrumentalities	9,742,107
Mortgage backed securities	1,924,187
Collateralized mortgage obligations	489,307
Money market mutual funds	9,695,082
Florida PRIME	383,235
Total	\$ 58,885,506

The types of deposits and investments and their level of risk exposure as of September 30, 2015 were typical of these items during the fiscal year then ended.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

4. DEPOSITS AND INVESTMENTS – Continued

As of September 30, 2015, the City had the following investments and effective duration presented in terms of years:

Investment Type	Fair Value	Investment Maturity (In Years)			
		Less Than 1	From 1-3	From 4-7	Over 7
General investments					
U.S. Treasury notes	\$ 36,651,588	\$ 11,475,008	\$ 25,176,580	\$ -	\$ -
Federal instrumentalities	9,742,107	2,156,699	7,585,408	-	-
Mortgage backed securities	1,924,187	-	979,701	944,486	-
Collateralized mortgage obligations	489,307	489,307	-	-	-
Money market mutual funds	9,695,082	9,695,082	-	-	-
Florida PRIME	383,235	383,235	-	-	-
	<u>58,885,506</u>	<u>24,199,331</u>	<u>33,741,689</u>	<u>944,486</u>	<u>-</u>
Pension fund investments					
Mutual fund investments	73,699,496	73,699,497	-	-	-
Corporate stocks	22,914,626	22,914,626	-	-	-
Corporate bonds	3,056,168	399,305	160,614	806,854	1,689,395
U.S. Treasury bonds and notes	3,466,152	30,172	507,102	-	2,928,877
Federal instrumentalities	2,554,087	1,148,171	1,366,407	-	39,509
Mortgage/asset backed securities	3,565,608	-	8,461	23,404	3,533,743
Real estate	4,848,709	4,848,709	-	-	-
Municipal bonds & notes	94,020	-	-	30,611	63,409
	<u>114,198,866</u>	<u>103,040,480</u>	<u>2,042,584</u>	<u>860,869</u>	<u>8,254,933</u>
	<u>\$173,084,372</u>	<u>\$127,239,811</u>	<u>\$ 35,784,273</u>	<u>\$1,805,355</u>	<u>\$8,254,933</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

4. DEPOSITS AND INVESTMENTS – Continued

The following table discloses credit ratings by investment type for the City's investments at September 30, 2015:

Investment Type	S&P Credit Rating	Total Fair Value
General investments		
U.S. Treasury notes	AA+	\$ 36,651,588
Federal instrumentalities	AA+	6,880,459
Federal instrumentalities	Not Rated	2,861,648
Mortgage backed securities	Not Rated	1,924,187
Collateralized mortgage obligations	Not Rated	489,307
Money market mutual funds	Aam	9,695,082
Florida PRIME	AAAm	383,235
		<u>\$ 58,885,506</u>

		General Employee Retirement Plan	Police Officers' Retirement Fund	Firefighter's Relief and Pension Fund	Total Fair Value
Pension fund investments					
Mutual fund investments	Not Rated	\$ 71,918,678	\$ 1,254,976	\$ 525,843	\$ 73,699,497
Corporate stocks	Not Rated	-	22,841,320	3,650,599	26,491,919
Corporate bonds	AA+	-	268,516	71,988	340,504
	AA	-	130,111	21,576	151,687
	AA-	-	139,112	147,305	286,417
	A+	-	-	171,272	171,272
	A	-	128,328	425,289	553,617
	A-	-	378,606	203,739	582,345
	BBB+	-	256,510	183,764	440,274
	BBB	-	130,747	-	130,747
	Not Rated	-	-	399,305	399,305
U.S. Treasury bonds and notes	AA+	-	3,417,566	48,585	3,466,151
Federal instrumentalities	AA+	-	1,341,401	104,728	1,446,129
	A	-	792,211	-	792,211
	Not Rated	-	315,747	-	315,747
Mortgage/asset backed securities	Not Rated	-	3,472,047	93,561	3,565,608
Real estate	Not Rated	-	235,087	1,036,329	1,271,416
Municipal bonds & notes	AAA	-	-	31,977	31,977
	AA	-	-	62,043	62,043
		<u>\$ 71,918,678</u>	<u>\$ 35,102,285</u>	<u>\$ 7,177,903</u>	<u>114,198,866</u>
					<u>\$173,084,372</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

5. RECEIVABLES

Receivables are comprised of the following at year end September 30, 2015:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts	\$ 213,694	\$ 17,796,797
Allowance for uncollectible receivables	-	(3,109,812)
Special assessments	39,419	148,034
Interest	50,636	59,925
Due from other governments	886,859	838,281
	<u>\$ 1,190,608</u>	<u>\$ 15,733,225</u>

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

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

The City provides an allowance for electric, water and sewer, and solid waste accounts receivable that may become uncollectible, which ranges from 2 - 4% of sales. The amount of bad debt expense at September 30, 2015 was approximately \$230,000 for all three utilities. No other allowances for uncollectible accounts are maintained since other fund accounts receivable are considered collectible as reported at September 30, 2015.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As of September 30, 2015, accounts payable and accrued liabilities consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts and contracts payable	\$ 801,394	\$ 1,570,593
Accrued liabilities	526,304	6,131,367
Due to other governments	-	350,223
Accrued interest on long-term debt	121,991	674,135
Current portion of unearned revenue	-	10,373
	<u>\$ 1,449,689</u>	<u>\$ 8,736,691</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2015, was as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General fund	\$ 63,300	\$ -
Crestlawn cemetery fund	-	63,300
Water and sewer system fund	281,915	-
Marina fund	-	281,915
	<u>\$ 345,215</u>	<u>\$ 345,215</u>

These balances resulted from the short-term interfund loans to cover unrestricted cash deficits.

For the year ended September 30, 2015, the interfund transfers consisted of the following:

Transfers Out	<u>Transfers In</u>				Totals
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Internal Service Funds</u>	
General Fund	\$ -	\$ 694,000	\$ -	\$ -	\$ 694,000
Nonmajor governmental funds	-	2,232,422	-	-	2,232,422
Proprietary Funds					
Electric system fund	5,640,000	-	-	-	5,640,000
Water & sewer system	970,000	-	-	-	970,000
Airport fund	-	30,000	-	-	30,000
Municipal marina fund	105,000	-	-	-	105,000
Solid waste	162,000	-	-	-	162,000
Internal Service Funds	269,297	1,330	250,014	3,325	523,966
	<u>\$ 7,146,297</u>	<u>\$ 2,957,752</u>	<u>\$ 250,014</u>	<u>\$ 3,325</u>	<u>\$ 10,357,388</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

8. CAPITAL ASSETS

Primary government

Capital asset activity for the primary government for the year ended September 30, 2015 was as follows (with the beginning balance restated for elimination of the Recreation enterprise fund and inclusion of recreation activities in the General Fund as provided in Note 20):

	Restated Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 14,430,754	\$ -	\$ -	\$ -	\$ 14,430,754
Intangible assets	825,080	-	-	-	825,080
Construction in progress	1,434,609	498,053	(1,193,070)	(31,718)	707,874
	<u>16,690,443</u>	<u>498,053</u>	<u>(1,193,070)</u>	<u>(31,718)</u>	<u>15,963,708</u>
Capital assets being depreciated:					
Buildings	16,494,338	37,937	(853,679)	-	15,678,596
Improvements other than buildings	16,981,753	34,000	(40,968)	-	16,974,785
Machinery and equipment	10,244,207	1,013,491	(769,044)	-	10,488,654
Infrastructure	39,001,086	692,204	-	-	39,693,290
	<u>82,721,384</u>	<u>1,777,632</u>	<u>(1,663,691)</u>	<u>-</u>	<u>82,835,325</u>
Less accumulated depreciation for:					
Buildings	(8,181,282)	(289,015)	387,518	-	(8,082,779)
Improvements other than buildings	(11,278,316)	(384,154)	32,338	-	(11,630,132)
Machinery and equipment	(8,864,248)	(430,635)	762,592	-	(8,532,291)
Infrastructure	(25,156,121)	(947,235)	-	-	(26,103,356)
	<u>(53,479,967)</u>	<u>(2,051,039)</u>	<u>1,182,449</u>	<u>-</u>	<u>(54,348,558)</u>
Total capital assets being depreciated, net	<u>29,241,417</u>	<u>(273,407)</u>	<u>(481,243)</u>	<u>-</u>	<u>28,486,767</u>
Governmental activities capital assets, net	<u>\$ 45,931,860</u>	<u>\$ 224,646</u>	<u>\$ (1,674,313)</u>	<u>\$ (31,718)</u>	<u>\$ 44,450,475</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

8. CAPITAL ASSETS – Continued

	Restated Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 11,240,119	\$ -	\$ -	\$ -	\$ 11,240,119
Construction in progress	1,181,719	1,780,230	(98,842)	(247,659)	2,615,448
	<u>12,421,838</u>	<u>1,780,230</u>	<u>(98,842)</u>	<u>(247,659)</u>	<u>13,855,567</u>
Capital assets being depreciated:					
Buildings	70,103,658	90,567	-	-	70,194,225
Improvements other than buildings	362,099,946	3,180,418	(7,920,528)	-	357,359,836
Machinery and equipment	14,530,727	268,115	(850,247)	-	13,948,595
	<u>446,734,331</u>	<u>3,539,100</u>	<u>(8,770,775)</u>	<u>-</u>	<u>441,502,656</u>
Less accumulated depreciation for:					
Buildings	(35,030,270)	(1,669,034)	-	-	(36,699,304)
Improvements other than buildings	(191,061,172)	(9,689,011)	7,891,087	-	(192,859,096)
Machinery and equipment	(11,879,211)	(507,140)	850,247	-	(11,536,104)
	<u>(237,970,653)</u>	<u>(11,865,185)</u>	<u>8,741,334</u>	<u>-</u>	<u>(241,094,504)</u>
Total capital assets being depreciated, net	<u>208,763,678</u>	<u>(8,326,085)</u>	<u>(29,441)</u>	<u>-</u>	<u>200,408,152</u>
Business-type activities capital assets, net	<u>\$ 221,185,516</u>	<u>\$ (6,545,855)</u>	<u>\$ (128,283)</u>	<u>\$ (247,659)</u>	<u>\$ 214,263,719</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

8. CAPITAL ASSETS – Continued

Depreciation expense was charged to functions/programs of the government as follows:

Depreciation of governmental activities by function

General Government	\$	1,118,271
Public Safety		280,075
Transportation		139,191
Physical Environment		22,157
Cultural and Recreation		490,698
Capital assets held in the City's internal service funds and charged to general government		<u>647</u>
	\$	<u><u>2,051,039</u></u>

Depreciation of business-type activities by function

Electric System	\$	6,852,271
Water & Sewer System		3,193,208
Municipal Airport		1,576,153
Municipal Marina		56,174
Solid Waste		<u>187,379</u>
	\$	<u><u>11,865,185</u></u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

9. LONG TERM DEBT

The City's outstanding long-term liabilities include bonds payable, loans payable, claims payable, capital lease-purchase contracts and compensated absences. Compensated absences are liquidated by all funds affected (primarily the general fund, electric fund and water and sewer fund) and the due within-one-year portion of the compensated absences is based upon a 5% estimate of the ending balance. Claims payable also uses a percentage basis for estimating its portion of worker's compensation and general liability 'legacy' claims that are due within one year. The estimate is approximately 30% of the ending balance. The beginning balance of compensated absences has been restated for elimination of the Recreation enterprise fund and inclusion of recreation activities in the General Fund as provided in Note 20.

	Restated Beginning Balance	Additions	Deductions	Ending Balance	Due within One Year
Governmental					
Activities:					
Revenue Notes	\$ 9,095,000	\$ -	\$ (1,350,000)	\$ 7,745,000	\$ 1,365,000
Capital lease-purchase	89,365	1,228,001	(284,857)	1,032,509	269,130
Claims Payable	2,118,000	53,000	(512,000)	1,659,000	497,700
Compensated Absences	2,971,348	230,564	(3,422)	3,198,490	159,925
Totals	\$ 14,273,713	\$ 1,511,565	\$ (2,150,279)	\$ 13,634,999	\$ 2,291,755
Business-type					
Activities:					
Revenue Bonds and notes	\$ 58,607,027	\$ -	\$ (5,602,203)	\$ 53,004,824	\$ 5,813,838
Capital lease-purchase	-	70,026	(14,450)	55,576	13,411
Compensated Absences	2,649,942	173,532	(60,905)	2,762,569	138,130
Totals	\$ 61,256,969	\$ 243,558	\$ (5,677,558)	\$ 55,822,969	\$ 5,965,379

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

9. LONG TERM DEBT – Continued

	Balance as of 9/30/15
Revenue Notes - Governmental activities	
<i>Series 2007B-2 Refunding Revenue Note</i>	
In 2007 the City issued a \$5,000,000 refunding revenue note to refinance a loan agreement originally entered into for par of the purchase of the former 9-hole Dodgertown Golf Course. Principal payments are due annually beginning on October 1, 2017 through October 1, 2025. The note bears interest at 3.98%, payable semiannually on April and October 1 of each year until maturity. Interest paid for the current year was \$199,000.	\$ 5,000,000
<i>Series 2012A Refunding Revenue Note</i>	
In July 2012, the City issued a \$2,285,000 refunding revenue note to refinance the remaining principal on a loan agreement originally entered into in 2005 for part of the purchase of the former 9-hole Dodgertown Golf Course. Principal payments are due annually on August 1 through August 1, 2017. The note bears interest at 1.18%, payable semiannually on February 1 and August 1 of each year until maturity. The note is secured by, and payable from, non-ad valorem revenues. Principal and interest paid for the year was \$492,051.	970,000
<i>Series 2012B Refunding Revenue Note</i>	
In July 2012, the City issued a \$3,505,000 refunding revenue note to refinance the remaining principal on a loan agreement originally entered into in 2007 for the refunding of the general government Sunshine Loans. Principal payments are due annually on October 1 through October 1, 2016. The note bears interest at 1.06%, payable semiannually on April 1 and October 1 of each year until maturity. The note is secured by, and payable from, non-ad valorem revenues. Principal and interest paid for the current year was \$898,453.	1,775,000
Total governmental activities	\$ 7,745,000

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

9. LONG TERM DEBT – Continued

	Balance as of 9/30/15
Revenue Bonds and Notes – Business-type activities	
<i>Series 2003A Electric Refunding Revenue Bonds</i>	
<p>In June 2008, the Series 2003A Refunding Revenue Bonds were remarketed from M-STARS to a Fixed Mode in the aggregate principal amount of \$56,325,000 at a fixed rate of 4.11%. Principal payments are due annually on December 1 through December 1, 2021. Interest is payable semiannually on June 1 and December 1 of each year until maturity. The note is secured by, and payable from, Net Revenues derived by the City from the operation of the Electric System and moneys deposited into all Electric funds and accounts established under the adopted resolution. Principal and interest paid for the current year was \$5,458,542 and Electric System Net Revenues were \$17,022,000.</p>	<p>\$ 32,300,000</p>
<i>Series 2013 Water & Sewer System Refunding Revenue Note</i>	
<p>In July 2013, the City issued a \$8,465,000 refunding revenue note to refinance the remaining principal on a loan agreement originally entered into in 2008 for the refunding of the Water & Sewer Fund Sunshine Loans and the Water & Sewer System 2003A Revenue Bonds. Principal payments are due annually on December 1 through December 1, 2021. The note bears interest at 1.68% payable semi-annually on June 1 and December 1 of each year until maturity. The note is secured by all lawfully available Water and Sewer revenues of the City. Principal and interest paid for the current year was \$1,128,212 and Water and Sewer Net Revenues were \$6,655,000.</p>	<p>7,465,000</p>
<i>WW310201 State Revolving Fund (SRF) Clean Water Construction Loan (Original and Amendment #2)</i>	
<p>In November 2009, the City entered into a loan agreement with the State of Florida Department of Environmental Protection for construction of capital improvements in the Water & Sewer system fund. In December 2012, this agreement was amended to increase the available funding for the City's project. The loan agreement was finalized in July 2012 based on actual project costs. The final principal amount of the original loan is \$10,278,159 (including disbursements, capitalized interest and service fees) at an interest rate of 2.62%. The final principal amount of Amendment #2 is \$1,684,394 (including disbursements and service fees) at an interest rate of 2.26%. Payments on both principal amounts are due semiannually on February 15 and August 15 through August 15, 2030. Interest payments on both principal amounts are payable semiannually on February 15 and August 15 each year until maturity. The note is secured by Gross Revenues derived yearly from the operation of the Water and Sewer system, after payment of Operation and Maintenance expense and the satisfaction of all senior obligations. Principal and interest paid for the current year was \$756,827 and Water and Sewer Net Revenues were \$6,655,000.</p>	<p>9,399,268</p>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

9. LONG TERM DEBT – Continued

	Balance as of 9/30/15
<i>DW310220 State Revolving Fund (SRF) Drinking Water Construction Loan</i>	
<p>In January 2010, the City entered into a loan agreement with the State of Florida Department of Environmental Protection for construction of capital improvements in the Water & Sewer system fund. The loan agreement was finalized in January 2012 based on actual project costs. The final principal amount of the loan is \$313,150 (including disbursements and capitalized interest) at an interest rate of 2.82%. The SRF also disbursed funding in the amount of \$1,752,336 towards project costs which was categorized as principal forgiveness and recorded as a grant. Principal payments are due semiannually on April 15 and October 15 through October 15, 2030. Interest is payable semiannually on April 15 and October 15 each year until maturity. The note is secured by Gross Revenues derived yearly from the operation of the Water and Sewer system, after payment of Operation and Maintenance expense and the satisfaction of all senior obligations. Principal and interest paid for the current year was \$20,358 and Water and Sewer Net Revenues were \$6,655,000.</p>	\$ 256,499
<i>DW310221 State Revolving Fund (SRF) Drinking Water Construction Loan</i>	
<p>In December 2010, the City entered into a loan agreement with the State of Florida Department of Environmental Protection for construction of capital improvements in the Water & Sewer system fund. The loan agreement was finalized in January 2012 based on actual project costs. The final principal amount of the loan is \$196,800 (including disbursements and service fees) at an interest rate of 2.43%. Principal payments are due semiannually on April 15 and October 15 through October 15, 2030. Interest is payable semiannually on April 15 and October 15 each year until maturity. The note is secured by Gross Revenues derived yearly from the operation of the Water and Sewer system, after payment of Operation and Maintenance expense and the satisfaction of all senior obligations. Principal and interest paid for the current year was \$3,896 and Water and Sewer Net Revenues were \$6,655,000.</p>	154,214
<i>Series 2007A Capital Improvement Revenue Note</i>	
<p>In October 2007, the City issued a \$4,656,250 revenue note for the purchase of property to expand its public Marina. Principal payments are due annually on October 1 through October 1, 2027. The note bears interest at 4.01% payable semiannually on April 1 and October 1 of each year until maturity. The note is secured by Marina Revenues and non-ad valorem revenues to the extent that Marina Revenues are insufficient. Principal and interest paid for the current year was \$335,742.</p>	3,429,843
Total business-type activities	\$ 53,004,824

