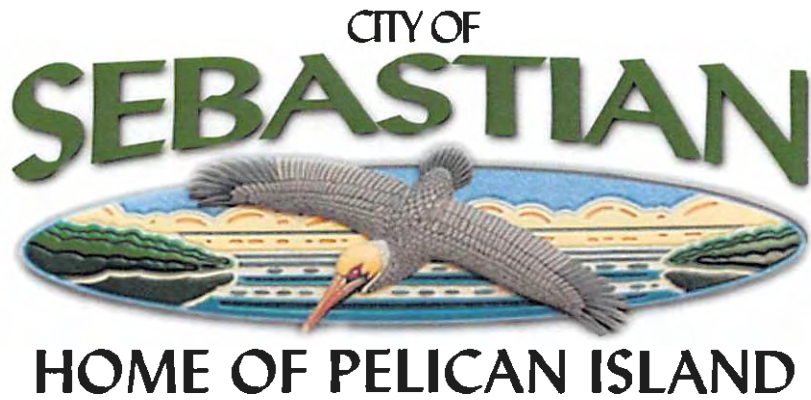


**CITY OF SEBASTIAN, FLORIDA**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Year Ended September 30, 2020**

**CITY COUNCIL**

Ed Dodd  
*Mayor*

Jim Hill  
*Vice-Mayor*

Fred Jones  
*Council Member*

Bob McPartlan  
*Council Member*

Christopher Nunn  
*Council Member*

Prepared by: Administrative Services Department

# CITY OF SEBASTIAN, FLORIDA

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# CITY OF SEBASTIAN, FLORIDA

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## **INTRODUCTORY SECTION**

# **CITY OF SEBASTIAN, FLORIDA**

## **CITY OFFICIALS**

**For the Year Ended September 30, 2020**

**Paul Carlisle**  
***City Manager***

**Jeanette Williams**  
***City Clerk***

**Manny Anon, Jr., Esq.**  
***City Attorney***

### **DEPARTMENT HEADS**

**Daniel Acosta**  
***Police Chief***

**Kenneth W. Killgore**  
***Administrative Services Director/CFO***

**Lisa Frazier**  
***Community Development Director***

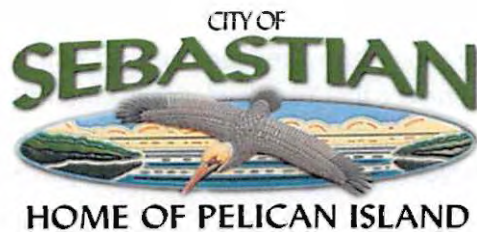
**Kenneth Griffin**  
***City Engineer***

**Wayne Eseltine**  
***Building Official***

**Greg Gardner**  
***Golf Course Director***

**Scott Baker**  
***Public Facilities Director***

**Brian Benton**  
***Leisure Services Director***



February 23, 2021

To the Citizens of the City of Sebastian, Florida:

We are submitting the Comprehensive Annual Financial Report of the City of Sebastian, Florida for the fiscal year ended September 30, 2020. State law requires that every general-purpose local government publish a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2020.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that is 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.

Chapter 218.39, Florida Statutes require that the financial statements of the City of Sebastian be audited by a certified public accountant. The City's independent Certified Public Accountants, Rehmann Robson, has issued an unmodified ("clean") opinion on the City of Sebastian's financial statements for the year ended September 30, 2020. The independent auditors' report is located on page 13, 14 and 15. Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Profile of the Government**

The City of Sebastian, Florida is located in Indian River County approximately midway through the east coast of the Florida Peninsula (between Melbourne and Vero Beach) in an area known as the Treasure Coast. It is recognized as the Home of Pelican Island, the first designated wildlife refuge in the United States, a Millennium City, and a Tree City USA. It was first incorporated as the Town of Sebastian in 1924. In the late 1950s General Development Corporation purchased the land from the Mackle family of Miami and began the development of a planned community that is now the City of Sebastian. The City has a population of 25,658 residents.

The City is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time. Annexation of an additional 1.7 square miles of undeveloped property was approved on August 28, 2019. As a result, the City now covers approximately 16.3 square miles.



The City is a Florida municipal corporation with a five-member City Council. Council members serve a two-year term. Annual elections are held on the first Tuesday following the first Monday in November and two members are elected in even-numbered years and three members are elected in odd-numbered years. Elections are non-partisan and at-large. Mayor and Vice Mayor are elected from among the members of every newly seated Council at a Special meeting following the election each year. The City has operated under a Council-City Manager form of government since 1989.

The City provides a wide range of services including general government administration, police protection, the construction and maintenance of local roads, public works, recreational and cultural activities, a golf course, a general aviation airport, and a building department to enforce building and fire codes.

This report includes all funds of the City. In evaluating the City as a reporting entity, we have included all component units for which the City Council is financially accountable. The component units have been blended with the financial statements presented for the Primary Government because the component unit's governing body is the same as the City Council or because the component unit exclusively serves the City. The blended component units are the Community Redevelopment Agency and Sebastian Police Officer's Pension Trust Fund.

The Council is required to adopt a final budget no later than the close of the fiscal year. This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, function (e.g., transportation), and department (e.g., public works). Shifts in appropriations within department totals may be done administratively on the authority of the City Manager. Total fund appropriation changes and use of contingency appropriations must be approved by the City Council.

### **Local Economy**

The region (which includes the City of Sebastian and the surrounding unincorporated area within the same county) has a fluctuating labor force depending on agricultural demand and is a strong retirement community. Although the labor force fluctuates, unemployment in the region was showing good improvement in the last few years, until measures to control the COVID-19 virus restricted the normal operations of businesses. As of September 2020, the Florida Research & Economic Database reported an unemployment rate of 5.9%, which corresponds with increases experienced at the state and national levels.

The largest major industry sector was Health Care and Social Assistance with 20.6% of the employment, followed by Retail with 17.5% of the employment and Accommodations/Food Services with 11.7% of the employment. According to the U.S. Census Bureau, 89% of the population age 25 or older are high school graduates and 29 % hold a bachelor's degree or higher. The area median age for 2019 was 53.5 and the median household income for 2019 was \$61,173, as reported by the U.S. Census Bureau.

Sebastian offers all of the Florida amenities a business needs to consider. Close connection to metropolitan areas without the south Florida hustle and bustle, quality housing for affordable prices, some of the best schools in the State, quality medical services and leisure activities that are second to none. Transportation is easy in Sebastian, offering easy access to major freight transportation routes. 1-95, the major north-south trucking route on the Florida east coast, is just six miles west. The Florida East Coast Railroad (FEC) runs directly through Sebastian. FEC offers freight service from Miami and Ft. Lauderdale ports of entry, as well as direct connections with other major rail lines at Jacksonville.

### **Long-term Financial Planning**

The voters of Indian River County in November 2003 extended the Infrastructure Sales Surtax in the amount of \$.01 per \$1.00 sale for an additional fifteen years and seven months beginning in January 2004. In November 2016, the voters once again extended the Surtax for another fifteen year period. This Infrastructure Sales Surtax is essential in providing for the City's emergency vehicle and capital improvement needs. In addition, the City has funded a number of other capital projects with impact fees and has actively pursued grant funding for some major transportation and environmental improvements. It has also employed the use of a Community Redevelopment Agency that is funded by means of tax-increment financing.

The millage was levied at a reduced rate of 2.9399 for fiscal year 2020. However, the City had an increase in ad valorem values due to improvements and additions to the tax rolls. Construction activity resulted in a total of 178 permits being issued for new construction in fiscal year 2020 with a cost of \$46.9 million compared to a total of 170 permits being issued for new construction in fiscal year 2019 with a cost of \$42.4 million. In reviewing these numbers, new commercial was 1 permit costing \$.5 million in 2019 and 3 permits costing \$5.4 million in 2020, with new residential constructions changing from 169 permits costing \$41.8 million in 2019 to 175 permits costing \$41.5 in 2020. These comparable amounts support the premise that favorable conditions still exist for the local construction industry.

At year end, General Fund unassigned fund balance is \$5,419,259 and above the \$5 million minimum target. The unassigned fund balance was 42.1% of the general fund expenditures and transfers out. The City has been steadfast and refused to spend down these balances because the City understands reliance on accumulated fund balances to fund operating expenditures is not a prudent fiscal strategy and because having sufficient balances are essential to handle emergencies such as hurricanes. To this end, the budget for fiscal year 2021 was balanced without a reduction of fund balances.

## **Major Initiatives**

### *Administration*

The City continues to pursue the remaining unpaid reimbursements from Federal Emergency Management Agency (FEMA) and the State related to Hurricane Matthew that occurred in October 2016. The City managed to document about \$1,582,000 of eligible expenditures and has recovered all but about \$144,000 from that event. During the 2019 fiscal year, the City received all the \$533,000 in qualified reimbursements initially documented from Hurricane Irma that occurred in September 2017. A subsequent allocation of another \$14,700 in FEMA's share of the eligible costs from Hurricane Irma was received in 2020. In October of 2019, about \$32,000 of expenditures were then experienced as a result of Hurricane Dorian and the reimbursement process for that event was initiated and entirely completed during the 2020 fiscal year. Expenditures necessary to handle these storm events are paid from General Fund unassigned fund balance, so it is important to recover these outlays as soon as possible.

The City has continued to make use of advanced technology by upgrading computer servers, improving the network and acquiring better audio visual equipment. With the COVID-19 Pandemic requiring stringent measures to safeguard the public and City employees while conducting business and holding open meetings, additional investments in technology were aggressively pursued. These included equipment to enable employees to work virtually at home and the ability for the public to participate virtually during public meetings

Also due to the COVID-19 Pandemic, the City attempted to assist small businesses which suffered a significant loss of income with a grant program made possible by reimbursements available from the CARES Act. Those grants were followed with rental and mortgage assistance program to help those having experienced financial hardships due to the COVID-19 Pandemic.

### *Stormwater*

The City initiated a study to examine alternatives to controlling vegetative overgrowth in the stormwater systems drainage systems. Efforts continued to account for all Stormwater operating expenditures within the Stormwater Revenue fund in order to improve transparency about how stormwater fees are being spent. Special committees are working to establish best management practices that will minimize chemical spraying and still keep the canals and drainage systems clear of vegetative growth and functioning properly. Preliminary approval was received for a FEMA grant to address drainage improvements that are needed in the Stonecrop area of the City. Grant funding is also being pursued to prepare a stormwater master plan to guide future decision making.

### *Traffic & Transportation*

The City continues working on transportation improvements. An inventory of roadway conditions was performed and a six year plan for funding road resurfacing and road reconstruction work. Based on the plan, necessary street repaving work is funded using local option gas taxes and required major road reconstruction is funded by discretionary sales taxes. In addition, discretionary sales taxes are used to replace heavy construction equipment needed for maintaining City rights-of-way and transportation infrastructure.

### *Airport*

The Sebastian Municipal Airport's infrastructure is being developed with the intent of attracting economic development and stimulating the business climate in order to create jobs in the community. Land leases are a primary source of airport revenues and over 150 acres of property is available for lease, for both aviation and non-aviation businesses. The Airport's limited resources continue to be leveraged by aggressively seeking and obtaining grants from the Florida Department of Transportation (FDOT) and Federal Aviation Administration (FAA) to develop the necessary infrastructure. Approval was secured for the construction of Hanger "D" with grant funds matched by funds from discretionary sales taxes. In partnership with the County, grant funding has also been obtained to provide sewer service to tenants on the west side of the Airport. This endeavor was initiated in concert with the design of a new Public Facilities Garage and Staging Facility.

### *Public Safety*

The Building Department continued measures to effectively operate as the City Fire Marshal which has insured more timely response and review of development plans. Construction activity has continued to be strong and is steadily increasing the Building Fund's carryover balance. A recent State mandate requires excess carryover balances from permit fees to be refunded. The City has recorded a liability for the excess but is unable to make such refunds until such time as further guidance is prescribed on how they must be determined. The Police Department continues to participate in the accreditation program offered by the commission for Florida Law Enforcement Accreditation. The designation encourages the Police Department to establish goals and objectives with provisions for periodic updating; constant reevaluation of whether departmental resources are being employed in accordance with agency goals, objectives and mission; constant reevaluation of departmental policies and procedures as documented in the department's written directive system; to accommodate correction of internal deficiencies and inefficiencies before they become public problems; and the opportunity to reorganize without the appearance of personal attacks. Standards and performance measurements resulting from the accreditation process will continue to guide both Sebastian Police Department and city administration in alleviating potentially adverse conditions.

### *Culture & Recreation*

The City continued efforts to promote the "working waterfront" concept on the riverfront properties that were purchased with grant funding, with City matching funds provided by discretionary sales taxes. In other areas, the City continued supporting the use of Riverfront Park for gatherings organized by various community groups, including the Clam Bake, Chamber of Commerce and Art Club. The City also used recreation impact fees to construct Pickle Ball Courts and to upgrade the scoreboards at the ballfields. Future plans include a program to upgrade the identification signage at all the parks and to focus on one major park each year to address needed major facility improvements and replacements, including "all-inclusive" features to accommodate those with special needs. Particular attention was given this year to acquiring equipment to keep the public safe while participating at events being held during the COVID-19 Pandemic.

## **Awards and Acknowledgements**

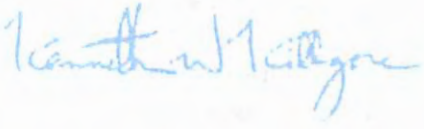
The Certificate of Achievement for Excellence in Financial Reporting to the City of Sebastian for last year's comprehensive annual financial report for the fiscal year ended September 30, 2019. This is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports. 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 U.S. generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not be possible without the dedicated service of the Administrative Services Department accounting staff. Their efforts toward improving the accounting and financial reporting systems has led to the improved quality of information reported to the City Council, State and Federal agencies and the citizens of the City of Sebastian. We sincerely appreciate their contributions.

Respectfully submitted,

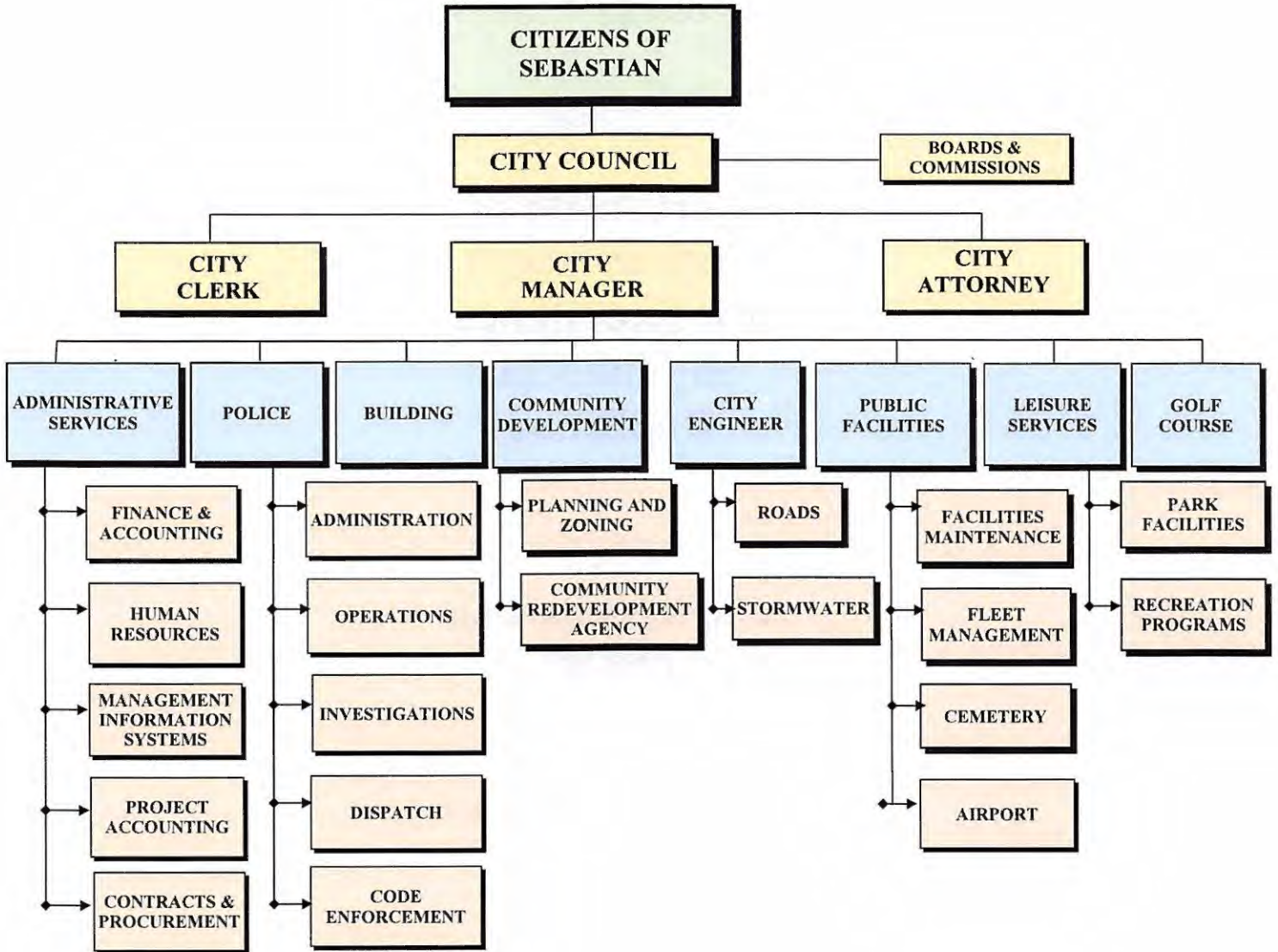


**Paul Carlisle**  
City Manager



**Kenneth W. Killgore**  
Administrative Services Director/CFO

CITY OF SEBASTIAN, FLORIDA  
Organizational Chart  
Fiscal Year 2020/2021





**Government Finance Officers Association**

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

**Presented to**

**City of Sebastian  
Florida**

**For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended**

**September 30, 2019**

*Christopher P. Morill*

**Executive Director/CEO**

## **FINANCIAL SECTION**



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## INDEPENDENT AUDITORS' REPORT

February 23, 2021

Honorable Mayor and  
Members of City Council  
City of Sebastian, 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 Sebastian, Florida** (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Independent Auditors' 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.

Rehmann is an independent member of Nexia International. 

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 previously 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 of Sebastian, Florida as of September 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules for the pension plans, as listed 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 of Sebastian, Florida's basic financial statements. The introductory section, combining and individual fund financial 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 combining and individual fund financial statements and schedules 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables 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 it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2021, on our consideration of the City of Sebastian, Florida'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 black ink that reads "Rehmann Johnson LLC". The signature is written in a cursive, flowing style.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## CITY OF SEBASTIAN, FLORIDA

### Management's Discussion and Analysis

The City of Sebastian's (the "City") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position, (d) identify any material deviations from the financial plan, and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter and the City's financial statements.

#### Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year 2020 by \$64,906,419 (net position). Of this amount, \$86,420 (unrestricted net position) may be used to meet the City's on-going obligations to citizens and creditors.
- The City's total net position from governmental activities increased by \$1,547,013 and from business-type activities decreased by \$1,095,088. Net position was increased in governmental activities, primarily as a result of revenues being accumulated for major capital projects that are currently being designed. Net position of business-type activities decreased with the recoding of a liability for rebating permit fees which the state has mandated.
- Governmental funds reported a combined ending fund balance of \$16,483,342, an increase of \$849,922 from the prior year. Almost 33% of this amount, \$5,419,259 is unassigned and available for spending.
- The Golf Course Fund reported a small improvement in the unrestricted deficit in net position attributed to an increase in operating revenues. The Airport Fund reported a decrease in the deficit in unrestricted net position resulting from the large investments made in capital assets using grant funding. The Building Fund reported a decrease in unrestricted net position, as a result of continued levels of construction activity. In total, the City's enterprise funds reported a decrease in overall net position at the end of the year.

#### Overview of the Financial Statements

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. For governmental activities, the fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail by providing information about the City's most significant funds. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, physical and economical environment, transportation and cultural and recreation. The business-type activities of the City include the golf course, airport and building operations.

## CITY OF SEBASTIAN, FLORIDA

### Management's Discussion and Analysis

**Fund Financial Statements.** 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: 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 financial statements. However, unlike the government-wide financial statements, governmental fund financial 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. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Riverfront Redevelopment Fund, Stormwater Utility Fund, and Discretionary Sales Tax Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements and schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and special revenue funds. Budgetary comparison statements or schedules have been provided for these funds to demonstrate compliance with this budget.

**Proprietary Funds.** The City maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the golf course, airport, and buildings department.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the City's golf course, airport and buildings department, which are major funds.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the 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.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.



## CITY OF SEBASTIAN, FLORIDA

### Management's Discussion and Analysis

#### Government-wide Financial Analysis

As previously stated, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$64,906,419 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 17,592,698	\$ 16,404,210	\$ 516,175	\$ (86,152)	\$ 18,108,873	\$ 16,318,058
Capital assets, net	39,292,832	39,064,967	16,367,501	17,152,022	55,660,333	56,216,989
<b>Total assets</b>	<b>56,885,530</b>	<b>55,469,177</b>	<b>16,883,676</b>	<b>17,065,870</b>	<b>73,769,206</b>	<b>72,535,047</b>
<b>Deferred outflows of resources</b>	<b>1,361,274</b>	<b>1,123,453</b>	<b>-</b>	<b>-</b>	<b>1,361,274</b>	<b>1,123,453</b>
Long-term debt outstanding	2,987,676	3,512,262	340,409	376,018	3,328,085	3,888,280
Other liabilities	5,173,737	4,876,451	1,297,432	348,929	6,471,169	5,225,380
<b>Total liabilities</b>	<b>8,161,413</b>	<b>8,388,713</b>	<b>1,637,841</b>	<b>724,947</b>	<b>9,799,254</b>	<b>9,113,660</b>
<b>Deferred inflows of resources</b>	<b>424,807</b>	<b>90,346</b>	<b>-</b>	<b>-</b>	<b>424,807</b>	<b>90,346</b>
<b>Net position</b>						
Net investment in capital assets	37,919,832	37,080,967	16,263,098	16,995,851	54,182,930	54,076,818
Restricted	10,637,069	8,976,174	-	-	10,637,069	8,976,174
Unrestricted (deficit)	1,103,683	2,056,430	(1,017,263)	(654,928)	86,420	1,401,502
<b>Total net position</b>	<b>\$ 49,660,584</b>	<b>\$ 48,113,571</b>	<b>\$ 15,245,835</b>	<b>\$ 16,340,923</b>	<b>\$ 64,906,419</b>	<b>\$ 64,454,494</b>

A substantial portion of the City's net position, \$54,182,930 (83.5 percent), reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position of \$10,637,069 (16.4 percent) represents resources that are subject to external restrictions on how they may be used. The City may use the remaining balance of unrestricted net position of \$86,420 (0.1 percent) to meet its ongoing obligations to citizens and creditors.

## CITY OF SEBASTIAN, FLORIDA

### Management's Discussion and Analysis

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, for the government as a whole and for its separate governmental activities. Operating grants for governmental activities increased due to reimbursements for small business grants and other expenditures to contend with the COVID-19 pandemic that were eligible from the CARES Act. Changes in capital grants and intergovernmental revenues resulted from discretionary sales taxes received from the State which are restricted to capital expenditures on infrastructure. Capital grants in the business-type activities were less because of the large amount of proceeds for the construction of taxiway C at the airport in 2019.

	Governmental Activities		Change in Net Position Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
	<b>Revenues</b>					
Program revenues:						
Charges for services	\$ 2,894,630	\$ 2,896,075	\$ 3,015,812	\$ 2,801,449	\$ 5,910,442	\$ 5,697,524
Operating grants	1,726,719	803,092	-	46,771	1,726,719	849,863
Capital grants	3,647,329	251,088	471,888	2,670,116	4,119,217	2,921,204
General revenues:						
Property taxes	4,270,497	4,325,759	-	-	4,270,497	4,325,759
Other taxes	2,940,406	2,882,460	-	-	2,940,406	2,882,460
Intergovernmental	2,541,474	7,109,496	-	-	2,541,474	7,109,496
Other	1,879,836	2,000,371	14,645	8,499	1,894,481	2,008,870
<b>Total revenues</b>	<b>19,900,891</b>	<b>20,268,341</b>	<b>3,502,345</b>	<b>5,526,835</b>	<b>23,403,236</b>	<b>25,795,176</b>
<b>Expenses</b>						
General government	5,071,184	3,970,541	-	-	5,071,184	3,970,541
Public safety	6,856,836	6,613,707	-	-	6,856,836	6,613,707
Physical environment	2,534,320	3,106,764	-	-	2,534,320	3,106,764
Transportation	2,037,807	2,022,117	-	-	2,037,807	2,022,117
Economic environment	315,985	402,986	-	-	315,985	402,986
Cultural and recreation	1,402,691	1,434,296	-	-	1,402,691	1,434,296
Interest and fiscal charges	28,711	38,539	-	-	28,711	38,539
Golf course	-	-	1,551,926	1,533,749	1,551,926	1,533,749
Airport	-	-	1,282,084	1,336,180	1,282,084	1,336,180
Building	-	-	1,869,767	715,846	1,869,767	715,846
<b>Total expenses</b>	<b>18,247,534</b>	<b>17,588,950</b>	<b>4,703,777</b>	<b>3,585,775</b>	<b>22,951,311</b>	<b>21,174,725</b>
Change in net position, before transfers	1,653,357	2,679,391	(1,201,432)	1,941,060	451,925	4,620,451
Transfers	(106,344)	(204,496)	106,344	204,496	-	-
<b>Change in net position</b>	<b>1,547,013</b>	<b>2,474,895</b>	<b>(1,095,088)</b>	<b>2,145,556</b>	<b>451,925</b>	<b>4,620,451</b>
Net position, beginning of year	48,113,571	45,638,676	16,340,923	14,195,367	64,454,494	59,834,043
<b>Net position, end of year</b>	<b>\$ 49,660,584</b>	<b>\$ 48,113,571</b>	<b>\$ 15,245,835</b>	<b>\$ 16,340,923</b>	<b>\$ 64,906,419</b>	<b>\$ 64,454,494</b>

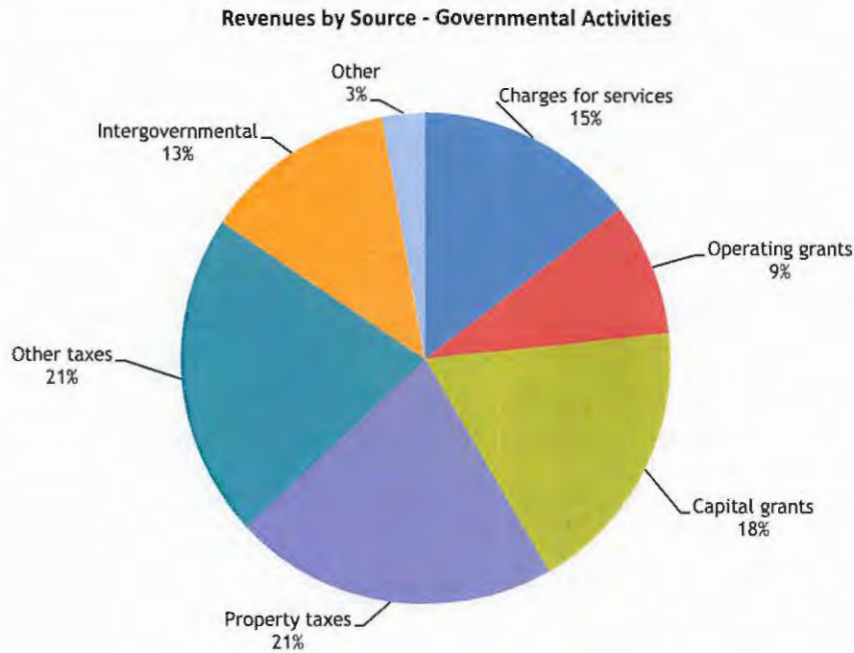
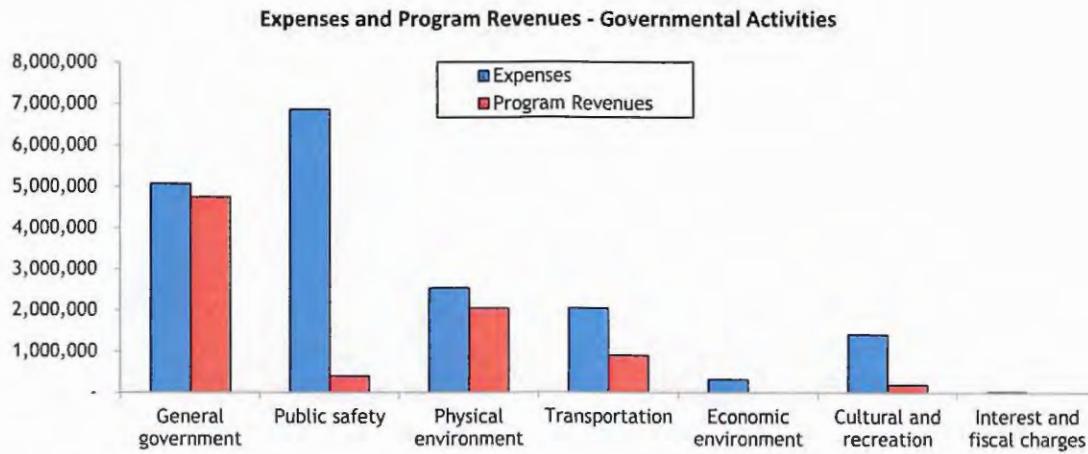
The City's net position increased by \$451,925 during the current fiscal year. The primary reason for the increase of \$1,547,013 in net position for governmental activities is because of the large amount of revenue being accumulated of the future replacement of the public works facility and major stormwater system improvements in the Stonecrop area of the City. For business-type activities, the \$1,095,088 decrease in net position is attributable to recording a liability in the Building Fund for a State mandate to rebate permit fees in excess of its average operating budget.

# CITY OF SEBASTIAN, FLORIDA

## Management's Discussion and Analysis

**Governmental Activities.** Governmental activities increased the City's net position by \$1,547,013. Key elements of this increase are as follows:

- Total assets increased by \$1,416,353 due to accumulating revenues for future projects
- Total liabilities decreased by \$227,300 from amortized payments on long-term debt.
- Deferred outflows and deferred inflows of resources from the Police Officer's Pension Plan reduced the City's net position by \$96,640.

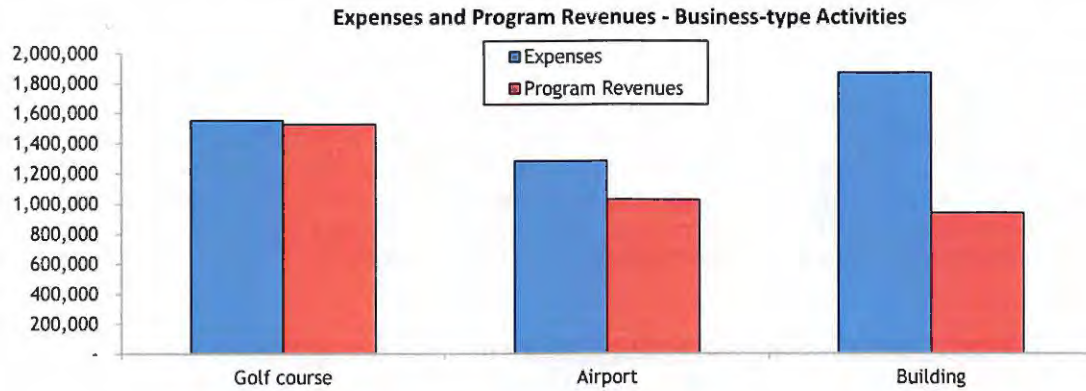


# CITY OF SEBASTIAN, FLORIDA

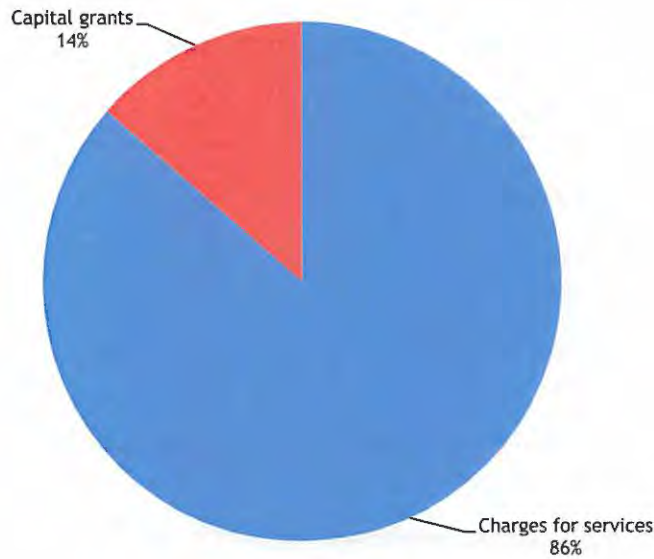
## Management's Discussion and Analysis

**Business-type Activities.** Business-type activities decreased the City's net position by \$1,095,088. The key elements of this decrease are as follows:

- Increase in current and other assets of \$602,327 resulting from increased permitting and rentals.
- Decrease in net capital assets of \$784,521 mainly due to depreciation on Airport infrastructure improvements.
- Increase in total liabilities of \$912,894 from recording the State mandated requirements on permit fee rebates.



**Revenues by Source - Business-type Activities**



# CITY OF SEBASTIAN, FLORIDA

## Management's Discussion and Analysis

### 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.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,483,342, an increase of \$849,922 from the prior year. Of this amount, 33 percent (\$5,419,259) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is classified as one of the following: A) Nonspendable for 1) inventories and prepaids, 2) long-term cash advances, or 3) is nonspendable as permanent fund corpus for cemetery perpetual care; B) restricted for capital projects or due to debt service and special revenue fund designations; C) is committed for development by local ordinance; or D) has been assigned for other specific uses in the City's general operations.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,419,259 while total fund balance amounted to \$5,703,001. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 42.1 percent of total General Fund expenditures, while total fund balance represents 44.3 percent of that same amount.

The fund balance of the City's General Fund decreased by \$496,060 during the current fiscal year. Given that the fund balance increased by \$825,680 the prior fiscal year, there was actually a change in net position of \$1,321,740. Key factors in this change are as follows:

- Property tax revenues decreased by \$74,286.
- Charges for services increased by \$115,603.
- Intergovernmental decreased by \$600,146
- Public utility taxes increased by \$57,946.
- Franchise fees decreased by \$26,895.
- All other revenues decreased by \$30,031.
- Transfers in from other funds decreased by \$23,928.
- Transfers out to other funds decreased by \$18,553.
- Expenditures increased by \$758,556.

The General Fund originally budgeted for no changes in the fund balance. The actual decrease in fund balance resulted from the following significant variances:

- Property tax revenues were slightly less than budgeted with just over 95% of the tax roll being collected. 96% of the tax roll is budgeted as being collected, based on experience. No less than 95% must be budgeted per Florida statutes.
- Intergovernmental revenues were less than budgeted due to an unexpected and severe reduction in State shared revenues. This was explained as being caused by significant decreases in the amounts of sales tax receipts that fund the revenue sharing program. Due to mandatory closures and restrictions on businesses, there were extreme declines in those sales.
- General Fund expenditures had an overall favorable budgetary variance of \$651,794, which was a 4.8% difference from the amended budget total.

## CITY OF SEBASTIAN, FLORIDA

### Management's Discussion and Analysis

The Riverfront Redevelopment Fund ended the year with \$478,660 in fund balance, an increase of \$104,556 from the prior year. The increase is due to fewer expenditures on economic development and transfers out than expected. This was the result of delays in design work for the Fisherman's Landing improvements and agreement on a cost sharing plan with the Fisherman's Landing Sebastian, Inc. organization to share in a portion of the cost.

The Stormwater Utility Fund ended the year with a fund balance of \$1,375,749, an increase of \$486,036 from the prior year. The increase is due to funding the expected local matching requirement on a grant to address needed improvements to the Stonecrop drainage area that is anticipated in the coming year.

The Discretionary Sales Tax Fund has a total fund balance \$6,785,087, an increase from the \$5,584,628 total fund balance of the prior year. The increase is the result of monies that have been accumulated for the construction of a new public facilities compound. The size and complexity of this project has required an extraordinary time to design.

**Proprietary Funds.** The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

The total net position of the golf course fund at the end of the fiscal year amounted to a deficit of \$209,972, while the unrestricted net position (deficit) amounted to (\$1,711,345). The unrestricted net position (deficit) changed from (\$1,838,094) to (\$1,711,345). This is mainly due to added revenue as a result of favorable weather and due to surrounding golf courses closing temporarily because of the COVID-19 Pandemic.

The total net position of the airport fund at the end of the fiscal year amounted to \$14,546,116, while the unrestricted net position (deficit) amounted to (\$194,744). Net position has decreased by \$145,179 while the unrestricted net position (deficit) has changed from (\$606,523) to (\$194,744). The improvement in the unrestricted net position (deficit) is mainly due to management applying increases in rental receipts toward reducing current liabilities and advances from other funds.

The total net position of the building fund at the end of the fiscal year amounted to \$909,691. This is a decrease of \$916,277 from the prior year, which was primarily due to the recognition of rebates payable and state mandated rebates expense of \$1,107,442 to comply with Florida statute 553.80. The statute does not allow a local government to carry forward an amount exceeding the average of its operating budget for the previous four fiscal years.

Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

#### Budgetary Highlights

Over the course of the fiscal year, the City Council formally approved revisions to the City budget four times. These budget adjustments fell into four major categories. The first includes amendments to allocate funds for extraordinary and unexpected expenditures from Reserves or added revenues. The second includes new allocations funded by transfers from the equipment & facilities R&R Reserve. The third includes project transfers to cancel or close out capital projects or reallocate funds between them to address budget shortages. The fourth includes transfers to address budget shortages in operating budget accounts resulting from properly classifying charges or for unanticipated expenditures. The main components of the increases are as follows:

#### Amendments

- \$123,874 to allocate Community Development Block Grant funding to projected expenditures.
- 85,264 to allocate General Fund Reserves to cover prior year purchases not completed by end of year.
- 34,555 to allocate Discretionary Sales Tax Reserves to increase budget for City Hall generator.
- 34,412 to allocate General Fund Reserves to retain an attorney specializing in annexation laws.
- 41,035 to allocate General Fund Reserves for the employment of a full-time City Attorney.

# CITY OF SEBASTIAN, FLORIDA

## Management's Discussion and Analysis

### Amendments (Continued)

\$25,622	to allocate Discretionary Sales Tax Reserves to match Airport grants for Taxilane and Taxiway projects.
14,850	to allocate Building Fund Reserves to complete the Floodplain Management Audit.
1,219	to allocate a contribution from the School District to buy gun safes at the Elementary Schools.
15,234	to allocate Justice Assistance Grants from FDLE to purchase Police Department equipment.
17,500	to allocate donations from the Greer Trust to cover medical bills for the Police K-9s and to replace a K-9.
19,000	to allocate insurance proceeds to repairing pavement damaged by a contractor.
500	to allocate a donation from the Art Club to help cover the cost of new carpeting.
85,000	to allocate Recreation Impact Fee Reserves to move dugouts and fencing projects to the current year.
74,778	to allocate CARES ACT funding in concert with the previously established CDBG Grant Program.
41,604	to allocate General Fund Reserves to pay the Supervisor of Elections to conduct the Recall Vote.
4,964	to allocate Airport Contingency to the replacement of Airport Administration Building air conditioners.
2,499	to allocate Sebastian River Area Little League donation to the Batting Cages project.
13,442	to allocate a payment from the Insurance Company for lightning damages to City property.

### General Fund Equipment & Facilities Renewal & Replacement (R&R) Reserve Allocations

\$36,580	to use R&R Reserve to replace Leisure Services mower.
912	to use R&R Reserve to replace City Council Chamber sound mixer unit.
12,000	to use R&R Reserve to repair City Hall and Police Department lightning protection system.
10,505	to use R&R Reserve to replace sewage pumps for the Splash Pad restrooms.
1,530	to use R&R Reserve to complete updates to street signs in City Zone #2.
4,691	to use R&R Reserve to replace air conditioner in Security Officer's Trailer at the Airport.
27,160	to use R&R Reserve to replace air conditioner systems in the MIS area of City Hall.
19,007	to use R&R Reserve to replace a Leisure Services athletic field groomer machine.
7,968	to use R&R Reserve to replace an air conditioner at the Community Center.
45,805	to use R&R Reserve to replace a vehicle in the Police Detective offices.
11,827	to use R&R Reserve to replace an evaporator coil for a Police Department air conditioner.

### Project Budget Transfers

\$30,000	adjustment to defer Recreation Impact Fee playground improvements until next year.
78,623	adjustment to combine Riverfront CRA and Local Option Gas Tax funding for Riverview sidewalks
25,782	adjustment to record approval to do mechanical vegetation clearing of aquatic and wetland

### Operating Budget Transfers

\$7,218	adjustment within Leisure Services for Bark Park shade structure and Community Center air conditioner.
1,750	adjustments within Roads Division to cover cost of the Public Works Director's vehicle.
748	adjustments within Golf Course for overrun in grounds maintenance expenses and cost to trim palm trees.
37,550	adjustments within Salary accounts for the Holiday bonuses and quarterly incentive awards.
8,000	adjustment within Leisure Services accounts for cost of cleaning/buffing Community Center floors.
1,576	adjustment within Community Development for items needed for Sustainable Sebastian Program.
57,115	adjustment within City Attorney accounts to move contractual services budget to City Attorney salaries.
1,950	adjustment within Community Development accounts to cover ArcGIS Pro training class.
10,780	adjustment within Non-departmental accounts to cover cost of automated phone record retrieval system.
7,330	adjustment within Building Fund accounts to demolish unsafe structure as ordered by Special Magistrate.
3,930	adjustment within Airport accounts to cover air conditioner repairs at the Airport Terminal.

# CITY OF SEBASTIAN, FLORIDA

## Management's Discussion and Analysis

### Operating Budget Transfers (Concluded)

- \$3,861 adjustment within Fleet Division accounts to replace an air conditioner at the City Garage.
- 19,488 adjustment within Stormwater Fund accounts to rent equipment while excavator was out of service.
- 2,000 adjustment within Airport accounts to repair the glide path landing lights.

During the fiscal year, total General Fund actual expenditures were \$651,794 less than final amended budgetary estimates. The overall variance on revenues and expenditures resulted in an decrease of \$496,060 to existing fund balances. This was primarily due to an unexpected and severe reduction in State shared revenues. Those payments are dependent on State sales tax collections, which fell dramatically as a result of mandated shutdowns and limitations places on businesses during the COVID-19 Pandemic.

### Capital Asset and Debt Administration

**Capital Assets.** At the end of fiscal year 2020, the City had \$55,660,333 invested in a broad range of capital assets, including land, police and public works equipment, buildings, park facilities, roads, bridges, and stormwater drainage structures. This amount represents a net decrease (including additions and deductions) of \$556,656, or 1.0%, over last year. The following table illustrates the changes in capital assets. More detailed information regarding capital assets can be found within Note 7 on Capital Assets in the Financial Statements section of the CAFR.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 9,123,041	\$ 9,123,041	\$ 9,060	\$ 9,060	\$ 9,132,101	\$ 9,132,101
Buildings	7,429,990	7,762,948	7,353,716	7,638,387	14,783,706	15,401,335
Improvements	2,857,412	2,510,563	1,172,099	1,289,371	4,029,511	3,799,934
Equipment	2,948,383	2,472,410	340,826	480,781	3,289,209	2,953,191
Infrastructure	16,526,722	16,990,037	7,217,300	5,253,616	23,744,022	22,243,653
Construction in progress	407,284	205,968	274,500	2,480,807	681,784	2,686,775
<b>Total capital assets, net</b>	<b>\$ 39,292,832</b>	<b>\$ 39,064,967</b>	<b>\$ 16,367,501</b>	<b>\$ 17,152,022</b>	<b>\$ 55,660,333</b>	<b>\$ 56,216,989</b>

Governmental activities had the following major changes during the fiscal year:

- A decrease in Buildings mainly due to depreciation.
- An increase in Improvements with the Pickleball facility.
- An increase in Equipment due to replacing old units.
- A decrease in Infrastructure mainly due to depreciation.
- An increase in Construction in progress with the expenditures for design of the public works compound.

Business-type activities had the following major changes during the fiscal year:

- A decrease in Buildings mainly due to depreciation.
- A decrease in Improvements mainly due to depreciation.
- A decrease in Equipment mainly due to depreciation.
- An increase in Infrastructure due to Airport taxiway improvements.

**Long-term Debt.** At the end of the current fiscal year, the City had total long-term debt outstanding of \$3,328,085. Of this amount, \$1,373,000 consist of notes pledging specific revenues to the repayment of the debt. More detailed information regarding these activities and funds can be found within Note 8 on Long-term Debt in the Financial Statements section of the CAFR.



# CITY OF SEBASTIAN, FLORIDA

## Management's Discussion and Analysis

	Governmental Activities		Total Long-term Debt Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
	Notes payable	\$ 1,373,000	\$ 1,984,000	\$ -	\$ -	\$ 1,373,000
Compensated absences	1,523,476	1,437,062	236,006	219,847	1,759,482	1,656,909
Pollution remediation	91,200	91,200	-	-	91,200	91,200
Capital lease	-	-	104,403	156,171	104,403	156,171
<b>Total</b>	<b>\$ 2,987,676</b>	<b>\$ 3,512,262</b>	<b>\$ 340,409</b>	<b>\$ 376,018</b>	<b>\$ 3,328,085</b>	<b>\$ 3,888,280</b>

The City's total debt decreased by \$560,195 (14.4%) during the current fiscal year. The net decrease was attributable to annual principal payments that occurred during the year.

The City's debt is primarily bank notes which are not rated AAA by rating agencies. Other obligations of the City include accrued vacation pay and sick leave.

### Economic Factors and Next Year's Budget and Rates

The City's elected and appointed officials considered many factors when setting the next fiscal year 2021 budget, tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. Sebastian's local economy consists largely of retail and service industries. Less than one percent is devoted to industrial activities. Construction of new homes is the largest single business in the area. Some of the largest retail stores include Publix Supermarket and Wal-Mart Stores, Inc.® The Indian River County unemployment rate in September 2020 was 5.9 percent and less than the higher levels of previous years, which is a positive sign and analogous to the economic pattern existing throughout the state and nation.

The City experienced a 7.18% overall increase in property values for 2021. The millage of 3.1514 was levied for taxes to be recorded in fiscal year 2021 that will essentially offset a lower projection of State revenue sharing payments.

The Golf Course reported more revenues from fees in 2020, partially due to more memberships resulting from the excellent condition of the facility. Although its net position improved with the large investment in capital assets, those investments were primarily accomplished by advances from the Building Fund. The City anticipates the investments made will continue to draw more customers and generate higher revenues that will enable the advances to be repaid. The Golf Course also benefited from favorable weather and more customers when competing Golf Courses in the area temporarily closed because of the COVID-19 Pandemic.

Sizable operating losses for the Airport are primarily the result of depreciation on capital assets. The City actively pursues grant funds for construction new facilities that can generate additional rental revenues.

Although a good level of revenues from building permit fees continued, the Building Enterprise Fund reported a reduction in net position due to recording a liability for rebating permit fees in accordance with a State mandate. There are signs that steady activity in the local housing market is continuing, which is encouraging.

The COVID-19 Pandemic has resulted in many unknowns when considering the long-term future economic outlook for the City. As of the date of these financial statements, the outbreak has negatively impacted economic markets, business operations and the provision of many governmental services. Management anticipates the pandemic will have a negative impact on the City with respect to financial operations and investment results; however, the extent of the impact is uncertain and cannot be reasonably predicted at this time.

### Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the Administrative Services Department at City of Sebastian, 1225 Main Street, Sebastian, Florida 32958.

## **BASIC FINANCIAL STATEMENTS**

# CITY OF SEBASTIAN, FLORIDA

## Statement of Net Position September 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 10,379,644	\$ 1,132,288	\$ 11,511,932
Restricted cash and cash equivalents	112,710	-	112,710
Investments	3,160,183	199,362	3,359,545
Permanently restricted investments	983,147	-	983,147
Receivables	1,579,803	324,312	1,904,115
Internal balances	1,177,891	(1,177,891)	-
Prepaid items	164,483	22,941	187,424
Inventories	34,837	13,561	48,398
Deposits held in escrow	-	1,602	1,602
Capital assets not being depreciated	9,530,325	283,560	9,813,885
Capital assets being depreciated, net	29,762,507	16,083,941	45,846,448
<b>Total assets</b>	<b>56,885,530</b>	<b>16,883,676</b>	<b>73,769,206</b>
<b>Deferred outflows of resources</b>			
Deferred pension amounts	1,361,274	-	1,361,274
<b>Liabilities</b>			
Accounts payable and accrued liabilities	1,067,086	1,211,144	2,278,230
Accrued interest payable	8,331	-	8,331
Unearned revenues	42,270	86,288	128,558
Long-term liabilities:			
Due within one year	769,866	53,602	823,468
Due in more than one year	2,217,810	286,807	2,504,617
Net pension liability (due in more than one year)	4,056,050	-	4,056,050
<b>Total liabilities</b>	<b>8,161,413</b>	<b>1,637,841</b>	<b>9,799,254</b>
<b>Deferred inflows of resources</b>			
Deferred pension amounts	424,807	-	424,807
<b>Net position</b>			
Net investment in capital assets	37,919,832	16,263,098	54,182,930
Restricted for:			
Debt service	171,614	-	171,614
Perpetual care:			
Nonexpendable	1,068,820	-	1,068,820
Special revenue uses:			
Infrastructure improvements	7,173,490	-	7,173,490
Redevelopment expenses	478,660	-	478,660
Stormwater expenses	1,622,921	-	1,622,921
Law enforcement events	121,564	-	121,564
Unrestricted (deficit)	1,103,683	(1,017,263)	86,420
<b>Total net position</b>	<b>\$ 49,660,584</b>	<b>\$ 15,245,835</b>	<b>\$ 64,906,419</b>

The accompanying notes are an integral part of these basic financial statements.

**CITY OF SEBASTIAN, FLORIDA**

**Statement of Activities**

For the Year Ended September 30, 2020

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
General government	\$ 5,071,184	\$ 684,938	\$ 594,995	\$ 3,469,568	\$ (321,683)
Public safety	6,856,836	130,502	234,973	33,886	(6,457,475)
Physical environment	2,534,320	2,037,874	-	-	(496,446)
Transportation	2,037,807	-	896,751	-	(1,141,056)
Economic environment	315,985	-	-	-	(315,985)
Cultural and recreation	1,402,691	41,316	-	143,875	(1,217,500)
Interest and fiscal charges	28,711	-	-	-	(28,711)
<b>Total governmental activities</b>	<b>18,247,534</b>	<b>2,894,630</b>	<b>1,726,719</b>	<b>3,647,329</b>	<b>(9,978,856)</b>
Business-type activities:					
Golf course	1,551,926	1,525,184	-	-	(26,742)
Airport	1,282,084	552,789	-	471,888	(257,407)
Building	1,869,767	937,839	-	-	(931,928)
<b>Total business-type activities</b>	<b>4,703,777</b>	<b>3,015,812</b>	<b>-</b>	<b>471,888</b>	<b>(1,216,077)</b>
<b>Total primary government</b>	<b>\$ 22,951,311</b>	<b>\$ 5,910,442</b>	<b>\$ 1,726,719</b>	<b>\$ 4,119,217</b>	<b>\$ (11,194,933)</b>

continued...

**CITY OF SEBASTIAN, FLORIDA**

**Statement of Activities**  
For the Year Ended September 30, 2020

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Changes in net position</b>			
Net revenue (expense)	<u>\$ (9,978,856)</u>	<u>\$ (1,216,077)</u>	<u>\$ (11,194,933)</u>
General revenues:			
Property taxes, levied for general purposes	4,270,497	-	4,270,497
Public utility taxes	2,940,406	-	2,940,406
Franchise fees	1,316,849	-	1,316,849
Intergovernmental - unrestricted	2,541,474	-	2,541,474
Interest earnings	180,988	10,377	191,365
Gain on sale of capital assets	-	4,268	4,268
Miscellaneous	381,999	-	381,999
Transfers	<u>(106,344)</u>	<u>106,344</u>	<u>-</u>
Total general revenues and transfers	<u>11,525,869</u>	<u>120,989</u>	<u>11,646,858</u>
Change in net position	1,547,013	(1,095,088)	451,925
Net position, beginning of year	<u>48,113,571</u>	<u>16,340,923</u>	<u>64,454,494</u>
Net position, end of year	<u>\$ 49,660,584</u>	<u>\$ 15,245,835</u>	<u>\$ 64,906,419</u>

concluded

The accompanying notes are an integral part of these basic financial statements.

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**CITY OF SEBASTIAN, FLORIDA**

**Balance Sheet**  
 Governmental Funds  
 September 30, 2020

	General	Riverfront Redevelopment	Stormwater Utility	Discretionary Sales Tax
<b>Assets</b>				
Cash and cash equivalents	\$ 3,537,104	\$ 383,223	\$ 1,298,081	\$ 4,697,775
Investments	1,409,366	95,638	327,042	1,204,285
Accounts receivable	393,423	-	-	-
Due from other funds	650,000	-	-	-
Due from other governments	331,231	-	4	355,136
Inventories	34,837	-	-	-
Prepaid items	147,966	-	16,517	-
Advance to other funds	-	-	-	527,891
<b>Total assets</b>	<b>\$ 6,503,927</b>	<b>\$ 478,861</b>	<b>\$ 1,641,644</b>	<b>\$ 6,785,087</b>
<b>Liabilities</b>				
Negative equity in pooled cash	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	506,832	201	265,895	-
Due to other governments	251,824	-	-	-
Unearned revenue	42,270	-	-	-
<b>Total liabilities</b>	<b>800,926</b>	<b>201</b>	<b>265,895</b>	<b>-</b>
<b>Fund balances</b>				
Nonspendable	182,803	-	16,517	-
Restricted	88,782	478,660	1,359,232	6,785,087
Committed	-	-	-	-
Assigned	12,157	-	-	-
Unassigned	5,419,259	-	-	-
<b>Total fund balances</b>	<b>5,703,001</b>	<b>478,660</b>	<b>1,375,749</b>	<b>6,785,087</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,503,927</b>	<b>\$ 478,861</b>	<b>\$ 1,641,644</b>	<b>\$ 6,785,087</b>

The accompanying notes are an integral part of these basic financial statements.