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

9. LONG TERM DEBT – Continued

Capital Lease-Purchases

The City leases various vehicles and capital equipment under municipal lease-purchase agreements. These agreements have terms of 4-6 years and ownership of the assets transfers to the City at the end of the capital lease-purchase period. These agreements include non-appropriation clauses under which possession of the vehicles reverts to the bank, with no further obligations to the City, if the City should fail to appropriate the funds for the lease payments in any given fiscal year. The original amounts borrowed for each capital equipment lease-purchase agreement are presented as capital assets in the government-wide financial statement of net position. The City currently has the following capital lease-purchase agreements outstanding:

	Balance as of 9/30/15
Capital Lease-Purchases - Governmental activities	
<i>KS State Bank Agreement #3345509</i>	
In August 2013 the City entered into a capital lease-purchase with KS State Bank in the original amount of \$178,788 to purchase a street sweeper. Principal and interest payments are due annually beginning on August 30, 2013 through August 30, 2016. The interest rate for this agreement is 2.55%. Principal and interest paid for the current year was \$46,402.	\$ 45,246
<i>KS State Bank Agreement #3347763</i>	
In March 2015 the City entered into a capital lease-purchase with KS State Bank in the original amount of \$336,384 to purchase a vac-con truck. Principal and interest payments are due annually beginning on August 1, 2015 through August 1, 2020. The interest rate for this agreement is 2.84%. Principal and interest paid for the current year was \$60,786.	279,658
<i>KS State Bank Agreement #3347565</i>	
In January 2015 the City entered into a capital lease-purchase with KS State Bank to purchase various fleet and police department vehicles for both governmental and business-type activities. The original amount of the borrowing for governmental activities is \$891,617. Principal and interest payments are due annually beginning on March 15, 2015 through March 15, 2019. The interest rate for this agreement is 2.63%. Principal and interest paid for the current year (attributable to governmental activities) was \$187,460.	707,605
Total governmental activities	\$ 1,032,509

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

9. LONG TERM DEBT – Continued

	Balance as of 9/30/15
Capital Lease-Purchases - Business-type activities	
<i>KS State Bank Agreement #3347565</i>	
In January 2015 the City entered into a capital lease-purchase with KS State Bank to purchase various fleet and police department vehicles for both governmental and business-type activities. The original amount of the borrowing for business-type activities is \$70,026. Principal and interest payments are due annually beginning on March 15, 2015 through March 15, 2019. The interest rate for this agreement is 2.63%. Principal and interest paid for the current year (attributable to governmental activities) was \$15,488.	\$ 55,576
	\$ 55,576
Total business-type activities	\$ 55,576

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

Governmental Activities

Years Ended September 30,	Refunding Revenue Note Series 2007B-2		Refunding Revenue Note Series 2012A	
	Principal	Interest (FY)	Principal	Interest (FY)
2016	\$ -	\$ 199,000	\$ 480,000	\$ 11,446
2017	-	199,000	490,000	5,782
2018	472,852	189,590	-	-
2019	491,672	170,396	-	-
2020	511,240	150,438	-	-
2021-2025	2,878,100	423,887	-	-
2026	646,136	12,858	-	-
	\$ 5,000,000	\$ 1,345,169	\$ 970,000	\$ 17,228
	Capital Improvement Revenue Series 2012B		KS State Bank Capital Lease- # 3345509	
Years Ended September 30,	Principal	Interest (FY)	Principal	Interest (FY)
2016	\$ 885,000	\$ 14,125	\$ 45,246	\$ 1,156
2017	890,000	4,717	-	-
	\$ 1,775,000	\$ 18,842	\$ 45,246	\$ 1,156

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

9. LONG TERM DEBT – Continued

Years Ended September 30,	KS State Bank Capital Lease- # 3347763		KS State Bank Capital Lease- # 3347565 (partial)	
	Principal	Interest (FY)	Principal	Interest (FY)
2016	\$ 52,844	\$ 7,942	\$ 171,040	\$ 16,699
2017	54,344	6,442	174,791	12,670
2018	55,888	4,898	178,916	8,544
2019	57,475	3,311	182,858	4,322
2020	59,107	1,679	-	-
	\$ 279,658	\$ 24,272	\$ 707,605	\$ 42,235

Business-type Activities

Electric Fund

Years Ended September 30,	Electric Refunding Revenue Bond Series 2003A		KS State Bank Capital Lease- Purchase # 3347565 (partial)	
	Principal	Interest (FY)	Principal	Interest (FY)
2016	\$ 4,050,000	\$ 1,450,000	\$ 13,411	\$ 1,312
2017	4,225,000	1,251,000	13,728	995
2018	4,400,000	1,043,250	14,052	671
2019	4,600,000	818,250	14,385	339
2020	4,800,000	607,250	-	-
2021-2022	10,225,000	516,875	-	-
	\$ 32,300,000	\$ 5,686,625	\$ 55,576	\$ 3,317

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

9. LONG TERM DEBT – Continued

Water and Sewer Fund

Years Ended September 30,	Water & Sewer Refunding Rev Series 2013		SRF Clean Water WW 310201 (Orig & Amendment 2)	
	Principal	Interest (FY)	Principal	Interest (FY)
2016	\$ 1,015,000	\$ 116,886	\$ 520,978	\$ 238,022
2017	1,030,000	99,708	534,435	224,565
2018	1,050,000	82,236	548,240	210,760
2019	1,065,000	64,470	562,403	196,597
2020	1,085,000	46,410	576,932	182,068
2021-2025	2,220,000	37,464	3,116,123	678,876
2026-2030	-	-	3,540,157	254,842
	\$ 7,465,000	\$ 447,174	\$ 9,399,268	\$ 1,985,730

Years Ended September 30,	DW 310220		DW 310221	
	Principal	Interest (FY)	Principal	Interest (FY)
2016	\$ 13,403	\$ 7,139	\$ 8,303	\$ 3,697
2017	13,783	6,759	8,506	3,494
2018	14,175	6,367	8,714	3,286
2019	14,577	5,965	8,927	3,073
2020	14,991	5,551	9,145	2,855
2021-2025	81,589	21,121	49,189	10,811
2026-2030	93,852	8,859	55,503	4,496
2031	10,129	143	5,927	72
	\$ 256,499	\$ 61,905	\$ 154,214	\$ 31,785

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

9. LONG TERM DEBT – Continued

Marina Fund

Years Ended September 30,	Series 2007A	
	Principal	Interest (FY)
2016	\$ 206,154	\$ 133,403
2017	214,420	124,971
2018	223,019	116,200
2019	231,962	107,078
2020	241,263	97,590
2021-2025	1,359,433	331,762
2026-2028	953,592	58,361
Total	\$ 3,429,843	\$ 969,365

Defeased Debt

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

	Year Defeased	Original Bond Amount	Defeased Outstanding at 9/30/15
Water and Sewer Revenue Bonds, Series 1991	1993	\$16,500,000	\$ 6,970,000
Electric Refunding Revenue Bonds, Series 1993 A	2003	61,750,000	35,710,000
Water and Sewer Refunding Revenue Bonds, Series 1993B	2003	18,085,000	7,020,000

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

10. LEASES

Rental Income

The City is involved in various leasing arrangements, wherein land and buildings with a carrying value of \$261,698 is leased to outside parties. Rental income of \$274,493 was recorded in the General Fund for the year ended September 30, 2015. The following is a schedule, by year, of minimum future rental income as of September 30, 2015:

Year Ended September 30,	Amount
2016	\$ 120,744
2017	120,744
2018	120,744
2019	120,744
2020	120,744
Total	<u>\$ 603,720</u>

The Airport Fund is involved in various leasing arrangements for its facilities. These leases consist of operating leases for land, buildings, and other improvements. The Airport has been updating its leases to include various legal provisions and an escalation clause for monthly rental payments. This annual escalation clause is based upon the United States Department of Labor, Consumer Price Index. The majority of the Airport leases are subordinate to any current or future agreements between the City and the United States. The following is a schedule, by years, of minimum future rental income on noncancelable operating leases as of September 30, 2015:

Years Ended September 30,	Amount
2016	\$ 1,744,149
2017	1,478,585
2018	1,499,683
2019	1,480,635
2020	1,502,946
2021 – 2025	7,408,488
2026 – 2030	6,407,546
2031 – 2035	3,536,713
2036 – 2040	539,731
2041 – 2045	132,270
Total	<u>\$ 25,730,746</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

10. LEASES – Continued

Leases Payable

The City has the following future operating lease payments related to its use of copier machines:

<u>Years Ended September 30,</u>	<u>Future Lease Payments</u>
2016	\$ 6,224
2017	4,710
2018	2,375

11. RISK MANAGEMENT

Effective October 1, 1988, the City made a decision to retain additional risks in certain areas. A Self-Insurance program and a related internal service fund were established to provide coverage for statutory worker's compensation, automobile liability and general liability. The City still maintained outside commercial coverage for property damage, Airport liability and excess liability. The City purchased commercial insurance policies for the power plant, water treatment plant, airport, public official liability and other "catastrophic" occurrences and workers' compensation claims in excess of \$250,000 for employees with statutory limits per accident. All departments of the City participated in the self-insurance program. Payments were made by various funds to the self-insurance funds based on past experience of the amounts needed to pay current year claims.

Effective October 1, 2012, the City transitioned to fully insured workers compensation and third party general liability insurance (with a self-insurance retention). As a result, for the fiscal year ended September 30, 2015, the Liability Insurance internal service fund received no self-insurance premium revenues; instead, insurance premiums from third party insurance providers were allocated as direct charges to the appropriate operating fund. Claims expenses within the Liability Insurance internal service fund were for 'legacy' claims of various types and the City has established adequate reserves to fund these outstanding claims to completion.

The City moved to a fully insured health insurance plan effective October 1, 2012. As a result, for the fiscal year ended September 30, 2015, the Health Insurance internal service fund received no premium revenues and the City has undertaken a closeout of this fund by returning excess funds generated by prior year's premiums to the various City funds.

The claims liability reported in the Fund at September 30, 2015 is based on the requirements of GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues" as amended by GASB Statement No. 30 "Risk Financing Omnibus", which requires that claims liabilities be based upon the estimated ultimate costs of settling the claims and that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

11. RISK MANAGEMENT – Continued

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

	<u>Liability Insurance</u>	<u>Health Insurance</u>
Estimated Liability, September 30, 2013	\$ 1,478,681	\$ 2,710
Claims & changes in estimates	1,317,316	-
Claim payments	<u>(677,997)</u>	<u>(2,710)</u>
Estimated Liability, September 30, 2014	2,118,000	-
Claims & changes in estimates	(269,199)	-
Claim payments	<u>(189,801)</u>	<u>-</u>
Estimated liability, September 30, 2015	<u>\$ 1,659,000</u>	<u>\$ -</u>

12. RESTRICTED ASSETS

The Electric System and Water and Sewer Enterprise Funds have certain cash, investments, and various receivables that are restricted either by bond resolutions, ordinances, or governmental regulations. The following is a summary of restricted assets by fund at September 30, 2015:

	<u>Business-type Activities</u>			
	<u>Electric System</u>	<u>Water and Sewer System</u>	<u>Marina</u>	<u>Total</u>
Sinking funds	\$ 3,892,848	\$ 1,030,408	\$ -	\$ 4,923,256
Emergency repair	1,000,000	-	-	1,000,000
Renewal and replacement	1,000,000	-	-	1,000,000
Debt service	-	-	274,922	274,922
Customer deposits	5,193,869	-	-	5,193,869
	<u>\$ 11,086,717</u>	<u>\$ 1,030,408</u>	<u>\$ 274,922</u>	<u>\$ 12,392,047</u>

CITY OF VERO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

13. PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the City for the fiscal year ended September 30, 2015 was 2.0336 mills.

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

14. BENEFIT PLANS

The City administers three single-employer public employee retirement systems (PERS); the General Employee Retirement Plan, the Police Officers' Retirement Fund, and the Firefighter's Relief and Pension Fund. All three of the City's pension plans provide retirement, disability, and death benefits as established by City Ordinance. All of these pension plans are included as trust funds in the City's financial statements and separate reports for these pension plans are not available.

GENERAL EMPLOYEE RETIREMENT PLAN

General Information about the Plan

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

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

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

14. BENEFIT PLANS - Continued

Retirement benefits for the City's General Employee Retirement Plan are calculated at 2.25 percent of average basic monthly compensation for each year of service accrued before October 1, 2010, plus 1.60 percent of average basic monthly compensation for each year of service accrued after September 30, 2010. Average basic monthly compensation is the average salary of the participant's highest five consecutive years within the last 10 years of consecutive service preceding retirement (or July 1, 2015 in the case of active participants in the now frozen Plan). Participants with 25 years of service or those who were at age 65 on September 30, 2010 receive 2.25 percent of average basic monthly compensation for each of the first 25 years of continuous service, plus 0.5 percent for each year thereafter. Normal retirement age is 65, and pension benefits are reduced by 1.5% for each year preceding normal retirement for benefits accrued before October 1, 2010 and 3% for each year preceding normal retirement for benefits accrued after that date. Disability benefits are equal to normal pension accrued but not less than 25 percent of basic monthly compensation at the date of disability; provided however that the disability benefit, when combined with workers compensation and social security payments, cannot exceed 100 percent of the salary at the time of disability. The death benefit is payable to the designated beneficiary as though the participant had retired on their date of death, and begins when the participant would have reached age 55. Benefit terms provide for an annual cost of living adjustment (COLA) of 1 percent per year for all participants who retired on or after October 1, 1998; at their discretion, the City Council may grant a COLA annually to those who retired prior to that date.

Employees covered by benefit terms. At September 30, 2015, the following employees were covered by the General Employee Retirement Plan benefit terms.

Inactive plan members or members or beneficiaries currently receiving benefits	356
Inactive plan members entitled to but not yet receiving benefits	92
Active plan members	323
	771
	771

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

For the General Employee Retirement Plan, for the year ended September 30, 2015, the contribution rate of plan members with less than 25 years of service was 3.25 percent of basic monthly salary. This contribution rate was 2.25 percent for those participants with 25 years of service or who had reached age 65 by September 30, 2010. All employee contributions ceased as of July 1, 2015 when the plan was frozen as noted above. The City's contribution rate was 31.14 percent of annual payroll.

Net Pension Liability – General Employee Retirement Plan

The City's net pension liability for the General Employee Retirement Plan was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2015.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

14. BENEFIT PLANS – Continued

Actuarial assumptions. The total pension liability in the October 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

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

Healthy mortality rates were based on the sex-distinct 1994 Group Annuity Mortality Table, set back one year for males and three years for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table.

The actuarial assumptions used in the October 1, 2015 valuation were based on the results of an experience study for the period October 1, 2003 to September 30, 2008. The current tables were determined to contain a margin of 9% to anticipate future mortality improvement based on the review of mortality experience for the 2003-2008 period. Per Florida Statute Section 112.63, the mortality tables will be updated in the October 1, 2016 actuarial valuation.

The long-term expected rate of return on General Employee Retirement Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	50 %	6.6 %
International Equity	10	7.7
Fixed Income	30	2.2
Short-term money market	5	1.8
Real Estate	5	4.4
Total	<u>100 %</u>	

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

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

14. BENEFIT PLANS - Continued

Rate of return. For the year ended September 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was 1.20%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Changes in the Net Pension Liability – General Employee Retirement Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/2014	\$ 99,400,031	\$ 71,926,346	\$ 27,473,685
Changes for the year:			
Service cost	1,455,560	-	1,455,560
Interest	7,466,958	-	7,466,958
Differences between expected and actual experience	2,986,908	-	2,986,908
Changes of benefit terms	(1,270,795)	-	(1,270,795)
Contributions - employer	-	4,889,995	(4,889,995)
Contributions - employee	-	373,250	(373,250)
Net investment income	-	859,603	(859,603)
Benefit payments (including refunds of employee contributions)	(6,104,373)	(6,104,373)	-
Administrative expenses	-	(32,265)	32,265
Net Changes	<u>4,534,258</u>	<u>(13,790)</u>	<u>4,548,048</u>
Balances at 9/30/2015	<u>\$ 103,934,289</u>	<u>\$ 71,912,556</u>	<u>\$ 32,021,733</u>

The change in benefit terms shown above is related to the plan freeze previously described.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

14. BENEFIT PLANS – Continued

A portion of the net pension liability is expected to be paid by the City's enterprise funds (based on each fund's pensionable payroll) and, therefore, has been allocated, together with related deferred outflows and inflows, among governmental and business-type activities as follows as of September 30, 2015:

	Net Pension Liability
Governmental activities	\$ 13,402,376
Business-type activities:	
Electric Utility	10,480,227
Water and Sewer System	5,544,790
Airport	822,853
Municipal Marina	217,604
Solid Waste	1,553,883
Total Business-type activities	18,619,357
Grand Total	\$ 32,021,733

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

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net Pension Liability	\$ 43,983,153	\$ 32,021,733	\$ 21,990,726

Pension plan fiduciary net position. Detailed information about the General Employee Retirement Fund fiduciary net position is available in the combining statements beginning on p 96 .

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

14. BENEFIT PLANS - Continued

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

For the year ended September 30, 2015, the General Employee Retirement Fund recognized total pension expense of \$3,453,186. A portion of this total pension expense is expected to be paid by the City's enterprise funds (based on each fund's pensionable payroll) and, therefore, has been allocated to these funds as follows:

	<u>Pension Expense</u>
Governmental activities	\$ 1,445,297
Business-type activities:	
Electric Utility	1,130,175
Water and Sewer System	597,944
Airport	88,735
Municipal Marina	23,466
Solid Waste	167,569
Total Business-type activities	<u>2,007,889</u>
Grand Total	<u><u>\$ 3,453,186</u></u>

At September 30, 2015, the Fund reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,240,181	\$ -
Net difference between projected and actual earnings on pension plan investments	3,744,676	-
Total	<u><u>\$ 5,984,857</u></u>	<u><u>\$ -</u></u>

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

Year ended September 30:	
2016	\$ 1,682,896
2017	1,682,896
2018	1,682,896
2019	936,169
Total	<u><u>\$ 5,984,857</u></u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

14. BENEFIT PLANS - Continued

POLICE OFFICERS' RETIREMENT FUND

General Information about the Plan

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

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

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

Employees covered by benefit terms. At September 30, 2015, the following employees were covered by the benefit terms of the Police Officers' Retirement Fund.

Inactive plan members or members or beneficiaries currently receiving benefits	46
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	48
	95
	95

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

14. BENEFIT PLANS - Continued

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

For the Police Officers' Retirement Fund, for the year ended September 30, 2015, the contribution rate of plan members is 5.5 percent of compensation for those participants hired prior to October 1, 2012 and 8 percent of compensation for those hired after that date. The City's contribution rate was 32.46 percent of annual payroll. The City's contribution was reduced by State of Florida Chapter revenue generated by insurance premium tax.

Net Pension Liability - Police Officers' Retirement Fund

The City's net pension liability for the Police Officers' Retirement Fund was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2015.

Actuarial assumptions. The total pension liability in the October 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.5 %
Salary Increases, including inflation	6.25 % to 4.28 % based on service
Investment Rate of Return	7.75%, net of investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality table with Scale AA applied to reflect mortality improvements to the valuation year.

The actuarial assumptions used in the October 1, 2015 valuation were based on the results of an actuarial experience study for the period October 1, 2006 to September 30, 2011.

The long-term expected rate of return on the Police Officers' Retirement Fund investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45 %	7.5 %
International Equity	15	8.5
Domestic Bonds	30	2.5
Real Estate	10	4.5
Total	100 %	

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

14. BENEFIT PLANS - Continued

Discount rate. The discount rate used to measure the total pension liability for the Police Officers' Retirement Fund was 7.75%. The projection of cash flows used to determine the discount rate assumed that City contributions (including State premium tax contributions) will be made equal to the difference between the actuarially determined contribution and the member contribution. Based on those assumptions, the Police Officers' Retirement Fund fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the plan.

Rate of return. For the year ended September 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was 0.87%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/2014	\$ 39,228,207	\$ 35,432,960	\$ 3,795,247
Changes for the year:			
Service cost	550,357	-	550,357
Interest	3,009,258	-	3,009,258
Differences between expected and actual experience	(642,610)	-	(642,610)
Changes of assumptions	44,151	-	44,151
Contributions - employee	-	852,721	(852,721)
Contributions - State	-	228,139	(228,139)
Contributions - employee	-	191,782	(191,782)
Net investment income	-	385,598	(385,598)
Benefit payments (including refunds of employee contributions)	(1,793,418)	(1,793,418)	-
Administrative expenses	-	(86,344)	86,344
Net Changes	1,167,738	(221,522)	1,389,260
Balances at 9/30/2015	\$ 40,395,945	\$ 35,211,438	\$ 5,184,507

For the year ending September 30, 2015 the actuarial assumptions were changed due to a mortality projection update, which impacted the total pension liability as indicated in the schedule above.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

14. BENEFIT PLANS - Continued

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Police Officers' Retirement Fund, calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%).

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net Pension Liability	\$ 9,832,491	\$ 5,184,507	\$ 1,289,026

Pension plan fiduciary net position. Detailed information about the Police Officers' Retirement Fund fiduciary net position is available in the combining statements beginning on p 96 .

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

For the year ended September 30, 2015, the Police Officers' Retirement Fund recognized pension expense of \$1,030,058. At September 30, 2015, the Fund reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 481,957
Changes of assumptions	33,113	-
Net difference between projected and actual earnings on pension plan investments	1,888,906	-
Total	<u>\$ 1,922,019</u>	<u>\$ 481,957</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

14. BENEFIT PLANS – Continued

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

Year ended September 30:		
2016	\$	322,612
2017		322,612
2018		322,613
2019		472,225
Total	\$	<u>1,440,062</u>

FIREFIGHTER'S RELIEF AND PENSION FUND

General Information about the Plan

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

Benefits Provided. Retirement benefits for the Firefighter's Relief and Pension Fund are calculated at 3 percent of final average compensation times years of credited service (plus \$25 times credited service). Final average compensation is the average of compensation over the highest 3 years of employment. The post retirement death benefit is determined by the form of benefit elected upon retirement; these options include 10 Years Certain and Life, Single Life Annuity or the 50%, 66^{2/3}%, 75% and 100% Joint and Survivor Options. Benefit terms provide for a 2 percent COLA annually on October 1st.

Employees covered by benefit terms. At September 30, 2015, the following employees were covered by the benefit terms of the Firefighter's Relief and Pension Fund.

Inactive plan members or members or beneficiaries currently receiving benefits	14
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	-
	<u>14</u>

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

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

14. BENEFIT PLANS - Continued

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

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

Net Pension Liability - Firefighter’s Relief and Pension Fund

The City’s net pension liability for the Firefighter’s Relief and Pension Fund was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2014 rolled forward to September 30, 2015.

Actuarial assumptions. The total pension liability in the October 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.0 %
Salary Increases, including inflation	N/A
Investment Rate of Return	6.25 %

Mortality rates were based on the RP-2000 Combined Healthy Participant Mortality Table for males and females, with mortality improvements projected to all future years using Scale AA.

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

The long-term expected rate of return on Firefighter’s Relief and Pension Fund investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45 %	8 %
International Equity	15	9
Fixed Income	30	2.5 - 3.5
Short-term Money Market	-	-
Real Estate	10	5
Total	100 %	

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

14. BENEFIT PLANS - Continued

Discount rate. The discount rate used to measure the total pension liability for the Firefighter's Relief and Pension Fund was 6.25%. The projection of cash flows used to determine the discount rate assumed that City contributions (including State premium tax contributions) will be equal to the actuarially determined contributions (as there are no member contributions). Based on those assumptions, the Firefighter's Relief and Pension Plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the plan.

Rate of return. For the year ended September 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was 1.20%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/2014	\$ 8,285,126	\$ 7,492,855	\$ 792,271
Changes for the year:			
Service cost	-	-	-
Interest	515,130	-	515,130
Differences between expected and actual experience	168,392	-	168,392
Changes of assumptions	164,475	-	164,475
Contributions - employee	-	65,751	(65,751)
Contributions - State	-	271,303	(271,303)
Contributions - employee	-	-	-
Net investment income	-	84,490	(84,490)
Benefit payments (including refunds of employee contributions)	(720,087)	(720,087)	-
Administrative expenses	-	(17,351)	17,351
Net Changes	<u>127,910</u>	<u>(315,894)</u>	<u>443,804</u>
Balances at 9/30/2015	<u>\$ 8,413,036</u>	<u>\$ 7,176,961</u>	<u>\$ 1,236,075</u>

The change in assumptions was a lowering of the future assumed investment rate of return for the October 1, 2015 valuation from 6.25% to 6.0%.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Firefighter's Relief and Pension Fund, calculated using the discount rate of 6.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%).

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net Pension Liability	\$ 1,971,816	\$ 1,236,075	\$ 624,612

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

14. BENEFIT PLANS - Continued

Pension plan fiduciary net position. Detailed information about the Firefighter’s Relief and Pension Plan’s fiduciary net position is available in the combining statements beginning on p 96. .

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

For the year ended September 30, 2015, the Firefighter’s Relief and Pension Fund recognized pension expense of \$ 469,232. At September 30, 2015, the Fund reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ -
Changes of assumptions	-
Net difference between projected and actual earnings on pension plan investments	311,626
Total	<u>\$ 311,626</u>

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

Year ended September 30:	
2016	\$ 77,907
2017	77,907
2018	77,907
2019	77,905
Total	<u>\$ 311,626</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

14. BENEFIT PLANS - Continued

**Combining Statement of Fiduciary Net Position
Pension Trust Funds**

	General Employee Pension	Police Officers' Pension	Firefighter's Relief and Pension	Totals
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 61	\$ 61
Accrued interest receivable	-	86,437	15,744	102,181
Other receivables	-	23,725	-	23,725
Investments, at fair value				
Mutual fund investments	71,918,678	1,254,975	525,843	73,699,496
Corporate stocks	-	19,264,027	3,650,599	22,914,626
Corporate bonds	-	1,431,930	1,624,238	3,056,168
Treasury and agency bonds & notes:				
U.S. Treasury bonds & notes	-	3,417,567	48,585	3,466,152
Federal instrumentalities	-	2,449,359	104,728	2,554,087
Mortgage/asset backed securities	-	3,472,047	93,561	3,565,608
Real estate	-	3,812,380	1,036,329	4,848,709
Municipal bonds & notes	-	-	94,020	94,020
Total investments, at fair value	<u>71,918,678</u>	<u>35,102,285</u>	<u>7,177,903</u>	<u>114,198,866</u>
Total assets	<u>71,918,678</u>	<u>35,212,447</u>	<u>7,193,708</u>	<u>114,324,833</u>
Liabilities				
Refunds payable	6,122	-	-	6,122
Expenses payable	-	1,009	16,747	17,756
Total liabilities	<u>6,122</u>	<u>1,009</u>	<u>16,747</u>	<u>23,878</u>
Net position				
Restricted for pension benefits	<u>\$ 71,912,556</u>	<u>\$ 35,211,438</u>	<u>\$ 7,176,961</u>	<u>\$ 114,300,955</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

14. BENEFIT PLANS – Continued

**Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds**

	General Employee Pension	Police Officers' Pension	Firefighter's Relief and Pension	Totals
Additions				
Contributions:				
Employer	\$ 4,889,995	\$ 852,721	\$ 65,751	\$ 5,808,467
Employee	373,250	191,782	-	565,032
State	-	228,139	271,303	499,442
Total contributions	<u>5,263,245</u>	<u>1,272,642</u>	<u>337,054</u>	<u>6,872,941</u>
Investment earnings				
Interest and dividends	1,766,134	924,541	226,293	2,916,968
Net appreciation in fair value of investments	(510,597)	(290,719)	(70,000)	(871,316)
Total investment income	<u>1,255,537</u>	<u>633,822</u>	<u>156,293</u>	<u>2,045,652</u>
Investment expense	(395,934)	(248,224)	(71,803)	(715,961)
Net investment income	<u>859,603</u>	<u>385,598</u>	<u>84,490</u>	<u>1,329,691</u>
Total additions	<u>6,122,848</u>	<u>1,658,240</u>	<u>421,544</u>	<u>8,202,632</u>
Deductions				
Benefit payments	6,070,239	1,792,149	720,087	8,582,475
DROP plan benefits	-	-	-	-
Refunds of contributions	34,134	1,269	-	35,403
Administrative expenses	32,265	86,344	17,351	135,960
Total deductions	<u>6,136,638</u>	<u>1,879,762</u>	<u>737,438</u>	<u>8,753,838</u>
Change in net position	(13,790)	(221,522)	(315,894)	(551,206)
Net position restricted for pension benefits, beginning	<u>71,926,346</u>	<u>35,432,960</u>	<u>7,492,855</u>	<u>114,852,161</u>
Net position restricted for pension benefits, ending	<u>\$ 71,912,556</u>	<u>\$ 35,211,438</u>	<u>\$ 7,176,961</u>	<u>\$ 114,300,955</u>

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

15. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. The City, by policy, has elected to provide retirees with a subsidy. The City has elected to fund the OPEB obligation on a pay-as-you-go basis from the City's general assets. Members who leave employment with the City and begin to receive retirement benefits immediately are eligible to continue enrollment as retirees. Police officers must be age 55 with 10 years of service or any age with 25 years of service, or age 50 with 10 years of service for early retirement. General employee members must be age 65 with 5 years of service, or age 55 with 5 years of service for early retirement. Disabled members are eligible for the same benefit as other retirees. Retirees under all of the City's Pension Plans may also continue their life insurance benefit at a reduced level of \$20,000 prior to age 70 and \$10,000 after age 70.

Plan Membership

Membership of the Plan and associated Actuarial Accrued Liability (AAL) consisted of the following at September 30, 2015, the date of the latest actuarial valuation roll-forward:

	Number in Plan
Active participants	374
Retired participants	214
	<u>588</u>

Benefits Provided

To help pay for the medical coverage of retired employees, the City provides a subsidy through a Premium Assistance Program. The amount of the subsidy for general employees is 2.75% of the base plan premium per year of service; for police officers, the subsidy is 4% of the base plan premium per year of service. The Premium Assistance Program subsidy is available only for the retiree portion of the health insurance premium, although retirees may elect spouse and dependent coverage entirely at their own expense. Apart from this direct subsidy, a liability arises because the full premiums charged by the City's health insurance vendor are based on a blending of the experience among younger active employees and retired non-Medicare employees. Since retirees generally have higher costs, the City is actually subsidizing the cost of the retiree and dependent coverage even when retirees pay all or a significant portion of the blended premium. GASB No 45 calls this the "implicit rate subsidy". Based on its policy, the City has assumed an obligation to pay for this implicit subsidy for the covered lifetimes of the current retirees and their dependents, as well as for the covered lifetimes of current employees after they retire in the future, and this significantly impacts the City's Other Postemployment Benefits (OPEB) liability.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

15. OTHER POSTEMPLOYMENT BENEFITS – Continued

In 2014, a new Medicare Advantage plan option was adopted and communicated to plan members, in an effort to provide retirees with a lower-priced coverage that would take full benefit of integrating with Medicare without compromising benefit levels. Effective January 1, 2015 it became mandatory for all retirees and dependents turning 65 after that date to enroll in Medicare Part B and change coverage to a Medicare Advantage plan to remain covered under the City's insurance program. Retirees who attained age 65 prior to January 1, 2015 were allowed to continue coverage under the core City plan and migration to a Medicare Advantage plan is optional for these members.

Funded Status and Funding Progress – OPEB Plan

The City has elected to fund the OPEB obligation on a pay-as-you-go basis. Based on GASB Statements Nos. 43 and 45, which set for the guidelines for treatment of OPEB, the City had an actuary calculate future funding requirements in an actuarial valuation as of October 1, 2014, applicable to the fiscal year ending September 30, 2015.

The funded status of the City's OPEB plan as the current valuation is:

Actuarial Valuation Date		October 1, 2014
Actuarial Value of Assets	(a)	\$ -
Actuarial Accrued Liability (AAL)	(b)	\$ 34,496,489
Unfunded AAL (UAAL)	(b) - (a)	\$ 34,496,489
Funded Ratio	(a)/(b)	0.0%
Covered Payroll	(c)	\$ 18,701,186
UAAL as a Percentage of Covered Payroll	[(b-a)/c]	184.46%

A separate audited GAAP basis postemployment benefit plan report is not available. The schedules of funding progress and employer contributions for OPEB, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AAL for benefits.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

15. OTHER POSTEMPLOYMENT BENEFITS – Continued

Net OPEB Obligation of the City

Contributions. The employer’s contribution is based on the annual required contribution (ARC), which is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 30 years. As stated above, the City has elected to fund OPEB on a pay-as-you-go basis. Actual premiums paid, including the effect of the implicit rate subsidy paid on behalf of retirees, may be treated as employer contributions and act to reduce the Net OPEB Obligation (NOO).

Net OPEB Obligation. The following schedule is a summary of the changes in the City’s Net OPEB Obligation for the past three years:

Fiscal year ended September 30,	2015	2014	2013
Normal costs	\$ 724,868	\$ 1,087,017	\$ 1,665,113
Amortization of accrued liability	1,353,064	1,361,533	2,024,864
Annual required contribution	2,077,932	2,448,550	3,689,977
Interest on net OPEB obligation	616,814	564,202	459,035
Adjustment to annual required contribution	(593,090)	(503,752)	(409,853)
Net OPEB cost	2,101,656	2,509,000	3,739,159
Contributions made	(784,887)	(1,193,698)	(1,109,982)
Increase in net OPEB obligation	1,316,769	1,315,302	2,629,177
Net OPEB obligation, beginning	15,420,349	14,105,047	11,475,870
Net OPEB obligation, ending	\$ 16,737,118	\$ 15,420,349	\$ 14,105,047
Annual Required Contribution			
Per covered active employee	\$ 5,619	\$ 5,972	\$ 9,000
As % of expected payroll	11.2%	11.5%	18.0%

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

15. OTHER POSTEMPLOYMENT BENEFITS – Continued

Actuarial Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumption about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations. Additional information about the actuarial methods and significant assumptions used in the latest actuarial valuation follows:

Valuation date	10/01/2014 (results applicable to FYE 9/30/2015)
Actuarial cost method	Entry age normal
Amortization method	Level percentage, closed
Remaining amortization period	26 years
Asset valuation method	Unfunded
Benefit financing	Pay-as-you-go
Actuarial assumptions:	
Investment rate of return	4.0%
Healthcare cost trend rate	4.0% initial year Ranging from 7.0% to 4.30% through 2039 4.24% ultimate
Inflation rate assumption	2.5%

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

16. OTHER RETIREMENT PLANS

Defined Contribution Plan

Effective July 1, 2015 the City Council adopted a defined contribution retirement plan for general employees, administered by ICMA Retirement Corporation, to provide benefits at retirement for full time general employees (excluding those covered under Chapter 185 F.S. retirement plans). This General Employees' Defined Contribution Plan, adopted by Resolution 2015-20, is a money purchase plan pursuant to the provisions of Section 401(a) of the Internal Revenue Code.

In accordance with the terms of the adopted plan document, there is a required employer contribution of 7% of employee pay. For employees hired before October 1, 2014 there is a mandatory employee contribution of 3% of pay; employees hired on or after October 1, 2014 have a mandatory contribution of 5% of pay. All contributions are based on pay excluding overtime and bonuses. Plan participants may make additional voluntary (unmatched) after tax contributions subject to certain limitations. There is no minimum period of service for participation; employees are vested immediately and therefore there are no forfeitures of contributions. For the year ended September 30, 2015, the City made employer contributions of \$376,472 to this plan.

Deferred Compensation Plan

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

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

17. FUND BALANCES – GOVERNMENTAL FUNDS

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

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:			
Inventories	\$ 152,542	\$ -	\$ 152,542
Restricted			
Public Safety	-	30,100	30,100
Culture & Recreation	-	871,255	871,255
Physical Environment	-	4,187,285	4,187,285
	<u>-</u>	<u>5,088,640</u>	<u>5,088,640</u>
Committed	<u>3,521</u>	<u>-</u>	<u>3,521</u>
Unassigned (deficit)	<u>9,847,661</u>	<u>(66,293)</u>	<u>9,781,368</u>
Total fund balances - governmental funds	<u>\$ 10,003,724</u>	<u>\$ 5,022,347</u>	<u>\$ 15,026,071</u>

The restricted funds for public safety are for law enforcement education and confiscated property. The restricted culture and recreation funds are monies from private donations restricted to capital improvements and maintenance for City recreation facilities. The funds restricted for physical environment are sales tax revenues (and associated interest earnings) limited by Florida Statutes to expenditures for capital equipment and improvements and associated debt service.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

18. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets is as follows as of September 30, 2015:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 15,963,708	\$ 13,855,567
Capital assets being depreciated, net	28,486,767	200,408,152
	<u>44,450,475</u>	<u>214,263,719</u>
Related debt:		
Total bonds, notes payable, and capital lease-purchases	8,777,509	53,060,398
	<u>8,777,509</u>	<u>53,060,398</u>
Net investment in capital assets	\$ 35,672,966	\$ 161,203,321

19. COMMITMENTS AND CONTINGENCIES

Construction Commitments

The City had no outstanding construction commitments at September 30, 2015.

Litigation

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

Contract Commitments

The City is a participant in various long-term agreements with Florida Municipal Power Agency (FMPA). FMPA was created pursuant to Chapter 163.01, as amended by The Florida Interlocal Cooperation Act of 1969. The City by agreement has no equity interest in any of the assets owned by FMPA; however, the City does have limited oversight authority over the operations of FMPA through its one member appointment to the 26-member FMPA Board of Directors. Consequently, FMPA does not constitute a joint venture under NCGA Statement No. 7, nor does it meet the criteria for a reporting entity of the City of Vero Beach under GASB Statement No. 61. Furthermore, as stated previously, the City has no equity interest in any plant owned by FMPA, and is only contractually obligated for its participation in the acquisitions of FMPA. The financial statements from FMPA will be prepared and distributed by the agency under separate cover.