<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 979,472	\$ 10,895,655
1,106,999	4,143,330
-	393,423
-	650,000
500,009	1,186,380
-	34,837
-	164,483
-	527,891
<u>\$ 2,586,480</u>	<u>\$ 17,995,999</u>
\$ 403,301	\$ 403,301
42,334	815,262
-	251,824
-	42,270
<u>445,635</u>	<u>1,512,657</u>
1,068,820	1,268,140
848,302	9,560,063
223,723	223,723
-	12,157
-	5,419,259
<u>2,140,845</u>	<u>16,483,342</u>
<u>\$ 2,586,480</u>	<u>\$ 17,995,999</u>



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## CITY OF SEBASTIAN, FLORIDA

### ■ Reconciliation Fund Balances for Governmental Funds to Net Position of Governmental Activities September 30, 2020

<b>Fund balances - total governmental funds</b>	<b>\$ 16,483,342</b>
 Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
 Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	
Capital assets not being depreciated	9,530,325
Capital assets being depreciated, net	29,762,507
 Certain liabilities, such as notes payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Notes payable	(1,373,000)
Compensated absences	(1,523,476)
Pollution remediation liability	(91,200)
Accrued interest on long-term debt	(8,331)
 Certain pension-related amounts, such as the net pension liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net pension liability	(4,056,050)
Deferred outflows related to the net pension liability	1,361,274
Deferred inflows related to the net pension liability	(424,807)
 <b>Net position of governmental activities</b>	 <b><u>\$ 49,660,584</u></b>

The accompanying notes are an integral part of these basic financial statements.

# CITY OF SEBASTIAN, FLORIDA

## Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended September 30, 2020

	General	Riverfront Redevelopment	Stormwater Utility	Discretionary Sales Tax
<b>Revenues</b>				
Taxes:				
Property	\$ 3,867,257	\$ 403,240	\$ -	\$ -
Public utility	2,940,406	-	-	-
Franchise fees	1,316,849	-	-	-
Licenses and permits	150,240	-	-	-
Intergovernmental	3,013,722	-	-	3,469,568
Impact fees	-	-	-	-
Charges for services	663,702	-	1,912,151	-
Fines	53,164	-	-	-
Investment earnings	68,484	5,082	19,029	68,127
Other revenues	303,439	36,000	38,250	-
Contributions and donations	14,129	-	-	-
<b>Total revenues</b>	<b>12,391,392</b>	<b>444,322</b>	<b>1,969,430</b>	<b>3,537,695</b>
<b>Expenditures</b>				
Current:				
General government	3,942,878	1,396	-	-
Public safety	6,269,387	-	-	-
Physical environment	177,737	-	1,267,438	-
Transportation	1,123,860	-	-	-
Economic environment	-	300,498	-	15,487
Culture and recreation	955,164	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	413,735	-	186,937	-
<b>Total expenditures</b>	<b>12,882,761</b>	<b>301,894</b>	<b>1,454,375</b>	<b>15,487</b>
Revenues over (under) expenditures	(491,369)	142,428	515,055	3,522,208
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	(4,691)	(37,872)	(29,019)	(2,321,749)
<b>Total other financing sources (uses)</b>	<b>(4,691)</b>	<b>(37,872)</b>	<b>(29,019)</b>	<b>(2,321,749)</b>
<b>Net changes in fund balances</b>	<b>(496,060)</b>	<b>104,556</b>	<b>486,036</b>	<b>1,200,459</b>
Fund balances, beginning of year	6,199,061	374,104	889,713	5,584,628
<b>Fund balances, end of year</b>	<b>\$ 5,703,001</b>	<b>\$ 478,660</b>	<b>\$ 1,375,749</b>	<b>\$ 6,785,087</b>

The accompanying notes are an integral part of these basic financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 4,270,497
-	2,940,406
-	1,316,849
-	150,240
1,255,729	7,739,019
143,875	143,875
115,240	2,691,093
133	53,297
20,266	180,988
4,310	381,999
18,499	32,628
<u>1,558,052</u>	<u>19,900,891</u>
554,053	4,498,327
6,072	6,275,459
188,260	1,633,435
5,400	1,129,260
-	315,985
-	955,164
611,000	611,000
35,023	35,023
2,890,300	3,490,972
<u>4,290,108</u>	<u>18,944,625</u>
<u>(2,732,056)</u>	<u>956,266</u>
3,280,101	3,280,101
<u>(993,114)</u>	<u>(3,386,445)</u>
<u>2,286,987</u>	<u>(106,344)</u>
(445,069)	849,922
<u>2,585,914</u>	<u>15,633,420</u>
<u>\$ 2,140,845</u>	<u>\$ 16,483,342</u>

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## CITY OF SEBASTIAN, FLORIDA

### ■ Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
For the Year Ended September 30, 2020

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 849,922</b>
 Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
 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.	
Capital assets purchased/constructed	3,490,972
Depreciation expense	(3,261,029)
Loss on disposal of capital assets	(2,078)
 Note proceeds provide current financial resources to governmental funds in the period issued, but issuing notes increases long-term liabilities in the statement of net position. Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal payments on long-term liabilities	611,000
 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 accrued interest payable on long-term debt	6,312
Change in the accrual for compensated absences	(86,414)
Change in the net pension liability and related deferred amounts	(61,672)
<b>Change in net position of governmental activities</b>	<b><u>\$ 1,547,013</u></b>

The accompanying notes are an integral part of these basic financial statements.

# CITY OF SEBASTIAN, FLORIDA

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes:				
Property	\$ 3,951,497	\$ 3,951,497	\$ 3,867,257	\$ (84,240)
Public utility	3,017,973	3,017,973	2,940,406	(77,567)
Franchise fees	1,401,716	1,401,716	1,316,849	(84,867)
Licenses and permits	162,200	162,200	150,240	(11,960)
Intergovernmental	3,102,538	3,326,467	3,013,722	(312,745)
Charges for services	698,866	698,866	663,702	(35,164)
Fines	39,800	39,800	53,164	13,364
Investment earnings	172,270	172,270	68,484	(103,786)
Other revenues	263,300	304,670	303,439	(1,231)
Contributions and donations	37,300	22,219	14,129	(8,090)
<b>Total revenues</b>	<b>12,847,460</b>	<b>13,097,678</b>	<b>12,391,392</b>	<b>(706,286)</b>
<b>Expenditures</b>				
Current:				
General government:				
City council	63,080	63,080	46,701	(16,379)
City manager	276,327	276,527	269,336	(7,191)
City clerk	229,311	271,465	264,888	(6,577)
City attorney	106,291	181,738	167,044	(14,694)
Administrative services	694,267	696,417	674,672	(21,745)
Management information services	535,860	538,660	509,740	(28,920)
Facilities maintenance	525,178	541,994	514,085	(27,909)
Community development	566,324	573,550	524,640	(48,910)
Non-departmental	961,968	999,349	971,772	(27,577)
<b>Total general government</b>	<b>3,958,606</b>	<b>4,142,780</b>	<b>3,942,878</b>	<b>(199,902)</b>
Public safety:				
Police administration	1,065,879	1,310,692	1,225,179	(85,513)
Police operations	3,359,316	3,384,572	3,274,902	(109,670)
Police detective division	1,020,336	1,024,934	1,002,242	(22,692)
Police dispatch unit	651,282	653,693	582,844	(70,849)
Code enforcement division	190,709	191,648	184,220	(7,428)
<b>Total public safety</b>	<b>6,287,522</b>	<b>6,565,539</b>	<b>6,269,387</b>	<b>(296,152)</b>

continued...

# CITY OF SEBASTIAN, FLORIDA

## Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Physical environment:				
Cemetery	\$ 179,176	\$ 179,676	\$ 177,737	\$ (1,939)
Transportation:				
Roads and maintenance	949,867	952,350	923,984	(28,366)
Fleet management	211,549	209,924	199,876	(10,048)
Total transportation	1,161,416	1,162,274	1,123,860	(38,414)
Culture and recreation:				
Leisure services	1,051,240	1,049,866	955,164	(94,702)
Capital outlay	234,500	434,420	413,735	(20,685)
<b>Total expenditures</b>	<b>12,872,460</b>	<b>13,534,555</b>	<b>12,882,761</b>	<b>(651,794)</b>
Revenues over (under) expenditures	(25,000)	(436,877)	(491,369)	(54,492)
Other financing sources (uses)				
Transfers in	25,000	441,568	-	(441,568)
Transfers out	-	(4,691)	(4,691)	-
<b>Total other financing sources (uses)</b>	<b>25,000</b>	<b>436,877</b>	<b>(4,691)</b>	<b>(441,568)</b>
<b>Net changes in fund balance</b>	<b>-</b>	<b>-</b>	<b>(496,060)</b>	<b>(496,060)</b>
Fund balance, beginning of year	6,199,061	6,199,061	6,199,061	-
<b>Fund balance, end of year</b>	<b>\$ 6,199,061</b>	<b>\$ 6,199,061</b>	<b>\$ 5,703,001</b>	<b>\$ (496,060)</b>

concluded

The accompanying notes are an integral part of these basic financial statements.



## CITY OF SEBASTIAN, FLORIDA

### Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Riverfront Redevelopment Special Revenue Fund For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes:				
Property	\$ 397,816	\$ 397,816	\$ 403,240	\$ 5,424
Investment earnings	18,750	18,750	5,082	(13,668)
Other revenues	36,000	36,000	36,000	-
<b>Total revenues</b>	<u>452,566</u>	<u>452,566</u>	<u>444,322</u>	<u>(8,244)</u>
<b>Expenditures</b>				
Current:				
General government	1,350	1,350	1,396	46
Economic environment	512,550	401,555	300,498	(101,057)
<b>Total expenditures</b>	<u>513,900</u>	<u>402,905</u>	<u>301,894</u>	<u>(101,011)</u>
<b>Revenues over (under) expenditures</b>	<u>(61,334)</u>	<u>49,661</u>	<u>142,428</u>	<u>92,767</u>
<b>Other financing sources (uses)</b>				
Transfers in	61,334	198,458	-	(198,458)
Transfers out	-	(245,042)	(37,872)	(207,170)
<b>Total other financing sources (uses)</b>	<u>61,334</u>	<u>(46,584)</u>	<u>(37,872)</u>	<u>8,712</u>
<b>Net changes in fund balance</b>	-	3,077	104,556	101,479
<b>Fund balance, beginning of year</b>	<u>374,104</u>	<u>374,104</u>	<u>374,104</u>	-
<b>Fund balance, end of year</b>	<u>\$ 374,104</u>	<u>\$ 377,181</u>	<u>\$ 478,660</u>	<u>\$ 101,479</u>

The accompanying notes are an integral part of these basic financial statements.

## CITY OF SEBASTIAN, FLORIDA

### Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Stormwater Utility Special Revenue Fund For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Charges for services	\$ 1,940,000	\$ 1,940,000	\$ 1,912,151	\$ (27,849)
Investment earnings	36,083	36,083	19,029	(17,054)
Other revenues	-	37,800	38,250	450
<b>Total revenues</b>	<u>1,976,083</u>	<u>2,013,883</u>	<u>1,969,430</u>	<u>(44,453)</u>
<b>Expenditures</b>				
Current:				
Physical environment	1,550,647	1,546,502	1,267,438	(279,064)
Capital outlay	145,000	186,945	186,937	(8)
<b>Total expenditures</b>	<u>1,695,647</u>	<u>1,733,447</u>	<u>1,454,375</u>	<u>(279,072)</u>
Revenues over expenditures	280,436	280,436	515,055	234,619
<b>Other financing uses</b>				
Transfers out	(275,000)	(275,000)	(29,019)	(245,981)
<b>Net change in fund balance</b>	5,436	5,436	486,036	480,600
Fund balance, beginning of year	889,713	889,713	889,713	-
<b>Fund balance, end of year</b>	<u>\$ 895,149</u>	<u>\$ 895,149</u>	<u>\$ 1,375,749</u>	<u>\$ 480,600</u>

The accompanying notes are an integral part of these basic financial statements.

**CITY OF SEBASTIAN, FLORIDA**

**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2020**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Golf Course</b>	<b>Airport</b>	<b>Building</b>	<b>Total</b>
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 137,957	\$ 196,866	\$ 797,465	\$ 1,132,288
Investments	-	-	199,362	199,362
Accounts receivable	499	459	-	958
Due from other governments	-	323,354	-	323,354
Inventories	13,561	-	-	13,561
Deposits held in escrow	493	616	493	1,602
Prepaid items	8,931	6,159	7,851	22,941
<b>Total current assets</b>	<b>161,441</b>	<b>527,454</b>	<b>1,005,171</b>	<b>1,694,066</b>
<b>Noncurrent assets:</b>				
Advance to other funds	-	-	1,175,140	1,175,140
<b>Capital assets:</b>				
Land	-	9,060	-	9,060
Buildings	702,060	9,367,542	-	10,069,602
Improvements other than buildings	1,179,193	1,699,383	-	2,878,576
Machinery and equipment	395,340	1,020,772	120,990	1,537,102
Infrastructure	1,437,440	12,128,021	-	13,565,461
Construction in process	-	274,500	-	274,500
Less accumulated depreciation	(2,108,257)	(9,758,418)	(100,125)	(11,966,800)
<b>Total noncurrent assets</b>	<b>1,605,776</b>	<b>14,740,860</b>	<b>1,196,005</b>	<b>17,542,641</b>
<b>Total assets</b>	<b>1,767,217</b>	<b>15,268,314</b>	<b>2,201,176</b>	<b>19,236,707</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	15,971	40,965	30,056	86,992
Due to other funds	500,000	150,000	-	650,000
Due to other governments	8,252	1,636	6,822	16,710
Unearned revenues	79,080	212	6,996	86,288
Rebates payable	-	-	1,107,442	1,107,442
Current portion of leases payable	53,602	-	-	53,602
<b>Total current liabilities</b>	<b>656,905</b>	<b>192,813</b>	<b>1,151,316</b>	<b>2,001,034</b>
<b>Noncurrent liabilities:</b>				
Compensated absences	94,343	1,494	140,169	236,006
Advance from other fund	1,175,140	527,891	-	1,703,031
Leases payable	50,801	-	-	50,801
<b>Total noncurrent liabilities</b>	<b>1,320,284</b>	<b>529,385</b>	<b>140,169</b>	<b>1,989,838</b>
<b>Total liabilities</b>	<b>1,977,189</b>	<b>722,198</b>	<b>1,291,485</b>	<b>3,990,872</b>
<b>Net position</b>				
Net investment in capital assets	1,501,373	14,740,860	20,865	16,263,098
Unrestricted (deficit)	(1,711,345)	(194,744)	888,826	(1,017,263)
<b>Total net position (deficit)</b>	<b>\$ (209,972)</b>	<b>\$ 14,546,116</b>	<b>\$ 909,691</b>	<b>\$ 15,245,835</b>

The accompanying notes are an integral part of these basic financial statements.

**CITY OF SEBASTIAN, FLORIDA**

**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2020**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Golf Course</b>	<b>Airport</b>	<b>Building</b>	<b>Total</b>
<b>Operating revenues</b>				
Charges for fees and rents:				
Building permit fees	\$ -	\$ -	\$ 937,839	\$ 937,839
Golf course fees	1,485,567	-	-	1,485,567
Rents	30,001	473,573	-	503,574
Other revenues	9,616	79,216	-	88,832
<b>Total operating revenues</b>	<u>1,525,184</u>	<u>552,789</u>	<u>937,839</u>	<u>3,015,812</u>
<b>Operating expenses</b>				
Salaries, wages and employee benefits	379,352	70,759	607,068	1,057,179
Contractual services, materials and supplies	953,646	268,773	135,890	1,358,309
Depreciation	214,634	921,077	19,367	1,155,078
<b>Total operating expenses</b>	<u>1,547,632</u>	<u>1,260,609</u>	<u>762,325</u>	<u>3,570,566</u>
<b>Operating income (loss)</b>	<u>(22,448)</u>	<u>(707,820)</u>	<u>175,514</u>	<u>(554,754)</u>
<b>Nonoperating revenues (expenses)</b>				
Investment income	-	2,939	7,438	10,377
Interest expense	(4,294)	(21,475)	-	(25,769)
Gain on sale of capital assets	1,323	2,945	-	4,268
State mandated rebates	-	-	(1,107,442)	(1,107,442)
<b>Total nonoperating revenues (expenses)</b>	<u>(2,971)</u>	<u>(15,591)</u>	<u>(1,100,004)</u>	<u>(1,118,566)</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>(25,419)</u>	<u>(723,411)</u>	<u>(924,490)</u>	<u>(1,673,320)</u>
<b>Capital contributions</b>	-	471,888	-	471,888
<b>Transfers</b>				
Transfers in	-	106,344	8,213	114,557
Transfers out	(8,213)	-	-	(8,213)
<b>Change in net position</b>	<u>(33,632)</u>	<u>(145,179)</u>	<u>(916,277)</u>	<u>(1,095,088)</u>
<b>Net position, beginning of year</b>	<u>(176,340)</u>	<u>14,691,295</u>	<u>1,825,968</u>	<u>16,340,923</u>
<b>Net position, end of year</b>	<u>\$ (209,972)</u>	<u>\$ 14,546,116</u>	<u>\$ 909,691</u>	<u>\$ 15,245,835</u>

The accompanying notes are an integral part of these basic financial statements.

# CITY OF SEBASTIAN, FLORIDA

## Statement of Cash Flows Proprietary Funds For the Year Ended September 30, 2020

	Business-type Activities - Enterprise Funds			
	Golf Course	Airport	Building	Total
<b>Cash flows from operating activities</b>				
Cash received from customers and users	\$ 1,542,164	\$ 258,927	\$ 938,100	\$ 2,739,191
Cash payments to suppliers	(955,226)	(456,426)	(137,701)	(1,549,353)
Cash payments for employee services	(376,221)	(70,928)	(594,471)	(1,041,620)
<b>Net cash provided (used) by operating activities</b>	<u>210,717</u>	<u>(268,427)</u>	<u>205,928</u>	<u>148,218</u>
<b>Cash flows from noncapital financing activities</b>				
Interest paid on advance from other fund	(4,294)	(21,475)	-	(25,769)
Cash payments to other funds	(8,213)	-	30,154	21,941
Cash receipts from other funds	(30,154)	72,321	8,213	50,380
<b>Net cash provided (used) by noncapital financing activities</b>	<u>(42,661)</u>	<u>50,846</u>	<u>38,367</u>	<u>46,552</u>
<b>Cash flows from capital and related financing activities</b>				
Repayment of long term debt	(51,768)	-	-	(51,768)
Acquisition and construction of capital assets	(3,717)	(376,860)	(3,953)	(384,530)
Proceeds from sale of capital assets	2,555	15,686	-	18,241
Receipts from capital contributions	-	471,888	-	471,888
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(52,930)</u>	<u>110,714</u>	<u>(3,953)</u>	<u>53,831</u>
<b>Cash flows from investing activities</b>				
Sale of investments	-	-	24,351	24,351
Investment income	-	2,939	7,438	10,377
<b>Net cash provided by investing activities</b>	<u>-</u>	<u>2,939</u>	<u>31,789</u>	<u>34,728</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>115,126</u>	<u>(103,928)</u>	<u>272,131</u>	<u>283,329</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>22,831</u>	<u>300,794</u>	<u>525,334</u>	<u>848,959</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 137,957</u>	<u>\$ 196,866</u>	<u>\$ 797,465</u>	<u>\$ 1,132,288</u>

continued...

**CITY OF SEBASTIAN, FLORIDA**

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2020**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Golf Course</b>	<b>Airport</b>	<b>Building</b>	<b>Total</b>
<b>Cash flow from operating activities:</b>				
Operating income (loss)	\$ (22,448)	\$ (707,820)	\$ 175,514	\$ (554,754)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>				
Depreciation expense	214,634	921,077	19,367	1,155,078
Change in:				
Accounts receivable	(499)	8,327	-	7,828
Due from other governments	-	(300,352)	-	(300,352)
Inventories	930	-	-	930
Deposits held in escrow	-	(600)	-	(600)
Prepaid items	(3,903)	(6,114)	(7,115)	(17,132)
Accounts payable and accrued liabilities	1,393	(181,539)	5,304	(174,842)
Due to other governments	2,229	(138)	1,070	3,161
Unearned revenues	15,250	(1,699)	(809)	12,742
Accrued compensated absences	3,131	431	12,597	16,159
<b>Total adjustments</b>	<b>233,165</b>	<b>439,393</b>	<b>30,414</b>	<b>702,972</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 210,717</b>	<b>\$ (268,427)</b>	<b>\$ 205,928</b>	<b>\$ 148,218</b>

concluded

**Non-cash Transactions**

For the year ended September, 2020, the building fund recognized rebates payable and state mandated rebates expense of \$1,107,442 to comply with Florida statute 553.80. The statute does not allow a local government to carry forward an amount exceeding the average of its operating budget for the previous four fiscal years.

The accompanying notes are an integral part of these basic financial statements.

# CITY OF SEBASTIAN, FLORIDA

## Statement of Fiduciary Net Position Fiduciary Funds September 30, 2020

	<b>Pension Trust Police Officers' Pension</b>	<b>Agency Performance Deposits</b>
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 750
Receivables:		
Interest and dividends	24,159	-
Investments, at fair value:		
Local government surplus trust funds investment pools	-	92,340
Money market funds	1,263,961	-
United States government obligations	75,893	-
Mortgage backed securities	1,401,246	-
Collateralized mortgage obligations	287,300	-
Municipal obligations	221,168	-
Domestic corporate bonds	1,336,792	-
Foreign corporate bonds	403,056	-
Domestic corporate equities	9,157,535	-
Foreign corporate equities	2,108,209	-
Exchange-traded fund equities	15,582	-
Partnerships	158,068	-
Real estate investment trust	724,831	-
<b>Total investments</b>	<u>17,153,641</u>	<u>92,340</u>
<b>Total assets</b>	<u>17,177,800</u>	<u>\$ 93,090</u>
<b>Liabilities</b>		
Refunds payable	-	<u>\$ 93,090</u>
<b>Net position</b>		
Restricted for pension benefits	<u>\$ 17,177,800</u>	

The accompanying notes are an integral part of these basic financial statements.

# CITY OF SEBASTIAN, FLORIDA

## Statement of Changes in Fiduciary Net Position

Fiduciary Fund - Pension Trust

For the Year Ended September 30, 2020

	<b>Police Officers' Pension</b>
<b>Additions</b>	
Contributions:	
Employer	\$ 703,814
Plan members	229,327
State	<u>208,645</u>
Total contributions	<u>1,141,786</u>
Investment income:	
Net increase in fair value of investments	729,998
Interest and dividends	<u>365,150</u>
Total investment income	1,095,148
Investment expenses	<u>(120,301)</u>
Net investment earnings	<u>974,847</u>
<b>Total additions</b>	<u>2,116,633</u>
<b>Deductions</b>	
Benefits	684,963
Administrative expenses	<u>67,989</u>
<b>Total deductions</b>	<u>752,952</u>
<b>Change in net position</b>	1,363,681
Net position, beginning of year	<u>15,814,119</u>
<b>Net position, end of year</b>	<u>\$ 17,177,800</u>

The accompanying notes are an integral part of these basic financial statements.



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## **NOTES TO FINANCIAL STATEMENTS**

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sebastian (the "City"), a Florida Municipal Corporation, was incorporated in 1924 under Sections 1826-1832 of the Revised Florida Statutes. The City has a population of 25,658 living in an area of approximately 14.6 square miles. The governing body is a five member elected City Council with a mayor elected from the five members. The City Council appoints the City Manager who is responsible for the administration of all City services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

#### **Reporting Entity**

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the City is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and as such, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. The City has no discretely presented component units.

#### *Blended Component Units*

Blended component units are legally separate entities that are from the City but so intertwined with the City that they are, in substance, the same as the City. Discretely presented component units are entities legally separate from the City but for which the City is financially accountable, or their relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The City has two component units that are blended with the primary government for financial statement purposes because the component unit's governing body is substantially the same as the City Council and/or there is a financial benefit/burden relationship between the primary government and the component unit.

**Community Redevelopment Agency (CRA)** – The governing body of the CRA is identical to the Sebastian City Council and there is a benefit/burden relationship to the City. The CRA is accounted for in a special revenue fund entitled "Riverfront Redevelopment." F.S. Section 163.387(8) requires an independent audit of the fund each fiscal year and a report of such audit. The City has presented the CRA as a major fund of the City to satisfy this requirement simply due to the scope of the audit for a major fund being broader than a nonmajor fund.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

**City of Sebastian Police Officers' Pension Plan** – The City Council only appoints two of the five members of the governing board, but it is financially responsible for funding the police officers' pension benefits. The City of Sebastian Police Officers' Pension Trust Fund only exists to provide pension benefits to City of Sebastian police officers. It is accounted for as a Pension Trust fund entitled "Police Officers' Pension."

### 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 and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### 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 fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, *regardless of the timing of 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.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus.

# CITY OF SEBASTIAN, FLORIDA

## ■ Notes to Financial Statements

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. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for expenditure-driven grants which must be collected within one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and as such have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

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

The *Riverfront Redevelopment Special Revenue Fund* accounts for revenues and expenditures to be used for special operations in the defined City's riverfront redevelopment area.

The *Stormwater Utility Special Revenue Fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for system maintenance.

The *Discretionary Sales Tax Capital Projects Fund* accounts for the financial resources that are legally restricted for infrastructure improvements and equipment purchases.

The City reports the following major proprietary funds:

The *Golf Course Fund* accounts for the activities of the municipal golf course.

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

The *Building Fund* accounts for the activities of the municipality's building department that enforces state and local regulations pertaining to construction.

Additionally, the City 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.

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

# CITY OF SEBASTIAN, FLORIDA

## ■ Notes to Financial Statements

*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.

The *permanent fund* is used to record the activity and balance of the Cemetery Trust which provides funds for perpetual care of cemetery lots.

The *pension trust fund* accounts for the activities of the Police Officer's Retirement System, which accumulates resources for pension benefit payments to qualified police officers.

The *performance deposits agency fund* accounts for deposits placed by bidders and developers to guarantee performance pursuant to bid or contract. These funds are held by the City as agent for individuals and businesses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The General Fund provides certain central services to other funds of the City which are presented as program expenses in the funds receiving services. The related General Fund revenue has been netted against program expense in the government-wide statement of activities.

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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the 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 that are subject to restrictions beyond the government'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, then unrestricted resources as they are needed.

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

#### ***Deposits and Investments***

The City considers cash on hand and demand deposits, restricted cash deposits, and short-term investments with maturities of three months or less when purchased to be cash for the statement of cash flows. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the City's investments.