Based upon the All Requirements Project (ARP) agreement, the City has agreed to purchase all electric and energy requirements and sell all capacity and energy exclusively with FMPA. Power rates charged and received by the City are subject to a majority vote of the FMPA Board of Directors. For financial and operational reasons, the City served notice and exited the ARP in fiscal year 2010. Effective January 1, 2010, the Orlando Utilities Commission (OUC) became the Supplemental Wholesale Provider for the City of Vero Beach (CoVB) electrical needs. The contract provides for OUC to dispatch and supply all capacity, energy, and reserve requirements that the City may have in excess of the CoVB Units 1-5, the St. Lucie Project, and the Stanton Project. The term of this contract is twenty years, with an option to extend for an additional ten years.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

19. COMMITMENTS AND CONTINGENCIES – Continued

Grants

In early 2011, the U.S. Department of Homeland Security, Office of the Inspector General (OIG) conducted an audit of public assistance funds awarded to the City associated with Hurricanes Frances and Jeanne. In total, the OIG audit findings released in May 2011 questioned \$2.6 million in costs associated with Hurricane Frances and \$1.3 million in costs associated with Hurricane Jeanne. The primary issue resulting in questioned costs for both storms was which damages and losses associated with the storms should have been covered by insurance rather than public disaster assistance funding. There were also questioned costs related to supporting documentation, contractual procedures and small project closeout. In March 2012, the City received notification from FEMA that it intended to de-obligate funding for various projects totaling \$2.3 million for Hurricane Frances and \$1.4 million for Hurricane Jeanne. The City appealed these notices in May 2012.

As noted in the OIG audit reports for both storms, at the time of the audit the Federal Emergency Management Agency (FEMA) had not completed its insurance review to determine insured losses because the City did not have a final statement of loss or a schedule of insurance settlements.

In March 2013, the City received notification from the State Department of Emergency Management (DEM) that the insurance coverage issues had been resolved in cooperation with the Florida Municipal Insurance Trust (FMIT) and its consultants; as a result of this review, the FMIT provided an additional \$1.6 million in insurance proceeds directly to the State on behalf of the City to replace funds de-obligated by FEMA.

In June 2013, the City received a determination letter from FEMA indicating that the City's first appeal had been denied, as it had not yet received the insurance information from the State. In August 2013, the City submitted a second appeal package to FEMA, in the amount of \$2,167,000, most of which relates to the City's Electric System and Water & Sewer Funds. In this second appeal, the City provided documentation for the final determination of eligible project costs, insurance proceeds and public assistance funding by project. The City also provided copies of invoices and supporting documentation for all questioned charges and narrative regarding contracting procedures. The State DEM reviewed the City's second appeal and in September 2014 forwarded this appeal to FEMA with a recommendation for approval.

Despite the continuation of the appeal process, the State DEM notified the City that it was required to reimburse the State for funds already de-obligated by FEMA. Although the State acknowledged in its correspondence that funds would be returned if the appeals are successful, it requested that the City make the State whole for funds already removed from the State's accounts by FEMA. The State has indicated that failure to repay these funds could jeopardize receipt of future grant funds, including those related to subsequent hurricanes or other Federal programs.

The State DEM provided the City with a repayment agreement which allows the City to make the repayment in monthly installments for two years, with an initial down payment of \$500,000. In June 2014, the City approved the DEM repayment plan. Through September 30, 2015 the City has paid \$802,194 of the total of \$1,169,800 owed for Hurricane Frances and \$592,699 of the total of \$864,303 owed for the Hurricane Jeanne under these repayment agreements. As of March 2016, the City has not received any response from FEMA with regard to its second appeal and continues to make monthly payments to the DEM. A liability of \$350,223 has been recorded in the City's Water & Sewer Fund in relation to these matters.

CITY OF VERO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

20. RESTATEMENTS

Change in Accounting Principle - New Accounting Pronouncement on Pensions

Effective October 1, 2014, the City of Vero Beach adopted Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27*. GASB Statement No. 68 changes the accounting and financial reporting for pensions that are provided through pension plans administered as trusts. The standards require local governments to recognize as a liability, beginning October 1, 2014, the long term obligation associated with these pension benefits. This liability is measured as the difference between the total present value of projected benefits to be provided through the pension plan and the amount of the pension plan's net position.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's pension plans and additions to/deductions from the City's pension plans fiduciary net position have been determined on the same basis as they are reported by the City. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension plan investments are reported at fair value.

The implementation of GASB Statement No. 68 resulted in a restatement of beginning net position, due to the recording of the City's Net Pension Liability as of October 1, 2014 on the Statement of Net Position. As a result of implementing GASB Statement No. 68, the beginning net position of the City was decreased by \$32,061,203.

Change in Fund Accounting – Recreation Enterprise Fund Eliminated

Effective October 1, 2014, the City adopted a budget which eliminated the Recreation enterprise fund and moved recreation related activities to the City's General Fund. As a result, certain beginning fund balances and net position balances were required to be restated as of that date. The Recreation Fund's ending net position of \$7,952,386, which was reported as a business-type activity in the government-wide financial statements at September 30, 2014, was transferred to governmental activities. As a result, the General Fund fund balance was restated (reduced) by (\$19,285) for net current resources transferred. The remaining components of the restated net position previously reported in the Recreation enterprise fund are the net investment in capital assets of \$8,205,255 and the compensated absences liability of (\$233,584); these are now recorded on the government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) but not the fund financial statements.

The following table summarizes the restatement of the beginning net positions and balances as a result of the adoption of GASB 68 and elimination of the Recreation enterprise fund:

	General Fund	Net Position - Governmental Activities	Net Position - Business-Type Activities
Change in Accounting Principle			
Elimination of Net Pension Asset Previously Reported	-	(1,167,862)	-
Recording of Net Pension Liability calculated in accordance with GASB 68	-	(16,086,354)	(15,974,849)
	<u>-</u>	<u>(17,254,216)</u>	<u>(15,974,849)</u>
Cumulative effect of change in accounting principle	-	(17,254,216)	(15,974,849)
Effect of Recreation Fund elimination	(19,285)	7,952,386	(7,952,386)
Balances, as previously reported, September 30, 2014	<u>9,565,954</u>	<u>29,467,633</u>	<u>223,476,275</u>
Balances, as restated, September 30, 2014	<u>\$ 9,546,669</u>	<u>\$ 20,165,803</u>	<u>\$ 199,549,040</u>

CITY OF VERO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

21. SUBSEQUENT EVENTS

Sale of the City's Electric Utility to Florida Power & Light

The City continues to pursue completion of the sale of its electric utility to Florida Power & Light (FP&L). In February 2013, the City and FP&L approved an Asset Purchase and Sale Agreement which established a purchase price of \$111.5 million (in addition to other monetary considerations both pre and post sale) and provided for retirement of the City's outstanding utility debt/bonds, the transfer of assets, the transfer of employees and associated liabilities, and the lease of the existing power plant site. This agreement is valid through December 31, 2016. The closing date is dependent upon various regulatory and contractual approvals by third parties, including the Federal Energy Regulatory Commission, the Florida Public Service Commission (PSC), the Orlando Utilities Commission (OUC) and the Florida Municipal Power Agency (FMPA).

At the present time, the City has been unable to satisfy certain contractual obligations and liabilities in order to finalize this sale. The primary contractual impediment is securing an alternate buyer for the City's purchased power capacity that was originally acquired with tax free bonds. In July 2014, the Town of Indian River Shores (which is within the City's service territory) filed a lawsuit against the City. The position taken in this lawsuit is that the franchise agreement between Indian River Shores and the City supersedes the City's territorial agreement approved by the PSC; litigation on this matter continues. Based on the initial rulings in this lawsuit, Indian River Shores has filed an additional complaint with the PSC and the City has responded. Indian River County, which also has customers within the City's service territory, took a similar position through a filing with the PSC. This request was denied by the PSC in February 2015 and the County has appealed this PSC ruling to the State Supreme Court. The City continues to vigorously defend itself against the actions by both parties.

In the interim, the City continues to pursue lower rates and effective management of the electric utility. The City has commissioned an optimization study, a rate study, and is pursuing other initiatives to lower electric utility rates for its customers. In November 2015, through its utilities special attorney, the City negotiated a revised contract for purchased power with the Orlando Utility Commission (OUC). As a result of this revised contract, the City has ceased production of electricity at its power plant and is in the process of decommissioning the plant.

Debt Issuance

In December 2015, the City of Vero Beach entered into a capital lease-purchase agreement with KS State Bank in the amount of \$1,176,145 for the purchase of police and fleet vehicles for both governmental and business-type activities. Principal and interest payments in the amount of \$251,536 are due annually beginning on August 30, 2016 through August 30, 2020. The interest rate for this agreement is 2.48%.

In March 2016, the City Council authorized the Series 2016 Capital Improvement Revenue Note in the amount of \$1,400,000. This loan, along with a \$3,345,000 Aviation Development grant from the Florida Department of Transportation, will provide funding for a capital project to reconstruct Airport Drive (34th Avenue) between Atlantic Boulevard and Cherokee Drive at the Airport Terminal building. The Series 2016 note will have an annual principal and interest payment of approximately \$115,000 and a maturity date of September 30, 2031. The note is secured by, and payable from, legally available non-ad valorem revenues of the City.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2015

**Schedule of Changes in Net Pension Liability and Related Ratios –
 General Employee Retirement Plan**

	2015	2014
Total pension liability		
Service cost	\$ 1,455,560	\$ 1,525,171
Interest	7,466,958	7,257,316
Change of benefit terms	(1,270,795)	-
Differences between expected and actual experience	2,986,908	-
Changes of assumptions	-	-
Benefit payments (including refunds of member contributions)	(6,104,373)	(6,050,479)
Net change in total pension liability	4,534,258	2,732,008
Total pension liability - beginning	99,400,031	96,668,023
Total pension liability - ending (a)	\$ 103,934,289	\$ 99,400,031
Plan fiduciary net position		
Contributions - employer	\$ 4,889,995	\$ 4,972,378
Contributions - employee	373,250	461,199
Net investment income	859,603	6,975,362
Benefit payments (including refunds of member contributions)	(6,104,373)	(6,050,479)
Administrative expense	(32,265)	-
Net change in plan fiduciary net position	(13,790)	6,358,460
Plan fiduciary net position - beginning	71,926,346	65,567,886
Plan fiduciary net position - ending (b)	\$ 71,912,556	\$ 71,926,346
City's net pension liability - ending (a) - (b)	\$ 32,021,733	\$ 27,473,685
Plan fiduciary net position as a percentage of the total pension liability	69.19%	72.36%
Covered employee payroll	\$ 15,456,663	\$ 15,704,293
City's net pension liability as percentage of covered employee payroll	207.2%	174.9%

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2015

**Schedule of Changes in Net Pension Liability and Related Ratios –
Police Officers' Retirement Fund**

	2015	2014
Total pension liability		
Service cost	\$ 550,357	\$ 478,211
Interest	3,009,258	2,881,001
Change of benefit terms	-	118,425
Differences between expected and actual experience	(642,610)	96,146
Changes of assumptions	44,151	41,761
Benefit payments (including refunds of member contributions)	(1,793,418)	(2,248,284)
Net change in total pension liability	1,167,738	1,367,260
Total pension liability - beginning	39,228,207	37,860,947
Total pension liability - ending (a)	\$ 40,395,945	\$ 39,228,207
Plan fiduciary net position		
Contributions - employer	\$ 852,721	\$ 869,837
Contributions - State	228,139	233,451
Contributions - employee	191,782	167,975
Net investment income	385,598	3,088,757
Benefit payments (including refunds of member contributions)	(1,793,418)	(2,248,284)
Administrative expense	(86,344)	(86,354)
Net change in plan fiduciary net position	(221,522)	2,025,382
Plan fiduciary net position - beginning	35,432,960	33,407,578
Plan fiduciary net position - ending (b)	\$ 35,211,438	\$ 35,432,960
City's net pension liability - ending (a) - (b)	\$ 5,184,507	\$ 3,795,247
Plan fiduciary net position as a percentage of the total pension liability	87.17%	90.33%
Covered employee payroll	\$ 2,938,951	\$ 2,899,869
City's net pension liability as percentage of covered employee payroll	176.4%	130.9%

Notes to Schedule:

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

Change of assumptions. In 2015, mortality projections were updated. The mortality table continues to be the RP-2000 Combined Mortality Table with Scale AA applied to reflect mortality improvements to the valuation year.

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2015

**Schedule of Changes in Net Pension Liability and Related Ratios –
 Firefighter’s Relief and Pension Fund**

	2015	2014
Total pension liability		
Service cost	\$ -	\$ -
Interest	515,130	529,277
Change of benefit terms	-	-
Differences between expected and actual experience	168,392	-
Changes of assumptions	164,475	-
Benefit payments (including refunds of member contributions)	(720,087)	(773,744)
Net change in total pension liability	127,910	(244,467)
Total pension liability - beginning	8,285,126	8,529,593
Total pension liability - ending (a)	\$ 8,413,036	\$ 8,285,126
Plan fiduciary net position		
Contributions - employer	\$ 65,751	\$ 42,311
Contributions - State	271,303	296,198
Net investment income	84,490	702,893
Benefit payments (including refunds of member contributions)	(720,087)	(773,744)
Administrative expense	(17,351)	(8,167)
Net change in plan fiduciary net position	(315,894)	259,491
Plan fiduciary net position - beginning	7,492,855	7,233,364
Plan fiduciary net position - ending (b)	\$ 7,176,961	\$ 7,492,855
City's net pension liability - ending (a) - (b)	\$ 1,236,075	\$ 792,271
Plan fiduciary net position as a percentage of the total pension liability	85.31%	90.44%
Covered employee payroll	\$ -	\$ -
City's net pension liability as percentage of covered employee payroll	N/A	N/A

Notes to Schedule:

Benefit changes. There have been no changes in benefit provisions since GASB 67 implementation.

Change of assumptions. The assumed investment rate of return is lowered from 6.25% to 6.00% for the October 1, 2015 valuation.

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2015

Schedule of Employer Contributions – General Employee Retirement Plan

Year Ending September 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 4,889,995	\$ 4,972,378	\$ 4,641,428	\$ 4,153,621	\$ 4,115,761	\$ 4,028,814	\$ 3,347,010	\$ 2,866,308	\$ 2,656,451	\$ 3,008,235
Contributions in relation to the actuarially determined contribution	4,889,995	4,972,378	4,641,428	4,153,621	4,115,761	4,050,000	3,347,010	2,866,308	2,656,451	3,008,235
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (21,186)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 15,456,663	\$ 15,704,293	\$ 16,224,526	\$ 17,094,905	\$ 18,830,488	\$ 19,305,268	\$ 18,811,487	\$ 16,548,463	\$ 15,539,566	\$ 14,905,998
Contributions as a percentage of covered employee payroll	31.64%	31.66%	28.61%	24.30%	21.86%	20.98%	17.79%	17.32%	17.09%	20.18%

Notes to Schedule

Valuation Date:

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

Methods and Assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	12
Asset valuation method	5-year smoothed market
Inflation	N/A
Salary Increases	N/A
Investment rate of return	6.5% net of investment expenses, including inflation
Retirement age	Rates based on age ranging from 55-0 years, with 100% retirement at age 70
Mortality	1994 Group Annuity Mortality Table, set back one year for males and three years for females. RP-2000 Disabled Retiree Mortality table.

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2015

Schedule of Employer Contributions – Police Officers’ Retirement Fund

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 1,080,860	\$ 1,103,288	\$ 1,124,361	\$ 1,069,836	\$ 1,003,043	\$ 808,241	\$ 614,497	\$ 607,358	\$ 578,539	\$ 548,686
Contributions in relation to the actuarially determined contribution	1,080,860	1,103,288	1,124,361	1,069,836	1,003,043	808,241	614,497	607,358	578,539	581,940
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (33,254)
Covered employee payroll	\$ 2,938,951	\$ 2,899,869	\$ 2,947,305	\$ 3,013,887	\$ 3,297,317	\$ 3,577,177	\$ 3,733,644	\$ 3,659,849	\$ 3,415,819	\$ 3,345,362
Contributions as a percentage of covered employee payroll	36.78%	38.05%	38.15%	35.50%	30.42%	22.59%	16.46%	16.60%	16.94%	17.40%

Notes to Schedule

Valuation Date:

Actuarially determined contributions are calculated based on the valuation as of the beginning of the year prior to the fiscal year in which contributions are due.

Methods and Assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	26
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Scale of increase rates from 6.25% to 4.28% depending on years to service, including inflation
Investment rate of return	7.75% net of investment expenses, including inflation
Retirement age	Members are assumed to retire at a rate of 5% per year eligible for early retirement, at a rate of 80% in the year of the Normal Retirement Date, and at a rate of 40% for each of the four years subsequent to the Normal Retirement Date. 100% of members are assumed to retire in the fifth year subsequent to the Normal Retirement Date.
Mortality	RP-2000 Combined Mortality Table using Scale AA projected to valuation year.

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2015

Schedule of Employer Contributions – Firefighter’s Relief and Pension Fund

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 337,054	\$ 338,509	\$ 328,294	\$ 333,686	\$ 309,977	\$ 286,894	\$ 298,956	\$ 305,778	\$ 338,212	\$ 202,701
Contributions in relation to the actuarially determined contribution	337,054	338,509	328,294	333,686	309,977	286,894	400,420	496,899	414,930	393,361
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (101,464)	\$ (191,121)	\$ (76,718)	\$ (190,660)

Covered employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered employee payroll	N/A									

Notes to Schedule

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

Methods and Assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	6 years
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	N/A
Investment rate of return	6.25% net of investment expenses, including inflation
Retirement age	N/A
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females, with mortality improvement projected to all future years using Scale AA

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2015

Schedule of Investment Returns, All Pension Plans
Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Annual money-weighted rate of return, net of investment expense										
General Employees' Retirement Plan	1.20%	10.69%	12.85%	18.74%	1.60%	8.85%	-1.36%	-17.62%	13.99%	8.49%
Police Officers' Retirement Fund	0.87%	9.08%	14.17%	19.27%	-1.69%	9.89%	-1.41%	-12.28%	14.97%	7.18%
Firefighter's Relief and Pension Fund	1.20%	10.00%	13.60%	15.50%	0.00%	6.70%	1.00%	-11.20%	13.70%	6.40%

CITY OF VERO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2015

Other Postemployment Benefits Plan

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Year Ended September 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10/01/2012	2013	\$ -	\$ 55,595,156	\$ 55,595,156	0%	\$ 20,448,071	272%
10/01/2012	2014	-	35,944,804	35,944,804	0%	20,448,071	176%
10/01/2014	2015	-	34,496,489	34,496,489	0%	18,701,186	184%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended September	Annual Required Contributions	Percentage Contributed
2013	\$ 3,689,977	30%
2014	\$ 2,448,550	49%
2015	\$ 2,077,932	38%

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COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES

CITY OF VERO BEACH, FLORIDA

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property taxes	\$ 4,278,471	\$ 4,335,449	\$ 4,335,449	\$ -
Utility taxes	2,138,000	2,209,000	2,210,090	1,090
Telecommunications tax	1,121,522	1,111,522	1,111,631	109
Local option gas tax	461,370	507,370	507,763	393
Local business tax	165,000	163,000	162,185	(815)
Total taxes	<u>8,164,363</u>	<u>8,326,341</u>	<u>8,327,118</u>	<u>777</u>
Licenses and permits:				
Sign permit fees	7,500	7,500	7,693	193
Burglar alarm permit fees	50,000	46,500	46,504	4
Miscellaneous license fees	75,000	87,500	87,773	273
Vehicle for hire permits	100	-	-	-
Total licenses and permits	<u>132,600</u>	<u>141,500</u>	<u>141,970</u>	<u>470</u>
Intergovernmental revenues:				
State revenue sharing	556,547	561,547	561,610	63
State sales tax revenue	1,034,941	1,079,941	1,083,739	3,798
Total intergovernmental revenues	<u>1,591,488</u>	<u>1,641,488</u>	<u>1,645,349</u>	<u>3,861</u>
Grants:				
OJP grants	-	8,565	8,565	-
Clandestine recording equipment grant	-	3,595	3,595	-
FMIT Matching Safety grant	-	1,588	1,588	-
Total grants	<u>-</u>	<u>13,748</u>	<u>13,748</u>	<u>-</u>
Charges for Services:				
Planning department	70,000	126,000	126,539	539
Administrative services	2,548,903	2,548,903	2,548,903	-
Recreation	394,329	324,029	324,383	354
Airport security	91,670	91,670	91,670	-
Total charges for services	<u>3,104,902</u>	<u>3,090,602</u>	<u>3,091,495</u>	<u>893</u>
Fines, forfeitures and seizures	<u>143,000</u>	<u>142,400</u>	<u>143,223</u>	<u>823</u>
Miscellaneous revenues:				
Investment earnings	61,400	142,400	143,498	1,098
Rentals	273,501	273,501	274,493	992
Miscellaneous	119,000	64,200	64,241	41
Total miscellaneous revenues	<u>453,901</u>	<u>480,101</u>	<u>482,232</u>	<u>2,131</u>
Total revenues	<u>13,590,254</u>	<u>13,836,180</u>	<u>13,845,135</u>	<u>8,955</u>

CITY OF VERO BEACH, FLORIDA

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2015

Expenditures	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Current:				
General government:				
City council:				
Personnel services	\$ 85,161	\$ 85,761	\$ 85,660	\$ 101
Operating	6,000	3,500	3,263	237
Total city council	<u>91,161</u>	<u>89,261</u>	<u>88,923</u>	<u>338</u>
City clerk:				
Personnel services	389,079	392,079	391,998	81
Operating	41,550	39,250	38,848	402
Capital outlay	-	10,946	10,946	-
Total city clerk	<u>430,629</u>	<u>442,275</u>	<u>441,792</u>	<u>483</u>
City manager:				
Personnel services	310,591	310,691	310,649	42
Operating	11,850	11,350	10,260	1,090
Total city manager	<u>322,441</u>	<u>322,041</u>	<u>320,909</u>	<u>1,132</u>
City hall:				
Operating	<u>133,597</u>	<u>114,097</u>	<u>111,896</u>	<u>2,201</u>
City attorney:				
Personnel services	416,625	422,225	421,911	314
Operating	21,756	17,956	16,543	1,413
Capital outlay	1,300	1,300	1,325	(25)
Total city attorney	<u>439,681</u>	<u>441,481</u>	<u>439,779</u>	<u>1,702</u>
Human resources:				
Personnel services	132,270	144,606	143,838	768
Operating	66,071	36,071	28,487	7,584
Total human resources	<u>198,341</u>	<u>180,677</u>	<u>172,325</u>	<u>8,352</u>
Finance administration:				
Personnel services	730,230	722,630	722,266	364
Operating	40,700	37,000	35,756	1,244
Capital outlay	-	7,300	7,291	9
Total finance administration	<u>770,930</u>	<u>766,930</u>	<u>765,313</u>	<u>1,617</u>
Information technology:				
Personnel services	504,738	500,338	500,012	326
Operating	108,350	101,650	99,738	1,912
Capital outlay	10,200	8,300	8,262	38
Total information technology	<u>623,288</u>	<u>610,288</u>	<u>608,012</u>	<u>2,276</u>
Purchasing:				
Personnel services	390,567	388,267	388,045	222
Operating	19,053	16,453	15,241	1,212
Total purchasing	<u>409,620</u>	<u>404,720</u>	<u>403,286</u>	<u>1,434</u>
Warehouse:				
Personnel services	246,729	246,329	246,233	96
Operating	31,679	27,479	25,008	2,471
Total warehouse	<u>278,408</u>	<u>273,808</u>	<u>271,241</u>	<u>2,567</u>

Continued

CITY OF VERO BEACH, FLORIDA

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Planning:				
Personnel services	\$ 553,122	\$ 543,072	\$ 542,947	\$ 125
Operating	48,764	41,464	41,101	363
Total planning	<u>601,886</u>	<u>584,536</u>	<u>584,048</u>	<u>488</u>
Public works - fleet management:				
Personnel services	(25)	5,823	6,426	(603)
Operating	(19)	4,133	4,665	(532)
Total public works - fleet management	<u>(44)</u>	<u>9,956</u>	<u>11,091</u>	<u>(1,135)</u>
Public works - facilities management:				
Personnel services	525,780	517,380	517,110	270
Operating	163,784	102,084	100,491	1,593
Total public works - facilities management	<u>689,564</u>	<u>619,464</u>	<u>617,601</u>	<u>1,863</u>
Public works - GIS:				
Personnel services	129,301	140,001	134,291	5,710
Operating	5,350	2,350	1,608	742
Total public works - GIS	<u>134,651</u>	<u>142,351</u>	<u>135,899</u>	<u>6,452</u>
Total General government	<u>5,124,153</u>	<u>5,001,885</u>	<u>4,972,115</u>	<u>29,770</u>
Public safety:				
Police:				
Personnel services	6,094,702	6,019,502	6,018,496	1,006
Operating	745,285	641,305	630,883	10,422
Capital Outlay	99,800	118,825	118,693	132
Total public safety	<u>6,939,787</u>	<u>6,779,632</u>	<u>6,768,072</u>	<u>11,560</u>
Transportation:				
Public works - administration:				
Personnel services	454,296	453,771	453,761	10
Operating	70,795	62,695	61,431	1,264
Total public works - administration	<u>525,091</u>	<u>516,466</u>	<u>515,192</u>	<u>1,274</u>
Public works - streets/stormwater/traffic:				
Personnel services	894,095	850,395	840,394	10,001
Operating	414,830	374,330	372,010	2,320
Capital outlay	4,500	5,816	1,316	4,500
Total public works - streets	<u>1,313,425</u>	<u>1,230,541</u>	<u>1,213,720</u>	<u>16,821</u>
Public works - engineering & survey:				
Personnel services	430,622	436,172	436,074	98
Operating	36,155	19,455	18,516	939
Capital outlay	2,100	2,100	1,945	155
Total public works - engineering & survey	<u>468,877</u>	<u>457,727</u>	<u>456,535</u>	<u>1,192</u>
Total transportation	<u>2,307,393</u>	<u>2,204,734</u>	<u>2,185,447</u>	<u>19,287</u>

CITY OF VERO BEACH, FLORIDA

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Culture and recreation:				
Public works - grounds maintenance:				
Personnel services	1,240,353	1,249,253	1,248,818	435
Operating	638,465	595,365	593,479	1,886
Capital outlay	12,400	10,000	9,971	29
Total public works - culture and recreation	1,891,218	1,854,618	1,852,268	2,350
Recreation				
Personnel services	1,465,978	1,554,918	1,555,030	(112)
Operating	536,608	510,562	508,346	2,216
Capital outlay	27,600	27,100	14,419	12,681
Total recreation	2,030,186	2,092,580	2,077,795	14,785
Total culture and recreation	3,921,404	3,947,198	3,930,063	17,135
Nondepartmental:				
Personnel services	589,445	598,045	630,746	(32,701)
Operating	1,117,375	1,251,237	1,353,934	(102,697)
Total nondepartmental	1,706,820	1,849,282	1,984,680	(135,398)
Total expenditures	19,999,557	19,782,731	19,840,377	(57,646)
Excess (deficiency) of revenues over (under) expenditures	(6,409,303)	(5,946,551)	(5,995,242)	(48,691)
Other financing sources (uses)				
Transfers in:				
Electric revenue fund	5,640,000	5,640,000	5,640,000	-
Water & sewer fund	970,000	970,000	970,000	-
Solid waste fund	162,000	162,000	162,000	-
Marina fund	105,000	105,000	105,000	-
Health insurance fund	269,297	269,297	269,297	-
Total transfers in	7,146,297	7,146,297	7,146,297	-
Transfers out:				
Debt service fund	(693,965)	(694,000)	(694,000)	-
Total transfers out	(693,965)	(694,000)	(694,000)	-
Total other finance sources (uses)	6,452,332	6,452,297	6,452,297	-
Net change in fund balances	43,029	505,746	457,055	(48,691)
Fund balance - beginning	9,546,669	9,546,669	9,546,669	-
Fund balance - ending	\$ 9,589,698	\$ 10,052,415	\$ 10,003,724	\$ (48,691)

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

SEPTEMBER 30, 2015

	Special Revenue Funds			
	Confiscated Property	Law Enforcement Education	Police & Firefighter Premium Tax Trust	Asset Management
Assets				
Equity in pooled cash and investments	\$ 20,674	\$ 9,426	\$ -	\$ 1,347,728
Cash with fiscal agent	-	-	-	-
Receivables, net:				
Accounts	-	-	-	-
Special assessments	-	-	-	-
Interest	-	-	-	2,762
Due from other governments	-	-	-	-
Total assets	<u>20,674</u>	<u>9,426</u>	<u>-</u>	<u>1,350,490</u>
Liabilities and fund balances				
Liabilities:				
Accounts and contracts payable	-	-	-	-
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources				
Unavailable revenue -				
Special assessment receivable	-	-	-	-
Fund balances:				
Restricted:	20,674	9,426	-	1,350,490
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>20,674</u>	<u>9,426</u>	<u>-</u>	<u>1,350,490</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 20,674</u>	<u>\$ 9,426</u>	<u>\$ -</u>	<u>\$ 1,350,490</u>

Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Permanent Fund	Total Nonmajor Governmental Funds
Whitaker Trust	Downey Little Flower	Debt Service	General Fund Capital and Construction	Infrastructure & Real Estate Improvements	Crestlawn Cemetery	
\$ 721,113	\$ 148,865	\$ -	\$ 1,344,602	\$ 1,199,069	\$ -	\$ 4,791,477
-	-	-	372,257	-	-	372,257
-	-	-	-	-	-	-
-	-	-	10,709	-	-	10,709
1,277	-	-	-	6,107	-	10,146
-	-	-	90,242	366,452	-	456,694
<u>722,390</u>	<u>148,865</u>	<u>-</u>	<u>1,817,810</u>	<u>1,571,628</u>	<u>-</u>	<u>5,641,283</u>
-	-	-	541,934	-	1,665	543,599
-	-	-	-	-	1,328	1,328
-	-	-	-	-	63,300	63,300
-	-	-	<u>541,934</u>	<u>-</u>	<u>66,293</u>	<u>608,227</u>
-	-	-	<u>10,709</u>	<u>-</u>	<u>-</u>	<u>10,709</u>
722,390	148,865	-	1,265,167	1,571,628	-	5,088,640
-	-	-	-	-	(66,293)	(66,293)
<u>722,390</u>	<u>148,865</u>	<u>-</u>	<u>1,265,167</u>	<u>1,571,628</u>	<u>(66,293)</u>	<u>5,022,347</u>
<u>\$ 722,390</u>	<u>\$ 148,865</u>	<u>\$ -</u>	<u>\$ 1,817,810</u>	<u>\$ 1,571,628</u>	<u>\$ -</u>	<u>\$ 5,641,283</u>

CITY OF VERO BEACH, FLORIDA

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

YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue Funds			
	Confiscated Property	Law Enforcement Education	Police & Firefighter Premium Tax Trust	Asset Management
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	499,442	-
Special Assessments	-	-	-	-
Grants	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	381	4,277	-	-
Investment earnings	-	-	-	10,000
Miscellaneous	-	-	-	-
Total revenues	<u>381</u>	<u>4,277</u>	<u>499,442</u>	<u>10,000</u>
Expenditures				
Current:				
Public safety	1,836	3,485	499,442	-
Physical environment	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>1,836</u>	<u>3,485</u>	<u>499,442</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,455)</u>	<u>792</u>	<u>-</u>	<u>10,000</u>
Other financing sources (uses)				
Capital contributions	-	-	-	-
Capital lease proceeds	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(1,455)</u>	<u>792</u>	<u>-</u>	<u>10,000</u>
Fund balance (deficit) - beginning	<u>22,129</u>	<u>8,634</u>	<u>-</u>	<u>1,340,490</u>
Fund balance (deficit) - ending	<u>\$ 20,674</u>	<u>\$ 9,426</u>	<u>\$ -</u>	<u>\$ 1,350,490</u>

Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Permanent Fund	Total Nonmajor Governmental Funds
Whitaker Trust	Downey Little Flower	Debt Service	General Fund Capital and Construction	Infrastructure & Real Estate Improvements	Crestlawn Cemetery	
\$ -	\$ -	\$ -	\$ -	\$ 2,017,377	\$ -	\$ 2,017,377
-	-	-	-	-	-	499,442
-	-	-	2,186	-	-	2,186
-	-	-	90,242	-	-	90,242
-	-	-	-	-	194,881	194,881
-	-	-	-	-	-	4,658
4,984	-	-	282	23,179	156	38,601
-	-	-	16,432	-	-	16,432
<u>4,984</u>	<u>-</u>	<u>-</u>	<u>109,142</u>	<u>2,040,556</u>	<u>195,037</u>	<u>2,863,819</u>
-	-	-	-	-	-	504,763
-	-	-	-	-	174,602	174,602
-	-	1,350,000	284,857	-	-	1,634,857
-	-	239,504	9,792	-	-	249,296
-	-	-	2,558,090	-	1,500	2,559,590
-	-	<u>1,589,504</u>	<u>2,852,739</u>	<u>-</u>	<u>176,102</u>	<u>5,123,108</u>
<u>4,984</u>	<u>-</u>	<u>(1,589,504)</u>	<u>(2,743,597)</u>	<u>2,040,556</u>	<u>18,935</u>	<u>(2,259,289)</u>
-	-	-	-	-	1,500	1,500
-	-	-	1,228,001	-	-	1,228,001
-	-	-	14,275	-	-	14,275
-	-	1,589,504	1,366,918	-	1,330	2,957,752
(36,918)	-	-	-	(2,195,504)	-	(2,232,422)
<u>(36,918)</u>	<u>-</u>	<u>1,589,504</u>	<u>2,609,194</u>	<u>(2,195,504)</u>	<u>2,830</u>	<u>1,969,106</u>
(31,934)	-	-	(134,403)	(154,948)	21,765	(290,183)
<u>754,324</u>	<u>148,865</u>	<u>-</u>	<u>1,399,570</u>	<u>1,726,576</u>	<u>(88,058)</u>	<u>5,312,530</u>
<u>\$ 722,390</u>	<u>\$ 148,865</u>	<u>\$ -</u>	<u>\$ 1,265,167</u>	<u>\$ 1,571,628</u>	<u>\$ (66,293)</u>	<u>\$ 5,022,347</u>

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

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ -	\$ 400	\$ 381	\$ (19)
Expenditures				
Current:				
Public safety	-	400	1,836	(1,436)
Total expenditures	-	400	1,836	(1,436)
Net change in fund balances	-	-	(1,455)	(1,455)
Fund balance - beginning	22,129	22,129	22,129	-
Fund balance - ending	<u>\$ 22,129</u>	<u>\$ 22,129</u>	<u>\$ 20,674</u>	<u>\$ (1,455)</u>

CITY OF VERO BEACH, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL - LAW ENFORCEMENT EDUCATION FUND

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ -	\$ 4,280	\$ 4,277	\$ (3)
Expenditures				
Current:				
Public safety	-	3,500	3,485	15
Total expenditures	-	3,500	3,485	15
Net change in fund balances	-	780	792	12
Fund balance - beginning	8,634	8,634	8,634	-
Fund balance - ending	\$ 8,634	\$ 9,414	\$ 9,426	\$ 12

CITY OF VERO BEACH, FLORIDA

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

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Special assessments	\$ 3,000	\$ 2,200	\$ 2,186	\$ (14)
Grants	3,352,500	97,500	90,242	(7,258)
Investment earnings	1,000	400	282	(118)
Miscellaneous	-	16,432	16,432	-
Total revenues	<u>3,356,500</u>	<u>116,532</u>	<u>109,142</u>	<u>(7,390)</u>
Expenditures				
Debt Service:				
Principal and interest	171,000	294,649	294,649	-
Capital outlay	6,632,880	2,787,397	2,558,090	229,307
Total expenditures	<u>6,803,880</u>	<u>3,082,046</u>	<u>2,852,739</u>	<u>229,307</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,447,380)</u>	<u>(2,965,514)</u>	<u>(2,743,597)</u>	<u>221,917</u>
Other financing sources (uses)				
Proceeds from debt issuance	840,000	-	-	-
Capital lease proceeds	618,520	1,228,001	1,228,001	-
Proceeds from sale of capital assets	-	14,275	14,275	-
Transfers in	1,389,000	1,366,918	1,366,918	-
Total other financing sources (uses)	<u>2,847,520</u>	<u>2,609,194</u>	<u>2,609,194</u>	<u>-</u>
Net change in fund balances	(599,860)	(356,320)	(134,403)	221,917
Fund balance - beginning	<u>1,399,570</u>	<u>1,399,570</u>	<u>1,399,570</u>	<u>-</u>
Fund balance - ending	<u>\$ 799,710</u>	<u>\$ 1,043,250</u>	<u>\$ 1,265,167</u>	<u>\$ 221,917</u>

CITY OF VERO BEACH, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL - INFRASTRUCTURE AND REAL ESTATE IMPROVEMENTS FUND

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,910,433	\$ 2,005,433	\$ 2,017,377	\$ 11,944
Investment earnings	-	-	23,179	23,179
Total revenues	<u>1,910,433</u>	<u>2,005,433</u>	<u>2,040,556</u>	<u>35,123</u>
Other financing sources (uses)				
Transfers out	(2,195,539)	(2,195,539)	(2,195,504)	35
Total other financing sources (uses)	<u>(2,195,539)</u>	<u>(2,195,539)</u>	<u>(2,195,504)</u>	<u>35</u>
Net change in fund balances	(285,106)	(190,106)	(154,948)	35,158
Fund balance - beginning	<u>1,726,576</u>	<u>1,726,576</u>	<u>1,726,576</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,441,470</u>	<u>\$ 1,536,470</u>	<u>\$ 1,571,628</u>	<u>\$ 35,158</u>