## CITY OF SEBASTIAN, FLORIDA

### Notes to Financial Statements

Investments consist of U.S. Treasury Securities, U.S. Government Agency Securities, common stock, guaranteed investment contracts and the Local Government Surplus Funds Trust Fund Investment pool. The Local Government Surplus Funds Trust Fund is administered by the Florida State Board of Administration, which is not a registrant with the Securities and Exchange Commission. However, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund or accounts. In accordance with the regulations of 2a-7 like pools, the City's share of investments held at the State Board of Administration are reported at amortized cost, which approximates fair value. This pool is regulated by the State and the fair value of the position in the pool is the same as the value of the pool share. Investment earnings are allocated to the participating funds at the end of each month based upon the ratio of each participant's investment to the total pooled investments. Other investments, including the Police Officers' Pension Fund, are reported at their fair value based on the quoted market price or the best available information.

#### *Internal Balances*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by nonspendable fund balance in General Fund and restricted fund balance in other applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

#### *Restricted Assets*

Certain amounts reported as cash and cash equivalents are classified as restricted assets. These include balances in the debt service funds that are set aside to meet bonded debt requirements, balances in the capital projects funds to be used for the payment of project costs and balances in the Cemetery Fund that are either not permitted to be spent or can only be spent for items incidental to cemetery expansions. The amount of the Cemetery Fund investments is also classified as restricted assets and reported as restricted investments.

#### *Receivables*

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

# CITY OF SEBASTIAN, FLORIDA

## ■ Notes to Financial Statements

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are deferred. Receivables consist of trade receivables, due from other governments and interest receivable and are recorded at the net realizable value. As of September 30, 2020, the City has no allowance for doubtful accounts, since all receivables are considered collectible.

### *Other Assets*

Inventories are valued at cost using the average cost method. Inventory in the General Fund consists of materials and supplies held for consumption. The cost is recorded as an expenditure/expense at the time the individual inventory items are consumed. Inventory in the Golf Course consists of supplies held for resale.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

### *Capital Assets*

Capital assets, which include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) 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, individual cost of more than \$750 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased, and at estimated acquisition cost at date of gift, if donated. Major additions are capitalized while maintenance and repairs that do not improve or extend the life of the respective assets are expensed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the asset constructed.



# CITY OF SEBASTIAN, FLORIDA

## ■ Notes to Financial Statements

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<b>Years</b>
Buildings and improvements	10-40
Public domain infrastructure	40-50
System infrastructure	15-30
Improvements other than buildings	10-40
Machinery, equipment and other	5-15
Airport runways	20

### ***Deferred Outflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then. The City reports deferred outflows of resources related to its pension plan.

### ***Compensated Absences***

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits and these are accounted for using the termination payment method. All vacation and sick leave amounts are accrued in the government-wide and proprietary funds financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

### ***Unearned Revenue***

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

### ***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 represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until that time. The City reports deferred inflows of resources related to its pension plan.

# CITY OF SEBASTIAN, FLORIDA

## ■ Notes to Financial Statements

### *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 fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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.

### *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 Council has the authority and 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. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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.

### *Pensions*

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 plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

### *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.

## 2. BUDGETARY INFORMATION

Budgets are prepared annually on a modified accrual basis with encumbrance accounting for all governmental funds except the capital project funds, which are approved on a "life of the project basis", and the permanent fund, which is not budgeted. All annual appropriations lapse at year end.

On or before the third Friday in May of each year, all agencies of the government submit requests for appropriations to the government's City Manager so that a budget may be prepared. Before July 31, the proposed budget is presented to the government's council for review. The council holds budget workshops and public hearings and a final budget must be prepared and adopted no later than September 30.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue and Debt Service funds. Encumbrances outstanding at year end are carried forward and reappropriated to the next year's budget.

Actual results of operations presented in accordance with U.S. generally accepted accounting principles (GAAP basis) and the City's accounting policies do not recognize encumbrances as expenditures until the period in which the actual goods or services are received and a liability is incurred. It is necessary to include budgetary encumbrances to reflect actual revenues and expenditures on a basis consistent with the City's legally adopted budget.

The legal level of budgetary control is at the departmental level for the general fund and at the activity level for special revenue funds. During the year ended September 30, 2020, the City incurred expenditures in excess of the amounts appropriated, as follows:

	Final Budget	Actual	Variance
<b>Riverfront Redevelopment fund</b>			
General government	\$ 1,350	\$ 1,396	\$ 46
<b>Local Option Gas Tax fund</b>			
Debt service - Interest and fiscal charges	14,802	14,886	84
<b>Law Enforcement Forfeiture fund</b>			
Public safety	-	6,072	6,072

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

### 3. DEPOSITS AND INVESTMENTS

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

#### Statement of Net Position

Cash and cash equivalents	\$ 11,511,932
Restricted cash and cash equivalents	112,710
Investments	3,359,545
Permanently restricted investments	983,147

#### Statement of Fiduciary Net Position

Police officers' pension fund investments	17,153,641
Agency funds:	
Cash and cash equivalents	750
Investments	92,340

**Total** \$ 33,214,065

#### Deposits and investments

Bank deposits:	
Checking and savings accounts	\$ 11,622,962
Investments:	
Investments, at fair value	4,435,032
Police officers' pension fund investments	17,153,641
Cash on hand	2,430

**Total** \$ 33,214,065

*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. At September 30, 2020, the carrying amount of the City of Sebastian's deposits with banks was \$11,662,962 and the bank balance was \$11,762,552. All the deposits were covered by the FDIC or collateralized in accordance with the "Florida Security for Public Deposits Act". Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral having a market value equal to 50% of the average daily balance for each month that all public deposits are in excess of any applicable deposit insurance. If the public deposits exceed the total amount of the regulatory capital accounts of a bank or the regulatory net worth of a savings association, the required collateral shall have a market value equal to 125% of the deposits.

*Custodial Credit Risk - Investments.* On April 23, 2003, Sebastian City Council formally adopted an investment policy pursuant to Section 218.415, Florida Statutes that established permitted investments, asset allocation limits and issuer limits, credit ratings requirements and maturity limits for all investments except the Pension Trust Funds. The City maintains a common cash and investment pool for the use of all funds, except the Pension Trust Funds, which are held with third party trustees and are governed by rules established by Florida Statute Chapter 185.

## **CITY OF SEBASTIAN, FLORIDA**

### **Notes to Financial Statements**

Investment holdings during the year included United States Government Agencies which were reported at fair value in accordance with GASB Statement No.31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". These investments were held in trust by the City's bank depository in the City's name or by the Custodian of the Pension Trust Funds.

Section 218.415, Florida Statutes, limits the types of investments that the City can invest in unless specially authorized in the City's investment policy. The City's formal investment policy, for all investments except the Pension Trust Fund, allows for the following investments: Florida Local Government Surplus Funds Trust Fund, United States Government Securities, United States Government Agencies, Federal Instrumentalities, Interest Bearing Time Deposit or Saving Accounts, Repurchase Agreements, Commercial Paper, High Grade Corporate Notes, Bankers' Acceptances, State and/or Local Government Taxable and/or Tax-Exempt Debt, Registered Investment Companies (Money Market Mutual Funds), and Intergovernmental Investment Pool.

Florida Statutes Chapter 185 regulates the types of investment that may be held by the Police Pension Trust Fund. The investment guidelines have been augmented by City ordinance that have adopted specific investment policies. Compliance with the policies and guidelines has been evaluated by the pension board.

**CITY OF SEBASTIAN, FLORIDA**

**Notes to Financial Statements**

As of September 30, 2020, the City had the following investments and effective duration presented in terms of years:

Investment Type	Fair Value	Investment Maturity (Years)				
		No Maturities	Less than 1	From 1-3	From 4-6	Over 7
<b>General investments</b>						
Local government surplus funds trust fund ("SBA")	\$ 3,888,173	\$ -	\$ 3,888,173	\$ -	\$ -	\$ -
Florida Local Government Investment Trust	546,859	-	546,859	-	-	-
	<u>\$ 4,435,032</u>	<u>\$ -</u>	<u>\$ 4,435,032</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Police officers' pension fund investments</b>						
Money market	\$ 1,263,961	\$ -	\$ 1,263,961	\$ -	\$ -	\$ -
United States government obligations	75,893	-	-	-	-	75,893
Mortgage backed securities	1,401,246	-	2	37,630	293,133	1,070,481
Collateralized mortgage obligations	287,300	-	-	-	-	287,300
Municipal obligations	221,168	-	-	95,709	-	125,459
Domestic corporate bonds	1,336,792	-	76,023	448,993	346,840	464,936
Foreign corporate bonds	403,056	-	76,100	117,735	131,701	77,520
Domestic corporate equities	9,157,535	9,157,535	-	-	-	-
Foreign corporate equities	2,108,209	2,108,209	-	-	-	-
Exchange-traded fund equities	15,582	15,582	-	-	-	-
Partnerships	158,068	158,068	-	-	-	-
Real estate investment trust	724,831	724,831	-	-	-	-
	<u>\$ 17,153,641</u>	<u>\$ 12,164,225</u>	<u>\$ 1,416,086</u>	<u>\$ 700,067</u>	<u>\$ 771,674</u>	<u>\$ 2,101,589</u>

## CITY OF SEBASTIAN, FLORIDA

### Notes to Financial Statements

*Interest Rate Risk.* The City's investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. Investment maturities shall not exceed thirty-six (36) months. Investments of construction funds shall have a term appropriate to the need for funds and in accordance with debt covenants.

*Credit Risk.* The City investment policy that covers all investments, except the Pension Trust Fund, permits investments in the following securities, which are limited to credit quality ratings from nationally recognized agencies as follows:

Mutual funds shall be rated "m" or "AAm-G" or better by Standard & Poor's, or the equivalent by another rating agency. State and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least "Aa" by Moody's and "AA" by Standard & Poor's for long-term debt, or rated at least "MIG-2" by Moody's and "SP-2" by Standard & Poor's for short-term debt. Bankers' acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, at the time of purchase, the short-term paper is rated, at a minimum, "P-1" by Moody's Investors Services and "A-1" Standard & Poor's. Commercial paper of any United States company that is rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper). Corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long-term debt rating, at the time of purchase, at a minimum "Aa" by Moody's and a minimum long-term debt rating of "AA" by Standard & Poor's.

As of September 30, 2020, the City's investment securities, for all investments except the Pension Trust Fund, were all individually rated AAAM by Standard & Poor's. The investment ratings for the Pension Trust Fund ranged between AAA through BBB-.

As of September 30, 2020, the City had \$3,888,173 invested in the State Board of Administration's Local Government Surplus Trust Funds Investment Pool, which consist of accounts in Pool A. Pool A had a rating by Standard and Poor's Rating Services as "AAAM" on September 30, 2020 and amounts may be withdrawn without penalty. Additionally, the City had \$546,859 invested in the Florida Local Government Investment Trust which had a rating by Standard and Poor's Rating Services as "AAAM" on September 30, 2020.

Investment in the City's pension trust funds are limited by State Statutes Chapter 185 and by an investment policy adopted by the fund's Board of Trustees on December 31, 2016. The allowable investment instruments include: United States government and agency issues, bankers acceptances and certificates of deposit by United States banks, savings accounts with banks or other financial institutions incorporated in the United States and commercial paper rated A-2 or P-2 or higher by Moody's or Standard and Pooers. See table below for credit ratings by investment type. In addition, common stocks of corporations listed on a recognized national stock exchange, plus issues convertible into common stock are also allowed. No more than ten percent (10%) of the cost value of total assets may be invested in foreign securities.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

*Custodial Credit Risk.* The City's investment policy pursuant to Section 218.415(18), Florida Statutes requires securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchased by, and all collateral obtained by the City should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida as defined in Section 658.12, Florida Statutes, or by a national association organized and existing under the laws of the United States, which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits maintained by book-entry at the issuing bank shall clearly identify the City as the owner.

*Concentration of Credit Risk.* The City's investment policy has established asset allocation and issuer limits on the following investments, which are designed to reduce concentration of credit risk of the City's investment portfolio.

A maximum of 100% of available funds may be invested in the SBA and in the United States Government Securities, 50% of available funds may be invested in United States Government agencies with a 25% limit on individual issuers, 80% of available funds may be invested in Federal Instrumentalities with a 40% limit on individual issuers, 25% of available funds may be invested in non-negotiable interest bearing time certificates of deposits with a 15% limit on individual issuers, 50% of available funds may be invested in repurchase agreements excluding one (1) business day agreements and overnight sweep agreements with a 25% limit on any one institution, 25% of available funds may be directly invested in prime commercial paper with a 10% limit on individual issuers, 15% of available funds may be directly invested in corporate notes with a 5% limit on individual issuers, 25% of available funds may be directly invested in Bankers' Acceptances with a 10% limit on individual issuers, 20% of available funds may be invested in taxable and tax-exempt debts, 50% of available funds may be invested in money market mutual fund with a 25% limit on individual issuers, 10% of available funds may be invested in intergovernmental investment pools.

The City's pension trust fund's investment policy adopted by the fund's Board of Trustees has established asset allocation and issuer limits on the following investments, which are designed to focus on performance. A maximum of 100% of available funds may be invested in fixed income securities and a maximum of 60% of available funds may be invested in equity securities.



## CITY OF SEBASTIAN, FLORIDA

### Notes to Financial Statements

As of September 30, 2020, the City had the following issuer concentration based on fair value and investment ratings:

Issuer	General Investments		Pension Investments		S&P/Moody Ratings
	Amount	Percentage of Portfolio	Amount	Percentage of Portfolio	
Local government surplus funds trust fund ("SBA")	\$ 3,888,173	87.67%	\$ -	0.00%	AAAm
Florida Local Government Investment Trust	546,859	12.33%	-	0.00%	AAAm
Money market	-	0.00%	1,263,961	7.37%	Not Rated
United States government obligations	-	0.00%	75,893	0.44%	AA+
Mortgage backed securities	-	0.00%	1,401,246	8.17%	Aaa
Collateralized mortgage obligations	-	0.00%	287,300	1.67%	AAA
Municipal obligations	-	0.00%	221,168	1.29%	AAA/A-
Domestic corporate bonds	-	0.00%	1,336,792	7.79%	AAA/BBB-
Foreign corporate bonds	-	0.00%	403,056	2.35%	AA-/BBB+
Domestic corporate equities	-	0.00%	9,157,535	53.39%	Not Rated
Foreign corporate equities	-	0.00%	2,108,209	12.29%	Not Rated
Exchange-traded fund equities	-	0.00%	15,582	0.09%	Not Rated
Partnerships	-	0.00%	158,068	0.92%	Not Rated
Real estate investment trust	-	0.00%	724,831	4.23%	Not Rated
<b>Total</b>	<b>\$ 4,435,032</b>	<b>100.00%</b>	<b>\$ 17,153,641</b>	<b>100.00%</b>	

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

*Foreign Currency Risk.* Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. Foreign currency risk is mitigated by requiring the portfolio to be broadly diversified by number of holdings, by geographic location and across industry sectors. Country exposures are monitored through a monthly performance report. The exposure to foreign currency risk is as follows:

<b>Investment (currency in U.S. dollar)</b>	<b>Pension Investments</b>
Foreign corporate bonds	\$ 403,056
Foreign corporate equities	<u>2,108,209</u>
<b>Total</b>	<u>\$ 2,511,265</u>

### ***Fair Value Measurement***

The City categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs – other than quoted prices included within Level 1- that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the management's review of the type and substance of investments held by the City. Level 2 inputs use one of the following valuation techniques depending on the investment: a) traditional net asset valuation (dividing the asset value by the number of units owned), b) matrix pricing technique (relying on the securities' relationship to other benchmark quoted securities instead of exclusively on quoted prices for specific securities), or c) quoted market prices for similar assets in active markets or quoted prices for identical or similar assets in markets that are not active.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

The City has the following recurring fair value measurements as of September 30, 2020:

	Level 1	Level 2	Level 3	Total
Local government surplus funds trust fund ("SBA")	\$ 3,888,173	\$ -	\$ -	\$ 3,888,173
Florida Local Government Investment Trust	546,859	-	-	546,859
Money market	1,263,961	-	-	1,263,961
United States government obligations	75,893	-	-	75,893
Mortgage backed securities	-	1,401,246	-	1,401,246
Collateralized mortgage obligations	-	287,300	-	287,300
Municipal obligations	-	221,168	-	221,168
Domestic corporate bonds	73,579	1,263,213	-	1,336,792
Foreign corporate bonds	-	403,056	-	403,056
Domestic corporate equities	9,157,535	-	-	9,157,535
Foreign corporate equities	1,029,578	1,078,631	-	2,108,209
Exchange-traded fund equities	15,582	-	-	15,582
Partnerships	158,068	-	-	158,068
Real estate investment trust	-	-	724,831	724,831
	<u>\$ 16,209,228</u>	<u>\$ 4,654,614</u>	<u>\$ 724,831</u>	<u>\$ 21,588,673</u>

#### 4. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Total
Accounts receivable	\$ 393,423	\$ 958	\$ 394,381
Due from other governments	1,186,380	323,354	1,509,734
	<u>\$ 1,579,803</u>	<u>\$ 324,312</u>	<u>\$ 1,904,115</u>

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Total
Accounts payable and accrued liabilities	\$ 815,262	\$ 86,992	\$ 902,254
Rebates payable	-	1,107,442	1,107,442
Due to other governments	251,824	16,710	268,534
	<u>\$ 1,067,086</u>	<u>\$ 1,211,144</u>	<u>\$ 2,278,230</u>

### 6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

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

#### Due to and from primary government funds

	Due from Other Funds	Due to Other Funds
General Fund	\$ 650,000	\$ -
Golf Course	-	500,000
Airport	-	150,000
	<u>\$ 650,000</u>	<u>\$ 650,000</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

#### Advances to and from primary government funds

	Advance from Other Funds	Advance to Other Funds
Discretionary Sales Tax	\$ -	\$ 527,891
Golf Course	1,175,140	-
Airport	527,891	-
Building	-	1,175,140
	<u>\$ 1,703,031</u>	<u>\$ 1,703,031</u>

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

The balance of \$527,891 advanced to the airport fund from the discretionary sales tax fund is being repaid in accordance with Resolution No. R-08-20 for the initial \$285,000 advance and with Resolution No. R-10-22 authorizing an additional \$290,000 advance. Both of these advances provided for repayment over a thirty year period. The \$1,175,140 was advanced from the Building Fund to replace the irrigation system and make other improvements at the Golf Course.

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

	Transfers in	Transfers out
General Fund	\$ -	\$ 4,691
Discretionary Sales Tax Fund	-	2,321,749
Riverfront Redevelopment Fund	-	37,872
Stormwater Utility Fund	-	29,019
Nonmajor Governmental Funds	3,280,101	993,114
Golf Course	-	8,213
Airport Fund	106,344	-
Building Fund	8,213	-
	<u>\$ 3,394,658</u>	<u>\$ 3,394,658</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

### 7. CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental activities</b>					
Capital assets, not being depreciated:					
Land	\$ 9,123,041	\$ -	\$ -	\$ -	\$ 9,123,041
Construction in progress	205,968	2,784,745	-	(2,583,429)	407,284
	<u>9,329,009</u>	<u>2,784,745</u>	<u>-</u>	<u>(2,583,429)</u>	<u>9,530,325</u>
Capital assets, being depreciated:					
Buildings	14,269,682	6,660	(1,160)	69,497	14,344,679
Non-building improvements	7,110,088	28,389	(4,696)	630,305	7,764,086
Machinery and equipment	10,263,039	671,178	(751,339)	823,091	11,005,969
Infrastructure	43,206,105	-	-	1,060,536	44,266,641
	<u>74,848,914</u>	<u>706,227</u>	<u>(757,195)</u>	<u>2,583,429</u>	<u>77,381,375</u>
Less accumulated depreciation for:					
Buildings	(6,506,734)	(409,115)	1,160	-	(6,914,689)
Non-building improvements	(4,599,525)	(311,095)	3,946	-	(4,906,674)
Machinery and equipment	(7,790,629)	(1,016,968)	750,011	-	(8,057,586)
Infrastructure	(26,216,068)	(1,523,851)	-	-	(27,739,919)
	<u>(45,112,956)</u>	<u>(3,261,029)</u>	<u>755,117</u>	<u>-</u>	<u>(47,618,868)</u>
Total capital assets being depreciated, net	<u>29,735,958</u>	<u>(2,554,802)</u>	<u>(2,078)</u>	<u>2,583,429</u>	<u>29,762,507</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 39,064,967</u>	<u>\$ 229,943</u>	<u>\$ (2,078)</u>	<u>\$ -</u>	<u>\$ 39,292,832</u>

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Business-type activities</b>					
Capital assets, not being depreciated:					
Land	\$ 9,060	\$ -	\$ -	\$ -	\$ 9,060
Construction in progress	2,480,807	326,789	-	(2,533,096)	274,500
	<u>2,489,867</u>	<u>326,789</u>	<u>-</u>	<u>(2,533,096)</u>	<u>283,560</u>
Capital assets, being depreciated:					
Buildings	10,086,525	-	(16,923)	-	10,069,602
Non-building improvements	2,868,059	10,517	-	-	2,878,576
Machinery and equipment	1,572,198	47,224	(82,320)	-	1,537,102
Infrastructure	11,034,566	-	(2,201)	2,533,096	13,565,461
	<u>25,561,348</u>	<u>57,741</u>	<u>(101,444)</u>	<u>2,533,096</u>	<u>28,050,741</u>
Less accumulated depreciation for:					
Buildings	(2,448,138)	(284,671)	16,923	-	(2,715,886)
Non-building improvements	(1,578,688)	(127,789)	-	-	(1,706,477)
Machinery and equipment	(1,091,417)	(173,207)	68,348	-	(1,196,276)
Infrastructure	(5,780,950)	(569,411)	2,200	-	(6,348,161)
	<u>(10,899,193)</u>	<u>(1,155,078)</u>	<u>87,471</u>	<u>-</u>	<u>(11,966,800)</u>
Total capital assets being depreciated, net	<u>14,662,155</u>	<u>(1,097,337)</u>	<u>(13,973)</u>	<u>2,533,096</u>	<u>16,083,941</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 17,152,022</u>	<u>\$ (770,548)</u>	<u>\$ (13,973)</u>	<u>\$ -</u>	<u>\$ 16,367,501</u>

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

### Depreciation of governmental activities by function

General government	\$ 494,801
Public safety	514,421
Physical environment	895,440
Transportation	910,297
Cultural and recreation	446,070

### Total governmental activities

\$ 3,261,029

### Depreciation of business-type activities by function

Golf course	\$ 214,634
Airport	921,077
Building	19,367

### Total business-type activities

\$ 1,155,078

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

### 8. LONG-TERM DEBT

Revenue notes are secured by and payable from the revenues of the respective funds that issued them.

- The City entered into a nine (9) year loan agreement in 2012 with a local bank for \$2,296,000 to provide financing to repave certain roads in the City and payoff an outstanding loan. The City pledged Local Option Gas Tax revenues to repay the note payable. The funds are accumulated in the Local Option Gas Tax Special Revenue fund for repayment of principal and interest.
- The City issued a nine (9) year, \$3,096,000 Stormwater Utility Refunding Revenue Note, Series 2013 in December 2013. The City has pledged stormwater fee revenues for repayment of principal and interest. These proceeds and other stormwater fee revenues were used to totally advance refund all of the outstanding Stormwater Utility Revenue Bonds prior to September 30, 2014.
- As of September 30, 2020, there was no outstanding in-substance defeased debt.

The following is a summary of governmental activities long-term debt transactions for the year ended September 30, 2020:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Notes from direct borrowings and direct placements	\$ 1,984,000	\$ -	\$ (611,000)	\$ 1,373,000	\$ 620,000
Compensated absences	1,437,062	511,290	(424,876)	1,523,476	149,866
Pollution remediation	91,200	-	-	91,200	-
<b>Totals governmental activities</b>	<b>\$ 3,512,262</b>	<b>\$ 511,290</b>	<b>\$ (1,035,876)</b>	<b>\$ 2,987,676</b>	<b>\$ 769,866</b>

#### Notes payable

Florida Gas Tax Revenue Note, due in bi-annual installments of \$116,000 to \$121,000 plus interest at 1.94% through 2023.

\$ 591,000

2013 Stormwater Utility Refunding Revenue Note, Series 2013, due in annual installments of \$387,000 to \$395,000 plus interest at 1.73% through 2022.

782,000

\$ 1,373,000



# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

The following is a summary of business-type activities long-term debt transactions for the year ended September 30, 2020:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Business-type activities</b>					
Compensated absences	\$ 219,847	\$ 66,287	\$ (50,128)	\$ 236,006	-
Capital lease	156,171	-	(51,768)	104,403	53,602
<b>Totals business-type activities</b>	<u>\$ 376,018</u>	<u>\$ 66,287</u>	<u>\$ (101,896)</u>	<u>\$ 340,409</u>	<u>\$ 53,602</u>

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

<b>Governmental Activities</b>		
Year Ended September 30,	Principal	Interest
2021	\$ 620,000	\$ 23,868
2022	632,000	12,635
2023	121,000	1,174
	<u>\$ 1,373,000</u>	<u>\$ 37,677</u>

<b>Business-type Activities</b>		
Year Ended September 30,	Principal	Interest
2021	\$ 53,602	\$ 2,789
2022	50,801	890
	<u>\$ 104,403</u>	<u>\$ 3,679</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund. For business-type activities, compensated absences are allocated to and liquidated by the Golf Course, Airport or Building funds.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

A pollution remediation obligation was recorded for a Florida Department of Environmental (FDEP) Order dated March 10, 1997. This was related to an incident of petroleum contamination at the Public Works Department on April 22, 1991. The City was named as the party responsible for the cleanup but FDEP determined the discharge is eligible under the Petroleum Cleanup Participation Program and will not compel site rehabilitation prior to funding becoming available from that program. The program has a funding cap of \$400,000, with a 25% required cost share percentage. The City must also pay for a limited contamination assessment report sufficient to determine the extent of the contamination and cleanup. Based on the information available, the City estimated its expenditure to be \$91,200 dependent on the extent of work that is eventually required and recorded a long-term liability of \$91,200. This liability would generally be liquidated by the General Fund.