CITY OF VERO BEACH, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL - CRESTLAWN CEMETERY FUND

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 166,000	\$ 194,000	\$ 194,881	\$ 881
Investment earnings	-	156	156	-
Total revenues	<u>166,000</u>	<u>194,156</u>	<u>195,037</u>	<u>881</u>
Expenditures				
Current:				
Physical environment	183,463	177,062	174,602	2,460
Capital outlay	-	1,500	1,500	-
Total expenditures	<u>183,463</u>	<u>178,562</u>	<u>176,102</u>	<u>2,460</u>
Other financing sources				
Capital contributions	-	1,500	1,500	-
Transfers in	1,330	2,660	1,330	(1,330)
Total other financing sources	<u>1,330</u>	<u>4,160</u>	<u>2,830</u>	<u>(1,330)</u>
Net change in fund balances	(16,133)	19,754	21,765	881
Fund balance - beginning	<u>(88,058)</u>	<u>(88,058)</u>	<u>(88,058)</u>	<u>-</u>
Fund balance - ending	<u>\$ (104,191)</u>	<u>\$ (68,304)</u>	<u>\$ (66,293)</u>	<u>\$ 2,011</u>

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

SEPTEMBER 30, 2015

	Health Insurance	Liability Insurance	Total
Assets			
Current assets:			
Equity in pooled cash and investments	\$ 2,255,579	\$ 2,111,674	\$ 4,367,253
Receivables, net:			
Accounts	20,368	-	20,368
Interest	7,619	6,755	14,374
Prepaid costs	-	45,000	45,000
Total current assets	<u>2,283,566</u>	<u>2,163,429</u>	<u>4,446,995</u>
Capital assets:			
Capital assets being depreciated	-	11,368	11,368
Accumulated Depreciation	-	(11,368)	(11,368)
Capital assets being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>2,283,566</u>	<u>2,163,429</u>	<u>4,446,995</u>
Deferred outflows of resources			
Deferred outflows related to pensions	-	43,135	43,135
Total deferred outflows of resources	<u>-</u>	<u>43,135</u>	<u>43,135</u>
Total assets and deferred outflows of resources	<u>\$ 2,283,566</u>	<u>\$ 2,206,564</u>	<u>\$ 4,490,130</u>
Liabilities			
Current liabilities:			
Accounts payable and contracts payable	\$ -	\$ 23,969	\$ 23,969
Accrued liabilities	-	1,305	1,305
Claims payable	-	497,700	497,700
Compensated absences	-	279	279
Total current liabilities	<u>-</u>	<u>523,253</u>	<u>523,253</u>
Noncurrent liabilities:			
Compensated absences	-	5,295	5,295
Claims payable	-	1,161,300	1,161,300
Net pension liability	-	230,793	230,793
Total noncurrent liabilities	<u>-</u>	<u>1,397,388</u>	<u>1,397,388</u>
Total liabilities	<u>-</u>	<u>1,920,641</u>	<u>1,920,641</u>
Net position			
Unrestricted	2,283,566	285,923	2,569,489
Total net position	<u>\$ 2,283,566</u>	<u>\$ 285,923</u>	<u>\$ 2,569,489</u>
Total liabilities and net position	<u>\$ 2,283,566</u>	<u>\$ 2,206,564</u>	<u>\$ 4,490,130</u>

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

YEAR ENDED SEPTEMBER 30, 2015

	Health Insurance	Liability Insurance	Total
Operating revenue			
Miscellaneous	\$ 6,160	\$ -	\$ 6,160
Total operating revenue	<u>6,160</u>	<u>-</u>	<u>6,160</u>
Operating expenses			
Claims expense	(100,000)	(269,197)	(369,197)
Operating charges	352	270,196	270,548
Depreciation expense	-	647	647
Total operating expenditures	<u>(99,648)</u>	<u>1,646</u>	<u>(98,002)</u>
Operating income (loss)	<u>105,808</u>	<u>(1,646)</u>	<u>104,162</u>
Nonoperating revenues			
Investment earnings	<u>22,293</u>	<u>24,375</u>	<u>46,668</u>
Total nonoperating revenue	<u>22,293</u>	<u>24,375</u>	<u>46,668</u>
Transfers			
Transfers in	-	3,325	3,325
Transfers out	<u>(523,966)</u>	<u>-</u>	<u>(523,966)</u>
Total transfers	<u>(523,966)</u>	<u>3,325</u>	<u>(520,641)</u>
Changes in net position	<u>(395,865)</u>	<u>26,054</u>	<u>(369,811)</u>
Net position - beginning of year - as restated	<u>2,679,431</u>	<u>259,869</u>	<u>2,939,300</u>
Net position - end of year	<u>\$ 2,283,566</u>	<u>\$ 285,923</u>	<u>\$ 2,569,489</u>

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

YEAR ENDED SEPTEMBER 30, 2015

	Health Insurance	Liability Insurance	Total
Operating activities			
Cash received from vendors for program expenses	\$ (3,282)	\$ -	\$ (3,282)
Payments to vendors	(352)	(85,067)	(85,419)
Payments for personnel services	-	(186,965)	(186,965)
Benefit payments	-	(189,803)	(189,803)
Net cash used in operating activities	<u>(3,634)</u>	<u>(461,835)</u>	<u>(465,469)</u>
Noncapital financing activities			
Transfers in	-	3,325	3,325
Transfers out	(523,966)	-	(523,966)
Net cash provided by (used in) noncapital financing activities	<u>(523,966)</u>	<u>3,325</u>	<u>(520,641)</u>
Investing activities			
Purchases of pooled investments	(1,965,339)	(1,806,086)	(3,771,425)
Cash received on sale of pooled investments	1,940,799	1,779,275	3,720,074
Interest received	21,852	23,896	45,748
Net cash used in investing activities	<u>(2,688)</u>	<u>(2,915)</u>	<u>(5,603)</u>
Change in cash and cash equivalents	<u>(530,288)</u>	<u>(461,425)</u>	<u>(991,713)</u>
Cash and cash equivalents			
Beginning of year	<u>179,193</u>	<u>(261,288)</u>	<u>(82,095)</u>
End of year	<u>\$ (351,095)</u>	<u>\$ (722,713)</u>	<u>\$ (1,073,808)</u>
Cash and cash equivalents classified as:			
Equity in pooled cash and investments	\$ 2,255,579	\$ 2,111,674	\$ 4,367,253
Less: investments not meeting definition of cash equivalents	(2,606,674)	(2,834,387)	(5,441,061)
	<u>\$ (351,095)</u>	<u>\$ (722,713)</u>	<u>\$ (1,073,808)</u>
Reconciliation of operating loss to net cash used in operating activities			
Operating income (loss)	\$ 105,808	(1,646)	\$ 104,162
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Depreciation	-	647	647
Miscellaneous	-	-	-
Change in assets and liabilities:			
Accounts receivable	(20,368)	-	(20,368)
Deferred outflows related to pensions	-	(43,135)	(43,135)
Accounts payable and contracts payable	(89,074)	8,105	(80,969)
Accrued liabilities	-	(985)	(985)
Accrued compensated absences	-	1,400	1,400
Claims payable	-	(459,000)	(459,000)
Net pension liability	-	32,779	32,779
Total adjustments	<u>(109,442)</u>	<u>(460,189)</u>	<u>(569,631)</u>
Net cash used in operating activities	<u>\$ (3,634)</u>	<u>\$ (461,835)</u>	<u>\$ (465,469)</u>

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

YEAR ENDED SEPTEMBER 30, 2015

	<u>Balance</u> <u>October 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>September 30, 2015</u>
<i>Health and Life Insurance Fund</i>				
Assets				
Cash and cash equivalents	\$ -	\$ 4,547,601	\$ (4,547,601)	\$ -
Liabilities				
Accounts payable	\$ -	\$ 4,547,601	\$ (4,547,601)	\$ -
<i>Retirement Premium Assistance Fund</i>				
Assets				
Cash and cash equivalents	\$ -	\$ 1,137,829	\$ (1,137,829)	\$ -
Liabilities				
Escrow	\$ -	\$ 1,137,829	\$ (1,137,829)	\$ -
<i>Total All Agency Funds</i>				
Assets				
Cash and cash equivalents	\$ -	\$ 5,685,430	\$ (5,685,430)	\$ -
Liabilities				
Accounts payable	\$ -	\$ 4,547,601	\$ (4,547,601)	\$ -
Escrow	-	1,137,829	(1,137,829)	-
Total liabilities	\$ -	\$ 5,685,430	\$ (5,685,430)	\$ -

STATISTICAL SECTION

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CITY OF VERO BEACH, FLORIDA

STATISTICAL SECTION

Statistical Section

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

Contents

Financial Trends (Tables 1-4)

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

Revenue Capacity (Tables 5-10)

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

Debt Capacity (Tables 11-14)

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

Economic and Demographic Information (Tables 15-17)

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

Operating Information (Tables 18-19)

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

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental Activities				
Net investment in capital assets	\$ 35,672,967	\$ 28,542,240	\$ 29,631,269	\$ 29,908,083
Restricted	5,088,640	5,400,588	5,165,879	4,600,854
Unrestricted	<u>(22,913,106) (1)</u>	<u>(4,475,195)</u>	<u>(2,216,098)</u>	<u>(402,043)</u>
Total Governmental Activities Net Position	<u>\$ 17,848,501</u>	<u>\$ 29,467,633</u>	<u>\$ 32,581,050</u>	<u>\$ 34,106,894</u>
Business-Type Activities				
Net investment in capital assets	\$ 161,203,319	\$ 170,783,743	\$ 177,072,568	\$ 171,182,649
Restricted	2,000,000	2,000,000	2,000,000	2,000,000
Unrestricted	<u>42,128,961 (2)</u>	<u>50,692,532</u>	<u>47,424,788</u>	<u>50,423,511</u>
Total Business-Type Activities Net Position	<u>\$ 205,332,280</u>	<u>\$ 223,476,275</u>	<u>\$ 226,497,356</u>	<u>\$ 223,606,160</u>
Primary Government				
Net investment in capital assets	\$ 196,876,287	\$ 199,325,983	\$ 206,703,837	\$ 201,090,732
Restricted	7,088,640	7,400,588	7,165,879	6,600,854
Unrestricted	<u>19,215,854</u>	<u>46,217,337</u>	<u>45,208,690</u>	<u>50,021,468</u>
Total Primary Government Net Position	<u>\$ 223,180,781</u>	<u>\$ 252,943,908</u>	<u>\$ 259,078,406</u>	<u>\$ 257,713,054</u>

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

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

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

2011	2010	2009	2008	2007	2006
\$ 28,499,031	\$ 26,837,755	\$ 22,195,840	\$ 20,349,914	\$ 19,864,110	\$ 18,808,203
5,028,407	6,171,920	8,564,965	9,219,045	8,780,723	9,616,102
4,227,519	9,458,667	10,369,274	12,171,672	13,925,562	10,578,652
<u>\$ 37,754,957</u>	<u>\$ 42,468,342</u>	<u>\$ 41,130,079</u>	<u>\$ 41,740,631</u>	<u>\$ 42,570,395</u>	<u>\$ 39,002,957</u>
\$ 174,571,428	\$ 174,465,006	\$ 170,554,819	\$ 156,249,140	\$ 155,765,991	\$ 142,603,896
2,000,000	2,000,000	2,000,000	2,800,000	2,800,000	2,800,000
46,207,638	44,343,955	28,152,936	34,276,978	35,693,641	36,048,628
<u>\$ 222,779,066</u>	<u>\$ 220,808,961</u>	<u>\$ 200,707,755</u>	<u>\$ 193,326,118</u>	<u>\$ 194,259,632</u>	<u>\$ 181,452,524</u>
\$ 203,070,461	\$ 201,302,761	\$ 192,750,659	\$ 176,599,054	\$ 175,630,101	\$ 161,412,099
7,028,407	8,171,920	10,564,965	12,019,045	11,580,723	12,416,102
50,435,155	53,802,622	38,522,210	46,448,650	49,619,203	46,627,280
<u>\$ 260,534,023</u>	<u>\$ 263,277,303</u>	<u>\$ 241,837,834</u>	<u>\$ 235,066,749</u>	<u>\$ 236,830,027</u>	<u>\$ 220,455,481</u>

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

	2015	2014	2013	2012
<u>Program Revenues</u>				
Governmental activities:				
Charges for Services:				
General Government	\$ 3,120,124	\$ 3,023,348	\$ 3,209,874	\$ 3,322,533
Public Safety	194,385	174,406	177,152	166,584
Physical Environment	194,881	164,918	170,416	127,392
Culture/Recreation	509,375	-	-	-
Operating Grants and Contributions	513,190	635,643	519,600	527,612
Capital Grants and Contributions	91,742	179,446	282,007	82,739
Total Governmental Activities Program Revenues	<u>4,623,697</u>	<u>4,177,761</u>	<u>4,359,049</u>	<u>4,226,860</u>
Business-Type Activities:				
Charges for Services:				
Electric System	92,830,617	93,252,348	90,957,716	86,941,142
Water and Sewer System	16,029,976	15,665,556	15,482,251	17,312,617
Municipal Airport	2,514,581	2,442,121	2,303,092	2,310,893
Municipal Marina	1,546,143	1,684,381	1,720,499	1,715,912
Solid Waste	2,740,889	2,705,412	2,586,679	2,487,424
Recreation	- (1)	579,465	564,041	561,910
Operating Grants and Contributions	-	44,794	-	-
Capital Grants and Contributions	1,271,305	2,605,464	2,209,793	1,199,221
Total Business-Type Activities Program Revenues	<u>116,933,511</u>	<u>118,979,541</u>	<u>115,824,071</u>	<u>112,529,119</u>
Total Program Revenues	<u>\$ 121,557,208</u>	<u>\$ 123,157,302</u>	<u>\$ 120,183,120</u>	<u>\$ 116,755,979</u>
<u>Expenses</u>				
Governmental activities:				
General Government	\$ 9,237,771	\$ 10,889,683	\$ 12,037,462	\$ 9,797,132
Public Safety	7,498,780	7,491,964	7,454,292	7,585,350
Physical Environment	193,287	197,150	171,260	155,472
Transportation	3,835,253	2,151,441	2,325,155	2,479,329
Culture and Recreation	4,735,272	1,824,566	1,781,225	866,935
Interest and Fiscal Charges	249,296	257,600	253,000	620,728
Total Governmental Activities Expenses	<u>25,749,659</u>	<u>22,812,404</u>	<u>24,022,394</u>	<u>21,504,946</u>
Business-Type Activities:				
Electric System	84,536,494	84,916,435	84,658,883	81,518,083
Water and Sewer System	13,133,789	13,213,332	13,437,853	14,787,816
Municipal Airport	3,314,122	3,072,287	3,180,768	3,133,745
Municipal Marina	1,340,805	1,508,790	1,646,038	1,701,291
Solid Waste	2,287,153	2,266,298	2,116,377	2,301,788
Recreation	- (1)	2,659,264	2,495,572	3,336,862
Total Business-Type Activities Expenses	<u>104,612,363</u>	<u>107,636,406</u>	<u>107,535,491</u>	<u>106,779,585</u>
Total Expenses	<u>\$ 130,362,022</u>	<u>\$ 130,448,810</u>	<u>\$ 131,557,885</u>	<u>\$ 128,284,531</u>

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

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

	2011	2010	2009	2008	2007	2006
\$	3,249,020	\$ 3,433,293	\$ 3,482,547	\$ 3,530,467	\$ 3,536,054	\$ 3,500,962
	129,944	135,453	144,526	157,792	172,443	154,676
	92,702	110,949	124,607	146,996	90,385	205,923
	-	-	-	-	-	-
	-	3,785	9,195	306,748	8,946	-
	88,014	1,342,451	668,420	586,685	465,201	240,905
	<u>3,559,680</u>	<u>5,025,931</u>	<u>4,429,295</u>	<u>4,728,688</u>	<u>4,273,029</u>	<u>4,102,466</u>
	84,281,650	99,446,208	104,432,117	98,489,596	92,099,204	94,264,554
	18,434,117	17,157,092	15,364,272	14,392,131	15,310,166	15,148,429
	2,592,932	2,685,178	2,681,794	2,624,696	2,406,034	2,169,832
	1,647,314	1,540,091	1,522,730	1,652,540	1,291,337	1,341,631
	2,498,231	2,451,665	2,390,865	2,433,243	2,278,265	2,236,082
	562,592	576,807	580,649	620,170	664,053	681,444
	177,937	317,745	825,373	356,208	26,953	745,907
	2,585,075	5,513,352	1,214,759	4,274,250	4,959,499	3,847,988
	<u>112,779,848</u>	<u>129,688,138</u>	<u>129,012,559</u>	<u>124,842,834</u>	<u>119,035,511</u>	<u>120,435,867</u>
\$	<u>116,339,528</u>	<u>\$ 134,714,069</u>	<u>\$ 133,441,854</u>	<u>\$ 129,571,522</u>	<u>\$ 123,308,540</u>	<u>\$ 124,538,333</u>
\$	12,958,247	\$ 8,999,861	\$ 9,758,981	\$ 11,452,290	\$ 8,771,513	\$ 8,106,685
	7,776,116	8,154,065	8,194,248	8,094,139	8,132,778	7,514,267
	133,192	176,820	190,891	185,442	180,112	181,309
	2,652,809	2,901,749	3,030,214	3,374,155	2,832,720	3,022,822
	807,693	1,344,264	916,770	923,899	878,329	863,708
	528,045	570,752	612,897	453,842	647,535	603,007
	<u>24,856,102</u>	<u>22,147,511</u>	<u>22,704,001</u>	<u>24,483,767</u>	<u>21,442,987</u>	<u>20,291,798</u>
	81,241,261	80,438,637	92,310,015	96,414,156	78,972,447	82,460,581
	15,390,337	14,587,327	15,240,453	16,400,519	14,806,983	13,876,550
	3,086,270	3,064,701	2,966,218	2,753,855	2,537,191	2,447,632
	1,717,969	1,602,132	1,548,029	1,754,468	1,285,844	1,314,617
	2,268,793	2,407,124	2,503,471	2,493,815	2,371,283	2,399,373
	3,462,899	3,646,095	3,976,091	4,125,518	4,260,534	4,198,959
	<u>107,167,529</u>	<u>105,746,016</u>	<u>118,544,277</u>	<u>123,942,331</u>	<u>104,234,282</u>	<u>106,697,712</u>
\$	<u>132,023,631</u>	<u>\$ 127,893,527</u>	<u>\$ 141,248,278</u>	<u>\$ 148,426,098</u>	<u>\$ 125,677,269</u>	<u>\$ 126,989,510</u>

Continued

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

	2015	2014	2013	2012
<u>Net (Expense)/Revenue</u>				
Governmental activities	\$ (21,125,662)	\$ (18,634,643)	\$ (19,663,345)	\$ (17,278,086)
Business-Type Activities	12,321,148	11,343,135	8,288,580	5,749,534
Total Primary Government Net Expense	<u>\$ (8,804,514)</u>	<u>\$ (7,291,508)</u>	<u>\$ (11,374,765)</u>	<u>\$ (11,528,552)</u>
<u>General Revenues and Other Changes in Net Position</u>				
Governmental activities:				
Property Taxes, Levied for General Purposes	\$ 4,335,449	\$ 4,189,203	\$ 4,115,113	\$ 4,245,008
Sales and gas taxes	2,525,140	2,558,056	2,234,588	2,225,963
Utility Taxes	3,321,721	3,413,665	3,492,793	3,438,308
Intergovernmental revenue: state revenue sharing	1,645,349	1,607,641	1,525,146	1,478,492
Investment Earnings	228,767	89,954	46,097	216,447
Other revenues	94,948	144,557	121,400	117,811
Transfers	6,656,986	5,147,454	5,236,999	4,678,934
Total Governmental Activities	<u>18,808,360</u>	<u>17,150,530</u>	<u>16,772,136</u>	<u>16,400,963</u>
Business-Type Activities:				
Investment Earnings	296,383	126,448	68,290	220,054
Other revenues	(177,305)	(1,134,393)	270,430	223,142
Transfers	(6,656,986)	(5,147,454)	(5,236,999)	(4,678,934)
Total Business-Type Activities	<u>(6,537,908)</u>	<u>(6,155,399)</u>	<u>(4,898,279)</u>	<u>(4,235,738)</u>
Total general revenues	<u>\$ 12,270,452</u>	<u>\$ 10,995,131</u>	<u>\$ 11,873,857</u>	<u>\$ 12,165,225</u>
<u>Changes in net position before extraordinary item</u>				
Governmental activities:	\$ (2,317,302)	\$ (1,484,113)	\$ (2,891,209)	\$ (877,123)
Business-Type Activities:	5,783,240	5,187,736	3,390,301	1,513,796
<u>Extraordinary Item</u>				
Governmental activities - Release of settlement reserve	\$ -	\$ -	\$ 1,471,137	\$ -
<u>Changes in Net Position</u>				
Governmental activities:	\$ (2,317,302)	\$ (1,484,113)	\$ (1,420,072)	\$ (877,123)
Business-Type Activities:	5,783,240	5,187,736	3,390,301	1,513,796
Total Primary Government Change in Net Position	<u>\$ 3,465,938</u>	<u>\$ 3,703,623</u>	<u>\$ 1,970,229</u>	<u>\$ 636,673</u>

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

2011	2010	2009	2008	2007	2006
\$ (21,296,422)	\$ (17,121,580)	\$ (18,274,706)	\$ (19,755,079)	\$ (17,169,958)	\$ (16,189,332)
5,612,319	23,942,122	10,468,281	900,503	14,801,229	13,738,155
<u>\$ (15,684,103)</u>	<u>\$ 6,820,542</u>	<u>\$ (7,806,425)</u>	<u>\$ (18,854,576)</u>	<u>\$ (2,368,729)</u>	<u>\$ (2,451,177)</u>
\$ 4,238,150	\$ 4,716,695	\$ 5,021,184	\$ 5,344,705	\$ 5,703,827	\$ 4,968,621
2,829,121	2,825,674	2,993,549	3,404,030	3,569,353	3,881,487
3,463,808	3,558,582	3,744,719	3,792,531	3,895,906	4,050,240
1,558,925	1,547,006	1,578,507	1,723,664	1,855,287	2,002,735
298,044	542,431	602,859	1,147,970	1,588,859	1,256,350
54,178	3,806	14,424	32,416	147,374	221,942
4,140,811	4,440,568	3,708,912	3,479,999	3,976,790	4,460,863
<u>16,583,037</u>	<u>17,634,762</u>	<u>17,664,154</u>	<u>18,925,315</u>	<u>20,737,396</u>	<u>20,842,238</u>
355,413	388,308	481,109	1,224,617	1,779,430	1,233,195
143,184	211,344	141,159	421,365	203,238	1,220,678
(4,140,811)	(4,440,568)	(3,708,912)	(3,479,999)	(3,976,790)	(4,460,863)
<u>(3,642,214)</u>	<u>(3,840,916)</u>	<u>(3,086,644)</u>	<u>(1,834,017)</u>	<u>(1,994,122)</u>	<u>(2,006,990)</u>
<u>\$ 12,940,823</u>	<u>\$ 13,793,846</u>	<u>\$ 14,577,510</u>	<u>\$ 17,091,298</u>	<u>\$ 18,743,274</u>	<u>\$ 18,835,248</u>
\$ (4,713,385)	\$ 513,182	\$ (610,552)	\$ (829,764)	\$ 3,567,438	\$ 4,652,906
1,970,105	20,101,206	7,381,637	(933,514)	12,807,107	11,731,165
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ (4,713,385)	\$ 513,182	\$ (610,552)	\$ (829,764)	\$ 3,567,438	\$ 4,652,906
1,970,105	20,101,206	7,381,637	(933,514)	12,807,107	11,731,165
<u>\$ (2,743,280)</u>	<u>\$ 20,614,388</u>	<u>\$ 6,771,085</u>	<u>\$ (1,763,278)</u>	<u>\$ 16,374,545</u>	<u>\$ 16,384,071</u>

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund				
Nonspendable				
Inventories	\$ 152,542	\$ 142,414	\$ 163,813	\$ 166,727
Restricted for:				
Encumbrances	-	-	-	-
Physical environment	3,521	3,063	2,742	2,128
Unassigned	<u>9,847,661</u>	<u>9,420,477</u>	<u>8,927,984</u>	<u>7,643,813</u>
Total General Fund	<u>10,003,724</u>	<u>9,565,954</u>	<u>9,094,539</u>	<u>7,812,668</u>
All Other Governmental Funds				
Restricted				
Debt service	\$ -	\$ -	\$ -	\$ -
Public safety	30,100	30,763	34,777	49,183
Culture & recreation	871,255	903,189	900,833	927,148
Physical environment	4,187,285	4,466,636	4,230,269	3,622,395
Unassigned	<u>(66,293)</u>	<u>(88,058)</u>	<u>(82,783)</u>	<u>(105,954)</u>
Total All Other Governmental Funds	<u>5,022,347</u>	<u>5,312,530</u>	<u>5,083,096</u>	<u>4,492,772</u>
Total Governmental Funds	<u>\$ 15,026,071</u>	<u>\$ 14,878,484</u>	<u>\$ 14,177,635</u>	<u>\$ 12,305,440</u>

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

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

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 135,474	\$ 155,984	\$ 180,971	\$ 113,537	\$ 140,628	\$ 128,095
19,536	19,535	22,140	50,137	50,137	113,422
2,000	-	-	-	-	-
<u>7,726,170</u>	<u>8,286,607</u>	<u>8,571,791</u>	<u>9,781,447</u>	<u>9,666,553</u>	<u>9,113,488</u>
<u>7,883,180</u>	<u>8,462,126</u>	<u>8,774,902</u>	<u>9,945,121</u>	<u>9,857,318</u>	<u>9,355,005</u>
\$ -	\$ 3,739	\$ 3,739	\$ 3,739	\$ 3,739	\$ 3,739
43,255	34,208	24,379	48,832	39,405	41,404
964,074	960,219	806,511	803,845	784,915	743,557
4,122,164	5,236,445	7,685,122	8,247,500	7,791,292	6,922,977
<u>(103,086)</u>	<u>(62,691)</u>	<u>45,214</u>	<u>115,129</u>	<u>161,372</u>	<u>304,417</u>
<u>5,026,407</u>	<u>6,171,920</u>	<u>8,564,965</u>	<u>9,219,045</u>	<u>8,780,723</u>	<u>8,016,094</u>
<u>\$ 12,909,587</u>	<u>\$ 14,634,046</u>	<u>\$ 17,339,867</u>	<u>\$ 19,164,166</u>	<u>\$ 18,638,041</u>	<u>\$ 17,371,099</u>

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

	2015	2014	2013	2012
<u>Revenues</u>				
Taxes	\$ 10,344,495	\$ 10,320,454	\$ 10,002,824	\$ 10,008,688
Licenses and permits	141,970	128,494	143,097	138,185
Intergovernmental	2,144,791	2,148,831	2,044,746	2,051,908
Special assessments	2,186	3,420	3,631	11,516
Grants	103,990	273,850	278,376	71,223
Charges for services	3,286,376	2,846,518	3,045,522	3,131,087
Fines and forfeitures	147,881	138,627	118,992	112,523
Investment earnings	182,099	66,746	33,809	174,841
Rental	274,493	89,501	89,501	89,501
Miscellaneous	80,673	143,276	121,400	118,336
Total Revenues	16,708,954	16,159,717	15,881,898	15,907,808
<u>Expenditures</u>				
Current:				
General government	6,928,971	6,646,807	6,722,124	6,940,344
Public safety	7,154,142	7,261,340	7,215,246	7,335,551
Physical environment	174,602	170,195	147,408	130,280
Transportation	2,182,186	1,956,491	2,080,976	2,291,290
Culture and recreation	3,905,673	1,756,644	1,750,289	827,972
Debt Service:				
Principal	1,634,857	1,368,021	516,402	1,965,190
Interest and Fiscal Charges	249,296	257,600	253,000	620,728
Capital outlay	2,733,758	1,189,224	927,595	1,329,616
Total Expenditures	24,963,485	20,606,322	19,613,040	21,440,971
Excess of Revenues Over (Under) Expenditures	(8,254,531)	(4,446,605)	(3,731,142)	(5,533,163)
<u>Other Financing Sources (Uses)</u>				
Capital Contributions	1,500	-	-	-
Transfers in	10,104,049	9,448,012	8,892,541	17,298,437
Transfers out	(2,926,422)	(4,300,558)	(3,467,864)	(12,431,825)
Proceeds from sale of capital assets	14,275	-	-	-
Payments to refunded bond escrow agent	-	-	-	(5,827,724)
Debt Proceeds	1,228,001	-	178,788	5,890,000
Total Other Financing Sources (Uses)	8,421,403	5,147,454	5,603,465	4,928,888
Net Change in Fund Balances	\$ 166,872	\$ 700,849	\$ 1,872,323	\$ (604,275)
Debt Service as a Percentage of Noncapital Expenditures	8.5%	8.4%	4.1%	12.9%

(1) The \$12,115,751 increase is the result of refinancing general government debt from variable to fixed interest rates.

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

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

2011	2010	2009	2008	2007	2006
\$ 10,163,606	\$ 10,749,610	\$ 11,249,507	\$ 11,864,273	\$ 12,395,977	\$ 12,137,290
106,574	3,174,684	3,274,316	3,319,532	3,267,211	3,368,375
2,106,289	35,338	38,592	31,706	47,938	76,592
22,864	96,815	103,749	132,180	131,248	134,751
87,707	2,257,828	2,438,026	2,753,179	3,076,048	2,973,507
2,988,790	412,287	429,315	760,055	1,041,718	831,255
106,210	111,028	96,682	86,035	203,249	190,717
61,684	1,176,255	489,270	316,892	26,169	1,485,980
221,525	126,716	121,697	115,056	310,023	268,034
90,201	90,650	90,400	90,400	90,400	90,401
<u>15,955,450</u>	<u>18,231,211</u>	<u>18,331,554</u>	<u>19,469,308</u>	<u>20,589,981</u>	<u>21,556,902</u>
7,115,755	7,304,070	7,817,057	8,003,090	8,349,624	7,798,819
7,463,952	7,779,188	7,946,503	7,928,561	7,769,090	7,196,113
133,192	176,820	190,891	185,442	180,112	181,309
2,483,447	2,767,901	2,869,593	3,195,291	2,666,076	2,879,104
758,802	846,206	884,577	875,843	835,943	827,191
1,133,960	1,096,335	1,047,541	12,462,000 (1)	898,000	831,000
528,045	570,752	612,897	453,842	647,535	603,006
2,203,566	4,836,328	2,495,706	1,836,970	1,953,449	11,727,979
<u>21,820,719</u>	<u>25,377,600</u>	<u>23,864,765</u>	<u>34,941,039</u>	<u>23,299,829</u>	<u>32,044,521</u>
<u>(5,865,269)</u>	<u>(7,146,389)</u>	<u>(5,533,211)</u>	<u>(15,471,731)</u>	<u>(2,709,848)</u>	<u>(10,487,619)</u>
-	-	-	402,104	-	-
10,553,456	11,884,520	10,296,500	20,589,003	8,860,235	8,658,488
(6,412,645)	(7,443,952)	(6,587,588)	(17,109,002)	(4,883,445)	(4,197,625)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	12,115,751 (1)	-	-
<u>4,140,811</u>	<u>4,440,568</u>	<u>3,708,912</u>	<u>15,997,856</u>	<u>3,976,790</u>	<u>4,460,863</u>
<u>\$ (1,724,458)</u>	<u>\$ (2,705,821)</u>	<u>\$ (1,824,299)</u>	<u>\$ 526,125</u>	<u>\$ 1,266,942</u>	<u>\$ (6,026,756)</u>
8.5%	8.1%	7.8%	39.0% (2)	7.2%	7.1%

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Utility Tax</u>	<u>Sales Tax</u>	<u>Communications Tax</u>	<u>Gas Tax</u>	<u>Total</u>
2006	4,969	2,478	2,526	1,572	593	12,137
2007	5,703	2,454	2,275	1,442	521	12,395
2008	5,345	2,372	2,095	1,420	454	11,686
2009	5,021	2,291	1,866	1,453	456	11,088
2010	4,717	2,226	1,818	1,332	466	10,559
2011	4,238	2,138	1,835	1,326	447	9,984
2012	4,245	2,155	1,710	1,284	470	9,863
2013	4,115	2,104	1,794	1,388	440	9,841
2014	4,189	2,182	2,066	1,231	492	10,160
2015	4,335	2,210	2,017	1,112	508	10,182

CITY OF VERO BEACH, FLORIDA

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS (TABLE 6) - UNAUDITED**

Fiscal Year (1)	Real Property	Personal Property	Less: Real Property Exemption	Total Taxable Assessed Value	Total Direct Tax Rate	Total Estimated Actual Taxable Value
2006	\$ 3,073,240	\$ 172,189	\$ 1,003,530	\$ 2,241,899	2.29250	\$ 2,802,374 (2)
2007	3,857,608	166,718	1,266,312	2,758,014	2.14250	3,447,518 (2)
2008	3,788,563	161,519	1,092,866	2,857,215	1.93670	3,571,519 (2)
2009	3,598,746	150,714	1,073,828	2,675,631	1.93670	3,344,539 (2)
2010	3,289,288	189,067	972,856	2,505,500	1.93670	3,131,875 (2)
2011	2,879,538	171,206	793,714	2,257,030	1.93670	2,821,288 (2)
2012	2,712,834	147,293	704,412	2,155,716	2.03360	2,694,645 (2)
2013	2,598,970	139,189	644,906	2,093,254	2.03360	2,640,821
2014	2,658,073	147,307	678,888	2,126,492	2.03360	2,677,414
2015	2,784,816	142,220	719,444	2,207,592	2.03360	2,927,202

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

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

Source: Indian River County Property Appraiser

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

Fiscal Year	Total Direct & Overlapping Rates	OVERLAPPING RATES (1)					
		City of Vero Beach	Indian River County	School District	Emergency Services District	Indian River Memorial Hospital	Special Districts
2006	17.6118	2.2925	3.5204	8.2400	1.9911	0.6629	0.9049
2007	16.2715	2.1425	3.1914	7.4430	1.7639	0.6149	1.1158
2008	15.8925	1.9367	3.0202	7.5381	1.7201	0.6192	1.0582
2009	15.6062	1.9367	3.0689	7.0400	1.7148	0.7560	1.0898
2010	16.3637	1.9367	3.0892	7.5960	1.7148	0.9471	1.0799
2011	17.0533	1.9367	3.0892	8.2500	1.7148	0.9386	1.1240
2012	17.0915	2.0336	3.0892	8.2440	1.7148	0.9386	1.0713
2013	17.1040	2.0336	3.0892	8.3029	1.7148	0.9386	1.0249
2014	17.3707	2.0336	3.2620	8.1160	1.9799	0.9698	1.0094
2015	17.3156	2.0336	3.3375	7.9950	1.9799	0.9899	0.9797

Source: Indian River County Property Appraiser

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

CITY OF VERO BEACH, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
YEAR 2015 AND YEAR 2006 (TABLE 8) - UNAUDITED

2015			
TAXPAYER	Taxable	Rank	Percentage of
	Assessed		Total Taxable
	Value		Assessed Value
New Piper Aircraft Inc	\$ 22,518	1	1.02%
Bellsouth Telecommunications	10,042	2	0.45%
Ocean Drive at Vero Beach LLC	8,970	3	0.41%
IRT Partners LP	8,902	4	0.40%
Flamevine Properties LLC	8,876	5	0.40%
Quail Valley LLC	7,855	6	0.36%
Cabana Beach Hotel & Resort	7,850	7	0.36%
Riomar Country Club	7,281	8	0.33%
202 Eddy Bldg Inc	7,225	9	0.33%
Indian River Plaza LLC	7,072	10	0.32%
Total Principal Property Taxpayers	<u>\$ 96,592</u>		
Total Taxable Assessed Value	<u>\$ 2,207,592</u>		

2006			
TAXPAYER	Taxable	Rank	Percentage of
	Assessed		Total Taxable
	Value		Assessed Value
New Piper Aircraft Corp.	\$ 31,327	1	1.40%
Bellsouth	15,822	2	0.71%
Sandler at Pinecrest, LLC	14,384	3	0.64%
Ocean Drive at vero Beach LLC	13,000	4	0.58%
Anthony F. Balzebre (TRS)	11,593	5	0.52%
IRT Partner LP	9,953	6	0.44%
Molesta, Thomas & Gail	9,869	7	0.44%
Van Busch, Patria (TR)	9,791	8	0.44%
Quail Valley LLC	9,643	9	0.43%
Flight Safety International Inc	9,560	10	0.43%
Total Principal Property Taxpayers	<u>\$ 134,942</u>		
Total Taxable Assessed Value	<u>\$ 2,241,899</u>		

Source: Indian River County Property Appraiser

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2006	\$ 5,140	\$ 4,942	96.1%	\$ -	\$ 4,942	96.1%
2007	5,913	5,707	96.5%	(2.74)	5,704	96.5%
2008	5,533	5,345	96.6%	(8.31)	5,336	96.4%
2009	5,182	5,018	96.8%	2.72	5,021	96.9%
2010	4,852	4,715	97.2%	2.77	4,717	97.2%
2011	4,371	4,233	96.8%	4.32	4,237	96.9%
2012	4,384	4,246	96.9%	0.90	4,247	96.9%
2013	4,257	3,994	93.8%	121.00	4,115	96.7%
2014	4,330	4,099	94.7%	90.31	4,189	96.7%
2015	4,504	4,262	94.6%	73.13	4,335	96.3%

Source: Indian River County Property Appraiser and Tax Collector

CITY OF VERO BEACH, FLORIDA
PRINCIPAL PAYERS OF ELECTRIC AND WATER SERVICE
FISCAL YEAR 2015 (TABLE 10) - UNAUDITED

Ten Largest Electric Users - Fiscal Year 2015

	Customer	Kwh Usage	Kwh Revenue	Percentage of Total Sales
1	IR Memorial Hospital	22,428,764	\$ 2,901,662	3.10%
2	Piper Aircraft	16,625,199	1,783,386	1.91%
3	Wal-Mart/Sams	10,110,152	1,108,861	1.18%
4	Vero Beach High School	9,484,149	1,102,492	1.18%
5	Publix Stores	8,610,287	948,743	1.01%
6	Indian River Mall	7,449,496	850,417	0.91%
7	John's Island Club	5,492,795	638,136	0.68%
8	IRC Sheriff Dept	4,702,868	525,021	0.56%
9	AT&T / Bellsouth	4,139,673	487,003	0.52%
10	Treasure Coast Rehab	3,520,249	387,383	0.41%
Total Principal Users of Electric Service		92,563,632	\$ 10,733,105	11.46%

Ten Largest Water Users - Fiscal Year 2015

	Customer	Gallon Usage	Water Revenue*	Percentage of Total Sales
1	I R Memorial Hospital	33,909,000	\$ 229,605	3.30%
2	The New Piper Aircraft	25,560,000	72,996	1.05%
3	Johns Island	13,762,000	86,100	1.24%
4	Cabana Beach Hotel & Resort	8,910,000	25,880	0.37%
5	Los Angles Dodgers / MILB	8,332,000	26,608	0.38%
6	VB High School	8,259,000	27,726	0.40%
7	Driftwood Resort	8,002,000	22,709	0.33%
8	Flight Saftey	7,033,000	22,882	0.33%
9	Moorings Development Co	5,877,000	28,186	0.33%
10	Village Spires Condo Assoc	5,186,000	20,122	0.29%
Total Principal Users of Water Service		124,830,000	\$ 562,814	8.02%

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

CITY OF VERO BEACH, FLORIDA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS, IN THOUSANDS (TABLE 11) - UNAUDITED

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government
	Infrastructure Loans	Capital Lease-Purchase	Capital Improvement & Revenue Notes	(1) Per Capita	Electric Revenue Bonds	Water and Sewer Revenue Bonds	Capital Improvement & Revenue Notes	(2) Per Capita	
2006	7,640	-	9,675	968	61,650	13,325	11,000	1,508	103,290
2007	7,097	-	9,320	917	59,110	12,725	10,534	1,445	98,786
2008	-	-	16,071 (3)	898	56,325	-	27,736 (3)	1,475	100,132
2009	-	-	15,023	841	53,325	-	26,733	1,405	95,081
2010	-	-	13,927	915	50,175	-	35,500 (4)	1,503	99,602
2011	-	-	12,793	841	46,900	-	34,238	1,423	93,931
2012	-	-	10,890	711	43,475	-	32,278	1,329	86,643
2013	-	-	10,552	680	39,900	-	27,368	1,180	77,820
2014	-	89	9,095	592	36,175	-	22,432	1,028	67,791
2015	-	1,033	7,745	548	32,300	-	20,705	930	60,750

- (1) The City's population is used to compute per capita on governmental debt.
- (2) The City's service territory encompasses approximately 40 sq. miles inside and outside the city limits.
The utility service population of 57,000 is used to compute per capita on business-type debt.
- (3) The City refinanced its debt on loans and bonds from variable to fixed interest rates.
- (4) The City secured \$10,625,600 in State Revolving Fund Loans for Water & Sewer Capital Projects.