### 9. LEASES

#### *Operating Leases - Lessee*

The City is obligated under a lease for land accounted for as an operating lease. Operating leases do not give rise to property rights or lease obligations. Total costs for the lease was \$106,000 for the fiscal year ended September 30, 2020. This represents the Golf Fund's lease obligation for the property used as the City's golf course which resides partially on the Airport Fund's grounds. The following is a schedule by years for future minimum rental payments required under the operating lease that has initial or remaining noncancelable lease terms in excess of one year at September 30, 2020:

Year Ended September 30,	Golf Course Lessee
2021	\$ 106,000
2022	106,000
2023	106,000
2024	106,000
2025	106,000
2026-2030	530,000
2031-2035	530,000
2036-2040	530,000
2041-2045	<u>530,000</u>
<b>Total</b>	<b><u>\$ 2,650,000</u></b>

# CITY OF SEBASTIAN, FLORIDA

## ■ Notes to Financial Statements

### *Operating Leases - Lessor*

The City is the lessor of numerous properties including two communication towers with terms of up to fifty-five years. The communication towers have a cost of \$39,285 and have been fully depreciated. Following is a schedule by year of minimum future rental income on noncancelable operating leases:

<b>Year Ended September 30,</b>	<b>Governmental Activities</b>
2021	\$ 235,932
2022	238,840
2023	221,127
2024	206,020
2025	191,039
2026-2030	1,009,024
2031-2035	1,112,805
2036-2040	1,239,072
2041-2045	1,392,694
2046-2050	1,049,600
2051-2055	<u>1,276,998</u>
<b>Total</b>	<b><u>\$ 8,173,151</u></b>

# CITY OF SEBASTIAN, FLORIDA

## ■ Notes to Financial Statements

The Airport Fund is the lessor of various properties (land with a cost basis of \$9,060) with lease terms varying from twenty to thirty years. These include the lease to the Golf Course Fund requiring annual payments of \$106,000 through 2045. Following is a schedule by year of minimum future rental income on noncancelable operating leases:

Future minimum rental commitments are as follows:

<b>Year Ended September 30,</b>	<b>Business-type Activities</b>
2021	\$ 365,337
2022	371,982
2023	378,964
2024	317,774
2025	287,855
2026-2030	1,463,214
2031-2035	1,240,011
2036-2040	536,993
2041-2045	<u>354,919</u>
<b>Total</b>	<b><u>\$ 5,317,049</u></b>

### 10. PROPERTY TAXES

The City is permitted by State law to levy taxes up to 10 mills on assessed valuation. The millage rate levied by the City for the fiscal year ended September 30, 2020, was 2.9399 mills. Total tax collections were approximately 95.1% of the total tax levy.

The tax levy of the City is established by City Council. Under Florida law, the assessment of all properties and the collection of municipal taxes are provided by offices of the County's Property Appraiser and Tax Collector. Ad Valorem taxes are levied on property values as of January 1. The fiscal year for which taxes are levied begins October 1. Taxes are due November 1 and become delinquent on April 1. All taxes unpaid as of May 30 are subject to a tax certificate sale. Property tax revenues are recognized in the fiscal year for which they are levied and also become due and payable.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

### 11. CONTINGENT LIABILITIES

Various suits and claims are currently pending against the City. It is impossible for the City to accurately quantify the exposure involved given the jury's latitude in assessing compensatory and punitive damages, and the court's latitude in awarding attorney's fees. The City intends to vigorously defend against these lawsuits and believes it has a good chance of prevailing on their merits. The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of management and based on the advice of legal counsel, the ultimate disposition of lawsuits will not have a material adverse effect on the financial position of the City.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

### 12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of or damage to and destruction of assets; errors and omissions; and natural disasters. The City purchases commercial insurance with various deductibles for different types of losses. The cost of this insurance is accounted for in the General Fund, Golf Course Fund, Airport Fund, and Building Fund. Settled claims have not exceeded this commercial coverage in the past three fiscal years.

### 13. BENEFIT PLANS

#### Police Officer's Pension Plan

##### *Defined Benefit Pension Plan*

*Plan Description.* The Police Officers' Pension Plan is a Florida Statute Chapter 185 single-employer defined benefit plan. Only City police officers participate in the Police Pension Plan. The state provides a contribution to the Police Pension Plan through a distribution of funds collected from insurance premium taxes. The pension plan data provided in these financial statements are from the actuarial valuation as of October 1, 2019 to determine the required contribution for the fiscal year ending September 30, 2020. Although the Police Officers' Pension Plan provides separate reporting, which may be obtained in the Finance department, it is also a component unit (reporting as a Pension Trust Fund) of the City's financial reporting entity.

*Basis of Accounting.* Financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due, and the employer has made formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

*Method Used to Value Investments.* Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value. Investments in securities of a single organization (excluding mutual funds and those issued or guaranteed by the U.S. government) held by the pension plan did not exceed five percent of the total plan assets.

*Investment Policy.* The plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment process that the Board deems appropriate. The plan's asset allocation policy is shown on the following pages.

*Concentrations.* At September 30, 2020, the plan held certain investments (other than those issued or explicitly guaranteed by the U.S. government, mutual funds, external investment pools, or other pooled investments) in certain organizations that represent 5 percent or more of the plan's fiduciary net position. Please see Note 3 for details of these concentrations.

*Plan Membership.* As of September 30, 2020, employee membership data was as follows:

Inactive plan members or beneficiaries currently receiving benefits	18
Inactive plan members entitled to but not yet receiving benefits	10
Active plan members	40
<b>Total membership</b>	<b>68</b>

*Benefit Provisions and Contribution Requirements.* The Police Officers' Pension Plan provides retirement and disability benefits to plan members and beneficiaries. This plan is administered by a separate local Board of Trustees. Chapter 185, Florida Statutes, as amended governs all benefit provisions of the plan. Contribution requirements, in accordance with Chapter 185, Florida Statutes, are established by City ordinance, as provided in Chapter 58, Article III of the Sebastian City Code. The City Council has the authority to amend funding requirements.

*Contributions.* Members contribute 8% of their salary. City and state contributions consist of the remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over a period not exceeding 30 years. State contributions are reported as revenues and expenditures in the General Fund before being reported in the Pension Trust Fund.

*Rate of Return.* For the year ended September 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.04 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

*Net Pension Liability of the City.* The components of the net pension liability of the City at September 30, 2020, were as follows:

Total pension liability	\$ 21,233,850
Less: Plan fiduciary net position	<u>(17,177,800)</u>
<b>City's net pension liability</b>	<b><u>\$ 4,056,050</u></b>
 Plan fiduciary net position as percentage of total pension liability	   80.90%

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of October 1, 2019 updated to September 30, 2020 (the measurement date) using the following actuarial assumptions applied to all measurement periods.

Inflation	2.30%
Salary increases	Service based
Discount rate	7.20%
Investment rate of return	7.20%

*Mortality Rate Healthy Active Lives:* Female: PubS.H-2010 (Below Median) for Employees, set forward one year. Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

*Mortality Rate Healthy Retiree Lives:* Female: PubS.H-2010 for Healthy Retirees, set forward one year. Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

*Mortality Rate Beneficiary Lives:* Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

*Mortality Rate Disabled Lives:* 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

All mortality rates are projected generationally with Mortality Improvement Scale MP-2018.

The most recent actuarial experience study used to review the other significant assumptions was dated September 13, 2019.

## CITY OF SEBASTIAN, FLORIDA

### Notes to Financial Statements

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity	52.50%	5.33%	2.80%
International equity	12.50%	4.31%	0.54%
Fixed income	25.00%	1.40%	0.35%
Real Estate	5.00%	4.80%	0.24%
Master Limited Partnerships	5.00%	4.70%	0.24%
<b>Total</b>	<u>100.00%</u>		<u>4.17%</u>
Inflation			2.30%
Risk adjustments			0.73%
<b>Investment rate of return</b>			<u>7.20%</u>

*Discount Rate.* The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan'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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the City, calculated using the discount rate of 7.20 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20 percent) or one percentage point higher (8.20 percent) than the current rate.

	<b>One Percent Decrease 6.20%</b>	<b>Current Discount Rate 7.20%</b>	<b>One Percent Increase 8.20%</b>
Net Pension Liability	<u>\$ 6,715,749</u>	<u>\$ 4,056,050</u>	<u>\$ 1,845,807</u>

*Changes in the Net Pension Liability.* The components of the change in the net pension liability are summarized as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at September 30, 2019	<u>\$ 19,905,138</u>	<u>\$ 15,814,119</u>	<u>\$ 4,091,019</u>
Changes for the year:			
Service cost	600,789	-	600,789
Interest on total pension liability	1,451,768	-	1,451,768
Differences between expected and actual experience	408,904	-	408,904
Assumption changes	(447,786)	-	(447,786)
Benefit payments, including refunds of employee contributions	(684,963)	(684,963)	-
Employer contributions	-	703,814	(703,814)
State contributions	-	208,645	(208,645)
Employee contributions	-	229,327	(229,327)
Pension plan net investment income	-	974,847	(974,847)
Administrative expense	-	(67,989)	67,989
Net changes	<u>1,328,712</u>	<u>1,363,681</u>	<u>(34,969)</u>
<b>Balances at September 30, 2020</b>	<u><b>\$ 21,233,850</b></u>	<u><b>\$ 17,177,800</b></u>	<u><b>\$ 4,056,050</b></u>

State statutes mandate that the State contribution be recorded as revenue to the General Fund and then paid to the Pension Trust Fund.

Changes in assumptions - for the measurement date 09/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate risk and collar adjustments made based on plan demographics.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* For the year ended September 30, 2020, the City recognized pension expense of \$997,632. At September 30, 2020, the City reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 446,885	\$ 51,652	\$ 395,233
Changes in assumptions	353,382	373,155	(19,773)
Net difference between projected and actual earnings on pension plan investments	561,007	-	561,007
	<u>\$ 1,361,274</u>	<u>\$ 424,807</u>	<u>\$ 936,467</u>

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

Year Ended September 30,	Amount
2021	\$ 299,985
2022	389,666
2023	224,788
2024	28,508
2025	<u>(6,480)</u>
<b>Total</b>	<u>\$ 936,467</u>

*Payable to the Pension Plan.* At September 30, 2020, the City reported \$0 payable to the police officer's pension plan.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

### Coastal Florida Public Employees Association

#### *Negotiated Defined Benefit Pension Plan*

*Plan Description.* The Communication Workers of America / International Typographical Union Negotiated Pension Plan (NPP), which began in 1967, is a multi-employer cost-sharing, defined benefit plan. The plan is available to any Coastal Florida Public Employees Association bargaining unit member and benefits are portable from one contributing employer to another. The plan is not a state or local governmental plan, is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, has no predominant state or local governmental employer and issues audited financials following FASB guidelines, which can be obtained at <http://www.cwaitu.com>. The City of Sebastian approved the plan by Resolution No. R-01-36, effective April 29, 2001. There is currently no expiration date of the collective-bargaining agreement requiring contributions to the pension plan. The total number of governmental employees covered as of September 30, 2020, was 62.

*Normal Pension.* Minimum age 65: 5 years of service credit required if any portion of service credit was earned after January 1, 1989. 10 years of service credit required if employees' coverage ended before January 1, 1989. Once the service credit amount is accrued, the employee is vested and cannot lose the right to a pension.

*Early Pension.* Minimum age 62: 20 years of service credit required if employed after January 1, 1989, and 25 years of service credit required if employment ended before January 1, 1993. Pension amounts are permanently reduced based on age on the effective date, because the payments are expected to be made for a longer period of time.

*Disability Pension.* No minimum age and the pension amount is not reduced for age; there must be a Social Security Disability Award, 10 years of actual service credit and a contribution for covered employment must have been made within three calendar years preceding the entitlement date to Social Security Disability Pension. An application must be filed with the plan within 6 months of the Social Security Notice of Award date to receive pension retroactive to the Social Security entitlement date.

*Lump Sum Disability Benefit.* If the employee has been awarded a Social Security Disability Award with the date of entitlement before May 1, 2009 and is vested, but not immediately eligible to receive any pension described above, the employee may be eligible for a lump sum disability benefit.

*Death Benefit.* If the employee dies before becoming a pensioner and has at least \$250 contributed on the employees' behalf, a lump sum death benefit equal to total contributions credited on the employees' behalf or 36 times the Normal Pension amount, if greater, will be paid to employees' beneficiary. If the employee is married at the time of death, the spouse will have the choice of a lump sum or a monthly survivor benefit.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

*Withdrawal Benefit.* If the employee did not earn enough service credit to qualify for a normal pension, the employee may be eligible for a lump sum withdrawal benefit, based on total contributions, after the employee has incurred a break in service. **Benefit Provisions and Contribution Requirements:** The NPP provides retirement and disability benefits to plan members and beneficiaries. The plan is administered at the plan office in Colorado Springs, Colorado. Contribution requirements are established by the CWA contract, effective date October 1, 2011, which is negotiated every 3 years, and approved by City Council.

*Benefit Provisions and Contribution Requirements.* The NPP provides retirement and disability benefits to plan members and beneficiaries. The plan is administered at the plan office in Colorado Springs, Colorado. Contribution requirements are established by the CWA contract, effective date October 1, 2013, which is negotiated every 3 years, and approved by City Council.

*Employer Withdrawal Liability.* Under federal law, employers who partially or completely withdraw from a multiemployer plan are assessed withdrawal liability for their proportionate share of the plan's unfunded vested liabilities as of the beginning of the year in which they withdraw. Withdrawal liability is usually paid in quarterly installments as determined by a statutory formula over a maximum of 20 years.

*Funding Policy.* Administration costs of the pension plan are financed by the plan. The employer contribution rate, expressed as a percentage of compensation, was 9.0% for the 2019-2020 fiscal year. Employees do not contribute to this plan. Contributions which are equal to 100% of the required contribution for each year to the CWA Pension Plan are as follows:

<b>Year Ended September 30,</b>	<b>Amount</b>
2016	\$ 200,889
2017	204,035
2018	217,695
2019	241,992
2020	239,161

### **Defined Contribution 401(a) Plan**

*Plan Description.* The ICMA Retirement Corporation's 401 Retirement Plan is a Defined Contribution Plan "qualified" under Section 401(a) of the Internal Revenue Code. Each participant has a plan account to which contributions are made. Plan benefits are based on the total amount of money in the employees' account at retirement or other eligible event. The plan is available to all management staff and may be rolled over to another "qualified" employer plan that accepts rollovers, or Traditional IRA's.

*Plan Participation.* As of September 30, 2020, there were a total of 22 employees participating in the plan.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

*Periodic Payments.* Retirement benefits can be paid monthly, quarterly, semi-annual (at six-month intervals only) or annual payments until assets are fully paid out.

*Rollover.* Retirement benefits can be rolled over to another employer plan (including a 457 deferred compensation plan) that accepts rollovers, or to a Traditional IRA.

*Lump Sum.* Retirement benefits can be paid either partially or by total distribution of the employees' account balance.

*Annuities.* Retirement benefits can be utilized to purchase an annuity.

*Benefit Provisions and Contribution Requirements.* The 401 provides retirement benefits to plan members and beneficiaries. The plan is administered by the ICMA Retirement Corporation. Contribution requirements are established by the City of Sebastian, Management Benefit Package, revised October 1, 2006, and approved by the City Manager.

*Funding Policy.* The administration costs of the pension plan are financed by the Plan. The employer contribution rate, expressed as a percentage of compensation, was 9% for the 2019-2020 fiscal year. Employees do not contribute to this Plan. Contributions which are equal to 100% of the required contribution for each year to the 401 Defined Contribution Plan are as follows:

Year Ended September 30,	Amount
2016	\$ 151,891
2017	120,879
2018	142,347
2019	151,754
2020	163,374

### 14. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 13, the City provides postemployment benefits pursuant to Section 112.0801, Florida Statutes. This permits 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 qualified retirees with partial subsidy. In this respect, the City operates a single-employer plan. Employees are eligible to receive a partial subsidy from the Retiree Medical Plan upon retirement, if they are enrolled in the active medical plan immediately prior to retiring and achieved at least 20 years of service in a full time capacity. If eligible, the City pays 50% of the costs of single coverage group health insurance for up to 2 years after retirement. Such premiums are expected to be funded on a pay-as-you-go basis. An actuarial valuation of the City's liability for these benefits in accordance with GASB Statement No. 75 has not been performed. Inasmuch as the plan is only open to a small number of City employees, management has determined that the net other postemployment benefit liability would be immaterial to the financial statements taken as a whole.

**CITY OF SEBASTIAN, FLORIDA**

**Notes to Financial Statements**

**15. 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 constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

	General Fund	Discretionary Sales Tax	Riverfront Redevelopment	Stormwater Utility	Nonmajor Funds	Total
<b>Nonspendable:</b>						
Inventory	\$ 34,837	\$ -	\$ -	\$ -	\$ -	\$ 34,837
Prepays	147,966	-	-	16,517	-	164,483
Permanent fund corpus	-	-	-	-	1,068,820	1,068,820
<b>Total nonspendable</b>	<b>182,803</b>	<b>-</b>	<b>-</b>	<b>16,517</b>	<b>1,068,820</b>	<b>1,268,140</b>
<b>Restricted for:</b>						
Debt service	-	-	-	-	179,945	179,945
Infrastructure	-	6,785,087	-	-	388,403	7,173,490
Redevelopment	-	-	478,660	-	-	478,660
Stormwater	-	-	-	1,359,232	247,172	1,606,404
Law enforcement	88,782	-	-	-	32,782	121,564
<b>Total restricted</b>	<b>88,782</b>	<b>6,785,087</b>	<b>478,660</b>	<b>1,359,232</b>	<b>848,302</b>	<b>9,560,063</b>
<b>Committed for:</b>						
Recreational system development	-	-	-	-	164,044	164,044
Development of public parking	-	-	-	-	59,679	59,679
<b>Total committed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>223,723</b>	<b>223,723</b>
<b>Assigned for:</b>						
Law enforcement events	12,157	-	-	-	-	12,157
<b>Unassigned</b>	<b>5,419,259</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,419,259</b>
<b>Total fund balances, governmental funds</b>	<b>\$ 5,703,001</b>	<b>\$ 6,785,087</b>	<b>\$ 478,660</b>	<b>\$ 1,375,749</b>	<b>\$ 2,140,845</b>	<b>\$ 16,483,342</b>

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

### 16. NET INVESTMENT IN CAPITAL ASSETS

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

	Governmental Activities	Business-type Activities	Total
<b>Capital assets:</b>			
Capital assets not being depreciated	\$ 9,530,325	\$ 283,560	\$ 9,813,885
Capital assets being depreciated, net	29,762,507	16,083,941	45,846,448
	<u>39,292,832</u>	<u>16,367,501</u>	<u>55,660,333</u>
<b>Related debt:</b>			
Notes payable	1,373,000	-	1,373,000
Capital lease	-	104,403	104,403
	<u>1,373,000</u>	<u>104,403</u>	<u>1,477,403</u>
<b>Net investment in capital assets</b>	<u>\$ 37,919,832</u>	<u>\$ 16,263,098</u>	<u>\$ 54,182,930</u>

### 17. COMMITMENTS AND CONTINGENCIES

#### Contracts and Other Commitments

The City has various contracts and commitments outstanding as of September 30, 2020. In the Capital Projects Fund, there are contracts for replacing the Public Facilities Compound, improving the Working Waterfront, making Seawall/Canal improvements, work in the Stonecrop Drainage Area, construction of a Taxi Lane and construction of Hangar D.

A summary of these projects at September 30, 2020 is as follows:

	Total Contract Price	Total Paid as of September 30, 2020	Encumbered at September 30, 2020
<b>General Capital Projects - Major Fund</b>			
Public Facilities Compound	\$ 5,088,899	\$ 244,859	\$ 201,476
Working Waterfront	530,956	1,319	1,831
Seawall/Canal Improvements	500,000	-	-
Stonecrop Drainage Area	860,000	12,616	-
Construction of Taxi Lane	513,246	40,404	29,478
Construction of Hangar D	2,250,000	256,830	2,016,769
<b>Total</b>	<u>\$ 9,743,101</u>	<u>\$ 556,028</u>	<u>\$ 2,249,554</u>

# CITY OF SEBASTIAN, FLORIDA

## ■ Notes to Financial Statements

### 18. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the City's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the City for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak to negatively impact the City's financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

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**REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF SEBASTIAN, FLORIDA

### Required Supplementary Information

#### Single-employer Pension Trust Fund

#### Schedule of Changes in Net Pension Liability and Related Ratios

	Fiscal Year Ending September 30, 2020	Fiscal Year Ending September 30, 2019	Fiscal Year Ending September 30, 2018
<b>Total pension liability</b>			
Service cost	\$ 600,789	\$ 609,880	\$ 589,149
Interest on total pension liability	1,451,768	1,371,857	1,270,670
Change in excess state money	-	-	(84,863)
Changes of benefit terms	-	-	-
Differences between expected and actual experience	408,904	(25,912)	164,601
Changes of assumptions	(447,786)	22,520	-
Contributions - buy back	-	52,749	-
Benefit payments, including refunds of employee contributions	(684,963)	(617,282)	(700,733)
<b>Net change in total pension liability</b>	<u>1,328,712</u>	<u>1,413,812</u>	<u>1,238,824</u>
Total pension liability, beginning of year	<u>19,905,138</u>	<u>18,491,326</u>	<u>17,252,502</u>
<b>Total pension liability, end of year</b>	<u>21,233,850</u>	<u>19,905,138</u>	<u>18,491,326</u>
<b>Plan fiduciary net position</b>			
Employer contributions	703,814	595,045	525,296
State contributions	208,645	198,770	188,923
Employee contributions	229,327	223,495	204,854
Buy back contributions	-	52,749	-
Pension plan net investment income (loss)	974,847	261,888	1,028,549
Benefit payments	(684,963)	(617,282)	(700,733)
Administrative expense	(67,989)	(67,867)	(82,088)
<b>Net change in plan fiduciary net position</b>	<u>1,363,681</u>	<u>646,798</u>	<u>1,164,801</u>
Plan fiduciary net position, beginning of year	<u>15,814,119</u>	<u>15,167,321</u>	<u>14,002,520</u>
<b>Plan fiduciary net position, end of year</b>	<u>17,177,800</u>	<u>15,814,119</u>	<u>15,167,321</u>
<b>Net pension liability</b>	<u>\$ 4,056,050</u>	<u>\$ 4,091,019</u>	<u>\$ 3,324,005</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	80.90%	79.45%	82.02%
<b>Covered payroll</b>	\$ 2,866,586	\$ 2,793,692	\$ 2,560,670
<b>Net pension liability as a percentage of covered payroll</b>	141.49%	146.44%	129.81%

Fiscal Year Ending September 30, 2017	Fiscal Year Ending September 30, 2016	Fiscal Year Ending September 30, 2015	Fiscal Year Ending September 30, 2014	Fiscal Year Ending September 30, 2013
\$ 479,778	\$ 418,143	\$ 403,611	\$ 396,147	\$ 367,653
1,179,511	1,027,558	979,259	914,243	853,018
-	-	22,218	24,386	-
613,973	-	(4,316)	-	-
20,758	59,175	(240,633)	-	-
382,825	626,069	223,200	-	-
-	-	-	-	-
(495,629)	(493,765)	(496,363)	(452,892)	(465,435)
<u>2,181,216</u>	<u>1,637,180</u>	<u>886,976</u>	<u>881,884</u>	<u>755,236</u>
<u>15,071,286</u>	<u>13,434,106</u>	<u>12,547,130</u>	<u>11,665,246</u>	<u>10,910,010</u>
<u>17,252,502</u>	<u>15,071,286</u>	<u>13,434,106</u>	<u>12,547,130</u>	<u>11,665,246</u>
337,201	322,998	320,179	401,103	396,603
168,628	169,027	145,700	147,868	145,961
177,585	167,309	161,270	160,494	154,683
-	-	-	-	-
1,371,657	1,067,139	(60,326)	951,910	1,029,818
(495,629)	(493,765)	(496,363)	(452,892)	(465,435)
(45,633)	(28,025)	(39,673)	(27,815)	(32,153)
<u>1,513,809</u>	<u>1,204,683</u>	<u>30,787</u>	<u>1,180,668</u>	<u>1,229,477</u>
<u>12,488,711</u>	<u>11,284,028</u>	<u>11,253,241</u>	<u>10,072,573</u>	<u>8,843,096</u>
<u>14,002,520</u>	<u>12,488,711</u>	<u>11,284,028</u>	<u>11,253,241</u>	<u>10,072,573</u>
<u>\$ 3,249,982</u>	<u>\$ 2,582,575</u>	<u>\$ 2,150,078</u>	<u>\$ 1,293,889</u>	<u>\$ 1,592,673</u>
81.16%	82.86%	84.00%	89.69%	86.35%
\$ 2,438,012	\$ 2,263,866	\$ 2,154,612	\$ 2,106,767	\$ 2,131,399
133.30%	114.08%	99.79%	61.42%	74.72%

## **CITY OF SEBASTIAN, FLORIDA**

### **Required Supplementary Information**

#### **Single-employer Pension Trust Fund**

#### **Schedule of Changes in Net Pension Liability and Related Ratios**

##### **Notes to the Schedule of Changes in the City's Net Pension Liability and Related Ratios**

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Changes in assumptions - For the measurement date 09/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate risk and collar adjustments made based on plan demographics.

Changes in assumptions - For the measurement date 09/30/2019, amounts reported as changes of assumptions resulted of an Experience Study dated September 13, 2019, the Board approved the following changes: investment return assumption was decreased from 7.30% to 7.20% per year compounded annually, net of investment related expenses. The following changes to demographic assumptions were made: updates to the future salary increase assumption, updates to assumed rates of retirement, updates to the assumed rates of disability, updates to assumed rates of withdrawal.

Changes in assumptions - For the measurement date 09/30/2017, amounts reported as changes of assumptions resulted from the following changes: the investment return assumption has been lowered from 7.45% to 7.30% per year. As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the rates used by the Florida Retirement System actuary in the July 1, 2015 actuarial valuation to the rates used in the July 1, 2016 actuarial valuation for special risk lives.

Changes in benefit terms - For the measurement date 09/30/2017, amounts reported as changes of benefit terms resulted from Ordinance O-17-03, adopted and effective August 23, 2017, amended/implemented the following benefit provisions: member contribution rate, benefit accrual rate, and cost-of-living adjustment.

Changes in assumptions - For the measurement date 09/30/2016, amounts reported as changes of assumptions resulted from the following changes: the investment return assumption was lowered from 7.60% to 7.45%. As a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees. The inflation assumption rate was lowered from 3.00% to 2.30%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

Changes in assumptions - For measurement date 09/30/2015, amounts reported as changes of assumptions were resulted from lowering the investment return assumption from 7.75% to 7.60%.

## CITY OF SEBASTIAN, FLORIDA

### ■ Required Supplementary Information Single-employer Pension Trust Fund Schedule of Investment Returns

<b>Fiscal Year Ending September 30,</b>	<b>Annual Return (1)</b>
2013	11.51%
2014	9.42%
2015	-0.45%
2016	9.39%
2017	10.90%
2018	7.35%
2019	1.79%
2020	6.04%

(1) Annual money-weighted rate of return, net of investment expenses

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

## CITY OF SEBASTIAN, FLORIDA

**Required Supplementary Information**  
 Single-employer Pension Trust Fund  
 Schedule of Contributions

Fiscal Year Ending September 30,	Actuarially Determined Contribution	City Contribution	State Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2013	\$ 506,560	\$ 396,603	\$ 145,961	\$ (36,004)	\$ 2,131,399	25.46%
2014	524,585	401,103	147,868	(24,386)	2,106,767	26.06%
2015	596,502	320,179	145,700	130,623	2,154,612	21.62%
2016	667,764	322,998	169,027	175,739	2,263,866	21.73%
2017	768,277	337,201	168,628	262,448	2,438,012	20.75%
2018	673,456	525,296	188,923	(40,763)	2,560,670	27.89%
2019	793,409	595,045	198,770	(406)	2,793,692	28.41%
2020	871,442	703,814	208,645	(41,017)	2,866,586	31.83%

**CITY OF SEBASTIAN, FLORIDA**

**Required Supplementary Information**  
**Single-employer Pension Trust Fund**  
**Notes to Schedule of Contributions**

Valuation date **October 1, 2018**  
 Notes Actuarially determined contribution amounts are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

Funding method	Individual entry age normal actuarial cost
Amortization method	Level percentage of pay, closed
Remaining amortization period	15 Years (as of October 1, 2020)
Mortality	RP-2000 Table with no projection. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).
Interest rate	7.20% per year compounded annually, net of investment related expenses
Inflation	2.30% per year
Retirement age	Earlier of: 1) age 55 and 10 years of credited service, or 2) age 52 and 25 years of credited service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Early retirement	Commencing at the assumed Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
Disability rates	Age based rates with increasing probability of disablement at higher ages. A sample of rates are shown below:

Age	Assumption
30	0.12%
40	0.21%
50	0.54%
60	2.70%

Additionally, it is assumed that 75% of disablements and active Member deaths are service related.