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

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

The City has no outstanding general obligation debt.

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

CITY OF VERO BEACH, FLORIDA

COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT, FISCAL YEAR 2015

(TABLE 13) - UNAUDITED

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Indian River County limited General Obligation Bonds, Series 2006	\$ 23,249,265	16.54%	\$ 3,844,598
Other Debt:			
Indian River County School District Certificates of Participation	113,923,171	16.54%	18,838,826
		Total Overlapping Debt	<u>22,683,424</u>
Series 2007 B Revenue Refunding Notes	5,000,000	100%	5,000,000
Series 2012A Refunding Revenue Note	970,000	100%	970,000
Series 2012 B Refunding Revenue Note	1,775,000	100%	1,775,000
Capital Lease Payable	1,032,509	100%	1,032,509
		Total Direct Debt	<u>8,777,509</u>
		Total Direct and Overlapping Debt	<u><u>\$ 31,460,933</u></u>

Source: Information on outstanding debt from Indian River County Comprehensive Annual Financial Report 2014 and Indian River County School Board Comprehensive Annual Financial Report 2015

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

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

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

Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage (3)
				Principal	Interest	Total	
2006	95,788	73,455	22,332	2,566	3,406	5,972	3.74
2007	93,554	70,072	23,482	2,838	3,056	5,894	3.98
2008	99,747	84,485	15,262	2,870	5,703	8,573	1.78
2009	105,250	83,069	22,182	3,422	2,870	6,292	3.53
2010	99,843	70,805	29,038	3,995	2,700	6,695	4.34
2011	84,544	71,929	12,615	4,155	2,539	6,694	1.88
2012	87,160	72,359	14,801	4,341	2,394	6,735	2.20
2013	91,106	75,564	15,542	4,529	2,143	6,672	2.33
2014	93,400	76,285	17,115	7,955	1,855	9,810	1.74
2015	93,122	76,100	17,022	3,889	1,585	5,474	3.11

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

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

(3) Coverage shown for all debt, including capital lease-purchases which do not have a specific coverage requirement.

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

Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2006	15,898	10,586	5,312	731	701	1,432	3.71
2007	15,568	11,566	4,003	768	646	1,414	2.83
2008	14,787	11,842	2,945	94	1,965	2,059	1.43
2009	15,511	11,907	3,604	435	638	1,073	3.36
2010	19,329	11,241	8,088	851	614	1,465	5.52
2011	18,589	11,567	7,022	1,454	888	2,342	3.00
2012	17,411	10,751	6,660	1,495	777	2,272	2.93
2013	15,545	9,511	6,034	1,468	635	2,103	2.87
2014	15,710	9,580	6,129	516	437	953	6.43
2015	16,178	9,523	6,655	1,529	388	1,917	3.47

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

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

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

Year	Vero Beach Population	Total (1) Personal Income (in thousands)	Per Capita Personal Income (1)	Unemployment Rate (2)
2006	17,895	7,002,160	54,045	4.2%
2007	17,895	7,810,408	59,419	5.8%
2008	17,889	7,669,062	57,107	8.2%
2009	17,855	7,610,327	56,303	13.6%
2010 (3)	15,220	6,534,146	47,689	14.0%
2011 (3)	15,222	6,736,286	48,726	13.6%
2012 (3)	15,318	7,080,348	50,977	12.6%
2013 (3)	15,527	7,429,653	52,855	8.6%
2014 (3)	15,989	7,731,263	54,448	7.9%
2015 (3)	16,017	9,139,102	63,140	7.2%

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

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

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

CITY OF VERO BEACH, FLORIDA
PRINCIPAL EMPLOYERS - INDIAN RIVER COUNTY
YEARS 2015 AND 2006 (TABLE 16) - UNAUDITED

Employer	2015		
	Number of Employees	Ranking	Percentage of Total County Employment
School District of Indian River County	2,113	1	3.74%
Indian River Medical Center	1,753	2	3.10%
Indian River County	1,328	3	2.35%
Publix Supermarkets	1,250	4	2.21%
New Piper Aircraft, Inc	850	5	1.50%
Wal-Mart	693	6	1.23%
Sebastian River Medical Center	569	7	1.01%
John's Island	526	8	0.93%
Visiting Nurse Association	399	9	0.71%
City of Vero Beach	391	10	0.69%
Total Principal Employers	9,872		17.45%
Total County Employees	56,570		
Employer	2006		
	Number of Employees		Percentage of Total County Employment
School District of Indian River County	2,106		3.72%
Indian River Memorial Hospital	1,549		2.73%
The New Piper Aircraft	974		1.72%
Publix Supermarkets	950		1.68%
Indian River County	945		1.67%
IR County Constitutional Offices	99		0.17%
City of Vero Beach	600		1.06%
Sebastian River Medical Center	525		0.93%
IR County Sheriffs Department	484		0.85%
John's Island	475		0.84%
Total Principal Employers	8,707		15.37%
Total County Employees	56,664		

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

CITY OF VERO BEACH, FLORIDA

**FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (TABLE 17) – UNAUDITED**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Governmental Activities</u>										
General Government										
City Clerk	5	4	4	4	4	4	5	5	5	5
City Manager	2	2	2	2	2	3	3	3	3	3
City Attorney	3	3	4	4	4	4	4	4	4	4
Human Resources	2	2	2	3	3	3	3	3	4	5
Finance	23	22	24	24	28	28	30	31	34	34
Planning & Development	6	6	7	7	8	9	9	9	10	9
Fleet Management	8	8	9	9	10	10	11	11	11	11
Facilities Management	7	7	7	8	10	11	12	12	12	12
Geographical Information Systems	2	2	3	3	3	3	3	3	3	3
Risk Management	2	2	2	3	3	3	3	3	3	3
Public Safety	72	72	74	76	86	88	88	88	89	89
Physical Environment	1	1	1	1	1	3	3	3	3	3
Transportation	24	24	29	34	40	44	47	47	50	52
Culture & Recreation	46	30	33	34	35	36	39	39	39	39
Total	203	185	201	212	237	249	260	261	270	272
<u>Business-Type Activities</u>										
Electric System	101	106	107	108	113	113	119	120	118	110
Water and Sewer System	54	58	62	72	74	82	86	85	85	85
Municipal Airport	8	8	9	10	10	10	10	10	10	10
Municipal Marina	2	2	5	6	6	6	6	6	6	6
Solid Waste	23	23	24	26	27	29	29	29	29	29
Recreation	(1) -	16	17	17	17	19	24	24	25	25
Total	188	213	224	239	247	259	274	274	273	265
Citywide Totals:	391	398	425	451	484	508	534	535	543	537

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

Source: City of Vero Beach, Florida Annual Budgets

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

	2015	2014	2013	2012
<u>Function/Program</u>				
Public Safety				
Police Department				
Traffic Violations	2,757	2,349	3,209	1,459
Parking Tickets	1,517	1,589	1,484	2,024
Physical Arrests	676	617	529	724
Transportation				
Streets and Highways				
Miles Paved	-	-	-	-
Asphalt for road maintenance (tons)	1,134	1,217	33	377
Sidewalks Repaired & Constructed (sq. ft.)	10,062	12,039	24,971	35,100
Physical Environment				
Stormwater Ditches Maintained (miles) 4 x per year	12	12	12	12
Culture and Recreation				
Parks and Public Grounds (acreage maintained)	280	280	229	229
Electric System				
Customers	34,881	34,602	34,308	34,068
Residential Consumption (KW in 000s)	363,558	349,808	337,620	339,355
Commercial Consumption (KW in 000s)	344,425	339,867	336,932	346,042
Industrial Consumption (KW in 000s)	14,052	15,340	14,261	14,130
Water System				
Customers	23,039	22,964	22,624	22,435
Water Consumption (GAL in 000s)	1,373,600	1,320,004	1,318,175	1,380,994
Irrigation Water Consumption (GAL in 000s)	282,684	272,586	278,612	322,867
Reuse Water Consumption (GAL in 000s)	912,420	859,760	817,103	649,450
Solid Waste				
Customers	8,874	8,764	8,707	8,647
Refuse Collected (TONS)	16,462	16,139	15,928	15,872
Yard Trash Collected (TONS)	2,261	2,168	2,183	2,010
Recyclables Collected (TONS)	(1)	(1)	13	16

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

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

2011	2010	2009	2008	2007	2006
2,041	3,057	3,373	4,170	4,112	4,148
2,680	2,158	2,251	1,725	1,926	2,113
855	1,297	903	1,154	1,185	862
-	-	-	0.30	0.68	0.68
4,105	4,297	1,180	251	150	150
15,058	9,463	11,000	36,720	46,575	9,000
12	15	15	15	15	15
229	229	229	229	229	229
33,931	33,307	33,216	33,231	33,442	33,299
360,331	379,311	347,195	351,613	363,230	366,479
346,105	350,703	347,717	365,446	364,997	350,111
14,015	13,789	12,026	19,379	17,534	16,879
22,403	21,986	21,899	22,016	22,114	22,126
1,624,906	1,547,025	1,466,096	1,468,473	1,621,813	1,644,306
396,500	348,509	377,507	375,001	476,129	441,762
531,145	508,716	517,712	541,931	650,699	622,802
8,613	8,021	8,130	8,078	8,132	8,230
15,425	15,649	16,318	18,566	19,348	21,535
2,251	2,250	2,198	2,227	2,000	1,736
11	8	11	5	21	96

CITY OF VERO BEACH, FLORIDA

**CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (TABLE 19) – UNAUDITED**

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

CITY OF VERO BEACH, FLORIDA

CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS (TABLE 19) – UNAUDITED

2011	2010	2009	2008	2007	2006
1	1	1	1	1	1
36	44	41	41	41	41
108.00	108.00	108.00	108.00	108.00	108.00
69	69	30	30	30	30
12	12	15	15	15	15
17	17	17	17	17	17
7	7	7	7	7	7
119.000	119.000	119.000	119.000	119.000	119.000
38.000	38.000	38.000	38.000	38.000	38.000
290	290	274	274	274	274
11,967	11,967	11,967	11,967	11,967	11,967
1,231	1,160	1,025	1,025	1,025	1,025
13.80	13.80	13.80	13.80	13.80	13.80
132	132	123	123	123	123
63	63	48	48	48	48
2,660	2,660	2,660	2,660	2,660	2,660
4.50	4.50	4.50	4.50	4.50	4.50
12	12	12	12	12	12

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SINGLE AUDIT ACT COMPLIANCE

**Report of Independent Auditor on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vero Beach, Florida, (the "City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 28, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

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

Orlando, Florida
March 28, 2016

Report of Independent Auditor on Compliance for the Major Program and on Internal Control over Compliance Required by OMB Circular A-133

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

Report on Compliance for the Major Federal Program

We have audited the City of Vero Beach, Florida's (the "City's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2015. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Finding #2015-001. Our opinion on the major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Orlando, Florida
March 28, 2016

CITY OF VERO BEACH, FLORIDA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

FEDERAL / PASS-THROUGH ENTITY FEDERAL PROGRAM	CFDA#	DATE OF AWARD	PROJECT IDENTIFICATION NUMBER	PROGRAM AMOUNT	TOTAL EXPENDITURES
DEPARTMENT OF JUSTICE					
Bureau of Justice Assistance					
Bulletproof Vest Partnership Program	16.607	10/24/07	2010-BUBX10055011	9,348	8,564
Clandestine Recording Equipment	16.607	2/1/15	2015-JAGD-INRI-3-R1-069	3,595	3,595
DEPARTMENT OF TRANSPORTATION					
Federal Aviation Administration (FAA)					
Airport Improvement Program	20.106	9/24/13	3-12-0083-037-2013	544,103	344,902
Airport Improvement Program	20.106	9/16/13	3-12-0083-038-2014	1,691,120	2,219
Airport Improvement Program	20.106	8/15/12	3-12-0083-036-2012	179,190	15,115
Airport Improvement Program	20.106	8/21/15	3-12-0083-039-2015	244,140	160,161
TOTAL DEPARTMENT OF TRANSPORTATION					522,397
TOTAL EXPENDITURES OF FEDERAL AWARDS					\$ 534,556

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - ACCOUNTING POLICIES:

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

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CITY OF VERO BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS PROGRAMS

YEAR ENDED SEPTEMBER 30, 2015

Part I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes x no
 Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards Section

Internal control over major programs:

Material weakness(es) identified? yes x no
 Significant deficiency(ies) identified? yes x none reported

Type of auditor's report on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133? x yes no

CITY OF VERO BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS PROGRAMS

YEAR ENDED SEPTEMBER 30, 2015

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

Federal Awards Section (continued)

Identification of major federal program:

Name of Program	CFDA Number
Federal Aviation Administration Airport Improvement Program	20.106

Dollar threshold used to determine Type A programs:

Federal \$ 300,000

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

Part II - Schedule of Financial Statement Findings

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

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

CITY OF VERO BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS PROGRAMS

YEAR ENDED SEPTEMBER 30, 2015

Part III - Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major federal programs, as required to be reported by Section 510(a) of OMB Circular A-133.

FINDING #2015-001

U.S. Department of Transportation - CFDA 20.106 - Airport Improvement Program, passed through the Florida Department of Transportation; Project Numbers 3-12-0083-037-2013 and 3-12-0083-039-2015

Material Non-Compliance

Criteria: When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the lower tier entity (the vendor) is not suspended or debarred or otherwise excluded. As provided in Part 3 of OMB Circular A-133, this verification may be accomplished by checking the Excluded Parties List System maintained by the General Services Administration, collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.

Statement of Condition: The City is required to perform suspension and debarment testing as noted under the *Criteria* above. However, for this grant, two vendors selected for testing were not reviewed by the City for suspension and debarment.

Statement of Cause: The City does not have a process in place to ensure that suspension/debarment verifications are performed for professional services vendors on federal grants.

Possible Asserted Effect: The City is not in compliance with the above regulations, which require that a verification be conducted to ensure that all vendors paid for by federal funding are not suspended or debarred from such.

Questioned Costs: None.

Perspective Information: The City has routinely performed suspension/debarment verifications related to construction vendors on projects with federal funding. However, the City has not had a process in place to ensure the same verifications are made in regards to professional services (non-construction) vendors. Two large vendors were selected for suspension/debarment testing in the current year, and in both cases the City could not demonstrate that suspension/debarment verifications were performed. Most of the costs under this CFDA in the current year related to professional services from the two vendors selected and not construction; specifically, the Airport Master Plan and design work for rehabilitating a taxiway. A review of the Excluded Parties List System subsequent to year end denotes that neither vendor was suspended/debarred at the time the covered transactions were entered into.

Identification of Repeat Findings: This is not a repeat finding.

Recommendation: We recommend that the City ensure that professional services vendors, as well as construction vendors, be verified to ensure they are not suspended or debarred from doing such work via one of the three methods of suspension and debarment testing provided under the *Criteria* section above.

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

YEAR ENDED SEPTEMBER 30, 2015

Prior Audit Findings:

There were no audit findings in the prior year.

Corrective Action Plan:

The current year audit finding that requires corrective action is as follows:

FINDING #2015-001

U.S. Department of Transportation - CFDA 20.106 - Airport Improvement Program, passed through the Florida Department of Transportation; Project Numbers 3-12-0083-037-2013 and 3-12-0083-039-2015

Statement of Condition: The City is required to perform suspension and debarment testing as noted in "Criteria" above. However, for this grant, two vendors selected for testing were not reviewed by the City for suspension and debarment.

View of Responsible Officials: In order to demonstrate compliance with suspension/debarment testing for professional services contracts, the City has standardized its professional services bidding requirements to include a certification from the entity, consistent with the City's current bidding practices for construction contracts. The City will also include certification by the entity in the standard documentation for each individual work order that may be performed under any master professional services agreements.

Independent Auditor's Management Letter

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

Report on the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vero Beach, Florida ("the City"), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated March 28, 2016.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Report of Independent Auditor on Compliance for the Major Program and on Internal Control over Compliance Required by OMB Circular A-133; Schedule of Findings and Questioned Costs; and Report of Independent Accountant on Compliance with Local Government Investment Policies. Disclosures in those reports and schedule, which are dated March 28, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective action has been taken to address the recommendation made in the preceding annual financial audit report.

Official Title and Legal Authority

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

Financial Condition

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

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

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556.(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. Our comparison of these two reports resulted in no material differences.

Other Matters

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

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

Purpose of this Letter

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

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

Orlando, Florida
March 28, 2016

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

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

Report on Compliance

We have examined the City of Vero Beach, Florida's (the "City's") compliance with the local government investment policy requirements of 218.415, Florida Statutes, for the year ended September 30, 2015. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Scope

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

Opinion

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.



Orlando, Florida
March 28, 2016