Termination rates	Credited Service	Assumption
	First 2 Years	14.00%
	Years 3 - 9	5.70%
	Years 10 - 14	2.80%
	15 years and Greater	0.00%



**CITY OF SEBASTIAN, FLORIDA**

**Required Supplementary Information**  
**Single-employer Pension Trust Fund**  
**Notes to Schedule of Contributions**

Salary increases	<b>Credited Service</b>	<b>Assumption</b>
	First year	16.00%
	Years 2 - 14	7.40%
	15 Years and Greater	3.80%
Final salary load	<b>Service on 10/1/14</b>	<b>Load Assumption</b>
	5 or more years	20.00%
	More than 2, less than 5	10.00%
	Less than 2 years	0.00%
Payroll growth Actuarial asset method	2.36% (prior year 2.41%) for amortization of all UAAL bases Market Value, net of investment-related expenses	

# CITY OF SEBASTIAN, FLORIDA

## Required Supplementary Information Coastal Florida Public Employees Association Pension Plan Schedule of Employer Contributions

<b>Fiscal Year Ending September 30,</b>	<b>Annual Required Contributions</b>
2011	\$ 223,113
2012	210,258
2013	202,612
2014	204,361
2015	217,916
2016	200,889
2017	204,035
2018	217,695
2019	241,992
2020	239,161

### Notes to Schedule of Employer Contributions - Coastal Florida Public Employees Association Pension Plan

Critical Status. Under federal pension law, a plan generally will be considered to be in "critical" status if either the funded percentage of the plan is less than 65 percent or if certain other tests are met. If a pension plan enters critical status, the trustees of the plan are required to adopt a rehabilitation plan. Rehabilitation plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time.

The Plan's actuary has certified that for the 2019 Plan year, the Plan was in critical status because the Plan has a deficit in the minimum funding standard account. The Board of Trustees adopted a rehabilitation plan on March 8, 2010, that for new pensions: eliminates the 60 month minimum guarantee in the Life/5 pension option; increases the minimum age for Early Pension from age 60 to 62 (with 20 years of service credit); removes the Early Pension subsidy by increasing the reduction factors; discontinues the offering of retroactive pension payments; and required 5 years of service credit to vest for participants reaching normal retirement age before a break in service. A mandatory increase in contributions is not required under the Rehabilitation Plan, but decreases in contribution rates or the exclusion of covered employees are not permitted. A copy of the rehabilitation plan may be obtained by contacting the Coastal Pension Plan office.

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**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

**CITY OF SEBASTIAN, FLORIDA**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2020**

	Special Revenue Funds				Debt Service
	Local Option Gas Tax	Parking In-Lieu-of	Recreation Impact Fee	Law Enforcement Forfeiture	Stormwater Utility Revenue Bonds 2003
<b>Assets</b>					
Cash and cash equivalents	\$ 330,808	\$ -	\$ 131,232	\$ 1,421	\$ 179,945
Investments	-	59,679	32,812	31,361	-
Due from other governments	62,595	-	-	-	-
<b>Total assets</b>	<b>\$ 393,403</b>	<b>\$ 59,679</b>	<b>\$ 164,044</b>	<b>\$ 32,782</b>	<b>\$ 179,945</b>
<b>Liabilities</b>					
Negative equity in pooled cash	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	5,000	-	-	-	-
<b>Total liabilities</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>					
Nonspendable	-	-	-	-	-
Restricted	388,403	-	-	32,782	179,945
Committed	-	59,679	164,044	-	-
<b>Total fund balances</b>	<b>388,403</b>	<b>59,679</b>	<b>164,044</b>	<b>32,782</b>	<b>179,945</b>
<b>Total liabilities and fund balances</b>	<b>\$ 393,403</b>	<b>\$ 59,679</b>	<b>\$ 164,044</b>	<b>\$ 32,782</b>	<b>\$ 179,945</b>

Capital Projects Funds				Permanent	Total
Capital Projects	Capital Improvements	Transportation Improvements	Stormwater Utility Improvements	Cemetery	Nonmajor Governmental Funds
\$ -	\$ 7,807	\$ -	\$ 242,586	\$ 85,673	\$ 979,472
-	-	-	-	983,147	1,106,999
<u>425,703</u>	<u>-</u>	<u>-</u>	<u>11,711</u>	<u>-</u>	<u>500,009</u>
<u>\$ 425,703</u>	<u>\$ 7,807</u>	<u>\$ -</u>	<u>\$ 254,297</u>	<u>\$ 1,068,820</u>	<u>\$ 2,586,480</u>
\$ 403,301	\$ -	\$ -	\$ -	\$ -	\$ 403,301
<u>22,402</u>	<u>7,807</u>	<u>-</u>	<u>7,125</u>	<u>-</u>	<u>42,334</u>
<u>425,703</u>	<u>7,807</u>	<u>-</u>	<u>7,125</u>	<u>-</u>	<u>445,635</u>
-	-	-	-	1,068,820	1,068,820
-	-	-	247,172	-	848,302
-	-	-	-	-	223,723
<u>-</u>	<u>-</u>	<u>-</u>	<u>247,172</u>	<u>1,068,820</u>	<u>2,140,845</u>
<u>\$ 425,703</u>	<u>\$ 7,807</u>	<u>\$ -</u>	<u>\$ 254,297</u>	<u>\$ 1,068,820</u>	<u>\$ 2,586,480</u>

**CITY OF SEBASTIAN, FLORIDA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2020**

	Special Revenue Funds				Debt Service
	Local Option Gas Tax	Parking In-Lieu-of	Recreation Impact Fee	Law Enforcement Forfeiture	Stormwater Utility Revenue Bonds 2003
<b>Revenues</b>					
Intergovernmental	\$ 700,185	\$ -	\$ -	\$ -	\$ -
Impact fees	-	-	143,875	-	-
Charges for services	-	-	-	-	-
Fines	-	-	-	133	-
Investment earnings	1,990	678	3,148	365	2,165
Other revenues	-	3,010	-	1,300	-
Contributions and donations	-	-	-	-	-
<b>Total revenues</b>	<b>702,175</b>	<b>3,688</b>	<b>147,023</b>	<b>1,798</b>	<b>2,165</b>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	6,072	-
Physical environment	-	-	-	-	-
Transportation	5,400	-	-	-	-
Debt service:					
Principal	229,000	-	-	-	382,000
Interest and fiscal charges	14,886	-	-	-	20,137
Capital outlay	105,554	-	-	-	-
<b>Total expenditures</b>	<b>354,840</b>	<b>-</b>	<b>-</b>	<b>6,072</b>	<b>402,137</b>
<b>Revenues over (under) expenditures</b>	<b>347,335</b>	<b>3,688</b>	<b>147,023</b>	<b>(4,274)</b>	<b>(399,972)</b>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	401,355
Transfers out	(498,043)	-	(480,160)	-	-
<b>Total other financing sources (uses)</b>	<b>(498,043)</b>	<b>-</b>	<b>(480,160)</b>	<b>-</b>	<b>401,355</b>
<b>Net change in fund balances</b>	<b>(150,708)</b>	<b>3,688</b>	<b>(333,137)</b>	<b>(4,274)</b>	<b>1,383</b>
Fund balances, beginning of year	539,111	55,991	497,181	37,056	178,562
<b>Fund balances, end of year</b>	<b>\$ 388,403</b>	<b>\$ 59,679</b>	<b>\$ 164,044</b>	<b>\$ 32,782</b>	<b>\$ 179,945</b>

Capital Projects Funds				Permanent	Total
Capital Projects	Capital Improvements	Transportation Improvements	Stormwater Utility Improvements	Cemetery	Nonmajor Governmental Funds
\$ 521,658	\$ -	\$ -	\$ 33,886	\$ -	\$ 1,255,729
-	-	-	-	-	143,875
-	-	-	-	115,240	115,240
-	-	-	-	-	133
-	-	-	-	11,920	20,266
-	-	-	-	-	4,310
16,000	2,499	-	-	-	18,499
<u>537,658</u>	<u>2,499</u>	<u>-</u>	<u>33,886</u>	<u>127,160</u>	<u>1,558,052</u>
554,053	-	-	-	-	554,053
-	-	-	-	-	6,072
-	33,547	-	74,713	80,000	188,260
-	-	-	-	-	5,400
-	-	-	-	-	611,000
-	-	-	-	-	35,023
<u>811,911</u>	<u>740,453</u>	<u>1,219,766</u>	<u>12,616</u>	<u>-</u>	<u>2,890,300</u>
<u>1,365,964</u>	<u>774,000</u>	<u>1,219,766</u>	<u>87,329</u>	<u>80,000</u>	<u>4,290,108</u>
<u>(828,306)</u>	<u>(771,501)</u>	<u>(1,219,766)</u>	<u>(53,443)</u>	<u>47,160</u>	<u>(2,732,056)</u>
828,306	777,231	1,219,766	53,443	-	3,280,101
-	-	-	-	(14,911)	(993,114)
<u>828,306</u>	<u>777,231</u>	<u>1,219,766</u>	<u>53,443</u>	<u>(14,911)</u>	<u>2,286,987</u>
-	5,730	-	-	32,249	(445,069)
-	(5,730)	-	247,172	1,036,571	2,585,914
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247,172</u>	<u>\$ 1,068,820</u>	<u>\$ 2,140,845</u>



## CITY OF SEBASTIAN, FLORIDA

### **Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Local Option Gas Tax Special Revenue Fund For the Year Ended September 30, 2020**

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental	\$ 750,014	\$ 750,014	\$ 700,185	\$ (49,829)
Investment earnings	5,347	5,347	1,990	(3,357)
<b>Total revenues</b>	<u>755,361</u>	<u>755,361</u>	<u>702,175</u>	<u>(53,186)</u>
<b>Expenditures</b>				
Current:				
Transportation	5,400	5,400	5,400	-
Debt service:				
Principal	229,000	229,000	229,000	-
Interest and fiscal charges	14,802	14,802	14,886	84
Capital outlay	106,000	106,000	105,554	(446)
<b>Total expenditures</b>	<u>355,202</u>	<u>355,202</u>	<u>354,840</u>	<u>(362)</u>
Revenues over expenditures	400,159	400,159	347,335	(52,824)
<b>Other financing uses</b>				
Transfers out	(211,160)	(544,624)	(498,043)	(46,581)
<b>Net changes in fund balance</b>	188,999	(144,465)	(150,708)	(6,243)
Fund balance, beginning of year	539,111	539,111	539,111	-
<b>Fund balance, end of year</b>	<u>\$ 728,110</u>	<u>\$ 394,646</u>	<u>\$ 388,403</u>	<u>\$ (6,243)</u>

## CITY OF SEBASTIAN, FLORIDA

**Schedule of Revenues, Expenditures  
 and Changes in Fund Balance - Budget and Actual  
 Parking In-Lieu-Of Special Revenue Fund  
 For the Year Ended September 30, 2020**

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Investment earnings	\$ 1,342	\$ 1,342	\$ 678	\$ (664)
Other revenues	-	-	3,010	3,010
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net change in fund balance</b>	1,342	1,342	3,688	2,346
<b>Fund balance, beginning of year</b>	<hr/> 55,991	<hr/> 55,991	<hr/> 55,991	<hr/> -
<b>Fund balance, end of year</b>	<hr/> <u>\$ 57,333</u>	<hr/> <u>\$ 57,333</u>	<hr/> <u>\$ 59,679</u>	<hr/> <u>\$ 2,346</u>

## CITY OF SEBASTIAN, FLORIDA

**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
**Recreation Impact Fee Special Revenue Fund**  
**For the Year Ended September 30, 2020**

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Impact fees	\$ 141,050	\$ 141,050	\$ 143,875	\$ 2,825
Investment earnings	5,134	5,134	3,148	(1,986)
	<u>146,184</u>	<u>146,184</u>	<u>147,023</u>	<u>839</u>
<b>Total revenues</b>	146,184	146,184	147,023	839
<b>Other financing uses</b>				
Transfers out	(293,000)	(622,865)	(480,160)	(142,705)
	<u>(293,000)</u>	<u>(622,865)</u>	<u>(480,160)</u>	<u>(142,705)</u>
<b>Net change in fund balance</b>	(146,816)	(476,681)	(333,137)	143,544
Fund balance, beginning of year	<u>497,181</u>	<u>497,181</u>	<u>497,181</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 350,365</u>	<u>\$ 20,500</u>	<u>\$ 164,044</u>	<u>\$ 143,544</u>

# CITY OF SEBASTIAN, FLORIDA

**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
**Law Enforcement Forfeiture Special Revenue Fund**  
**For the Year Ended September 30, 2020**

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Fines	\$ 1,000	\$ 1,000	\$ 133	\$ (867)
Investment earnings	250	250	365	115
Other revenues	-	-	1,300	1,300
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total revenues</b>	1,250	1,250	1,798	548
<b>Expenditures</b>				
Current:				
Public safety	-	-	6,072	6,072
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net change in fund balance</b>	1,250	1,250	(4,274)	(5,524)
Fund balance, beginning of year	37,056	37,056	37,056	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund balance, end of year</b>	<u>\$ 38,306</u>	<u>\$ 38,306</u>	<u>\$ 32,782</u>	<u>\$ (5,524)</u>

## CITY OF SEBASTIAN, FLORIDA

**Schedule of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual  
Stormwater Utility Revenue Bonds Debt Service Fund  
For the Year Ended September 30, 2020**

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Investment earnings	\$ 3,500	\$ 3,500	\$ 2,165	\$ (1,335)
<b>Expenditures</b>				
Debt service:				
Principal	382,000	382,000	382,000	-
Interest and fiscal charges	20,138	20,138	20,137	(1)
<b>Total expenditures</b>	<b>402,138</b>	<b>402,138</b>	<b>402,137</b>	<b>(1)</b>
Revenues under expenditures	(398,638)	(398,638)	(399,972)	(1,334)
<b>Other financing sources</b>				
Transfers in	401,355	401,355	401,355	-
<b>Net change in fund balance</b>	<b>2,717</b>	<b>2,717</b>	<b>1,383</b>	<b>(1,334)</b>
Fund balance, beginning of year	178,562	178,562	178,562	-
<b>Fund balance, end of year</b>	<b>\$ 181,279</b>	<b>\$ 181,279</b>	<b>\$ 179,945</b>	<b>\$ (1,334)</b>

**AGENCY FUND**

# CITY OF SEBASTIAN, FLORIDA

**Combining Statement of Changes in Assets and Liabilities**  
 Agency Fund  
 For the Year Ended September 30, 2020

	Balance October 1, 2019	Additions	Deletions	Balance September 30, 2020
<i>Performance Deposits</i>				
<b>Assets</b>				
Cash and cash equivalents	\$ 10,750	\$ -	\$ (10,000)	\$ 750
Investments, at fair value	92,340	-	-	92,340
	<u>103,090</u>	<u>-</u>	<u>(10,000)</u>	<u>93,090</u>
<b>Total assets</b>	<u>\$ 103,090</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ 93,090</u>
<b>Liabilities</b>				
Refunds payable	<u>\$ 103,090</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ 93,090</u>

## CAPITAL ASSETS



# CITY OF SEBASTIAN, FLORIDA

## Comparative Schedule by Source

Capital Assets Used in the Operation of Governmental Funds  
September 30, 2020

	2020	2019
<b>Governmental funds capital assets</b>		
Land	\$ 9,123,041	\$ 9,123,041
Buildings and structures	14,344,679	14,269,682
Non-building improvements	7,764,086	7,110,088
Machinery and equipment	11,005,969	10,263,039
Infrastructure	44,266,641	43,206,105
Construction in progress	407,284	205,968
	<hr/>	<hr/>
<b>Total governmental funds capital assets</b>	<b>\$ 86,911,700</b>	<b>\$ 84,177,923</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Investment in governmental funds capital assets (by sources)</b>		
Federal grants	\$ 4,501,672	\$ 4,479,115
State grants	2,947,351	2,940,621
County grants	507,031	507,031
General Fund	11,786,989	12,142,790
Law enforcement trust fund	102,460	102,460
Recreational impact fee	3,593,730	3,124,996
Stormwater utility fee	8,680,628	8,490,537
Riverfront redevelopment	2,706,509	2,693,061
Cemetery trust fund	649,638	634,728
Donations	2,936,010	2,931,511
Sales taxes	28,273,753	26,508,741
Motor fuel taxes	5,528,960	4,925,363
Revenue bond debt	13,816,786	13,816,786
Parking in Lieu of Fee	90,621	90,621
Capital projects	789,562	789,562
	<hr/>	<hr/>
<b>Total investment in governmental funds capital assets</b>	<b>\$ 86,911,700</b>	<b>\$ 84,177,923</b>
	<hr/> <hr/>	<hr/> <hr/>

**CITY OF SEBASTIAN, FLORIDA**

**Schedule by Function and Activity**

Capital Assets Used in the Operation of Governmental Funds

September 30, 2020

Functions / Programs	Land	Buildings	Non-Building Improvements	Machinery and Equipment	Infrastructure	Total
<b>General government:</b>						
City manager	\$ -	\$ -	\$ -	\$ 49,954	\$ -	\$ 49,954
City clerk	-	-	-	4,003	-	4,003
Administrative services	-	-	1,100	2,294	-	3,394
MIS	-	5,841	72,555	1,465,898	-	1,544,294
Audio visual/broadcast	-	-	-	18,420	-	18,420
Facilities maintenance	-	1,091,573	32,086	792,126	-	1,915,785
Community development	-	84,426	-	44,851	-	129,277
Non-departmental	4,474,459	6,184,991	126,638	204,374	52,699	11,043,161
<b>Total general government</b>	<b>4,474,459</b>	<b>7,366,831</b>	<b>232,379</b>	<b>2,581,920</b>	<b>52,699</b>	<b>14,708,288</b>
<b>Public safety:</b>						
Administration	9,560	3,799,272	89,320	436,894	-	4,335,046
Road patrol	-	-	-	3,372,712	-	3,372,712
Code enforcement	-	-	-	64,818	-	64,818
investigations	-	-	1,700	423,651	-	425,351
Communications	-	-	-	26,927	-	26,927
Building department	-	-	-	6,295	-	6,295
<b>Total public safety</b>	<b>9,560</b>	<b>3,799,272</b>	<b>91,020</b>	<b>4,331,297</b>	<b>-</b>	<b>8,231,149</b>
<b>Transportation:</b>						
Central garage	-	130,489	114,192	232,376	674	477,731
Roads and drainage	47,125	166,907	1,087,622	1,203,644	21,301,578	23,806,876
<b>Total transportation</b>	<b>47,125</b>	<b>297,396</b>	<b>1,201,814</b>	<b>1,436,020</b>	<b>21,302,252</b>	<b>24,284,607</b>
<b>Economic environment:</b>						
Non-departmental	2,308,392	1,040,590	6,562	-	-	3,355,544
<b>Physical environment:</b>						
Stormwater	-	-	3,870	1,896,701	20,392,692	22,293,263
Cemetery	572,181	201,153	110,204	62,243	22,717	968,498
<b>Total physical environment</b>	<b>572,181</b>	<b>201,153</b>	<b>114,074</b>	<b>1,958,944</b>	<b>20,415,409</b>	<b>23,261,761</b>
<b>Culture/recreation:</b>						
Parks and recreation	1,711,324	1,639,437	6,118,237	697,788	2,496,281	12,663,067
<b>Total</b>	<b>\$ 9,123,041</b>	<b>\$ 14,344,679</b>	<b>\$ 7,764,086</b>	<b>\$ 11,005,969</b>	<b>\$ 44,266,641</b>	<b>86,504,416</b>
Construction in progress						407,284
<b>Total</b>						<b>\$ 86,911,700</b>

**CITY OF SEBASTIAN, FLORIDA**

**Schedule of Changes by Function and Activity**  
**Capital Assets Used in the Operation of Governmental Funds**  
**September 30, 2020**

<b>Functions / Programs</b>	<b>Capital Assets October 1, 2019</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers In</b>	<b>Transfers Out</b>	<b>Capital Assets September 30, 2020</b>
<b>General government:</b>						
City manager	\$ 49,954	\$ -	\$ -	\$ -	\$ -	\$ 49,954
City clerk	4,003	-	-	-	-	4,003
Administrative services	3,394	-	-	-	-	3,394
MIS	1,314,720	230,827	25,825	24,572	-	1,544,294
Audio visual/broadcast	18,420	-	-	-	-	18,420
Facilities maintenance	1,556,691	202,291	1,160	166,132	8,169	1,915,785
Community development	139,800	-	10,523	-	-	129,277
Non-departmental	11,064,192	-	4,628	-	16,403	11,043,161
<b>Total general government</b>	<b>14,151,174</b>	<b>433,118</b>	<b>42,136</b>	<b>190,704</b>	<b>24,572</b>	<b>14,708,288</b>
<b>Public safety:</b>						
Special operations	29,993	-	2,724	-	27,269	-
Administration	4,243,480	123,361	31,795	-	-	4,335,046
School resource	37,520	-	25,975	-	11,545	-
Road patrol	3,296,288	423,834	392,991	45,581	-	3,372,712
Community policing	7,260	-	2,015	-	5,245	-
Code enforcement	54,856	9,962	-	-	-	64,818
Investigations	396,204	36,992	6,323	-	1,522	425,351
Communications	20,286	6,641	-	-	-	26,927
Building department	6,295	-	-	-	-	6,295
<b>Total public safety</b>	<b>8,092,182</b>	<b>600,790</b>	<b>461,823</b>	<b>45,581</b>	<b>45,581</b>	<b>8,231,149</b>
<b>Transportation:</b>						
Central garage	475,354	2,377	-	-	-	477,731
Roads and drainage	22,931,105	1,072,106	50,090	-	146,245	23,806,876
<b>Total transportation</b>	<b>23,406,459</b>	<b>1,074,483</b>	<b>50,090</b>	<b>-</b>	<b>146,245</b>	<b>24,284,607</b>
<b>Economic environment:</b>						
Non-departmental	3,355,544	-	-	-	-	3,355,544
<b>Physical environment:</b>						
Stormwater	22,209,448	182,793	99,843	865	-	22,293,263
Cemetery	990,526	-	1,276	-	20,752	968,498
<b>Total physical environment</b>	<b>23,199,974</b>	<b>182,793</b>	<b>101,119</b>	<b>865</b>	<b>20,752</b>	<b>23,261,761</b>
<b>Culture/recreation:</b>						
Parks and recreation	11,766,622	998,472	102,027	-	-	12,663,067
<b>Total</b>	<b>83,971,955</b>	<b>3,289,656</b>	<b>757,195</b>	<b>237,150</b>	<b>237,150</b>	<b>86,504,416</b>
Construction in progress	205,968	201,316	-	-	-	407,284
<b>Total</b>	<b>\$ 84,177,923</b>	<b>\$ 3,490,972</b>	<b>\$ 757,195</b>	<b>\$ 237,150</b>	<b>\$ 237,150</b>	<b>\$ 86,911,700</b>

**STATISTICAL SECTION**

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# CITY OF SEBASTIAN, FLORIDA

## ■ Statistical Section Table of Contents

This part of the City's Comprehensive Annual Financial Report presents detailed information to assist the user in understanding what the financial statements, note disclosures and required supplementary information say about the overall economic condition of the City of Sebastian, Florida.

		<u>Page</u>
<b>Financial Trends</b>	These schedules contain trend information to help the reader understand and evaluate how the City's financial condition, performance and well-being have changed over time.	122
<b>Revenue Capacity</b>	These schedules contain information to help the reader assess the City's ability to generate its most significant local revenue source, the property tax.	134
<b>Debt Capacity</b>	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.	140
<b>Demographic and Economic Information</b>	These schedules present various demographic and economic indicators to help the reader understand the environment within which the City operates and how they affect the City's financial activities.	146
<b>Operating Information</b>	These schedules contain information about the City's operations and resources 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.	150

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year. The City implemented GASB Statement No. 34 in 2001; schedules presenting government-wide information include data beginning in that year.

# CITY OF SEBASTIAN, FLORIDA

## Net Position by Component Last Ten Fiscal Years

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>Governmental activities</b>					
Net investment in capital assets	\$ 37,919,832	\$ 37,080,967	\$ 37,568,980	\$ 37,461,026	\$ 35,886,087
Restricted	10,637,069	8,976,174	6,419,900	5,113,543	5,209,372
Unrestricted	<u>1,103,683</u>	<u>2,056,430</u>	<u>1,649,796</u>	<u>1,236,088</u>	<u>3,615,777</u>
<b>Total governmental activities net position</b>	<u><u>\$ 49,660,584</u></u>	<u><u>\$ 48,113,571</u></u>	<u><u>\$ 45,638,676</u></u>	<u><u>\$ 43,810,657</u></u>	<u><u>\$ 44,711,236</u></u>
<b>Business-type activities</b>					
Net investment in capital assets	\$ 16,263,098	\$ 16,995,851	\$ 14,972,789	\$ 13,384,969	\$ 11,989,666
Unrestricted (deficit)	<u>(1,017,263)</u>	<u>(654,928)</u>	<u>(777,422)</u>	<u>(1,008,976)</u>	<u>(717,053)</u>
<b>Total business-type activities net position</b>	<u><u>\$ 15,245,835</u></u>	<u><u>\$ 16,340,923</u></u>	<u><u>\$ 14,195,367</u></u>	<u><u>\$ 12,375,993</u></u>	<u><u>\$ 11,272,613</u></u>
<b>Primary Government</b>					
Net investment in capital assets	\$ 54,182,930	\$ 54,076,818	\$ 52,541,769	\$ 50,845,995	\$ 47,875,753
Restricted	10,637,069	8,976,174	6,419,900	5,113,543	5,209,372
Unrestricted	<u>86,420</u>	<u>1,401,502</u>	<u>872,374</u>	<u>227,112</u>	<u>2,898,724</u>
<b>Total primary government net position</b>	<u><u>\$ 64,906,419</u></u>	<u><u>\$ 64,454,494</u></u>	<u><u>\$ 59,834,043</u></u>	<u><u>\$ 56,186,650</u></u>	<u><u>\$ 55,983,849</u></u>

Table 1 - Unaudited

	Fiscal Year				
2015	2014	2013	2012	2011	
\$ 35,220,857	\$ 35,210,526	\$ 32,038,749	\$ 31,500,173	\$ 31,541,953	
4,997,724	5,115,627	5,839,440	6,192,777	5,668,155	
<u>3,467,014</u>	<u>3,330,400</u>	<u>4,577,440</u>	<u>3,607,228</u>	<u>4,052,751</u>	
<u>\$ 43,685,595</u>	<u>\$ 43,656,553</u>	<u>\$ 42,455,629</u>	<u>\$ 41,300,178</u>	<u>\$ 41,262,859</u>	
\$ 10,517,895	\$ 10,439,804	\$ 10,846,501	\$ 11,181,823	\$ 11,850,561	
67,779	(103,116)	(306,497)	(490,298)	(644,620)	
<u>\$ 10,585,674</u>	<u>\$ 10,336,688</u>	<u>\$ 10,540,004</u>	<u>\$ 10,691,525</u>	<u>\$ 11,205,941</u>	
\$ 45,738,752	\$ 45,650,330	\$ 42,885,250	\$ 42,681,996	\$ 43,392,514	
4,997,724	5,115,627	5,839,440	6,192,777	5,668,155	
<u>3,534,793</u>	<u>3,227,284</u>	<u>4,270,943</u>	<u>3,116,930</u>	<u>3,408,131</u>	
<u>\$ 54,271,269</u>	<u>\$ 53,993,241</u>	<u>\$ 52,995,633</u>	<u>\$ 51,991,703</u>	<u>\$ 52,468,800</u>	



# CITY OF SEBASTIAN, FLORIDA

## Changes in Net Position Last Ten Fiscal Years

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>Expenses</b>					
<b>Governmental activities:</b>					
General government	\$ 5,071,184	\$ 3,970,541	\$ 3,926,479	\$ 3,379,369	\$ 3,285,607
Public safety	6,856,836	6,613,707	6,227,299	6,549,037	5,476,136
Physical environment	2,534,320	3,106,764	3,431,933	3,769,377	2,538,752
Transportation	2,037,807	2,022,117	1,949,882	2,279,149	1,861,946
Economic environment	315,985	402,986	238,597	106,577	364,675
Culture and recreation	1,402,691	1,434,296	1,279,635	1,326,245	1,191,488
Interest on debt	28,711	38,539	56,523	63,141	82,943
<b>Total governmental activities expenses</b>	<b>18,247,534</b>	<b>17,588,950</b>	<b>17,110,348</b>	<b>17,472,895</b>	<b>14,801,547</b>
<b>Business-type activities:</b>					
Golf Course	1,551,926	1,533,749	1,555,853	1,537,332	1,584,214
Airport	1,282,084	1,336,180	1,328,258	1,361,134	1,197,549
Building	1,869,767	715,846	664,066	586,752	546,649
<b>Total business-type activities expenses</b>	<b>4,703,777</b>	<b>3,585,775</b>	<b>3,548,177</b>	<b>3,485,218</b>	<b>3,328,412</b>
<b>Total primary government expenses</b>	<b>22,951,311</b>	<b>21,174,725</b>	<b>20,658,525</b>	<b>20,958,113</b>	<b>18,129,959</b>
<b>Program revenue</b>					
<b>Governmental activities:</b>					
<b>Charges for services:</b>					
General government	684,938	532,721	466,261	362,631	374,581
Public safety	130,502	147,121	74,216	124,800	98,446
Physical environment	2,037,874	2,161,464	1,064,659	1,021,038	1,049,735
Culture and recreation	41,316	54,769	52,160	48,781	53,959
Operating grants and contributions	1,726,719	803,092	1,776,070	250,292	323,101
Capital grants and contributions	3,647,329	251,088	181,050	947,274	809,932
<b>Total governmental activities program revenue</b>	<b>8,268,678</b>	<b>3,950,255</b>	<b>3,614,416</b>	<b>2,754,816</b>	<b>2,709,754</b>
<b>Business-type activities:</b>					
<b>Charges for services:</b>					
Golf Course	1,525,184	1,400,939	1,257,047	1,058,939	1,135,357
Airport	552,789	536,442	583,310	499,321	516,403
Building	937,839	864,068	911,643	747,950	810,069
Operating grants and contributions	-	46,771	115,907	116,055	-
Capital grants and contributions	471,888	2,670,116	2,120,953	1,566,737	841,668
<b>Total business-type activities program revenue</b>	<b>3,487,700</b>	<b>5,518,336</b>	<b>4,988,860</b>	<b>3,989,002</b>	<b>3,303,497</b>
<b>Total primary government program revenue</b>	<b>11,756,378</b>	<b>9,468,591</b>	<b>8,603,276</b>	<b>6,743,818</b>	<b>6,013,251</b>
<b>Net (expense) revenue</b>					
Governmental activities	(9,978,856)	(13,638,695)	(13,495,932)	(14,718,079)	(12,091,793)
Business-type activities	(1,216,077)	1,932,561	1,440,683	503,784	(24,915)
<b>Total primary government net (expense) revenue</b>	<b>(11,194,933)</b>	<b>(11,706,134)</b>	<b>(12,055,249)</b>	<b>(14,214,295)</b>	<b>(12,116,708)</b>

Table 2 - Unaudited

	Fiscal Year				
	2015	2014	2013	2012	2011
\$	3,015,536	\$ 2,923,398	\$ 2,784,485	\$ 2,640,677	\$ 2,766,575
	5,164,197	4,908,374	4,928,203	5,025,274	5,546,632
	2,759,461	2,310,539	2,039,380	2,007,902	1,558,974
	2,024,814	1,828,569	1,845,429	1,800,432	2,263,367
	194,630	247,891	155,214	170,960	208,518
	1,293,246	1,229,369	1,232,345	1,239,512	1,227,198
	100,468	235,071	368,432	562,496	546,103
	<u>14,552,352</u>	<u>13,683,211</u>	<u>13,353,488</u>	<u>13,447,253</u>	<u>14,117,367</u>
	1,409,829	1,406,770	1,377,039	1,394,731	1,355,266
	1,038,361	1,031,464	1,146,905	1,166,588	1,188,788
	531,087	465,717	417,887	397,295	470,406
	<u>2,979,277</u>	<u>2,903,951</u>	<u>2,941,831</u>	<u>2,958,614</u>	<u>3,014,460</u>
	<u>17,531,629</u>	<u>16,587,162</u>	<u>16,295,319</u>	<u>16,405,867</u>	<u>17,131,827</u>
	372,255	407,068	314,158	214,488	197,945
	80,763	76,132	67,297	66,474	92,350
	1,087,642	1,073,015	1,101,864	876,693	868,059
	67,940	67,371	70,982	66,954	61,353
	345,937	186,295	332,627	187,333	196,534
	994,546	739,785	770,123	791,265	838,242
	<u>2,949,083</u>	<u>2,549,666</u>	<u>2,657,051</u>	<u>2,203,207</u>	<u>2,254,483</u>
	1,333,189	1,277,660	1,302,441	1,394,844	1,382,421
	457,318	470,703	481,759	491,367	485,229
	712,620	700,751	706,964	419,705	401,021
	-	-	-	-	-
	<u>702,154</u>	<u>235,215</u>	<u>230,868</u>	<u>150,083</u>	<u>900,340</u>
	<u>3,205,281</u>	<u>2,684,329</u>	<u>2,722,032</u>	<u>2,455,999</u>	<u>3,169,011</u>
	<u>6,154,364</u>	<u>5,233,995</u>	<u>5,379,083</u>	<u>4,659,206</u>	<u>5,423,494</u>
	(11,603,269)	(11,133,545)	(10,696,437)	(11,244,046)	(11,862,884)
	<u>226,004</u>	<u>(219,622)</u>	<u>(219,799)</u>	<u>(502,615)</u>	<u>154,551</u>
	<u>(11,377,265)</u>	<u>(11,353,167)</u>	<u>(10,916,236)</u>	<u>(11,746,661)</u>	<u>(11,708,333)</u>

continued...

# CITY OF SEBASTIAN, FLORIDA

## Changes in Net Position Last Ten Fiscal Years

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>General revenue and other changes in net position</b>					
<b>Governmental activities:</b>					
Property taxes, levied for general purposes	\$ 4,270,497	\$ 4,325,759	\$ 4,153,194	\$ 4,147,115	\$ 3,942,048
Sales and use taxes	2,940,406	2,882,460	2,808,172	5,945,386	5,762,921
Franchise fees	1,316,849	1,343,744	1,316,792	1,271,403	1,257,430
State shared revenues not restricted to specific programs	2,541,474	7,109,496	6,887,664	2,616,522	2,466,546
Investment earnings	180,988	378,657	216,185	135,614	77,317
Miscellaneous	381,999	277,970	312,401	290,269	316,239
Transfers	(106,344)	(204,496)	(370,457)	(588,809)	(705,067)
<b>Total governmental activities</b>	<u>11,525,869</u>	<u>16,113,590</u>	<u>15,323,951</u>	<u>13,817,500</u>	<u>13,117,434</u>
<b>Business-type activities:</b>					
Investment earnings	10,377	8,499	8,234	10,787	6,787
Gain on sale of capital assets	4,268	-	-	-	-
Miscellaneous	-	-	-	-	-
Transfers	106,344	204,496	370,457	588,809	705,067
<b>Total business-type activities</b>	<u>120,989</u>	<u>212,995</u>	<u>378,691</u>	<u>599,596</u>	<u>711,854</u>
<b>Total primary government general revenue</b>	<u>11,646,858</u>	<u>16,326,585</u>	<u>15,702,642</u>	<u>14,417,096</u>	<u>13,829,288</u>
<b>Change in net position</b>					
Governmental activities	1,547,013	2,474,895	1,828,019	(900,579)	1,025,641
Business-type activities	(1,095,088)	2,145,556	1,819,374	1,103,380	686,939
<b>Total primary government change in net position</b>	<u>\$ 451,925</u>	<u>\$ 4,620,451</u>	<u>\$ 3,647,393</u>	<u>\$ 202,801</u>	<u>\$ 1,712,580</u>

Table 2 - Unaudited

	Fiscal Year				
	2015	2014	2013	2012	2011
\$	3,594,210	\$ 3,248,113	\$ 3,221,304	\$ 3,063,495	\$ 3,453,778
	5,555,270	5,320,051	5,123,046	4,852,413	4,751,021
	1,241,515	1,190,233	1,118,886	1,124,568	1,184,686
	2,365,137	2,208,700	2,063,450	1,934,733	1,868,555
	65,256	43,293	74,650	82,129	111,943
	240,179	338,901	315,296	201,538	171,119
	2,988	(14,822)	(37,734)	22,489	-
	<u>13,064,555</u>	<u>12,334,469</u>	<u>11,878,898</u>	<u>11,281,365</u>	<u>11,541,102</u>
	5,368	1,484	4,391	6,563	4,026
	-	-	-	-	-
	20,602	-	274	4,125	-
	(2,988)	14,822	37,734	(22,489)	-
	<u>22,982</u>	<u>16,306</u>	<u>42,399</u>	<u>(11,801)</u>	<u>4,026</u>
	<u>13,087,537</u>	<u>12,350,775</u>	<u>11,921,297</u>	<u>11,269,564</u>	<u>11,545,128</u>
	1,461,286	1,200,924	1,182,461	37,319	(321,782)
	248,986	(203,316)	(177,400)	(514,416)	158,577
\$	<u>1,710,272</u>	<u>\$ 997,608</u>	<u>\$ 1,005,061</u>	<u>\$ (477,097)</u>	<u>\$ (163,205)</u>

concluded

## CITY OF SEBASTIAN, FLORIDA

### ■ Fund Balances, Governmental Funds Last Ten Fiscal Years

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>Governmental funds</b>					
General fund:					
Nonspendable	\$ 182,803	\$ 94,564	\$ 234,852	\$ 342,505	\$ 227,651
Restricted	88,782	103,900	77,185	63,016	46,262
Committed	-	-	-	-	-
Assigned	12,157	12,157	13,871	12,350	10,840
Unassigned	5,419,259	5,988,440	5,047,473	4,089,275	5,526,675
<b>Total General fund</b>	<u>5,703,001</u>	<u>6,199,061</u>	<u>5,373,381</u>	<u>4,507,146</u>	<u>5,811,428</u>
All other governmental funds:					
Nonspendable	1,085,337	1,036,571	1,542,466	941,061	996,778
Restricted	9,471,281	7,850,346	4,822,199	4,131,416	4,193,653
Committed	223,723	553,172	707,667	995,144	977,868
Unassigned	-	(5,730)	(3,048)	(26,370)	(129,401)
<b>Total all other governmental funds</b>	<u>10,780,341</u>	<u>9,434,359</u>	<u>7,069,284</u>	<u>6,041,251</u>	<u>6,038,898</u>
<b>Total governmental funds</b>	<u>\$ 16,483,342</u>	<u>\$ 15,633,420</u>	<u>\$ 12,442,665</u>	<u>\$ 10,548,397</u>	<u>\$ 11,850,326</u>

Table 3 - Unaudited

		Fiscal Year				
2015	2014	2013	2012	2011		
\$ 316,036	\$ 369,329	\$ 368,564	\$ 370,450	\$ 346,995		
38,544	7,969	28,632	-	-		
-	-	-	2,861,708	2,949,139		
8,692	7,129	7,020	35,707	21,911		
<u>5,289,322</u>	<u>5,348,905</u>	<u>5,065,242</u>	<u>1,734,307</u>	<u>1,784,413</u>		
<u>5,652,594</u>	<u>5,733,332</u>	<u>5,469,458</u>	<u>5,002,172</u>	<u>5,102,458</u>		
928,758	1,390,073	1,323,838	1,289,693	1,494,779		
4,181,787	3,756,950	4,647,950	4,371,826	4,748,376		
815,688	625,007	589,364	719,686	-		
<u>(58,618)</u>	<u>(64,875)</u>	<u>-</u>	<u>-</u>	<u>-</u>		
<u>5,867,615</u>	<u>5,707,155</u>	<u>6,561,152</u>	<u>6,381,205</u>	<u>6,243,155</u>		
<u>\$ 11,520,209</u>	<u>\$ 11,440,487</u>	<u>\$ 12,030,610</u>	<u>\$ 11,383,377</u>	<u>\$ 11,345,613</u>		

# CITY OF SEBASTIAN, FLORIDA

## Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>Revenues</b>					
Taxes	\$ 7,210,903	\$ 7,208,219	\$ 6,961,366	\$ 10,738,778	\$ 10,326,654
Franchise fees	1,316,849	1,343,744	1,316,792	1,271,403	1,257,430
Licenses, fees and permits	150,240	146,812	165,922	135,900	136,614
Intergovernmental	7,739,019	7,996,330	8,648,064	2,991,190	2,709,066
Impact fees	143,875	129,550	141,050	102,700	163,800
Charges for services	2,691,093	2,698,117	1,443,123	1,353,009	1,391,495
Fines	53,297	51,146	48,251	96,842	73,059
Investment earnings	180,988	378,657	216,185	135,614	77,317
Contributions and donations	381,999	277,970	55,670	45,420	80,581
Other revenues	32,628	37,796	312,401	290,269	316,239
<b>Total revenues</b>	<b>19,900,891</b>	<b>20,268,341</b>	<b>19,308,824</b>	<b>17,161,125</b>	<b>16,532,255</b>
<b>Expenditures</b>					
Current:					
General government	4,498,327	3,536,154	3,492,883	2,943,790	3,053,554
Public safety	6,275,459	6,035,675	5,659,861	5,134,388	4,968,258
Physical environment	1,633,435	1,871,853	2,195,332	2,565,532	1,316,697
Transportation	1,129,260	1,142,412	1,079,509	1,333,927	1,168,919
Economic environment	315,985	402,986	238,597	73,491	331,589
Culture and recreation	955,164	1,027,371	875,172	927,374	849,789
Debt service:					
Principal	611,000	601,000	590,000	931,000	1,935,000
Interest	35,023	45,846	56,523	68,512	92,907
Capital outlay	3,490,972	2,209,793	2,856,222	3,896,231	1,780,358
<b>Total expenditures</b>	<b>18,944,625</b>	<b>16,873,090</b>	<b>17,044,099</b>	<b>17,874,245</b>	<b>15,497,071</b>
Revenues over (under) expenditures	956,266	3,395,251	2,264,725	(713,120)	1,035,184
<b>Other financing sources (Uses)</b>					
Issuance of long-term debt	-	-	-	-	-
Transfers in	3,280,101	2,451,428	4,427,037	7,184,858	3,694,279
Transfers out	(3,386,445)	(2,655,924)	(4,797,494)	(7,773,667)	(4,399,346)
<b>Total other financing sources (uses)</b>	<b>(106,344)</b>	<b>(204,496)</b>	<b>(370,457)</b>	<b>(588,809)</b>	<b>(705,067)</b>
<b>Net change in fund balances</b>	<b>\$ 849,922</b>	<b>\$ 3,190,755</b>	<b>\$ 1,894,268</b>	<b>\$ (1,301,929)</b>	<b>\$ 330,117</b>
Debt service as a percentage of noncapital expenditures <sup>(1)</sup>	4.2%	4.4%	4.6%	7.2%	14.8%

<sup>(1)</sup> To calculate the ratio, divide the total debt service expenditures (principal plus interest) by total noncapital expenditures (the difference between the total expenditures and capitalized capital outlay expenditure).

Table 4 - Unaudited

	Fiscal Year				
	2015	2014	2013	2012	2011
\$	9,782,109	\$ 9,123,879	\$ 8,894,880	\$ 8,465,990	\$ 8,762,729
	1,241,515	1,190,233	1,118,886	1,124,568	1,184,686
	147,219	138,564	45,500	22,431	1,121,967
	2,742,950	2,373,695	2,411,395	2,088,038	23,646
	281,450	168,350	169,000	58,500	81,534
	1,397,395	1,431,101	1,462,522	1,158,075	2,249,447
	63,035	54,140	60,190	57,575	42,250
	65,256	43,293	78,411	86,516	-
	48,124	36,801	22,406	216,091	103,795
	241,597	338,901	315,296	201,888	224,823
	<u>16,010,650</u>	<u>14,898,957</u>	<u>14,578,486</u>	<u>13,479,672</u>	<u>13,794,877</u>
	2,717,049	2,575,605	2,447,893	2,410,345	2,539,211
	4,666,343	4,623,060	4,425,000	4,523,802	5,030,708
	1,498,706	1,110,788	1,075,162	1,042,349	1,166,309
	1,187,871	1,165,004	1,158,945	1,208,411	1,217,521
	161,545	144,612	122,730	138,531	188,918
	893,394	888,795	847,781	876,502	903,836
	1,567,000	2,306,000	1,307,000	3,321,000	1,203,000
	108,678	413,995	393,447	472,399	521,152
	<u>3,133,330</u>	<u>2,246,399</u>	<u>2,115,561</u>	<u>1,767,058</u>	<u>4,048,051</u>
	<u>15,933,916</u>	<u>15,474,258</u>	<u>13,893,519</u>	<u>15,760,397</u>	<u>16,818,706</u>
	<u>76,734</u>	<u>(575,301)</u>	<u>684,967</u>	<u>(2,280,725)</u>	<u>(3,023,829)</u>
	-	-	-	2,296,000	-
	4,989,726	3,903,204	3,598,949	3,694,765	5,376,658
	<u>(4,986,738)</u>	<u>(3,918,026)</u>	<u>(3,636,683)</u>	<u>(3,672,276)</u>	<u>(5,376,658)</u>
	<u>2,988</u>	<u>(14,822)</u>	<u>(37,734)</u>	<u>2,318,489</u>	<u>-</u>
\$	<u>79,722</u>	<u>(590,123)</u>	<u>647,233</u>	<u>37,764</u>	<u>(3,023,829)</u>
	13.1%	20.6%	14.4%	27.1%	13.5%



# CITY OF SEBASTIAN, FLORIDA

## ■ Program Revenues by Function/Program Last Ten Fiscal Years

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>Program revenues</b>					
<b>Governmental activities:</b>					
General government	\$ 4,749,501	\$ 1,096,978	\$ 1,997,400	\$ 390,921	\$ 479,395
Public safety	399,361	444,199	346,239	334,270	306,381
Physical environment	2,037,874	2,161,464	1,064,659	1,021,038	1,049,735
Transportation	896,751	13,295	12,908	687,310	656,484
Economic environment	-	-	-	-	-
Culture and recreation	185,191	234,319	193,210	321,277	217,759
<b>Total governmental activities</b>	<u>8,268,678</u>	<u>3,950,255</u>	<u>3,614,416</u>	<u>2,754,816</u>	<u>2,709,754</u>
<b>Business-type activities:</b>					
<b>Charges for services:</b>					
Golf Course	1,525,184	1,401,260	1,355,652	1,170,591	1,135,357
Airport	1,024,677	3,253,008	2,704,263	2,070,461	1,358,071
Building	937,839	864,068	928,945	747,950	810,069
<b>Total business-type activities</b>	<u>3,487,700</u>	<u>5,518,336</u>	<u>4,988,860</u>	<u>3,989,002</u>	<u>3,303,497</u>
<b>Total primary government</b>	<u>\$ 11,756,378</u>	<u>\$ 9,468,591</u>	<u>\$ 8,603,276</u>	<u>\$ 6,743,818</u>	<u>\$ 6,013,251</u>

Table 5 - Unaudited

	Fiscal Year				
	2015	2014	2013	2012	2011
\$	534,524	\$ 413,727	\$ 471,299	\$ 230,550	\$ 243,039
	254,381	246,010	233,309	228,392	234,437
	1,087,642	1,073,015	1,101,864	876,693	930,018
	643,146	565,692	560,713	560,055	743,383
	-	15,501	-	13,998	-
	429,390	235,721	289,866	293,519	103,606
	<u>2,949,083</u>	<u>2,549,666</u>	<u>2,657,051</u>	<u>2,203,207</u>	<u>2,254,483</u>
	1,333,189	1,277,660	1,302,441	1,394,892	1,382,421
	1,159,472	705,918	712,627	641,455	1,385,569
	712,620	700,751	706,964	426,215	401,021
	<u>3,205,281</u>	<u>2,684,329</u>	<u>2,722,032</u>	<u>2,462,562</u>	<u>3,169,011</u>
\$	<u>6,154,364</u>	<u>5,233,995</u>	<u>5,379,083</u>	<u>4,665,769</u>	<u>5,423,494</u>

**Tax Revenues by Source**  
 Governmental Funds  
 For the Last Ten Fiscal Years  
 (Rate per \$1,000 of assessed value)

<b>Tax Year</b>	<b>Fiscal Year</b>	<b>Public Utility<sup>2</sup></b>	<b>Property Taxes<sup>1</sup></b>	<b>Total</b>	<b>Millage Rate</b>
2010	2011	\$ 2,392,345	\$ 3,453,778	\$ 5,846,123	3.3041
2011	2012	2,387,553	3,063,495	5,451,048	3.3041
2012	2013	2,534,434	3,221,304	5,755,738	3.7166
2013	2014	2,581,427	3,248,113	5,829,540	3.7166
2014	2015	2,638,711	3,594,210	6,232,921	3.8556
2015	2016	2,686,322	3,942,048	6,628,370	3.8556
2016	2017	2,708,980	4,147,115	6,856,095	3.8000
2017	2018	2,808,172	4,153,194	6,961,366	3.4000
2018	2019	2,882,460	4,325,759	7,208,219	3.1514
2019	2020	2,940,406	4,270,497	7,210,903	2.9399

<sup>1</sup> Property taxes comprise the City's largest and most significant own-source revenue.

<sup>2</sup> Public utility taxes include a 10% tax on electric, water, gas and propane purchases, plus a communication services tax.

**Direct and Overlapping Property Tax Rates**  
 For the Last Ten Fiscal Years  
 (Rate per \$1,000 of taxable value)

Tax Year	Fiscal Year	City Direct Rates			Overlapping Rates County School Board				
		Basic Rate	Debt Service	Total Direct	Total County <sup>1</sup>	Basic Rate	Debt Service	Total	Other <sup>2</sup>
2010	2011	3.3041	0.0000	3.3041	6.2860	7.9200	0.3000	8.2200	1.35050
2011	2012	3.3041	0.0000	3.3041	6.9590	7.8940	0.3500	8.2440	1.35460
2012	2013	3.7166	0.0000	3.7166	6.2572	7.9230	0.3900	8.3130	1.35460
2013	2014	3.7166	0.0000	3.7166	5.6207	8.1160	-	8.1160	1.71280
2014	2015	3.8556	0.0000	3.8556	5.6868	7.9950	-	7.9950	1.71260
2015	2016	3.8556	0.0000	3.8556	5.9468	7.9550	-	7.9550	1.69930
2016	2017	3.8000	0.0000	3.8000	5.9755	7.4100	-	7.4100	1.51700
2017	2018	3.4000	0.0000	3.4000	6.1214	7.0530	-	7.0530	1.53900
2018	2019	3.1514	0.0000	3.1514	6.1086	6.7930	-	6.7930	1.53960
2019	2020	2.9399	0.0000	2.9399	6.1698	6.5690	-	6.5690	1.40910

**Note:**

Tax rates are uniformly applied to taxable values based on a single millage rate determined by each taxing entity. The millage rate is expressed as \$1.00 per \$1,000 of the taxable value.

<sup>1</sup> Millage includes General Fund, MSTUs, Emergency Services District and Land Bonds

<sup>2</sup> All Special Taxing Districts

Source: Indian River County Property Tax Collector's Office

## CITY OF SEBASTIAN, FLORIDA

### Actual and Estimated Value of Taxable Property For the Last Ten Fiscal Years

Tax Year	Fiscal Year	Real Property		Personal Property	
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2010	2011	\$ 1,650,311,449	\$ 2,062,889,311	\$ 56,920,223	\$ 56,920,223
2011	2012	1,392,267,434	1,740,334,293	55,234,086	55,234,086
2012	2013	1,273,059,710	1,591,324,639	48,922,492	48,922,492
2013	2014	1,210,328,690	1,512,910,863	47,410,545	47,410,545
2014	2015	1,267,035,970	1,583,794,963	53,045,209	53,045,209
2015	2016	1,363,105,220	1,703,881,525	55,646,868	55,646,868
2016	2017	1,447,311,640	1,809,139,550	59,305,756	59,305,756
2017	2018	1,578,743,546	1,973,429,433	62,277,711	62,277,711
2018	2019	1,705,459,458	2,131,824,323	66,819,663	66,819,663
2019	2020	1,843,910,442	2,304,888,053	73,492,650	73,492,650

Source: Indian River County Property Appraiser

Table 8 - Unaudited

	<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Value</b>	<b>Total Direct Tax Rate</b>	<b>Total Estimated Actual Value</b>	<b>Ratio of Taxable to Actual Value</b>
\$	558,090,532	\$ 1,149,141,140	3.3041	\$ 2,119,809,534	54.2%
	460,752,786	986,748,734	3.3041	1,795,568,379	55.0%
	444,524,142	877,458,060	3.3041	1,640,247,130	53.5%
	437,040,114	820,699,121	3.7166	1,560,321,408	52.6%
	435,071,311	885,009,868	3.7166	1,636,840,172	54.1%
	451,939,888	966,812,200	3.8556	1,759,528,393	55.0%
	468,930,126	1,037,687,270	3.8556	1,868,445,306	55.5%
	486,428,425	1,154,592,832	3.8000	2,035,707,144	56.7%
	509,133,351	1,263,145,770	3.4000	2,198,643,986	57.5%
	533,734,358	1,383,688,734	3.1514	2,378,380,703	58.2%

**Principal Property Taxpayers**  
Current Year and Nine Years Ago

Taxpayer	2020 Fiscal Year			2011 Fiscal Year		
	Taxable Value	Rank	Percentage of Total City Taxable Value	Taxable Value	Rank	Percentage of Total City Taxable Value
Florida Power & Light (Utility/Electric)	\$ 38,024,896	1	2.75 %	\$ 13,828,553	1	1.40 %
Comcast of Florida, Inc. (Communications)	12,773,826	2	0.92	-	-	-
Wal-Mart Stores, Inc. (Retail)	8,558,853	3	0.62	8,432,070	2	0.85
Park Place Community, LLC (Rental/Retail)	8,111,034	4	0.59	6,684,799	3	0.68
Sebastian Senior Real Estate, LLC (Group Home)	7,595,546	5	0.55	-	-	-
BW US 1, Inc. (Commercial)	6,102,524	6	0.44	6,147,300	4	0.62
Hartwell Groves, Inc. (Agriculture)	6,067,419	7	0.44	4,236,520	7	0.43
PSM Sebastian, LLC	5,243,940	8	0.38	-	-	-
CSGBSH Sebastian, LLC	5,169,399	9	0.37	-	-	-
MPA Sebastian, LLC	5,008,662	10	0.36	-	-	-
IPF/Sebastian LLC (Retail)	-	-	-	5,214,160	5	0.53
Bellsouth Communications (Utility/Telephone)	-	-	-	5,202,931	6	0.53
Sebastian Medical Suites (Healthcare)	-	-	-	3,891,480	8	0.39
Sebastian Inlet (Restaurant/Hotel)	-	-	-	3,321,780	9	0.34
WinnDixie Shopping Center (Retail)	-	-	-	3,283,720	10	0.33
	<u>\$ 102,656,099</u>		<u>7.42 %</u>	<u>\$ 60,243,313</u>		<u>6.10 %</u>
Total Taxable Value	<u>\$ 1,383,688,734</u>			<u>\$ 986,748,734</u>		

Source: Indian River County Property Appraiser

**Property Tax Levies and Collections  
For the Last Ten Fiscal Years**

Tax Year	Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent and Penalty Tax Collections	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2010	2011	\$ 3,796,877	\$ 3,144,864	96.46%	\$ 11,294	\$ 3,156,158	83.13%
2011	2012	3,260,316	2,799,146	96.55%	9,279	2,808,425	86.14%
2012	2013	3,261,161	2,947,248	96.63%	7,733	2,954,981	90.61%
2013	2014	3,050,210	2,975,299	96.77%	754	2,976,053	97.57%
2014	2015	3,412,244	3,295,549	96.28%	2,241	3,297,790	96.65%
2015	2016	3,727,641	3,530,235	95.00%	72,789	3,603,024	96.66%
2016	2017	3,943,212	3,726,976	95.00%	77,898	3,804,874	96.49%
2017	2018	3,925,616	3,703,536	94.00%	83,126	3,786,662	96.46%
2018	2019	3,980,678	3,861,686	97.00%	79,857	3,941,543	99.02%
2019	2020	4,067,907	3,791,174	93.00%	76,083	3,867,257	95.07%

Source: Indian River County Property Appraiser and Department of Revenue, Certification of Final Taxable Value, DR-422.



■ **Ratios of Outstanding Debt By Type**  
For the Last Ten Fiscal Years

Fiscal Year	Roadway Improvement Notes	Infrastructure Sales Tax Bonds/Notes <sup>1</sup>	Stormwater Utility Revenue Bonds/Notes <sup>1</sup>	Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
				Golf Course Capital Lease				
2011	\$ 2,246,000	\$ 6,215,000	\$ 3,785,000	\$ -	\$ -	\$ 12,246,000	0.0017%	558
2012	2,296,000	5,420,000	3,505,000	-	-	11,221,000	0.0015%	510
2013	2,099,000	4,600,000	3,215,000	-	-	9,914,000	0.0013%	447
2014	1,896,000	2,730,000	2,982,000	-	-	7,608,000	0.0008%	341
2015	1,689,000	1,722,000	2,630,000	-	-	6,041,000	0.0006%	267
2016	1,478,000	353,000	2,275,000	-	-	4,106,000	0.0003%	193
2017	1,263,000	-	1,912,000	254,453	-	3,429,453	0.0003%	142
2018	1,044,000	-	1,541,000	206,167	-	2,791,167	0.0002%	113
2019	820,000	-	1,164,000	156,171	-	2,140,171	0.0002%	85
2020	591,000	-	782,000	104,403	-	1,477,403	<sup>2</sup>	58

<sup>1</sup> The Infrastructure Sales Tax and Stormwater Utility Revenue Bonds were refunded in 2014 with Bank Notes.

<sup>2</sup> Information not yet available.

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**CITY OF SEBASTIAN, FLORIDA**

**Legal Debt Margin Information**  
For the Last Ten Fiscal Years

**Legal Debt Margin as a Percentage of Debt Limit**

	Fiscal Year			
	2020	2019	2018	2017
Debt limit	\$ 74,102,711	\$ 69,183,437	\$ 63,157,289	\$ 57,729,642
Total net debt applicable to limit	<u>1,373,000</u>	<u>1,984,000</u>	<u>2,585,000</u>	<u>3,175,000</u>
Legal debt margin	<u>\$ 72,729,711</u>	<u>\$ 67,199,437</u>	<u>\$ 60,572,289</u>	<u>\$ 54,554,642</u>
Total net debt applicable to the limit as a percentage of debt limit	1.85%	2.87%	4.09%	5.50%

**Legal Debt Margin Calculation for Fiscal Year 2020**

Assessed value	\$ 2,032,200,347
Less: Exempt property	<u>(550,146,131)</u>
Taxable Value	1,482,054,216
Debt limit (5% of taxable value)	74,102,711
Debt applicable to limit:	
Revenue bonds/notes	<u>1,373,000</u>
Total net debt applicable to limit	<u>1,373,000</u>
Legal debt margin	<u>\$ 72,729,711</u>

**Direct and Overlapping Governmental Activities Debt - General Obligations Bonds**

The City of Sebastian has no overlapping general obligation bonded debt for the year ended September 30, 2020 and only uses Local Option Gas Taxes and Discretionary Sales Taxes to repay the outstanding revenue notes. Property taxes are not used for any debt service payments.

Table 13 - Unaudited

Fiscal Year					
2016	2015	2014	2013	2012	2011
\$ 48,340,610	\$ 48,340,610	\$ 44,250,493	\$ 41,034,956	\$ 43,872,903	\$ 49,337,437
<u>6,041,000</u>	<u>6,041,000</u>	<u>7,608,000</u>	<u>9,914,000</u>	<u>11,221,000</u>	<u>12,246,000</u>
<u>\$ 42,299,610</u>	<u>\$ 42,299,610</u>	<u>\$ 36,642,493</u>	<u>\$ 31,120,956</u>	<u>\$ 32,651,903</u>	<u>\$ 37,091,437</u>
12.50%	12.50%	17.19%	24.16%	25.58%	24.82%

**Pledged Revenue Coverage**  
For the Last Ten Fiscal Years

**Stormwater Utility Revenue Bonds, Series 2003**  
**Debt Service**

Fiscal Year	Gross Revenues <sup>1</sup>	Principal	Interest	Total	Coverage <sup>2</sup>
2011	\$ 816,415	\$ 270,000	\$ 169,035	\$ 439,035	1.86
2012	810,382	280,000	159,248	439,248	1.84
2013	1,007,221	290,000	148,048	438,048	2.30
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-

Note: Detail regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> Total revenues including charges for services, rents and interest.

<sup>2</sup> Required coverage was 1.35. Bank notes were used in 2013 to refund the bonds

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## CITY OF SEBASTIAN, FLORIDA

### Demographic and Economic Statistics For the Last Ten Calendar Years

Year	Population	Personal Income (thousands of dollars) <sup>1</sup>	Per Capita Personal Income <sup>1</sup>	Median Household Income <sup>1</sup>	School Enrollment <sup>2</sup>	Unemployment Rate <sup>1</sup>
2011	21,929	\$ 7,080,348	\$ 50,977	\$ 42,053	5,228	13.4
2012	21,995	7,429,653	52,855	42,638	5,208	11.8
2013	22,188	7,731,263	54,448	44,326	6,739	8.8
2014	22,296	9,139,902	63,140	47,548	6,034	6.5
2015	22,622	10,055,169	68,653	49,887	5,930	6.1
2016	23,137	10,380,777	71,181	49,813	6,132	6.2
2017	24,192	11,312,198	73,274	51,797	6,122	4.3
2018	24,630	11,972,663	76,059	52,243	6,459	3.9
2019	25,168	12,924,659	80,818	61,193	6,186	3.2
2020	25,658	<sup>4</sup>	<sup>4</sup>	<sup>4</sup>	6,118	5.9

Sources:

- <sup>1</sup> Florida Research & Economic Database (FRED). Information available for Indian River County Only.
- <sup>2</sup> Indian River County School Board
- <sup>3</sup> Indian River County Property Appraiser
- <sup>4</sup> Information not yet available.

Note: School enrollment consists of Sebastian River High School, Sebastian River Middle School, Liberty Magnet, Treasure Coast Elementary, Pelican Island Elementary, Sebastian Elementary, Storm Grove Middle School and Sebastian Charter Junior High School.

Table 15 - Unaudited

<b>State Unemployment Rate</b>	<b>Property Taxes Per Capita</b>	<b>Total Taxable Property Value<sup>3</sup></b>
10.6	\$ 157.50	\$ 986,748,734
8.6	139.28	877,458,060
6.9	145.18	820,699,121
5.6	145.68	885,009,868
4.8	158.88	966,812,200
4.8	170.38	1,037,687,270
3.7	171.43	1,154,592,832
3.3	168.62	1,263,145,770
2.7	171.88	1,383,668,734
7.2	150.72	1,482,054,216



**Principal Employers**  
Current Year and Nine Years Ago

Employer	2020			2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Indian River Medical Center (Healthcare)	2,112	1	3.40 %	1,699	2	2.86 %
School District of Indian River County (Government)	2,039	2	3.28	2,013	1	3.39
Indian River County (Government)	1,455	3	2.34	1,348	3	2.27
Publix Supermarkets (Food/Beverage)	1,380	4	2.22	1,092	4	1.84
Piper Aircraft, Inc. (Manufacturer)	980	5	1.58	750	5	1.26
Wal-Mart (Retail)	806	6	1.30	701	6	1.18
Sebastian River Medical Center (Healthcare)	750	7	1.21	576	7	0.97
Visiting Nurse Association (Healthcare)	500	8	0.81	401	10	0.68
John's Island (Residential/Resort)	495	9	0.80	550	8	0.93
Indian River Estates (Retirement/Life care)	486	10	0.78	350	11	0.59
City of Vero Beach (Government)	374	11	0.60	460	9	0.78
CVS Warehouse/Distribution (Distribution)	336	12	0.54	276	13	0.47
Disney Vero Beach (Resort Hotel)	279	13	0.45	281	12	0.47
Saint Edward's School (Education)	223	14	0.36	-	-	0.00
City of Sebastian (Government)	180	15	0.29	171	19	0.29
Captain Hiram's (Restaurant/Resort)	174	16	0.28	174	18	0.29
Flight Safety International (Education)	170	17	0.27	168	20	0.28
B&W Quality Growers (Agricultural)	142	18	0.23	240	15	0.40
Vero Beach Hotel and Spa	135	19	0.22	-	-	0.00
Grand Harbor Management (Developer)	125	20	0.20	253	14	0.43
Medical Data Systems (Collection Agency)	-		0.00	175	17	0.30
Sun Ag, Inc. (Agriculture)	-		0.00	225	16	0.38
	<u>13,141</u>		<u>21.16 %</u>	<u>11,903</u>		<u>20.06 %</u>
Total Average County Employees	<u>62,109</u>			<u>59,304</u>		

Source: Indian River County Community Development Report.  
Note: Principal employers information available for Indian River County Only.

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## CITY OF SEBASTIAN, FLORIDA

### Full-Time Equivalent City Government Employees By Function/Program For the Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of September 30				
	2020	2019	2018	2017	2016
<b>General government</b>					
City council	2.5	2.5	2.5	2.5	2.5
City manager	2.0	2.0	2.0	2.5	2.5
City clerk	2.5	2.5	2.5	2.5	3.0
City attorney	1.0	-	-	-	-
Administrative Services	6.0	6.0	6.0	6.0	4.0
Management information	5.0	5.0	5.0	2.0	2.0
Audio/visual	-	-	-	2.5	1.0
Human resources	-	-	-	-	-
Facilities maintenance	4.0	3.0	3.0	2.5	3.5
Community development	5.0	4.0	4.0	3.0	2.0
<b>Public safety</b>					
Police	64.0	64.0	64.0	57.5	57.5
Building	7.5	7.5	7.5	5.0	5.0
Code enforcement	3.0	3.0	3.0	3.0	3.0
<b>Transportation</b>					
Roads and drainage	10.0	9.5	9.5	11.5	11.0
Fleet management	3.0	3.5	3.5	3.5	3.5
Airport	1.5	1.5	2.0	3.0	1.0
<b>Physical environment</b>					
Cemetery	2.0	2.0	2.0	1.5	2.0
Stormwater utility	13.5	14.5	14.5	8.0	9.0
<b>Culture and recreation</b>					
Leisure services	16.0	21.0	21.0	18.0	19.0
Golf course	9.0	9.0	11.0	13.0	10.0
<b>Total</b>	<b>157.5</b>	<b>160.5</b>	<b>163.0</b>	<b>147.5</b>	<b>141.5</b>

Source: City of Sebastian, Florida 2011-2020 Annual Budgets

Method: Using 1.0 for each full-time employee and 0.5 for each part-time and seasonal employee.

Table 17 - Unaudited

Full-time Equivalent Employees as of September 30

2015	2014	2013	2012	2011
2.5	2.5	2.5	2.5	2.5
2.0	2.0	2.0	2.0	2.0
5.0	5.0	3.0	3.0	3.0
-	-	-	-	-
5.5	5.5	5.0	5.0	5.0
2.0	2.0	3.0	3.0	4.0
-	-	-	-	-
-	-	-	-	-
5.0	5.0	4.0	3.0	2.0
4.0	4.0	3.0	3.0	4.0
57.0	57.0	55.5	55.0	58.0
5.0	5.0	5.0	4.0	5.0
3.0	3.0	3.0	3.0	3.0
10.0	10.0	10.0	10.0	12.0
3.5	3.5	3.5	3.5	2.5
1.0	1.0	2.0	3.0	3.0
2.0	2.0	2.0	1.0	1.0
9.0	9.0	9.0	9.0	12.0
20.0	20.0	20.0	20.0	21.0
10.0	10.0	10.0	10.0	10.5
<b>146.5</b>	<b>146.5</b>	<b>142.5</b>	<b>140.0</b>	<b>150.5</b>

## CITY OF SEBASTIAN, FLORIDA

### Operating Indicators By Function/Program For the Last Ten Fiscal Years

Function	Fiscal Year			
	2020	2019	2018	2017
<b>General government</b>				
Number of annexations approved	-	1	-	-
Acres of annexed property	-	1,118	-	-
Purchase orders issued	350	293	355	289
<b>Public Safety</b>				
<b>Police</b>				
Physical arrests	397	525	516	356
Traffic violations	2,350	4,627	3,678	3,192
Parking violations	37	30	55	49
<b>Building</b>				
New construction permits issued <sup>1</sup>	178	170	167	147
Estimated value of construction (in millions)	\$ 46.9	\$ 42.4	\$ 39.8	\$ 37.2
<b>Transportation</b>				
Road maintenance (man hours)	2,506	2,496	1,600	250
Asphalt for road maintenance (tons)	64	188	120	20
<b>Physical environment</b>				
<b>Cemetery</b>				
Cemetery internments	75	74	60	62
Grave deeds sold	62	59	30	29
<b>Stormwater</b>				
Swales maintained (miles)	150	150	150	300
Ditches maintained (miles)	80	80	80	80
Road crossings maintained	50	50	50	70
<b>Culture and recreation</b>				
Program participants	4,371	6,823	6,495	6,268
Number of discount cards	693	690	643	657
Number of golf course memberships	152	134	123	119
Average daily golf revenue	\$ 4,179	\$ 3,837	\$ 3,100	\$ 3,100

Sources: City of Sebastian Police Department, Growth Management, Public Works, Golf Course and Building Department.

<sup>1</sup> New commercial and residential only.

Table 18 - Unaudited

		Fiscal Year					
2016	2015	2014	2013	2012	2011		
-	-	-	2	-	-		
-	-	-	4.00	-	-		
328	254	242	233	201	228		
258	287	347	440	441	500		
3,065	3,725	4,587	4,491	4,319	5,941		
73	60	29	80	167	242		
191	142	175	170	66	51		
\$ 43.4	\$ 40.6	\$ 40.0	\$ 35.9	\$ 14.7	\$ 10.2		
250	200	200	300	500	700		
20	10	20	30	50	50		
61	71	67	65	65	54		
39	43	47	38	38	34		
300	300	280	280	280	280		
75	75	50	50	50	50		
68	68	68	50	50	40		
7,280	7,647	7,571	8,113	9,713	8,649		
631	653	653	710	786	735		
127	93	84	86	88	94		
\$ 3,100	\$ 3,653	\$ 3,500	\$ 3,569	\$ 3,822	\$ 3,787		

## CITY OF SEBASTIAN, FLORIDA

### Capital Asset Statistics By Function/Program For the Last Ten Fiscal Years

Function	Fiscal Year				
	2020	2019	2018	2017	2016
<b>General Government</b>					
Square footage occupied	21,500	21,500	21,500	21,500	21,500
Departmental vehicles	3	3	6	6	4
<b>Public safety</b>					
Police stations	1	1	1	1	1
Police department Square footage	25,600	25,600	25,600	25,600	25,600
Building department Square footage	2,500	2,500	2,500	2,500	2,500
Police vehicles	78	78	71	71	70
Building inspector vehicles	4	4	4	4	4
<b>Transportation</b>					
Streets (miles)	156	156	156	156	156
Streetlights <sup>1</sup>	1,100	1,100	1,100	1,100	1,085
Airport vehicles	3	3	5	4	4
Public service vehicles	17	16	13	12	12
<b>Physical environment</b>					
Public service vehicles	18	18	18	19	17
<b>Culture and recreation</b>					
Parks vehicles	8	8	5	5	6
Recreation centers	2	2	2	2	2
Park acreage	315.01	315.01	315.01	315.01	315.01
Recreation center square footage	4,859	4,859	4,859	4,859	4,859
Park maintenance vehicles	9	9	-	12	12
Golf course vehicles	-	-	-	-	-

Sources: City of Sebastian Administrative Services Department and Park and Recreation Division

<sup>1</sup> This number represents actual unmetered street lights in the City (source: Florida Power & Light - January billing).

Table 19 - Unaudited

	Fiscal Year				
2015	2014	2013	2012	2011	
21,500	21,500	21,500	21,500	21,500	
5	5	6	1	3	
1	1	1	1	1	
25,600	25,600	25,600	25,600	25,600	
2,500	2,500	2,500	2,500	2,500	
66	62	61	66	67	
4	3	3	3	3	
156	156	156	156	156	
1,085	1,085	1,080	1,228	1,236	
3	1	1	1	1	
12	15	17	17	19	
17	10	10	9	9	
18	18	18	18	18	
2	2	2	2	2	
315.01	315.01	315.01	315.01	315.01	
4,859	4,859	4,859	4,859	4,859	
12	9	12	13	14	
-	1	1	1	1	



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## **INTERNAL CONTROL AND COMPLIANCE**

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**INDEPENDENT AUDITORS' REPORT 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**

February 23, 2021

Honorable Mayor and  
Members of City Council  
City of Sebastian  
Sebastian, 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 Sebastian, Florida** (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 23, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Rehmann is an independent member of Nexia International.



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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Purpose of this Report**

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

A handwritten signature in black ink that reads "Lehmann Lobson LLC". The signature is written in a cursive, flowing style.

## INDEPENDENT AUDITORS' MANAGEMENT LETTER

February 23, 2021

Honorable Mayor and  
Members of City Council  
City of Sebastian  
Sebastian, Florida

### Report on the Financial Statements

We have audited the financial statements of the *City of Sebastian, Florida* as of and for the fiscal year ended September 30, 2020 and have issued our report thereon dated February 23, 2021.

### Auditors' Responsibility

We conducted our audit in accordance with United States generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

### Other Reports and Schedule

We have issued our Independent Auditors' Report 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*; Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 23, 2021, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

Rehmann is an independent member of Nexia International.



### **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 legal authority for the City of Sebastian, Florida is disclosed in the notes to the financial statements. The City of Sebastian, Florida's component unit, the Police Officer's Pension Plan, was established under Section 58-46 through 58-54 Code of Ordinances in October 1989.

### **Financial Condition and Management**

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the City of Sebastian, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specified condition(s) met. In connection with our audit, we determined that the City of Sebastian, Florida did not meet any of the conditions described 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 of Sebastian, Florida'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.

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

### **Special District Component Units**

Section 10.554(1)(i)5.d. Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

### **Additional Matters**

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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Rehmann Robson LLC*



## INDEPENDENT ACCOUNTANTS' REPORT

February 23, 2021

Honorable Mayor and  
Members of City Council  
City of Sebastian  
Sebastian, Florida

We have examined the compliance of the *City of Sebastian, Florida* (the "City") with Sections 218.415, 28.35 and 28.36, Florida Statutes, during the year ended September 30, 2020. Management is responsible for compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

### ***Independent Accountants' Responsibility***

Our responsibility is to express an opinion on the City's compliance with those requirements based on our examination. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City is in compliance with specified requirements established by Florida Statute and performing such procedures as we considered necessary in the circumstances.

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

### ***Opinion***

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

### ***Purpose of this Report***

This report is intended solely for the information of management, the City, the City Council and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.




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# AFFIDAVIT

The undersigned hereby certifies and swears that the City of Sebastian has complied with Section 163.31801, Florida Statutes regarding impact fees.

This affidavit is made for the sole purpose of compliance with Section 10.557(3)(m), Rules of the Auditor General, State of Florida.

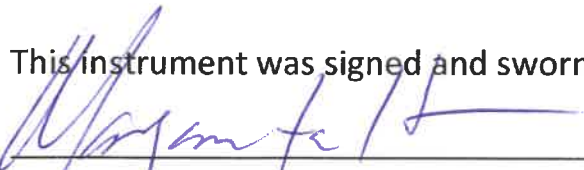
  
\_\_\_\_\_  
Signature of Chief Financial Officer

Kenneth W. Killgore  
1225 Main Street  
Sebastian, Florida 32958

STATE OF FLORIDA

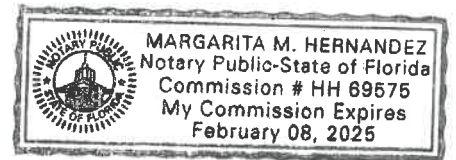
COUNTY OF INDIAN RIVER

This instrument was signed and sworn before me, this 19<sup>th</sup> day of August, 2021.

  
\_\_\_\_\_  
Signature of Notary

Notary Seal:

Margarita M. Hernandez  
NOTARY PUBLIC



My commission expires: February 08, 2025

City of Sebastian,  
Florida



Year Ended  
September 30,  
2020

Single Audit Act  
Compliance

**Rehmann**

# CITY OF SEBASTIAN, FLORIDA

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**INDEPENDENT AUDITORS' REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

June 18, 2021

Honorable Mayor and  
Members of the City Council  
City of Sebastian, Florida

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 Sebastian, Florida* (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 23, 2021 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Rehmann Lobson LLC*

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# CITY OF SEBASTIAN, FLORIDA

## ■ Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2020

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>				
Community Development Block Grant - Entitlement Grants Cluster:				
2019-2020 Award	14.218	Direct	B-19-MC-12-0064	\$ 13,720
COVID-19 - CDBG Award	14.218	Direct	N/A	<u>1,246</u>
<b>Total U.S. Department of Housing and Urban Development</b>				<u>14,966</u>
<b>U.S. Department of Justice</b>				
Bulletproof Vest Partnership	16.607	Direct	OMB 1121-0235	<u>2,943</u>
Law enforcement	16.738	FDLE	2020-JAGC-INRI-4-Y5-053	11,950
Law enforcement	16.738	FDLE	2020-JAGD-INRI-3-Y6-009	<u>3,334</u>
				<u>15,284</u>
<b>Total U.S. Department of Justice</b>				<u>18,227</u>
<b>U.S. Department of Transportation</b>				
Airport Improvement Program:				
Construct Taxiway C	20.106	Direct	3-12-0145-014-2018	269,567
Construct Taxi Lane	20.106	Direct	3-12-0145-015-2020	40,404
COVID-19 - Airport Improvement Program	20.106	Direct	3-12-0145-016-2020	<u>30,000</u>
<b>Total U.S. Department of Transportation</b>				<u>339,971</u>
<b>U.S. Department of Treasury</b>				
COVID-19 - Coronavirus Relief Fund	21.019	FDEM/IRC	064-2020	<u>506,692</u>
<b>Federal Emergency Management Act</b>				
Stonecrop Drainage Improvements	97.039	FDEM	4337-325-R	<u>9,462</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 889,318</u>

See notes to schedule of expenditures of federal awards.

# CITY OF SEBASTIAN, FLORIDA

## ■ Notes to Schedule of Expenditures of Federal Awards

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Sebastian, Florida (the "City") under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

### 2. INDIRECT COST RATES

In the absence of a negotiated federal indirect cost rate, the City has elected to use a de minimis rate of 10% of modified total direct costs.

### 3. PASS-THROUGH AGENCIES

The City receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

<b>Pass-through Agency Abbreviations</b>	<b>Pass-through Agency Name</b>
FDEM	Florida Department of Emergency Management
FDLE	Florida Department of Law Enforcement
IRC	Indian River County

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**INDEPENDENT AUDITORS' REPORT 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**

February 23, 2021

Honorable Mayor and  
Members of the City Council  
City of Sebastian, 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 Sebastian, Florida* (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 23, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "Rehmann Robson LLC". The signature is written in a cursive, flowing style.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

June 18, 2021

Honorable Mayor and  
Members of the City Council  
City of Sebastian, Florida

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of the *City of Sebastian, Florida* (the "City") with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2020. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Independent Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

### **Opinion on Each 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 each of its major federal programs for the year ended September 30, 2020.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Purpose of this Report***

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

*Rehmann Loborn LLC*

# CITY OF SEBASTIAN, FLORIDA

## Schedule of Findings and Questioned Costs For the Year Ended September 30, 2020

### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' 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

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ yes       X  no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes       X  none reported

Type of auditors' report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_\_\_ yes       X  no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

21.019

Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes       X  no

# **CITY OF SEBASTIAN, FLORIDA**

## **■ Schedule of Findings and Questioned Costs For the Year Ended September 30, 2020**

### **SECTION II – FINANCIAL STATEMENT FINDINGS**

None noted.

**CITY OF SEBASTIAN, FLORIDA**

**■ Schedule of Findings and Questioned Costs**  
For the Year Ended September 30, 2020

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted.

■ ■ ■ ■ ■



# CITY OF SEBASTIAN, FLORIDA

## ■ **Summary Schedule of Prior Audit Findings** For the Year Ended September 30, 2020

None noted.

